



The strange geographies of the 'new' state capitalism

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ABSTRACT

The recent polymorphism of state intervention and attendant political geographies have been interpreted as a return of state capitalism. While commentators across the social sciences have offered competing characterizations of the new state capitalism, little attention has been dedicated to how narratives and geographical imaginaries of the new state capitalism operate as a form of geopolitical knowledge and practice. Drawing upon critical geopolitics, we make three main arguments. First, we examine the context of wider geopolitical and geo-economic shifts in which the social construction of the geo-category has happened. We contend that the emerging new spatiality of the global economy has prompted the need for new discursive frames and geopolitical lines of reasoning. Second, we argue that this need is fulfilled by the geo-category state capitalism, which acts as a powerful tool in categorizing and hierarchizing the spaces of world politics. It does so by reinstituting a simple narrative of competition between two easily identifiable protagonists – (Western) democratic free-market capitalism and its deviant 'other', (Eastern) authoritarian state capitalism – and by reactivating older geopolitical grand narratives. Third, the geo-category state capitalism discursively enables Western business and state actors to justify tougher policy stances in three areas: foreign policy; trade, technology, and investment regulation; and international development.

1. Introduction

State capitalism is back. At least that is what we are told. An avalanche of books and articles, both in academia and for the broader public, have recently argued that the more visible role of the state across the world capitalist economy signals the resurgence of state capitalism (e.g. Bremmer, 2010; Kurlantzick, 2016; Lardy, 2019; MacDonald & Lemco, 2015; Musacchio & Lazzarini, 2014; Spechler, Ahrens, & Hoen, 2017). Indeed, the new polymorphism of state intervention is manifest, from the mass bailouts following the 2008 financial crisis to the expansion of state-owned enterprises (SOE), sovereign wealth funds (SWF), national and regional development banks, to the renewal of industrial policy and various forms of economic nationalism in the advanced capitalist economies and the consolidation of state-led development in China and elsewhere. For many commentators, these developments suggest that state capitalism is once again taking center stage in the global political economy.

Narratives of state capitalism conjure up a variety of powerful geographical imaginaries and representations, none of which are

innocent. Consider the front-cover of a 2012 special report of *The Economist* entitled 'The rise of state capitalism: the emerging world's new model', figuring a picture of Lenin smoking a cigar. In another issue of *The Economist*, published two years earlier and dedicated to state-backed Chinese takeovers, the front cover featured a picture of Mao handing over a wad of banknotes (see Fig. 1).

In short, these geographical imaginaries comprise a myriad of value-laden symbols and scripts. They are saturated with sedimented meanings, which mobilize familiar histories and narratives. For instance, the red background color as well as the pictures of the two charismatic leaders elicit the histories of 'really existing socialism' in the ex-Soviet Union, China and elsewhere, but also that of the Cold War.¹ Those representations link the contemporary polymorphism of state intervention to the past by reactivating vivid memories of the Cold War and communism, while depicting imaginaries that echo with suspicion and duplicity. The covers suggest that in state capitalism, what lies behind the veil of capitalist money and markets – symbolized by the US dollar, both on Lenin's cigar and Mao's banknotes – is the concentration of economic power in the hands of strong, illiberal states. The covers imply

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¹ It is interesting that while Lenin and Mao used to be symbols of a communist ideology conceived as antithetical to capitalism, their association with signs of commercial success allows turning them into symbols of state capitalism on these covers. We thank one of the reviewers for this perceptive point.

that the recent commercial success of the practitioners of the new state capitalism is being harnessed to achieve (geo)political gains. There is something inauspicious, if not threatening, about the fact that money is not allocated by the invisible hand of the market, but by the very visible hand of Mao. State capitalist models are not governed by the impersonal rule of law, money, and private property, but by power politics.

Those imaginaries are not confined to the business press. In one of the most cited articles on the topic, then turned into a best-selling book, political pundit and president of Eurasia Group Ian Bremmer (2009) argues that the rise of state capitalism in the developing world is antithetical to Western liberal capitalism and seriously risks impairing the functioning of the free market. In another influential book, Council on Foreign Relations fellow Joshua Kurlantzick (2016, p. 23), argues that the return of state capitalism 'presents a real potential alternative to the free-market model, and as an alternative it presents serious threats to political and economic stability around the world'. For Harvard economist and Cato Institute research fellow Jeffrey Miron (2015), '[China] has state capitalism, not true capitalism'. Not only do those imaginaries overwhelmingly locate state capitalism in spaces outside of the Western core of the world economy, also construct the *abnormality* and *alterity* of state capitalism in reference to a presumed universal template of capitalist organization which dominates in the West. This is evident in Bremmer's account, which explicitly pits state capitalism against (Western-dominated) democratic liberal free-market capitalism, and in Miron's characterization of Chinese state capitalism as some kind of impure form of capitalism.

It is present also in much of the Comparative Capitalism literature. For instance, Vasileva-Dienes and Schmidt (2019, p. 255) recently underlined that the variety of capitalism that predominates in the BRICS is characterized by the state, 'as a central force organizing the market', but also by, 'patrimonialism, meaning a political-economic configuration marked by clientelism, informal politics and corruption'. By contrast with the varieties of capitalism that prevail in the West and Japan, patrimonialism in the BRICs is 'a distinct *structural* principle of economic and social organization that systematically affects the rela-

inasmuch as it erects a set of epistemological hurdles to theorizing state-capital entanglements across geographical and ideological contexts (Alami & Dixon, 2020). As such, this casts serious doubt on the capacity of state capitalism as an analytical concept to render the changing landscapes of state intervention and the new political geographies of capital amenable to analysis and critique (Taylor, 2016; van Apeldoorn, de Graaff, & Overbeek, 2012). Nonetheless, we argue that irrespective of its ability to act as a useful analytical device, the new state capitalism functions as an extremely potent *geopolitical category*. To the best of our knowledge, no study has unpacked the geopolitical implications of discourses of the new state capitalism. This contribution fills this gap. In the current context of turbulent geographical changes in the global dynamics of capital accumulation and in the planetary configuration of hegemonic power, the recent resurgence and redefinition of state capitalism in academic, policy-making, and popular analyses is no coincidence. Conversely, we posit that it plays a powerful role in categorizing, disciplining, and hierarchizing the spaces of world politics. We demonstrate this claim by offering a critical interrogation of the representations and narratives of state capitalism, as well as the power-geometries and geographical imaginaries that underpin them to uncover how it operates as a geopolitical category.

Accordingly, we take inspiration from critical geopolitics, a body of literature concerned with the 'politics of writing and envisioning global space' (Ó Tuathail 2005, p. 14), and scrutinizing how geopolitical imaginaries, scripts, narratives, and other forms of representational practices have 'a contextuality, and [how they are] implicated in the ongoing social reproduction of power and political economy' (Ó Tuathail and Dalby 1998/2002, p. 2). It posits that there is power in representing the world economy in particular ways and in imposing order and meaning upon space. The social construction of geographical significance and the attribution of meaning and identity across global political space play a crucial role in spatializing (geo)politics (Dodds, 2005). Thus, we ask: how does the narrative of the return of state capitalism work as a form of geopolitical knowledge and practice? ² To answer this question, we proceed in four steps. We start in section 2 by

