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The spiral of state capitalism: labour transformations or the ‘whip of external necessity’?

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Abstract

This article opens a conversation between U&CD and state capitalism studies. It reflects on the potential of U&CD to answer the following question: why has there been an aggregate expansion of the state’s role as promoter, supervisor, and owner of capital across the world capitalist economy since the turn of the millennium, and why has this taken an uneven and combined form? I argue that U&CD as an evolving research programme holds great potential in creatively expanding the study of state capitalism and its multi-scalar geographies. It is particularly well positioned to help us elucidate the multilinear and interactive character of present-day state capitalism. U&CD’s heuristics of ‘societal multiplicity’, ‘combination’, and ‘hybridisation’ can help us trace the combinatorial dynamics which result in the cumulative expansion of state prerogatives and their cascading impacts across policy realms and geographic space. Yet the causal mechanisms identified by U&CD (the ‘whip of external necessity’, ‘the privilege of historic backwardness’, and ‘the simultaneity of the non-simultaneous’) are unable to grasp contemporary state capitalist transformations in their historical and geographical fullness, notably due to a tendency to misread spatial unevenness as temporal dislocation. Theorising state capitalism requires that we examine the role of multiple and interacting capitalist states in politically mediating historically determinate transformations in the capitalist labour process, and their ramifications in terms of the temporal and geographical dynamics of value production and circulation. Thus, looking at U&CD from the perspective of the new state capitalism reveals both its analytical strengths and limitations for GPE.

Keywords: state capitalism, uneven and combined development, labour, geopolitics, statism

The world is currently experiencing profound transformations in the landscapes of state intervention. In the midst of overlapping social, political, economic, environmental, and health crises, states across the global economy have not only expanded their roles as regulator and guarantor of capital accumulation, stepping in where markets and firms have failed, they have also scaled-up their role as owner of capital. Sovereign wealth funds, policy banks and other forms state-owned or state-controlled capital have become hugely consequential actors globally. State enterprises, which had recently been declared dead, inefficient relics of the past
are experiencing a remarkable revival, many of them successfully competing on the world market with their privately-owned counterparts (Alami and Dixon 2022; Babic et al. 2020).

All this is unfolding against the backdrop of a tumultuous geopolitical reordering of the liberal world order, including (but not limited to) great power rivalry between the United States and China, with states engaging in more aggressive forms of geopolitics which actively mobilise economic power. This has taken the form of a resurrected mercantilism and the ‘weaponized’ use of economic relations (Farrell and Newman 2019), such as the use of the US dollar or the SWIFT interbank messaging system to impose sanctions. The confiscation of the foreign exchange reserves of the Afghan central bank by the US state is a case in point. More recently, the all-out financial war launched by western capitalist economies against the Russian state in retaliation for its war of aggression in Ukraine has involved freezing foreign exchange reserve assets, a ban on transactions with the Russian central bank, and exclusion from the global dollar-based clearing and settlement system.

The more naked use of state power is also visible at home, including in so-called liberal heartlands. State violence is not only directed at specific subaltern subjects (such as refugees, undocumented migrants, and racialised populations) or confined to edge spaces (the violent policing of borders, banlieues, ghettos, slums…), it is also ramped up across vast sections of societies. Examples include the brutal repression and criminalisation of protests and social movements (from the Gilets Jaunes insurrection to the climate movement).

The current proliferation of social scientific signifiers old and new, such as ‘geoeconomic world order’, ‘national-populist economic policymaking’, ‘techno-nationalism’, ‘political capitalism’, ‘post-neoliberal statism’, to name but a few, both testifies to these turbulent developments and to the vitality of scholarly attempts at theorising them (Milanovic 2019; Gerbaudo 2021). Arguably, none of these terms embodies this intellectual effervescence more than the ‘new state capitalism’, a rubric which is gaining increasing traction in global political economy (GPE) scholarship and cognate disciplines as a means to register the more visible role of the state (Alami and Dixon 2020a). The recent evolution of the term and its use in the academic literature is instructive. If throughout the 2010s it was largely used to describe the rise of a discrete national (or regional) model of capitalist organisation, often presumed to be located in ‘emerging’ economies (cf. Bremmer 2010), debates on the new state capitalism have recently experienced a turn towards more relational approaches, which emphasise the causal significance of spatial connections and temporal unevenness in catalysing hybrid state transformations across territorial borders (cf. Germann 2022; Jensen 2022; Baltz 2022).