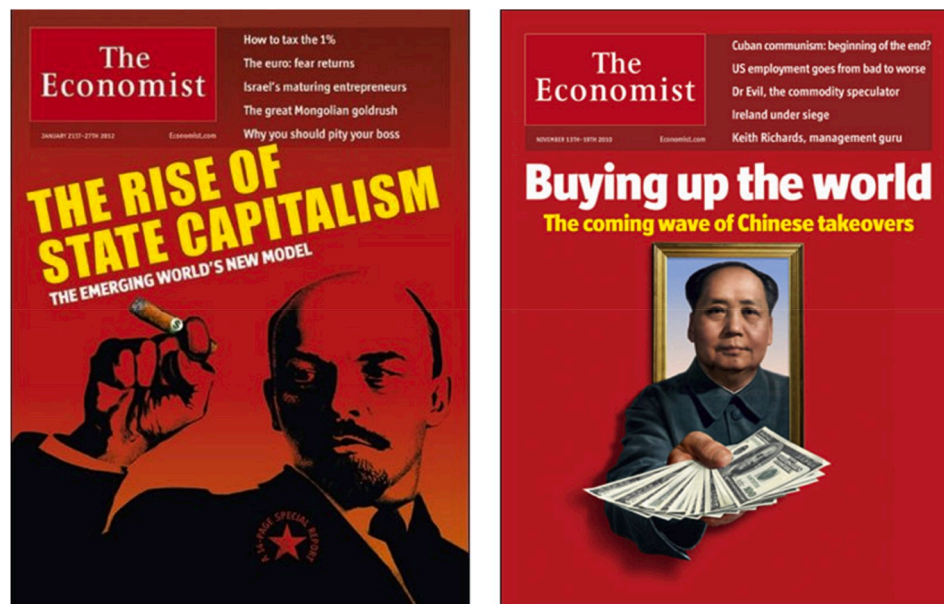


Fig. 1. Two front-covers of *The Economist* (January 21, 2012 and November 11, 2010).

tionship between the state, business and labor' (2019, p. 257; emphasis added).

This construction of the new state capitalism as deviating from a Western norm of capitalist political organization is problematic

² We paraphrase Ciută and Klinke (2010: 330), who examine how the narrative of the 'new Cold War' operates as a form of geopolitical knowledge.

shedding light on the ‘contextuality’ of state capitalism: we examine the context of wider geopolitical and geo-economic shifts in which the social construction of the geo-category has happened. We contend that the emerging new spatiality of the global economy has prompted the need for new discursive frames and geopolitical lines of reasoning. We then scrutinize in section 3 how the category operates as a form of geopolitical knowledge in this geographical contextuality, that is, how it projects meaning and identity across space, and how it relates to other geopolitical meta-narratives. In section 4, we trace out some of the discursive effects that are produced by the mobilization of what we call the ‘strange geographies’ of the new state capitalism (borrowing an expression from Sidaway & Pryke, 2000)³ in three policy areas: (1) diplomacy and foreign policy; (2) trade, technology, competition regulation and investment screening; and (3) international development. We develop the argument that the category state capitalism is rapidly entering the main political lexicon and descriptions of the world in these three policy areas. This in turn discursively enables Western business and state actors to politically justify tougher policy stances. Section 5 offers concluding thoughts.

2. The geographical contextuality of the new state capitalism

As Mamadouh and Dijkink (2006, p. 357, our emphasis) note, ‘Geopolitical representations become more explicit but also more *divisive* when important decisions have to be taken or a *crisis* occurs. *Major changes in the geopolitical context* generally bring the reformulation of geopolitical visions, a re-articulation of geographical representations that is necessary to acknowledge and justify foreign policy changes’. We argue that the re-emergence and reconfiguration of imaginaries of state capitalism must be considered against the backdrop of a series of interrelated geopolitical and geo-economic shifts in the global political economy, or what we call, following Ó Tuathail and Dalby (1998/2002), the geographical contextuality of the new state capitalism.

One of the most profound changes in the global dynamics of capital accumulation and the geographies of power that underpin them has been the shift in the center of gravity of the global economy from the North Atlantic to the Pacific rim. The rise of so-called ‘emerging markets’ (the BRICS but also other acronyms) appeared as the new engines of the global economy in the second half of the 2000s and in the immediate aftermath of the 2008 global financial crisis, as advanced capitalist economies were struggling to recover from the crisis. The fad about the BRICS is largely over now, with many emerging economies embroiled in deep financial and political crises.⁴ But there nonetheless was a significant phase of power dispersal in the global economy away from the traditional Western centers of power. There has been a limited but noticeable move towards a more multipolar world, with for instance, some adjustments in global governance arrangements (e.g. emergence of new multilateral development banks such as the Asian Infrastructure Investment Bank).

A concomitant geopolitical development has been the growing assertiveness in world politics of a number of states outside the traditional core (West/global North) of the global economy. Most notably is the rise of China as a relative counterweight to the United States as the

dominant hegemonic power, expressed through growing tensions and risks of military confrontation in the Pacific Ocean and South China Sea. Putin’s Russia has reasserted its place in global power politics through the invasions of Georgia and Ukraine, its annexation of Crimea, its support for the Assad regime in Syria, and the alleged intervention in the 2016 US presidential election. The rise of both is increasingly interpreted as a potential threat, some even arguing that this signals the advent of a ‘new Cold War’ (Ciută & Klinke, 2010; Medby, 2020; Ó Tuathail 2018), with an additional fear of Russia and China coming together. We come back in the next section to how the re-emergence of the Cold War narrative in geopolitical discourse is intimately related to the redefinition of the state capitalism category.

These geopolitical developments have been accompanied with, and perhaps facilitated by, profound transformations in the global distribution of surplus associated with the new pattern of uneven geographical development that is consolidating on a planetary scale, and associated changes in the patterns of global finance and investment. In East Asia, for example, export surplus and foreign exchange reserve accumulation have been funneled into new SWFs, such as the China Investment Corporation, to access a broader range of asset classes and geographies for investment (Dixon, 2017).⁵ Likewise, Chinese sovereign lending has become a major source of funding for large infrastructure projects in Latin America, Africa and Asia (Schindler, 2018). In short, we are witnessing a reconfiguration of the global political economy and a partial breakdown of the North/South axis which has structured much of the thinking and practice in world politics over the past 80 years. Non-Western contenders (especially China) are more assertive and increasingly appear as capable competitors to the hegemony of the United States. As we argue below, those turbulent changes have prompted a loss of credibility of existing geo-categories to make sense of the variegated spaces of this brave new world order.

There is a third fundamental contextual element, which is the *return* of the state across the political economy, or what we call the emergence of new landscapes of state intervention. This includes the consolidation of various forms of state-led development across the global South since the early 2000s (notably in China, Russia, but also in other large emerging economies) and extensive state intervention following the 2008 global financial crisis in the West (bank bail outs, quantitative easing, but also some renewal of industrial policy, neo-mercantilism and economic nationalism). This includes the multiplication of various types of ‘state-capital hybrids’ such as SWFs and SOEs, a renewed role for regional and national development banks (such as the Banco Nacional de Desenvolvimento Econômico e Social in Brazil), state asset management bodies, diverse forms of state support to ‘national champions’ (large transnational corporations), or subsidized credit. As Bruton, Peng, Ahlstrom, Stan, and Xu (2015, p. 92) calculate, for example, ‘SOEs generate approximately one tenth of world gross domestic product (GDP) and represent approximately 20% of global equity market value’. What is remarkable is that not only are the new landscapes of state intervention characterized by an extremely wide array of practices, policy instruments and vehicles, institutional forms, relations and networks, that involve the state to different degrees and at a variety of levels, time frames, and geographical scales (see Alami & Dixon, 2020), they are also increasingly integrated into transnational circuits of capital, including global networks of production, trade, finance, infrastructure and corporate ownership (Babic, Fichtner, & Heemskerk, 2017; Haberly & Wójcik, 2017).

³ For Sidaway and Pryke (2000), the ‘strangeness’ of emerging markets refers to their exoticism, which is a source of thrill, attractiveness, and business opportunity for international investors. As will be explained in this article, our argument is that the new state capitalism is ‘strange’ for a different set of reasons: its strangeness comes from what is perceived as an unusual combination of state and market power, its remarkable inventiveness, and its surprising commercial success. Strangeness here is a source of potential danger (if not existential threat) more than attractiveness.

⁴ The genealogy of the BRICS label and its origin in the investment industry are now well known. See for instance Sum (2015) for a useful analysis of how the label operates as an economic geographical imaginary.

⁵ It is worth clarifying that our point here is not that SWFs are new instruments. Several funds such as the Abu Dhabi Investment authority and Singapore’s Temasek were created in the 1970s. The largest fund, Norway Government Pension Fund Global, was founded in the 1990s. Our point is rather that the multiplication of SWFs (their number increased from 50 in 2005 to 92 in 2017) is closely associated with the transformations we describe in this section.

As mentioned in the introduction, these changing landscapes of state intervention have been interpreted as the emergence of a new form of state capitalism (e.g. Kurlantzick, 2016; Musacchio & Lazzarini, 2014). Let us insist that we do *not* make such a claim here. In fact, we are quite skeptical of the epochal claims which are wrapped up in arguments on the *new* state capitalism (as something distinct from an *old* version of the same phenomenon). We are also wary that talks of *the* new state capitalism risk downplaying diversity in state-capital relations across geographical, political, and ideological contexts. Furthermore, we have argued at length elsewhere that much remains to be done to turn state capitalism from a buzzword into a powerful analytical term (Alami & Dixon, 2020). Our point here is *not* that there is actually such a thing as a new state capitalism (as a historical phenomenon). Nor is it that the contemporary polymorphism of state intervention must be understood in light of the analytical concept state capitalism. Rather, we contend that the more visible role of the state across the global political economy is a key contextual factor in the emergence of the new state capitalism as *a form of geopolitical discourse and knowledge*.

Consider for instance the claim which financial analysts MacDonald and Lemco (2015, p. viii) make in their recent book on state capitalism: after the 2008 financial crisis ‘state capitalism appeared to be the core of a “new normal” of geo-economics that was like a juggernaut on the world stage’. This is particularly relevant for our argument because this ‘new normal’ is currently posing a double issue for both state and private actors. On the one hand, and even though it has been broadly speaking market-conforming, there is the concern that the overseas investment of state-capitalist actors is driven by geopolitical motives (the expansion of statecraft) rather than profit-maximization, especially when those investments are targeting strategic sectors such as natural resources, energy or high tech (Bremmer, 2010). For instance, by portraying the figures of Mao and Lenin in the shadow of the new state capitalism, *The Economist* covers discussed in the introduction strongly suggest that such ulterior political motives exist and are dangerous.

On the other hand, the contemporary polymorphism of state intervention is re-igniting the perennial debate about the role of the capitalist state in the economy and in society, and about the *appropriate scope* and *legitimate forms* of state intervention. Importantly, this debate is happening in the context of a partial crisis of legitimacy of neoliberalism and the Anglo-Saxon brand of capitalism due to its role in the aftermath of the 2008 crisis, of what Peck (2010) calls ‘zombie neoliberalism’, coupled with the failure of neoliberal prescriptions to deliver development gains across the world (and the comparatively better performance of non-Western states that have followed development models that diverge in significant ways from neoliberal prescriptions). This ideational struggle about the legitimacy of state intervention is ridden with class tensions, but also, it is worth insisting, with geopolitical competition in the context of the rise of non-Western contenders. It is unfolding against the backdrop of the deep geographical and power reconfigurations previously unpacked. We return to this crucial point in section 4.

In sum, in the face of profound material transformations in the global dynamics of accumulation, the geographical redistribution of power in world politics, the multiplication of new forms of state-capital entanglements, and renewed legitimacy struggles around the role of the state in capitalist society, a sense of epochal transformations has captured the imaginations of Western corporate and policy-making elites. Simultaneously, and partly as result of those transformations, some of the older signifiers used to make sense of the spaces of world politics, such as the geopolitical division of the world into ‘Third’, ‘Second’, and ‘First’, or between global North and global South, between developed and developing countries, but also some of the post-Cold War narratives framed in the context of ‘globalization’ and the ‘end of history’, have lost (at least some) traction and credibility (Sidaway & Pryke, 2000, p. 189; Sidaway, 2012, p. 53; Slater, 2004, p. 5). This has created a need for new discursive frames and geopolitical lines of reasoning, both to render intelligible those messy material and ideational epochal transformations, and to justify specific policy stances with regards to those

transformations, as we successively discuss in section 3 and 4. For now, our claim is that this geographical ‘contextuality’ of state capitalism is key to understanding both the process of social construction of the geo-category new state capitalism, and how it functions as a form of geopolitical knowledge and practice. We now turn to an examination of how the category operates in this contextuality, and how it projects meaning and identity across space.

3. The re-definition of state capitalism and the disciplining of global space

Cold War geopolitics, in short, was a powerful and pervasive political ideology that lasted for over forty years ... Strategic analysts have been searching ever since for a new global drama to replace it, launching ‘the end of history,’ ‘the clash of civilizations’ and ‘the coming anarchy’ among others as new blockbuster visions of global space, only to see them fade before the heterogeneity of international affairs and proliferating signs of geographical difference. Political leaders have struggled to articulate visions of the new world (dis) order amidst the overwhelming flux of contemporary international affairs (Ó Tuathail and Dalby 1998/2002:pp. 1–2).

We submit that the re-emergence and redefinition of the new state capitalism participates in the search for ‘a new global drama’, for a ‘new blockbuster vision of global space’ by strategic analysts, political leaders, foreign policy professionals, but also in corporate and academic circles, in order to render intelligible the transformations analyzed in the previous section. While acknowledging, following Sidaway (2012, p. 50), that geo-categories such as ‘emerging markets’, ‘rogue states’, the ‘end of history’ narrative, and so on, are not stable and fixed but ‘dynamic and frequently contested’ objects, and that the new state capitalism is no different in that regard, we argue that it is nonetheless possible to identify a distinctive set of meanings, signifiers, and power-geometries that lie at the core of how the geo-category operates. We propose to unpack in this section how the new state capitalism acts as a ‘an operating system formatting large sections of global space’ (Ó Tuathail 1997, p. 313). We look not only at how the new state capitalism attributes specific geographical and historical significance and identities to regions, places and territories, but also at its embedding in meta-narratives of capitalist modernity, democracy, development, and world order. We make four main arguments.

First, imaginaries of state capitalism establish a sense of simplicity and straightforwardness in the face of the messy political-economic transformations scrutinized in the previous section, reducing their complexity, heterogeneity and dynamic character to a grand geopolitical narrative characterized by a clear-cut binary opposition between free-market capitalism and state capitalism. Much like the category ‘new Cold War’, which is currently emerging as another central frame of analysis of world politics (as we further discuss below), state capitalism frames a ‘recognisable narrative that reduces complex events to a digestible storyline of good and bad’ (Medby, 2020, p. 152). The state capitalism narrative is a familiar story of heroes and villains which, through discourses of competition, (more or less open) hostility, and expanding influence, constructs a sense of ‘ideological directness’, to borrow another term of Ó Tuathail and Dalby (1998/2002:pp. 1–2). The two main protagonists are easily identifiable, two radically different and incompatible models of capitalism. For instance, for Specher et al. (2017, p. 2, emphasis added), ‘the *obvious* contrast to state-capitalism is free-market capitalism’.