This reorientation in the field of state capitalism studies, which I narrate in section 2, speaks to some of the favourite themes and registers of ‘uneven and combined development’ (U&CD) as a theory and evolving research programme, including questions of overlapping temporalities, historical unevenness, political multiplicity, societal interaction, and hybridisation of capitalist trajectories. However, a sustained conversation between U&CD and state capitalism studies is yet to happen. Hence, in this article, I propose to reflect on the potential of U&CD in rendering intelligible the contemporary advent of state capitalism, which I take to mean a polymorphous process of (geo)political reconfiguration of global capitalism, characterised by an expansion of the state’s role as promoter, supervisor, and owner of capital across the world capitalist economy (Alami and Dixon 2021). This historic arc in the trajectories of state intervention has unfolded since the turn of the 21st century, and particularly
after 2008. The case of contemporary state capitalism, I argue, is particularly relevant for debates on U&CD, not least because, as Rolf perceptively notes, only a handful of studies have sought to apply U&CD concepts to contemporary cases, resulting in this literature having ‘surprisingly little to say about contemporary capitalism’ (2021: 30). In line with the objectives of this special issue, I use state capitalism as an empirical angle to reflect on the potential of U&CD to contribute to systemic and dynamic explanations of the (GPE) (Rosenberg 2021; Omstedt 2021; Antunes de Oliveira, Germann, Rolf this issue).

My contention is that looking at U&CD from the perspective of the new state capitalism reveals both its analytical strengths and limitations for GPE. In section 3, I show that U&CD’s heuristics of ‘societal multiplicity’, ‘combination’, and ‘hybridisation’ are useful in helping us trace the various combinatorial dynamics which result in the cumulative expansion of state prerogatives, and their cascading impacts across policy realms and geographic space. Yet the causal mechanisms identified by U&CD (the ‘whip of external necessity’, ‘the privilege of historic backwardness’, and ‘the simultaneity of the non-simultaneous’) have limited analytical purchase, and only provide a partial answer to the following question: why has there been an aggregate expansion of the state’s role as promoter, supervisor, and owner of capital across the world economy, and why has this taken an uneven and combined form? Explaining this, I argue in section 4, requires that we examine the role of multiple and interacting capitalist states in politically mediating historically determinate transformations in the capitalist labour process, and their ramifications in terms of the temporal and geographical dynamics of value production and circulation. The concluding section draws lessons for state capitalism studies, U&CD and GPE.

New directions in state capitalism studies: towards unevenness and relationality

GPE debates on the new state capitalism may well have entered a second phase, characterised by conceptual outlooks and approaches which significantly differ from the first one. The latter had broadly three sets of concern: (1) identifying the institutional contours of varieties of capitalism categorised as state capitalist (with a focus on ‘emerging’ economies and so-called non-western contenders, such as China, Russia, Turkey, Brazil, Indonesia, and the like); (2) scrutinising the organisational forms through which such models of state capitalism become internationalised (especially sovereign wealth funds and transnational state-owned enterprises); (3) unpacking the implications for the future of the (western-dominated) liberal economic order and the global hegemony of neoliberalism (e.g., Bremmer 2010; Kurlantzick 2016; Milanovic 2019).¹

Although it made valuable contributions (see in particular Nölke et al. 2019), this first generation of writings on the new state capitalism did not find itself particularly well equipped to grasp a range of developments which recently shook the world economy. Events such as Brexit, Trump’s election, the intensification of trade wars, and state responses to the COVID-19 pandemic showcased some of the limitations of the above approaches, notably their tendency to understand state capitalism as primarily contained within neatly demarcated national territories. Narratives portraying state capitalist transformations as the causal result of

¹ A thorough survey of this literature is presented in Alami and Dixon (2020a).
domestic factors appeared increasingly precarious. Similarly, those that located state capitalism outside of the liberal core of the world economy seemed unable to grasp a much broader (and global) pattern of restructuring of the role of the state in capitalism. Notions of an ‘advanced’ liberal-democratic, free-market based capitalism challenged by ‘catch-up’ state-led models have become less plausible (Peck 2021: 22).

In the face of these trends, and partly under the impulse of critical interventions in the field of state capitalism studies (cf. Sperber 2019; Whiteside 2022; Alami and Dixon 2020a, 2020b; Peck 2021), there has recently been a broadening of the intellectual preoccupations animating the literature, and the rubric has been deployed to capture a wider constellation of state transformations, notably in their cross-border, relational, and territorial dimensions (e.g., Su and Lim 2022; Germann 2022; Ward et al. 2022; Jensen 2022). By contrast with the previous generation of writings, which largely conceived of the determinants of state capitalism to be internal to a given society (local interest group coalitions and idiosyncratic political economic strategies), the new wave of writing is increasingly concerned with the causal significance of spatial and temporal unevenness and societal interaction in catalysing state transformations, and in their cumulative expansion and entanglement across territorial borders. This emphasis on relationality, temporal, and spatial combination, has arguably breathed new life into state capitalism studies, insofar as it has enabled: (1) a problematisation of some of the main theoretical coordinates of the previous generation of writings (e.g., Palcic et al. 2022; Su and Lim 2022); (2) a rethink of the commonly held spatial and temporal assumptions about the new state capitalism (e.g., Jensen 2022; McGregor and Coe 2022); (3) a better registering of empirical diversity across political and ideological contexts, and notably across geopolitical frames such as west/east and North/South. Thus, deliberately or not, state capitalism studies have entered the conceptual territory of U&CD, a theory and research programme which, in its historical sociology and international relations elaboration, aims to ‘capture the mechanisms which underlie both the external power shifts and the internal social struggles’ leading to international phenomena (Rosenberg 2021: 155). Is there potential to further develop this productive encounter between state capitalism and U&CD?