Their material and ideological competition is what structures contemporary world politics, and what is at stake is the future of the liberal world order. MacDonald and Lemco argue that ‘the tensions between state capitalism, in particular the autocratic type, and private sector-oriented economies in democratic systems are creating a new normal in global geopolitics’ (2015, p. 3). The expansion of the new state capitalism threatens what capitalism brings best. As a leader from

The *Economist* (2012) magazine speculates, this 'spread of a new sort of business in the emerging world will cause increasing problems.' The geographical imaginary which underpins this narrative, too, is unequivocal: it depicts an unambiguous geography of rival geopolitical blocs. For Ian Bremmer, the rise of state capitalism and the 'recession of the free-market tide' has stoked 'a new global competition, not between rival political ideologies but between competing economic models' (2009, p. 41). According to renowned economist Branko Milanovic, 'the ineluctable truth is that capitalism is here to stay and has no competitor ... the real battle is within capitalism, between two models that jostle against each other.' These models are 'the liberal meritocratic capitalism that has developed incrementally in the West over the past two hundred years ... and the state-led political, or authoritarian, capitalism that is exemplified by China' (Milanovic, 2019, p. 5, 10). The clash between the two models, which are led, respectively, by the United States and China, is 'the real fight for the global economy's future.' State capitalism, *The Economist* tells us, is 'the most formidable foe that liberal capitalism has faced so far' (2012). For a senior fellow at the Center for Study of the US Presidency and Congress, 'China's rogue state capitalism' must be 'tamed'.⁶

Second, the geo-category establishes this sense of simplicity, directness, and familiarity by reactivating and redefining older grand geopolitical narratives. Indeed, as Mamadouh and Dijkink (2006, pp. 357–358) emphasize, the production of new geopolitical knowledges often involves the 'renegotiation of past experiences, geopolitical visions, and national identities', and existing and past geopolitical visions often act 'as potential resources for the formulation of new geopolitical lines of reasoning'. This is precisely how the new state capitalism narrative operates as a form of geopolitical knowledge. In particular, it revisits the narratives and imaginaries of the *old* state capitalism, that is, imaginaries of a bureaucratic and ossified system of social organization and central planning, characterized by large, inefficient, and poorly run state-owned companies, which misallocate resources and undermine the smooth functioning of private markets, and which are controlled by politicians in their own interests (clientelism, corruption, etc.).⁷ If this form of state capitalism might have been useful in its time, it is now undoubtedly a thing of the past: capitalist globalization has rendered it obsolete. This old capitalism also conjures up the historical experiences and associated imaginaries of post-Second World War Europe, the Third World developmental state, Nazi Germany and fascist Italy before the war, but also, and perhaps especially, the histories of really existing socialism in the ex-Soviet Union, China and elsewhere. The reactivation of older geopolitical narratives is clearly noticeable in Ian Bremmer's historical narrative: 'Over the course of the twentieth century, the capitalist powers survived economic depression, defeated fascism, shed colonialism and outlasted communism ... Yet, over the past several years, public wealth, public investment and public enterprise have made a remarkable comeback. An era of State Capitalism has dawned' (2008, p. 55). Free-market capitalism has defeated many enemies in the past, but is now facing its most powerful one, state capitalism.

Furthermore, and as is evident from the two covers of *The Economist* discussed in the introduction, it mobilizes and re-actualizes a number of scripts and idioms that were central to the repertoire of Cold War geopolitics. Interestingly, the 'new Cold War' is also a category that is currently emerging as a central frame of geopolitical discourses (see Fig. 2 below, and Ciută & Klinke, 2010; Medby, 2020; Ó Tuathail 2018).

As Ciută and Klinke (2010, pp. 325–326) put it, the narrative of the

new Cold War 'reproduces the symbolic order and hybrid vernacular – part description, part prescription – embedded in Cold War geopolitics, working with the same binaries that portray the identities of the protagonists and the bonds of interaction, conflict and in/security that structure their relationship: East/West, aggression/defense, authoritarianism/democracy, irrationality/rationality, and politics/economics'. We submit that the new state capitalism must be understood in tandem with the discourses of new Cold War. Witness *The Economist*: 'Now across much of the world the state is trumping the market and autocracy is triumphing over democracy ... The invisible hand of the market is giving way to the visible, and often authoritarian, hand of state capitalism' (2012).

Discourses of the new state capitalism, just like of the new Cold War, are 'characterized by the associative: linking current events to the past, painting vivid linguistic imageries ... By calling it the new version of something supposedly already "known," it translates the present moment into a version of the past – albeit a *new* version [...]' (Medby, 2020, p. 151, original emphasis). The new state capitalism both relies upon and contributes to reproducing the well-known identities and grand narratives of the old state capitalism and the old Cold War (and their associated bipolar structure and cultural/moral hierarchy), and its sense of familiarity is derived from it. Nonetheless, as Medby (2020, p. 153) notes, the recycling of narrative frames such as the new Cold War 'cannot be understood simply as a repetition of the past. On the contrary, it prompts the question of what is "new," and how we can understand today in light of both continuity and change'. This perceptive remark equally applies to the new state capitalism.

What is new, of course, is that according to the Cold War narrative, the West had won: the victory of democratic free-market capitalism established a new world order, characterized by the spread of liberal values and the expansion of capitalist globalization, beneficial to everyone, and signaling the 'end of history' (Fukuyama, 1992). But with



Fig. 2. Cover of *The Economist*, May 16, 2019. China is clearly (and quite literally) depicted as the great hawkish enemy in this 'new Cold War.'

⁶ See <https://www.ft.com/content/d5e19006-ae9f-11e9-b3e2-4fd846f48f5> [Last accessed 15 January 2020].

⁷ In the management literature on state capitalism, the evidence is actually contradicting the assumption that SOEs, due to the liability of 'stateness', will necessarily perform poorly in relation to private-sector counterparts. Rather, many SOEs are performing at least as well, if not better than private firms (see, Musacchio, Lazzarini, & Aguilera, 2015; Peng, Bruton, Stan, & Huang, 2016).

the rise of the new state capitalism, the non-West re-enters world history and threatens the liberal world order. Importantly, this new threat is different from the old one in two ways. On the one hand, by contrast with the ossified and inefficient old state capitalism, the new state capitalism is depicted as decidedly modern and remarkably *dynamic* and *creative*. According to *The Economist*:

'Today's state capitalism also represents a significant advance on its predecessors in several respects. First, it is developing on a much wider scale: China alone accounts for a fifth of the world's population. Second, it is coming together much more quickly: China and Russia have developed their formula for state capitalism only in the past decade. And third, it has far more sophisticated tools at its disposal. The modern state is more powerful than anything that has gone before ... It is also far better at using capitalist tools to achieve its desired ends. Instead of handing industries to bureaucrats or cronies, it turns them into companies run by professional managers' (2012).

This bears some similarity with the emerging markets narrative, which for the first time represented 'selected parts of what was the Third World ... as more dynamic and modern than the West' (Sidaway, 2012, p. 54). However, unlike in the case of emerging markets, the dynamism of the new state capitalism is not only presented as a business/investment opportunity, it is also the source of a threat. The danger does not reside in the new state capitalism refusing capitalist globalization, but on the contrary, being particularly good at it. The new state capitalism narrative, then, is a wake-up call for the West to adapt and face this remarkable dynamism and inventiveness. State capitalism is rising, and the West *must* react. Former ambassador US Michael McFaul recently declared that 'The United States is losing the ideological battle with China'.⁸ For a *Financial Times* editorialist, 'the US needs a more coherent national economic strategy in a world in which state capitalism is in the ascendant'.⁹

On the other hand, the threat to the liberal world order and capitalist democracy this time does not come from communism, but from an impure version of capitalism: state capitalism is 'rogue', it is 'not true' capitalism (Miron, 2015). Put differently, the radical alterity of the contestant is constructed differently. As postcolonial scholars would put it, the new dominant image of capitalism's 'Other' is not a competing mode of production, it is a deviant, perverted version of the very self-same one.

This leads us to our third argument. The new state capitalism narrative is also enfolded within two entangled discourses that have a much longer historical sweep. By locating the threat to the world order and the West in the East, the new state capitalism is firmly embedded in the dominant imaginative geographies of Anglo-American geopolitics since the early 20th century. As Dodds (2005, pp. 33–34) underlines, 'many writers from Mackinder [considered a founding father of geopolitics] onwards have argued that the countries and regions of the "East" have threatened the Western world. Mackinder's earliest geopolitical paper (1904) on "The geographical pivot of history" identified a "Heartland" within the Soviet Union and claimed that Western powers would be threatened by Eastern powers: "Were the Chinese, for instance, organized by the Japanese, to overthrow the Russian empire and conquer its territory, they might constitute the yellow peril to the world's freedom" (1904, p. 430). In a similar vein, American geopolitical writers in the 1940s and 1950s argued that the menace from the East in the form of the Soviet Union threatened to imperil the free world.' In many ways, the production of the geographical imaginaries of the new

state capitalism constitutes a new round in the longer histories of dominant representations of Anglo-American geopolitics. For *The Economist*, the new state capitalism, predominantly located in the East and with China as 'the leading practitioner', is 'on the offensive' (2012). The intentions of Eastern state capitalism and Western statism are qualitatively different:

'Across the United States, Europe, and much of the rest of the developed world, the recent wave of state interventionism is meant to lessen the pain of the current global recession and restore ailing economies to health. For the most part, the governments of developed countries do not intend to manage these economies indefinitely. However, an opposing intention lies behind similar interventions in the developing world: there the state's heavy hand in the economy is signaling a strategic rejection of free-market doctrine.' (Bremmer, 2009, p. 40)

This is likely to create all sorts of problems, from 'rigging' the global liberal trading system, to 'politicizing' investment, the 'injection of bureaucratic inefficiencies into market outcomes', and 'a huge misallocation of capital' (e.g. Bremmer, 2008, 2010; Economist, 2012; MacDonald & Lemco, 2015). Kurlantzick provides a more nuanced account, but still argues that authoritarian 'types' of state capitalism (China, Russia, Egypt, Vietnam) 'could undermine the best aspects of free-market capitalism – innovation, entrepreneurship, individualism, and democracy' (2016, pp. 11–12).

Finally, representations of state capitalism also have a firm grounding in discourses that have an even longer history: the rhetoric of empire. Indeed, by constructing the non-West (China, Russia, the newly emerging economies, the Arab countries, or the global South more generally) as 'spaces of exception' (Power, 2010), and places with peculiar characteristics of impurity and deviance (clientelism, corruption, dysfunctional political interference, ...), the new state capitalism narrative both mobilizes and reproduces racialized colonial and imperial discourses. Those discourses, by characterizing the non-West as embodied 'otherness', simultaneously construct a picture of (Western) 'selfhood' and establish cultural/moral hierarchy. As studied at length by postcolonial scholars, the orientalist gaze (Said, 1978) is an eminently political process. Indeed, as Slater (2004, p. 11) argues, 'Not only is there a process of self-affirmation, but also a denial of a potentially beneficial association with the non-Western other'. Furthermore, there is a 'politics of power' at play in this process, which 'strives to deny that what is thereby continuously reinstated as other is, rather, a facet (at the very least) of self and a powerful ongoing *relation of mutual formation*' (Lee, 2011, p. 74; our emphasis). By depicting state capitalism in non-Western spaces as deviant, corrupt, politically-driven, undemocratic, and irrational, imaginaries of the new state capitalism deny that those traits and attributes are potential facets of Western capitalism too, which is simultaneously represented as a fundamentally democratic, rational, efficient, meritocratic, virtuous, and pure version of capitalism. Hence, this Western capitalism is constituted not only as morally superior, but also as the ideal norm. This is evident in much of the work of foreign policy analysts, political pundits, and business commentary which we have discussed at length so far. For instance, according to *The Economist*, 'everywhere' state capitalist model 'produces cronyism, inequality and eventually discontent', and it 'favors well-connected insiders over innovative outsiders' (2012). It is 'plagued by cronyism and corruption' (Lee, 2011). State capitalism only serves the interest of small political elites (Bremmer, 2009, pp. 52–53).

These narratives also tend to be reproduced in many academic writings on the new state capitalism. Some of the Comparative

⁸ See <https://www.washingtonpost.com/gdpr-consent/?destination=%2flook%2f2019%2f07%2f25%2fwy-new-china-consensus-washington-scares-me%2f%3f> [Last accessed 15 January 2020].

⁹ See <https://www.ft.com/content/f23d8854-11fa-11ea-a225-db2f231cfeae> [Last accessed 15 January 2020].

Capitalism literature on the topic is a case in point.¹⁰ Becker (2014, pp. 35–36, emphasis added), an influential scholar in the field, states that emerging economies are characterized by ‘patrimonial capitalism’, defined as ‘an *allegedly* capitalist economy in which success in business depends on close relationships between businessmen and government officials’ and by ‘a structural relation between the state and the economy’. But, as Wehr notes (2015, p. 139), by depicting a patrimonial, *quasi*-capitalism prone to clientelism and corruption in ‘emerging’ countries, Uwe Becker constructs an image of a competitive, meritocratic, rational, and functional capitalism in the West, regulated by the rule of law, where the economy is *structurally separated* from the state, and where success in business *does not* depend on tight and informal relationships between private and state actors. ‘In no meaningful way’, as Tilley (2015, p. 210) adds, ‘is a comparative lens turned back on Western countries to examine forms of corruption’, and pejorative labels such as patrimonialism, cronyism and so on are reserved for non-Western capitalist formations.

Another telling example is the recent work of national business systems theorists Fainshmidt, Judge, Aguilera, and Smith (2018, p. 316), who characterize state-led capitalist configurations in non-West spaces as systems where ‘the state takes an active and direct role in the economic ordering of society. In these systems, political networks often serve as the mechanism through which economic activity is coordinated. These networks tend to monopolize and sustain power, introducing predatory elements to the state.’ What is implied here is that in Western capitalisms, ‘political networks’ do not serve as mechanisms of economic coordination, and the Western capitalist state is devoid of ‘predatory elements.’ This rhetoric is employed in policy as well. Consider, for example, the 2018 US National Defense Strategy, which refers to China as a ‘a strategic competitor using predatory economics to intimidate its neighbors while militarizing features in the South China Sea.’¹¹ Therefore, in this characterization too, state capitalism is imagined as deviant, and its apparent *abnormality* and *alterity* is constructed in references to a presumed universal template of capitalist organization which dominates in the West. As Sidaway (2003, p. 166) puts it, ‘the Western state is identical with itself a replica of nothing other than its own model statehood’, and non-West state capitalist configurations are mere supplements to it. Milanovic provides another telling example, when he argues that:

‘Corruption is endemic to [state-led] political capitalism ... Since corruption is endemic to political capitalism, it is impossible to eradicate it. To do so, the system would either have to change in the direction of liberal capitalism or would have to become autarkic’ (Milanovic, 2019, pp. 94–95).

To be clear, our point here is not to level a critique of those commentators individually, but rather to point at profound difficulties in how (state) capitalist configurations outside of the West are imagined in the field of Comparative Capitalism in general, as has been discussed at length by Wehr (2015) and Tilley (2015). Even the more critical and reflexive work of Nölke, ten Brink, Claar, and May (2015), whose project is to demonstrate the viability of alternatives to the varieties of capitalism that predominate in spaces of the West, tends to inadvertently reproduce some of this Western-centric bias. For example, their model of ‘state-permeated market economy’ (SME) is constructed with reference to the Western varieties of coordinated-market economies and liberal-market economies. SME is characterized by the extent to which it differs from Western ideal-type varieties of capitalism. Here too, the

West is the standard against which the rest of the world is seen to deviate, which tends to ‘unconsciously universalize the Western parochial’ (Pollard, McEwan, Laurie, & Stenning, 2009, p. 139). Much influential academic writing, then, inadvertently contributes to the construction and dissemination of value-laden and Western-centric geographical imaginaries of the new state capitalism.