Venturing onto the turf of U&CD

To answer this question, I now turn to a more explicit engagement with U&CD’s conceptual register. I reflect on its potential in developing the field of state capitalism studies, with an eye to the broader potential for GPE. Mindful that there are debates as to what U&CD is (and what it can do), I break down its conceptual registers into, on the one hand, three heuristics (‘societal multiplicity’, ‘combination’, and ‘hybridisation’) and, on the other, three causal mechanisms (‘the whip of external necessity’, ‘the advantages of historic backwardness’, and ‘the simultaneity of the non-simultaneous’) borrowed from Leon Trotsky and developed in Justin Rosenberg’s pioneering work. While the heuristics serve as an aid in documenting particular patterns of social interaction, the causal mechanisms already contain and provide explanations. While this simple typology certainly cannot do justice to the richness and diversity of U&CD’s writings, it nonetheless captures a range of approaches and sensitivities. Broadly speaking, U&CD theorists often differ in how they mobilise these heuristics and causal mechanisms. Writers who tend to use the causal mechanisms extensively will likely conceive of U&CD as
a social theory (à la Rosenberg), whereas those who rely less on causal mechanisms and more on heuristics are likely to see U&CD as a set of methodological predispositions (à la Peck or Omstedt). I argue in this section that societal multiplicity, combination and hybridisation are useful heuristics in describing the various manifestations of state capitalism. However, the causal mechanisms identified by U&CD have limited analytical purchase in explaining and theorising it.

Societal multiplicity, combination, and hybridisation

These three heuristics are best used together in a sequential manner. Societal multiplicity refers to the fact that ‘human history has always comprised a multiplicity of social entities of different types and scales, developing at different speeds’ (Rosenberg et al. 2022: 5). Combination refers to the fact that these various social entities not only co-exist, but interact; they ‘combine with each other to produce new causal logics’ (ibid). Finally, hybridisation refers to the result of societal multiplicity and combination, which produce ‘hybrid effects and non-linear outcomes – whether these outcomes are new social forms or unique historical events’ (Rosenberg et al. 2022: 5). These in turn recombine, leading to new amalgamations and syntheses of ‘multiple determinations, forces, alliances, and relations’ (Peck 2019: 51). The continuous production of recombinant pathways contributes to the relentless remaking of uneven development and socio-spatial differentiation (ibid).

Let us now see how these heuristics can be mobilised to grasp present-day state capitalism. The notion of societal multiplicity encourages us to see this global process of state restructuring as comprising multiple trajectories of state transformations, which develop in parallel and in real time. These unfold at a range of geographical scales, from the local (think about the process of remunicipalisation, whereby cities and sub-national regions take previously privatised services and infrastructures back into public ownership [Paul and Cumbers 2021]) to the intercontinental (with, for instance, the Belt and Road Initiative). They also unfold at different speeds and time horizons. Take for example, exceptional state responses to crisis-events such as financial crises and pandemics. Although, in some cases, these may drag on in time and become more permanent, the time horizons of these state interventions are usually relatively short in comparison to other modalities of state power, such as those that are rolled-out to facilitate specific class-political projects (think of the decades-long transformations of the Chinese state to consolidate the rule of the Chinese Communist Party). Similarly, compare and contrast the time frames of the forms of state activism made possible in many resource-rich countries by the 2000-2014 ‘commodity super-cycle’, to the temporalities of the processes of state restructuring which have accompanied longer-term capitalist trends such as the internationalisation of production and the financialisation of capital accumulation (more on this below). Thus, the various trajectories of state transformations implicated in the broader process of state capitalism have their own histories, spatialities, temporalities, objectives, and logics. Yet they evolve by interacting with each other. This presents us with a view of state capitalism as a dynamic phenomenon which is multilinear and interactive.

Combination then pushes us to further unpack the various relations of interdependence and interaction between various state transformations, and explain the simultaneous occurrence
of a range of policy tools and economic vehicles at the current historical juncture, from sovereign wealth funds, policy and development banks, and state enterprises, to technoi-

industrial policy, spatial development strategies, economic nationalism, and others. May the deployment of one form of policy intervention trigger the implementation of another? This therefore invites us to problematise the constitutive and catalytic role of combination (to paraphrase Peck 2019) in the current expansion of states’ roles as promoter, supervisor, and owner of capital, and the cascading impacts of state capitalist transformations from one place to another, as well as between policy domains (geopolitics, technology, industry, energy, finance, infrastructure, development, labour, and so on), both at home and abroad. The key question is thus: what are the mechanisms through which state capitalist transformations develop in dynamic, inter-referential, combinatorial forms, resulting in cumulative effects and producing further expansion in state prerogatives across scale and territory?