The geo-category state capitalism produces a powerful ‘regime of truth’ – to use a Foucauldian term – which scripts the West (spearheaded by the United States) as the guarantor of a liberal, rational, efficient, virtuous, and pure version of capitalism. This is a seductive story in times of enduring capitalist crisis and political malaise, worsening levels of inequality, deep tensions between capitalist dynamics and democratic politics, and the rise of illiberal political forces in many spaces across the global political economy. Yet, as we show in the next section, the new state capitalism is more than an appealing narrative that the West tells itself: it also serves as a condition of possibility and plays a powerful role of justification of specific policy adjustments.

4. New state capitalism, material interests, and strategic policy adjustments

We mentioned in the introduction that a key premise of critical geopolitics is that the production of geopolitical visions and associated political identities and rationalities is ‘implicated in the ongoing social reproduction of power and political economy’ (Ó Tuathail and Dalby 1998/2002:2). As Dodds (2005, pp. 33–34) explains, ‘the strategies employed by Great Powers to maximize specific interests are frequently “scripted” through particular representations about the world economy and international politics.’ In the two previous sections, we unpacked the emergence of the geo-category state capitalism in the face of profound geopolitical and geo-economic changes, and we analyzed the distinctive set of meanings, signifiers, and power-geometries that lie at the core of how the geo-category operates. We now turn to an examination of some of the specific material interests that are scripted through the construction of the geo-category. In particular, in this section we propose to trace out some of the discursive effects that are produced by the mobilization of geographical imaginaries of state capitalism in three interrelated and overlapping policy areas: (1) diplomacy and foreign policy; (2) trade, technology, competition regulation and investment screening; and (3) international development. We show that the geo-category state capitalism is rapidly entering the main political lexicon and structuring descriptions of the world in these three policy areas. Highly complex matters in these policy areas are refocused as an oversimplified question of competition with a rogue and expansionist state capitalism, which requires an appropriate policy response. As such, the geo-category participates in the discursive construction of a threatened identity (state and business actors in the United States and EU countries) and of a threatening object (Chinese state capitalism) that must be controlled. In sum, our key argument is that the framing of issues in the realms of foreign policy, trade, technology, investment, and international development within geographical imaginations of state capitalism – and their associated ready-made powerful rhetoric of competition – gives meaning and political justification to a number of key policy re-adjustments.

4.1. Diplomacy and foreign policy

Here we are concerned with the mobilization of the geo-category new state capitalism by a number of state actors and foreign policy analysts close to policy-making circles, mostly in the United States but not exclusively, who are specifically concerned with the expansion of Chinese influence abroad, especially in Asia and the Pacific (where the risk of military confrontation has increased). For many of those commentators, a multi-faceted competitive struggle between the United States and China is already happening, as evidenced by intense cyber military conflicts, but also the risk of ‘export’ of Chinese state capitalism

¹⁰ A more developed discussion of the Comparative Capitalism literature and the question of state capitalism (including in Western contexts) is provided in Alami and Dixon (2020). For the sake of illustrating our argument, we focus here on Becker’s highly influential contribution.

¹¹ Available at: <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf> [Last Accessed 10 July 2019].

as a development model is perceived as a key facet of this competitive struggle.

We argue that the geo-category state capitalism, in tandem with narratives of a new Cold War, is key to the construction of the geopolitical tensions between the United States and China as a 'philosophical divide', and not simply as the competition between a 'declining hegemon with erratic politics and a track record of aggression' – as Tooze (2018, p. 21) puts it – and a rising power. For instance, Kaplan (2019), a prominent American international relations commentator recently in the pages of *Foreign Policy* wrote that, 'the philosophical divide between the American and Chinese systems is becoming as great as the gap between American democracy and Soviet communism'. According to Edel and Brands (2019), two other prominent US political pundits writing in the same journal, 'addressing the Chinese challenge will be central to preserving the relatively stable, open, and democratic world that has taken hold over the past seven decades'. What is at stake in 'the next superpower showdown', then, is not simply a power struggle between two competitors. Conversely, the current competition between the United States and China is in direct continuity with past struggles (presumably the Second World War, the Cold War, the War on Terror) to defend the liberal world order and global peace.

Such discourse is not exclusive to punditry but is now used in official US government discourse. In reference to the National Defense Strategy's claim that China and Russia want to reshape the world in an authoritarian mold, Christopher Ford, US Assistant Secretary for International Security and Nonproliferation at the US Department of State, in official remarks stated that:

'China, in particular, has become notably interested in exporting its state-capitalist, high-technology police state model of government to other countries [...] even while ensnaring ever-greater portions of the developing world in manipulated debt dependencies and "neo-neocolonial" economic relationships. The global competition, in other words, is becoming ideological. Increasingly, it seems to be not just about *who* will dominate the 21st century world, but also about what the *operating system* of that world will be, and the predominant mode of governance within it. Clearly, this is serious stuff.'

The operating system Ford arguably implies here is that of 'state capitalism'.¹² Whereas Great Power competition of the Cold War could be framed easily as competing economic systems, China's embrace of capitalism and its integration within the capitalist global economy renders this comparison obsolete. The state capitalism geo-category reprises this binary tension, providing a frame for the US government's competitive foreign and economic policy posturing vis-à-vis Russia and China outlined in the 2018 *National Defense Strategy* and the 2017 *National Security Strategy*. The construction, mobilization and dissemination of imaginaries of the new state capitalism serve strategic thinking in terms of US diplomacy and foreign policy, primarily regarding the rise of China as a global power. This allows portraying this struggle as a new Cold War (not as an attempt from a declining hegemon to contain the rise of an increasingly capable competitor), providing ideological justification for the current toughening in US diplomacy and foreign policy, as a well-intended and rational reaction to the objective threat of Chinese state capitalism.

4.2. Trade, technology, competition and investment screening

Narratives and geographical imaginaries of the new state capitalism also enable significant domestic policy adjustments in the United States

and other advanced capitalist economies, especially in the areas of trade, technology, competition, and investment policy. Some commentators have characterized this trend as neo-mercantilism and/or economic nationalism. A much-discussed example is the trade war initiated by the Trump administration, which has most recently seen the neutering of the Appellate Body of the WTO by Trump administration's refusal to appoint new judges.¹³ But the populist brashness of Trump does not mean the United States is alone in challenging the global trading regime. The European Union is also toughening its trade policy stance too after a series of trade disputes with China between the mid-2000s and 2016 (De Ville, 2019). At the core of those disputes lies a concern over Chinese state capitalism's alleged misappropriation of foreign technology (Branstetter, 2018). This allegedly happens when the Chinese state requires foreign companies to provide key technology to a Chinese company they do not control in exchange for access to the Chinese market (forced technology transfer) or when the state's weak enforcement of intellectual property rights allows Chinese companies to infringe upon them. There is also the concern of unfair competitive practices: US and European companies allegedly struggle to compete with Chinese companies which are state-owned, state-controlled, or receive intensive state support, resulting in the loss of market share, both at home and abroad. Moreover, there is the suspicion that state capitalist investment in Europe and North America (on the part of state-capital hybrids such as SWFs and SOEs), especially in sectors considered strategic (national security, high tech), is motivated by geopolitical objectives (see section 2), and concerns about technological dependence on foreign (state capitalist) firms susceptible to political interference (Zettelmeyer, 2019).

Our argument is not that those concerns are completely unjustified (some are), but that the dissemination of the state capitalism geo-category plays a key role in framing those concerns within particular geographical imaginaries, thereby calling for and justifying a particular policy response: we have mentioned the toughening of trade and technology policy already (and the increasing use or threat of sanctions, for example against Huawei, amidst concerns over its ties to the Chinese party-state and suspicion that this could be used for spying), but also a shift in competition law (encouraged at the EU level), a hardening in investment screening policy (in many EU countries, the United States, Australia, Canada, and at the EU level, with the EU framework on foreign investment screening, as further discussed below), and a renewal of industrial policy and support to domestic capitalist firms.