Finally, hybridisation connotes ‘an ontology of mutually entangled social formations fashioned from elements old and new, near and far’ (Peck 2019: 50). This encourages us to conceive of state capitalist transformations as the fusion of various processes and social relations, resulting in the hybridisation of social structures, with attendant tensions, contradictions, and conflicts. Hybridisation is useful to make sense of the messy real-world configurations of state capitalism, which rarely resemble the neat categorisations of the first generation of writings on the new state capitalism (see previous section). For instance, in the realm of finance and development, recent works show that, although they may appear at first sight as diametrically opposed models, state capitalism and more liberal forms of market-centric finance are often co-implicated in myriad ways (Alami et al. 2021; Taggart and Mawdsley 2021). State capitalist instruments such as strategic investment funds and state-owned banks can be used to deepen financial securities markets, or develop new forms of public-private partnerships. Furthermore, the new industrial and spatial development strategies that proliferate in the global South do not simply reflect a choice between rival models of development finance. They are better conceived as hybrid, experimental entanglements of both tendencies (Schindler et al. 2022).

In sum, societal multiplicity, combination and hybridisation are useful heuristics in mapping out what can be called the fact of uneven and combined state capitalism, and in identifying what requires explaining and theorising. How useful are U&CD’s causal mechanisms in offering an explanation for this?

U&CD’s causal mechanisms

The ‘whip of external necessity’ refers to the existential imperative to grow and survive in an international environment characterised by asymmetrical geopolitical economic and military relations. It compounds and intensifies competitive pressures, thereby compelling states to take developmental initiatives. It thus acts as an impetus for development and state transformations (Rosenberg 2013: 196; Rolf 2021). The ‘whip’, then, can be seen as a potent causal factor in state capitalism, insofar as competitive relations and geopolitical turbulence can catalyse new forms of intervention. Consider, for instance, the recent intensification of trade wars and ‘beggar-thy-neighbour’ policies over the future of solar and 5G industries. Moreover, there are many policy areas where states competitively emulate each other, leading to the further
expansion of state prerogatives over time. For example, the European Union has recently found itself increasingly caught between US and Chinese platform giants (Alibaba, Alphabet, Amazon, Apple, Facebook, Microsoft, Tencent and others) and is therefore launching its own digital champion policy. The EU has also recently launched Global Gateway, a programme to support infrastructure development in the global South, designed to directly compete with the Chinese Belt and Road Initiative.

The ‘privilege of historic backwardness’ specifically refers to the predicament of late industrialisation. By contrast with ‘the whip’, ‘this time the mechanism itself is not a geopolitical pressure but rather the openings created by the asynchronicities of development among multiple societies’ (Rosenberg 2013: 196). In short, asynchronous development trajectories presents developmental laggards (firms, regions, or states where labour productivity lags behind prevailing world-market standards) possibilities for adopting technologies, productive techniques, and organisational modalities from more advanced poles of capitalist production. This points to the potential for the accelerated development of productive forces, by leapfrogging the stages passed through by first movers and more advanced predecessors (Rolf 2021: 27-28). There is ample evidence that the ‘privilege of historic backwardness’ is indeed a significant causal factor in contemporary state capitalism. The extraordinary trajectory of Chinese capitalist development over the past decades is a case in point. Successful strategies of catch-up development in East Asia have inspired governments across Latin America, Africa and South East Asia to adopt industrial and planning policies and create sovereign funds. Transnational investment through state capitalist vehicles has also been used by states to acquire key firms, technologies, and know-how at the leading edge of the global economy (Babic et al. 2020).

According to U&CD theorists, the process of catch-up development is likely to be characterised by a shifting amalgam of social and political forms, a contradictory and unstable fusion of old and new, or what can be termed ‘the simultaneity of the non-simultaneous’ (Rosenberg and Boyle 2019: 6). It is ‘as if socio-historical time had been broken up into spatially separate fragments, and these fragments had then been put back together in a different order, so that phenomena that originally belonged to different times had now ended up unpredictably next to each other’ (Rosenberg and Boyle 2019: 5). In other words, temporal dislocation is interpreted as a causal factor of state transformations and hybridisation in capitalist trajectories. This is useful in explaining the resonance of past histories of state capitalism in present developments. This manifests, inter alia, as the current repurposing of industrial policy tools, the reinvention of development banking, the transformation of state-owned enterprises and investment funds into more marketized forms, and the recent reactivation of planning traditions and capabilities.