The *National Industrial Strategy 2030* announced by German economy minister Peter Altmaier in February 2019 is a case in point. Some of the key measures include: strategic support to domestic companies, closing EU value chains to imports from outside the European Union, designating specific German firms as 'national champions', allowing the German state to buy shares of companies in order to prevent foreign takeovers, modifying EU competition law to facilitate the creation of EU champions, even when this hurts competition in the European Union, through extensive state support of industrial sectors of 'great economic significance'. As Zettelmeyer (2019, p. 2) underlines, one of the assumptions on which the policy proposal relies is that:

'Germany's automobile industry, the core of its manufacturing sector, will be threatened unless Germany performs better in areas such as robotics, artificial intelligence, and battery cell production, where it faces massive competition from the United States, Japan, and particularly China, whose success is attributed to industrial policy'; hence, the 'document calls for a new industrial policy based

¹² 'Re-learning a Competitive Mindset in Great-Power Competition', official remarks given at Los Alamos National Laboratory by Christopher Ford, Assistant Secretary, United States Department of State, March 14, 2019. Available at: <https://www.state.gov/re-learning-a-competitive-mindset-in-great-power-competition/> [Last Accessed 10 July 2019].

¹³ See, Johnson, K. (2019) 'How Trump May Finally Kill the WTO', *Foreign Policy*, December 9. Available at: <https://foreignpolicy.com/2019/12/09/trump-p-may-kill-wto-finally-appellate-body-world-trade-organization/> [Last Accessed 16 December 2019].

mainly on three instruments: subsidies, direct state participation in companies, and a reform of competition policy at the EU level'.

Although the *National Industrial Strategy 2030* does not directly mention state capitalism, the term was used by commentators in the German press at the time. For example, economic columnist Olaf Gersmann of *Die Welt* in a February 5, 2019 piece entitled 'Danke, Peter Altmaier', stated [our translation], 'Germany and the rest of the world face systemic competition with Chinese state capitalism that is not interested in participation, but rather its own hegemonic ambitions.'¹⁴ A *Forbes* contributor also recently argued that Altmaier 'justified his call for more state intervention in the economy by saying that it was the only way for Germany to hold its own against the Chinese state economy.'¹⁵

In the case of France, president Macron's recent call *For European Renewal* (April 2019), in which he advocated for a reform of EU trade and competition policy and the adoption of European preference in strategic industries, declaring:

'Our [EU] borders also need to guarantee fair competition. What power in the world would accept continued trade with those who respect none of their rules? We cannot suffer in silence. We need to reform our competition policy and reshape our trade policy with penalties or a ban in Europe on businesses that compromise our strategic interests and fundamental values such as environmental standards, data protection and fair payment of taxes; and the adoption of European preference in strategic industries and our public procurement, as our American and Chinese competitors do.'¹⁶

Another telling example is that of the EU investment screening mechanism recently passed by EU lawmakers, in order to protect strategic technologies and infrastructure, which will take effect in October 2020. This is in reaction to growing volumes of Chinese investment in Europe. As Franck Proust, one of the leading EU lawmakers on the plan, declared: 'We're not looking to bar foreign investment. It is essential for EU countries, we need it. It's to pay attention to the investments that are strange, that do not make economic sense but are *political*'.¹⁷

Imaginaries of the new state capitalism are useful to provide justification for policy adjustments in the realms of trade, technology, competition, investment, and industrial policy in at least two important regards. On the one hand, and while those policies could be interpreted as aggressive moves which infringe upon the rules of the liberal order in order to contain the rise of an increasingly capable competitor which has managed to significantly improve the position of its firms in global value chains, narratives of the new state capitalism instead allow portraying those policies as relatively benign and perfectly legitimate measures, which do not violate liberal principles overall, but simply provide means to protect oneself against politically-motivated, potentially dangerous state capitalism which is providing extensive support to its firms and which is 'cheating its way to the top by stealing technology' (*Economist*, 2019). This tension is perfectly captured by Jeromin Zettelmeyer, a fellow at the Peterson Institute for International Economics (a liberal US-based think tank), when he argues that 'The rise of China requires a comprehensive response — not because the West should seek to suppress an increasingly capable competitor but because it needs to protect its firms from unfair practices and its citizens from the possibility that an authoritarian system may abuse its economic power' (Zettelmeyer,

2019, p. 14). Those policy measures are also both justified and necessary because the WTO — the international organization in charge of governing trade and trade-related issues (technology, property rights, investment) along liberal lines — does not provide the appropriate tools to adequately address the atypical practices of Chinese state capitalism (De Ville, 2019; Leonard, Pisani-Ferry, Ribakova, Shapiro, & Wolff, 2019).

On the other hand, imaginaries of state capitalism play a central role in the context of the renewed ideological conflicts around the legitimate role of the state which we discussed in section 2. They simultaneously allow casting doubt on the legitimacy of Chinese state intervention in the circuits of capital at home and abroad, and legitimating renewed state action by advanced capitalist states. The alleged threat, duplicity, and exceptionality of state capitalism allow justifying strong state intervention in the realms of trade, technology, competition, investment, and industrial development as a *pragmatic* and *necessary* response, while not fundamentally proposing a political and ideological reordering of what constitutes the appropriate scope for state intervention in capitalist society, and without challenging neoliberalism as a political form of market-led rule and the primacy of markets in social organization (Peck, 2010). A contributor to the *Financial Times* (who coincidentally also sits on the board of the Open Markets Institute) provides a telling example:

'If America is going to compete with a state-run economy like China in the digital era ... we are going to need bigger, public-sector directed shifts. To achieve those, we will also need changes in tax policy that allow the government to capture and deploy more of the wealth created by the private sector.'¹⁸

The paradox is blatant: framing Chinese state capitalism as exceptional allows justifying an emulation of state capitalism at home.

To be clear, we do not argue that all those policy re-adjustments are always being made in explicit reference to state capitalism, or by directly mobilizing the geo-category in public policy discourse (though many certainly are). Rather, our contention is that the framing of political concerns in the areas of trade, competition, etc., both draw upon the geographical imaginaries of state capitalism dissected throughout the article and contribute to disseminating them.

4.3. International development

Scholarship at the intersection of critical geopolitics and international development has shown that discourses and practices of development are framed in specific geopolitical imaginations, such as those of North/South relations, the Cold War, and so on (Slater, 1993, 2004; Ó Tuathail 1994; Power, 2010). Hart (2010) makes a similar point when she argues that the official discourses and practices that characterize the project of development have undergone significant rounds of redefinition and reconfiguration since the 1950s, in relation to global capital accumulation and geopolitical force fields and the tensions, contradictions, struggles and crises that accompany them. Those arguments are useful here to understand how imaginaries of state capitalism are enabling new discourses and practices of development, in the context of the traditional development actors (namely Western donors and multi-lateral development organizations) adapting to the new geographical contextuality analyzed in section 1. Our central contention here is that in international development, imaginaries of state capitalism play at least four roles.

First, they allow portraying Chinese influence as a threat and a potential development issue. The case of development finance is particularly important. Chinese state-supported development finance is portrayed as a risk of over-indebtedness in developing countries, and a

¹⁴ <https://www.welt.de/debatte/kommentare/article188255653/Industrie-Strategie-2030-Danke-Peter-Altmaier.html> [Last accessed 9 July 2019].

¹⁵ <https://www.forbes.com/sites/rainerzittelmann/2019/09/30/state-capitalism-no-the-private-sector-was-and-is-the-main-driver-of-chinas-economic-growth/> [Last accessed 17 December 2019].

¹⁶ See, <https://www.elysee.fr/emmanuel-macron/2019/03/04/for-europea-n-renewal-en> [Last accessed 9 July 2019].

¹⁷ See, <https://uk.reuters.com/article/uk-eu-china-investment/with-eyes-on-china-eu-lawmakers-back-investment-screening-idUKKCN1Q31K1> [Last accessed 9 July 2019].