U&CD’s substantial limits in theorising state capitalism

U&CD usefully draws attention to a range of causal factors in the making of contemporary state capitalism. Yet, I now argue, the explanatory power of U&CD’s causal mechanisms is limited for two reasons. First, the ‘whip of external necessity’, ‘the privilege of economic backwardness’, and the ‘simultaneity of the non-simultaneous’ are presented as historically indeterminate laws. Of course, U&CD theorists would agree that geopolitical pressures, catch-
up development, and the synchronisation of non-simultaneous phenomena may take different forms depending on when and how they manifest, i.e., they are always historically specific. Yet, the conceptual register of U&CD does not provide us with tools to conceive of historical specificity as anything but the product of a unique combination of conjunctural forces. This is insufficient: firmly establishing the historical specificity of contemporary state capitalism (a crucial step in understanding its drivers, manifestations, and implications) requires theorising it as the product of definite historical processes rather than simply conjunctural openings, unique circumstances, and recombinant trajectories. More concretely, consider the following questions: how to explain that the ‘whip’ is currently assuming the specific form of intensifying geoeconomic competition? Why has there been an acceleration of state capitalist transformations at the turn of the twenty-first century? What explains the recrudescence of attempts at catch-up development? What material bases did enable the proliferation of state-led developmental initiatives and the mobilisation of state capitalist instruments? Ultimately, answers to these questions must be grounded in the materiality of the socio-ecological processes through which humans reproduce themselves and their 'lifeworld', not in abstractly conceived historical laws. Which is why I start my analysis below from the specific form taken by the capitalist labour process at the current historical juncture. This is neither to downplay the importance of societal multiplicity, nor to reduce combination to an epiphenomenon. On the contrary, my argument is that their causal significance in the current advent of state capitalism cannot be comprehended in logical abstraction from a number of historic transformations in the materiality of surplus value production, including changing forms of labour exploitation and the fragmentation of the global working class, which I scrutinise in depth below.

Second, and relatedly, U&CD’s understanding of unevenness as the synchronisation of non-simultaneous capitalist trajectories is ill-adapted to grasp these transformations. In today’s mature capitalism, characterised by an advanced form of capitalist subsumption of world societies and near completion of the world market, the existence of syncopated rhythms and differential paces of industrial capital accumulation – from China to Britain and Uruguay – does not mean that countries are unevenly positioned in a continuum of historical and developmental time (from primitive accumulation to post-industrialisation via intensive industrialisation). When we look at the contemporaneousness of rapid industrialisation in China and deindustrialisation in western Europe, what we see is not a clash of asynchronous historical timelines, as Rosenberg and Boyle (2019) suggest in their otherwise remarkable reconstruction of the political economic dynamic that led to the election of Trump and Brexit. Rather, we see social formations and world-regions unevenly positioned within the same historical process – the essentially global dynamics of capital accumulation through the production of relative surplus value – which manifest as complex constellations of global divisions of labour and associated patterns of uneven spatial differentiation.

As a result of this misreading of spatial unevenness as temporal dislocation, U&CD’s conceptual register is unable to fully capture the generative processes and relations underpinning the current advent of state capitalism, including subterranean transformations in the spheres of production, extraction, and circulation of value, and the multifaceted role of the state in politically mediating them. The main argument I develop in the remainder of this article is that present-day state capitalism must be understood as a process of self-transformation of
capitalist states as they politically mediate these global (but regionally uneven) transformations. Thus, in order to further elucidate what I referred to earlier as the fact of uneven and combined state capitalism, we must now leave the conceptual turf of U&CD and enter that of labour transformations.

**Entering the hidden abode of production**

To do so, I build on theorisations of uneven development grounded in the critique of political economy (Iñigo Carrera 2008; Charnock and Starosta 2016). According to this tradition, uneven development is dialectically rooted in historic transformations in the metabolism of social life mediated by labour, and in particular, the material process Marx calls the ‘real subsumption of labour to capital’ (Charnock and Starosta 2016). Real subsumption involves the complete reorganisation of the labour process (in its social and technical aspects) by capital, notably through the use of science, technology, and machinery to increase labour productivity and maximise the systematic extraction of relative surplus value. This also involves the subjection of an ever more global working class to the coercive laws of world market competition. For our purpose, this means that the determinants of the expansion of present-day state capitalism must be sought in the historical-geographical transformations in the material forms of production of (relative) surplus value on a world scale, or, put differently, in changing forms of labour exploitation by capital through the transformation of capitalist production.

**Contemporary constellations of international division of labour**

Since the turn of the 21st century, the international division of labour has developed into more complex forms under the impulsion of automation, robotisation, and digitalisation (Charnock and Starosta 2016; Arboleda 2022). Computer-assisted automation of large-scale industry has recently facilitated profound transformations of the labour process, involving three dimensions (Starosta 2016: 87-89).

First, the valorisation of intellectual labour implicated in the deployment of science and technology to the production process (think about applied research and development, engineering, programming, industrial design, and other forms of white-collar work involved in the planning of manufacturing and the organisation of supply and production chains). Second, the codification of tacit knowledge (which used to be developed by blue-collar workers through experience) and the objectification of formerly manual tasks as automated functions of machines. This transformative process had a double implication for a large stratum of the working class: the degradation of simpler manual and non-mechanised labour (take, for instance, the workers who toil in assembly lines and contemporary sweatshops as an ‘appendage of machinery’), and the generalisation of soft skills such as digital literacy, problem-solving, and other flexible and transferable skills. The latter have become essential for various types of labour, such as that conducted by office clerks, call centre workers, and the armies of labourers processing data for tech companies. Third, there has been a multiplication of relative surplus populations, that is, ‘surplus’ relative to the needs of accumulation (this is the predicament of workers displaced by automation, dispossessed peasants, and other populations unable to access a full wage but whose life remains structured
by it, who must look to survive in low labour-productivity services, the ‘gig’ economy, and informal sectors, from street hawking to app-mediated services delivery).

These transformations associated with the technical revolution of the labour process led to an increasing differentiation of the global working class in terms of the costs and productive attributes of labour power (or, in mainstream jargon, unit labour cost and productivity) providing the basis for global labour arbitrage (which firms can leverage to organise production across territorial borders) and for the expansion of the international division of labour into new economic sectors. This process had far-reaching implications for the temporal rhythms and geographical patterns of global capital accumulation, several of which are crucial for understanding the recent advent of state capitalism.

*Temporal rhythms and geographical patterns of global capital accumulation*

A key implication from the above labour transformations is that we have seen the emergence and consolidation of new geographies of extraction, production, and consumption. East Asian late-industrialising countries (South Korea, Taiwan, Singapore) moved up the value chain into sectors closer to the technological and productivity frontier (semiconductors, biotech, telecoms, artificial intelligence, and advanced robotics). This was accompanied by the relocation of less complex, low-skilled, labour-intensive manufacturing activities to China and Southeast Asia (Vietnam, Thailand, Indonesia, and the Philippines) and to new manufacturing frontiers in Cambodia, Myanmar, Bangladesh, Sri Lanka, Laos and pockets of industrialisation in some parts of Central America, northern Mexico, Central and Eastern Europe, and North Africa.

These fast-paced processes of industrialisation and concomitant mega-urbanisation and mass proletarianisation went hand in hand with (de)industrialisation dynamics unfolding in other world-regions. Exporters of primary commodities in large swaths of Latin America, Africa, Central Asia, and the Persian Gulf benefitted from East and Southeast Asia’s huge appetite for raw materials, food staples, and energy products. The upshot, though, was premature deindustrialisation and re-primarisation, partly as a direct result of the macroeconomic impacts of the commodity super-cycle (early 2000s to the mid-2010s) in these resource-rich economies, and partly due to increased competition of manufactured goods from East Asia, which decimated local industries. In advanced capitalist economies, the unfolding of the new international division of labour manifested itself as accelerated deindustrialisation and the growth of service-oriented economies, reinforcing patterns of spatial polarisation between ‘rust belts’ and regions where the leading edge of higher value–producing activities clustered.

Overall, then, transformations in the material forms of production of relative surplus value over the past twenty to thirty years resulted in a highly uneven planetary distribution of surplus (think about the massive current account surpluses generated by Germany and China) and differential rates of accumulation between and within countries, with extremely dynamic growth poles and laggard regions. While not displacing the centrality of the ‘triad’ (north America, western Europe, and Japan), there has however been an extraordinary eastward geoeconomic pivot, and a reorganisation of spaces of extraction and production around the Pacific Rim (Arboleda 2020). This is best illustrated by the massive extraction of agricultural,
energy, and mining commodities from Latin America and their shipping to the East Asian ‘global factory’.

If these labour transformations have led to an unprecedented accumulation of profits, especially for the capitalist firms able to coordinate and integrate the various stages of production along global value chains, they have however accelerated tendencies towards economic stagnation (see Moraitis 2022 for a brilliant exposition of the argument). As a result of the immense increase in manufacturing capacities and revolution in the technological basis of the forces of production, overaccumulation tendencies have become particularly pronounced and visible since the mid-2010s in a wide range of sectors, from agro-chemicals to shipbuilding, aluminium, steel, coal power, solar panels, etc. (IMF 2020; Copley 2022). The strategies deployed by firms to secure profit rates in this context have in turn fuelled four tendencies: (1) the development of new forms of rentiership through monopoly control of intellectual property rights (Rikap 2021); (2) the centralisation of capital, as firms seek to grow and increase profitability through the transfer of ownership in the sphere of circulation instead of investing in production (Alami and Dixon 2022); (3) the growing importance of logistics and connectivity, as firms seek to compress turnover times (Clover 2016); (4) and financialisation, or the growing salience of financial instruments as a means to generate revenue streams in anticipation of future surplus value production (Durand 2017).