¹⁸ See <https://www.ft.com/content/f23d8854-11fa-11ea-a225-db2f231cfeae> [Last accessed 15 January 2020].

risk for global financial stability. China has become a 'rogue creditor' and a threat to the international aid industry' (Power & Mohan, 2010, pp. 462–463), funding undemocratic regimes and contributing to the over-indebtedness of Asian, Latin American, and especially African states. Also, state capitalism allegedly uses debt to trap impoverished countries and take control of key infrastructures, with the selective use of highly mediatized takeovers on sectors and infrastructures considered strategic. The example of the Hambantota Port in Sri Lanka, lost to China and its state-owned China Harbor Engineering Company, is a case in point. As Brautigam (2020) chronicles, the meme of Chinese 'debt-trap diplomacy' emerged from the Center for Policy Research (a think tank in northern India) and was propagated further by a paper of two Harvard students,¹⁹ eventually capturing attention of major media outlets such as the *New York Times* and policy and intelligence circles in Washington, DC, where it took hold as conventional wisdom.

Second, Chinese expanding presence in developing countries is pictured as the 'extension of a "new", "pragmatic" vision of development' and an increasingly potent competitor (Power & Mohan, 2010, p. 256) (Murray & Overton, 2016, p. 256). Here imaginaries of state capitalism allow the more established powers and the more traditional development actors to adapt, and to articulate a relatively new set of development vision and development practices and prescriptions. For instance, the new 'maximizing finance for development agenda' articulated by the IMF and other multilateral development organizations, while not mentioning state capitalism, explicitly draws attention to the challenges posed by the emergence of new state-supported actors in development finance, such as SWFs and national development banks (Alami, Dixon, & Mawdsley, 2019). Indeed, the loan portfolios of national development banks far exceeds the lending capacity of the World Bank and other multilateral development banks (Kring & Gallagher, 2019). The risk posed by the success of various forms of state-led development is apparent. The embedding of those discourses in broader imaginaries of the new state capitalism allows justifying a particular role for the state in development (in contradistinction with the alleged Chinese state capitalist model), clearly reserved for catalyzing market and private finance (again, this links back to the ideological debates about the role, function, and scope of the state in development, and attempt by established powers to tame and domesticate those debates).

Thirdly, imaginaries of state capitalism allow a re-alignment of international development policy with foreign policy objectives. Indeed, we have witnessed a new round of militarization/securitization of foreign development assistance in the context of the crisis of neoliberal globalization and liberal internationalism, with a tendency to increasingly center the logic and objectives of national and international security in mainstream development theory and practice (Essex 2013; Mitchell, 2010). A good example of this is Macron's recent diplomatic tour of a number of African countries (in January 2019 in Egypt, and in Djibouti, Ethiopia, Kenya in March 2019) outside of *Françafrique*, the traditional sphere of French influence in Africa, to develop commercial ties and foster development, and explicitly in reference to countering the influence of China. Speaking about his visit, Macron stated: 'La France y est considérée comme un possible contrepoids; 'France is considered there [in Africa] as a potential counterweight [to Chinese influence]' (our translation).²⁰ In other words, 'a much more explicit, even strident, declaration of self-interest (of donors)', and a return to clearer 'spheres of influence' in international development (Murray & Overton, 2016, p. 253) is justified by the growing influence of Chinese state capitalism.

Finally, discourses of state capitalism are also useful for state actors

to mobilize vast resources domestically for the pursuit of promoting geostrategic and capitalist interests abroad. Consider for instance the framing of the BUILD act, recently passed by the US Congress, in the context of what Schindler (Schindler, 2018) calls the 'coming Infrastructure Arms Race between the U.S. and China': the act established the International Development Finance Corporation (IDFC) whose mandate is to 'to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries' (BUILD act, quoted in Schindler, 2018). Endowed with a USD 60 billion budget, which is equal to the exact amount China intends to invest in Africa over the next four years, the IDFC's mandate specifies that it will 'provide countries a robust alternative to state-directed investments by authoritarian governments and United States strategic competitors' (Schindler, 2018).

5. Conclusion

The category state capitalism is rapidly becoming a central geopolitical marker. Drawing upon critical geopolitics, we have argued that this process must be understood in light of a rapidly shifting geoeconomic and geopolitical terrain of the global political economy, which has prompted the need for new discursive frames and geopolitical lines of reasoning. While acknowledging that the geo-category state capitalism is fluid and multidimensional, we have unearthed how it operates, and scrutinized the role that it plays in the contested reproduction of geopolitical power. The geo-category is increasingly used to order and classify the spaces of world politics, and in particular, the emerging landscapes of state intervention in the context of a planetary reconfiguration of hegemonic power.

Geographical imaginaries of the new state capitalism, we have shown, are saturated with notions of hostility, danger, competition, but also deviance and abnormality, which portray non-West political geographies of capital as a threat to Western and global security and liberal world order, largely due to its reactivation of older grand geopolitical tropes, such as the Cold War. By characterizing those geographies as essentially and ostensibly deviant, corrupt, and authoritarian, the political identity of Western capitalism is simultaneously represented as fundamentally democratic, meritocratic, rational, and as a universal template of capitalist organization, a model of social progress, and given a leading civilizational role in world politics. As such, the geo-category is embedded in long-lasting discourses of Anglo-American geopolitics and racialized discourses of a deviant and threatening non-West (and associated notions of Western moral superiority), reproducing an imperial gaze.

Not only is this a seductive story in times of enduring capitalist crisis and political malaise, deep tensions between capitalist dynamics and democratic politics, and the rise of illiberal political forces in many spaces across the global political economy, geographical imaginaries of the new state capitalism also serve the material interests of a number of state and business actors in advanced capitalist economies. In particular, we have underlined the salience of the new state capitalism geo-category in discursively enabling and justifying specific policy adjustments in the realms of foreign policy, trade, technology, competition, investment, and international development. We have shown how the new state capitalism as a form of geopolitical knowledge plays a key role in – in the same movement – casting doubt on the legitimacy of Chinese state intervention in support of accumulation at home and abroad, and legitimating extensive state action in the circuits of capital valorization on the part of advanced capitalist states.

Our arguments highlight the need for future research into at least two directions. First, and while we have identified a number of agents who have been involved in the redefinition of the geo-category (state actors, the business press, academics, foreign policy strategists, investment analysts), more work can be done to systematically track down constellation of actors and sites involved in the production, legitimation, normalization and circulation of the new state capitalism narrative. It

¹⁹ Available at: <https://www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf> [last accessed 15 January 2020].

²⁰ See https://www.lemonde.fr/politique/article/2019/03/12/emmanuel-macron-veut-une-place-en-afrique-de-l-est-a-cote-des-chinois_5434673_823448.html [Last Accessed 10 July 2019].

might be useful for that purpose to distinguish between the three 'forms' of geopolitics identified by the critical geopolitics literature. As Ó Tuathail and Dalby (1998/2002:4) emphasize, 'Geopolitics is ... a decentered set of practices ... involving the practical geopolitics of state leaders and the foreign policy bureaucracy from the formal geopolitics of the strategic community, within a state or across a group of states, and the popular geopolitics that is found within the artifacts of transnational popular culture, whether they be mass-market magazines, novels or movies'. Further research, then, might investigate how the geo-category has been constructed and disseminated across those multiple forms and sites of geopolitical knowledge production and practice, and how it is penetrating everyday life. Second, there is a need for scrutinizing the counter-representative practices produced and mobilized by actors across geographical settings (in Western advanced economies, China, Russia, other large developing economies, and in other global South countries). This is not only to challenge the dominant discourses and geopolitical visions of new state capitalism, but because the 'critical inclusion' of alternative readings (Slater, 2004, pp. 27–28) in the study of state capitalism might help us broaden our understanding of the changing landscapes of state intervention in capitalist society.

Declaration of competing interest

None.

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Appendix A. Supplementary data

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