In sum, the transformations in the capitalist labour process described in this section have had fundamental implications in terms of the temporal and geographical dynamics of value production and circulation. Crucially, states have been directly implicated in these processes, which they have politically mediated. They have (more or less willingly) aided, accompanied, and occasionally expedited them by deploying a range of instruments, policies, regulations, and other modes of economic practice, in the context of their role of promoters of capital accumulation within their territory (ensuring favourable conditions and disciplining social relations in line with accumulation imperatives) and abroad (opening markets and defending the interests of the capitals they represent). As they have done so, states have themselves experienced a process of restructuring, involving profound transformations in pre-existing landscapes of state intervention, a rearticulation of the relations between states and the circuits of capital, and a dramatic expansion of their role as supervisor, regulator, guarantor, and direct owner of capital. This is precisely the phenomenon that is now increasingly being referred to as the ‘new’ state capitalism. U&CD’s emphasis on societal interaction in this process is useful but one-sided, insofar as it offers few tools to ground societal interaction in the above dynamics. As we will see, the salience of interaction between multiple capitalist states cannot be grasped without acknowledging the broader role of states as orchestrators and political mediators of these transformations.

**From labour transformations to state’s involvement in the ‘commanding heights’**

I now expand on the various manifestations of the new state capitalism, as evident throughout the world, which are traceable back to the determinate changes in the materiality of global labour processes we have just discussed.

*Ramping up statism*
Let us start with what Sperber (2019: 112-113) calls ‘statism.’ This refers to the ways in which states yield influence over non-state economic actors and entities, by regulating, creating, or destroying capitalist markets, directing the pace of scientific and technological development across sectors and industries, boosting the competitiveness of private capitals operating in their territory as well as abroad, and shaping how surplus value is extracted, circulated, and appropriated. The above transformations of the capitalist labour process have both reconfigured the challenges associated with these tasks and provided states with new capacities to achieve them. At least two trends can be observed.

First, the moving frontier of technological innovation and the establishment of global and regional production networks have been accompanied by new forms of techno-industrial policymaking, insofar as new challenges have emerged, such as favouring the dynamic articulation of domestic firms with such networks (Yeung 2016). In addition to coordinating the emergence of new technological frontiers, the challenge is to help domestic companies position themselves as ‘lead’ firms of production networks, domestically and internationally. In this respect, and in line with the tendency towards rentierism and the growing importance of logistics mentioned earlier, states must deploy effective national innovation systems (encompassing large public and private funding for R&D and scientific-technical training, government procurement policies, credit subsidies, tax breaks, and other policies encouraging innovation) to help firms acquire and monopolise strategic technological and organisational capabilities over extended periods of time. This is because securing monopoly control of intangible assets (trademarks, patents, and other forms of intellectual property rights) allows lead firms to exert control over the wider division of labour along the circuits of capital, which facilitates value capture (and thus extra profits) (Baglioni et al. 2021).

This trend mainly concerns advanced capitalist economies in the west and East Asia at the cutting edge of the productivity frontier, yet low- and middle-income countries also face the challenge of positioning themselves favourably in global production networks, in order to attract foreign investment, achieve diversification, and enhance firm competitiveness. There has been an increasing awareness in countries across the income spectrum that these policy goals cannot be achieved by relying solely on the ‘open-market’ and ‘horizontal’ forms of industrial policy that predominated in the 1990s (industrial clusters, tax breaks, public-private partnerships, and loose labour market regulations) (Bulfone 2022). States have therefore increasingly experimented with new combinations of both horizontal and vertical forms of industrial policy designed to nurture strategic sectors and firms, from national champion policies to targeted state aid packages and subsidised credit lines via state investment funds, policy banks and other state-owned instruments (more on this below).

The second trend observable in the realm of statism is a return of planning and territorial development strategies (Schindler and Kanai 2021). On the one hand, this is because the consolidation of new planetary geographies of extraction, production, and consumption described earlier requires new territorial arrangements, not least a dense network of large-scale connective infrastructure and transnational multimodal logistical systems spanning oceans and continents to integrate distant spaces and to facilitate the flow of capital, commodities, money, people, information, standards, and technical know-how along production networks (Arboleda 2020). On the other, producing flexible territorial regimes is essential for countries to ‘plug
into global production networks (Schindler and Kanai 2021; Su and Lim 2022; McGregor and Coe 2022). Consequently, in addition to state-supported investment in energy grids, digital networks, and air, maritime and terrestrial transports, we have seen the creation and empowerment of economic and spatial planning agencies in charge of developing spatialised industrial policies and rolling out zoning technologies, from special economic zones to economic corridors, new towns and logistical hubs (Schindler et al. 2022). Such policies are currently being deployed in dozens of countries across Europe, Latin America, Asia and Africa, from Ecuador to Senegal, Indonesia, Pakistan, Hungary and Morocco. They aim to comprehensively redesign national territory in ways that will enhance industrial upgrading and balanced regional growth. They place inter- and intra-regional connectivity and transnational integration as key to enhancing firm/sector competitiveness and national comparative advantages. Combination (through mechanisms of inter-referentiality and mimetic behaviour) also plays a catalytic role in the proliferation of these plans. For instance, the Plan Senegal Emergent, the national development strategy currently deployed in Senegal to achieve ‘emerging market’ status by 2035, draws inspiration from a range of economic and spatial planning policies deployed by East Asian late industrialisers, Latin American resource-rich economies, and other African economies.

In sum, states across the world economy have developed more muscular modalities of statism, through which states intervene in the competitive dynamics of productive/extractive capital and in the sphere of circulation. This has also involved enlarging their role as owner of capital and as investor-shareholder.

**Expanding direct state ownership**

The transformations in the capitalist labour process discussed earlier have accentuated ‘global imbalances’, that is, a highly uneven planetary distribution of large and persistent current account deficits and surpluses, which has in turn provided the material basis for a historically unprecedented expansion of state ownership (the role of states as owners of capital) and state property (the mass of capital and assets controlled by states) since the turn of the century (Alami and Dixon 2022). Three trends can be identified here.

Let us start with the dynamics of productive/extractive capital. Large rents generated from the export of agricultural, mining, and energy commodities flowed into resource-rich economies, notably during the commodity super-cycle. States increased their direct participation and ownership in these sectors, notably under the form of state enterprises, in order to capture significant portions of these rents, but also, in the context of the turn to more muscular forms of statism, to funnel some of these rents to productive capital in other industrial sectors (Kim and Sumner 2019), from petrochemicals and construction to manufacturing. Some of these sectors have also been particularly affected by structural dynamics of overcapacity and intensified competition, which states and ‘their’ state enterprises have sought to address by extending transnational control over resources and markets, thereby fuelling dynamics of capital centralisation. For instance, many Brazilian, Indonesian, Malaysian, and Chinese state enterprises operating in the food, agro-chemicals, energy, hydrocarbons, and mining sectors have expanded their global operations to acquire competitors. States in advanced capitalist economies have also increasingly provided support to their state enterprises.
to help them become globalised champions (Bulfone 2022; Babic et al. 2020), especially in large-scale infrastructure construction, transports, logistics, telecoms (sectors which have received a boost as part of the global geographical reorganisation of the circuits of capital discussed earlier) as well as sectors closer to the technology and productivity frontier (renewables, advanced manufacturing, aerospace and defense) (Alami and Dixon 2022).

Second, states have expanded their role as provider of patient capital and long-term finance. Policy banks, development funds, and other forms of state-owned financial institutions have been redeployed in both advanced capitalist economies and in the global South to serve the needs of industrial policy, infrastructure development, the internationalisation of national champions, and to offset private credit crunches (Kim and Sumner, 2019; Marois, 2021). In low- and middle-income countries, these instruments have been increasingly used to ‘de-risk’ and crowd-in private investment into large-scale infrastructure projects, via a range of practices and vehicles, from public-private partnerships to ‘blended finance’ (Schindler et al. 2022).

Third, the consolidation of global imbalances underpinned an expansion of the state’s role as investor-shareholder. A portion of commodity export revenues, balance-of-payments surpluses, or accumulated foreign exchange reserves have been channelled into sovereign wealth funds to facilitate their re-investment into other sectors and geographies, from infrastructure projects to real estate and property, finance and insurance, trade and retail, media, and manufacturing (Babic 2021). Thus, we have witnessed a multiplication of sovereign wealth funds across Asia, the Middle East, and Africa, a spectacular expansion of the assets they control, and an increase in their international investment operations since the early 2000s. On the receiving end of these flows, states as diverse as France, Ireland, Morocco, Italy, Senegal, Poland, and others have created strategic investment funds to channel inward investments towards strategic sectors.

**Flexing the muscles of economic nationalism**

The rearticulation of statism and the profusion of state-capital hybrids (development and policy banks, state enterprises, state investment funds) outlined so far have played a key role in inter-capitalist competition, and have been directly implicated in a general turn towards more assertive forms of economic nationalism. The background for this trend is that the transformations in the capitalist labour process and the development of more complex constellations of international division of labour have contributed to a new multipolarity of power and economic activity in the world market, underpinning a certain reshuffling of geoeconomic force fields and the accelerated (geo)politicisation of economic relations and competition in a context of stagnation.

This is profoundly shaping inter-capitalist competition in sectors close to the technological frontier, with advanced capitalist states deploying a host of offensive and defensive measures. Offensive measures include support to national champions and state enterprises for acquiring foreign competitors, government procurement policies guaranteeing markets, economic diplomacy (states negotiating contracts for tech firms and opening markets abroad), and the weaponisation of intellectual property law to help firms secure monopoly control of intangible assets for extended periods of time and exclude competitors. Defensive measures include the use of tariffs and government purchase bans on foreign technologies (cf.
the ban on Huawei’s 5G technology in the UK and US), the deployment of foreign investment screening mechanisms giving states the power to block inward foreign investment in critical technologies and assets, and the reshoring of critical value chains. This escalation of both offensive and defensive measures exemplifies the catalytic role of combination in the cumulative expansion of contemporary state capitalism.

Another policy field where the turn to more aggressive forms of competitive economic nationalism has been particularly visible is that of development finance and infrastructure. Here, too, the tendencies (discussed earlier) of capital overaccumulation and the growing importance of logistics and connectivity matter significantly. Advanced and large emerging economies have used their international development agencies, export-import banks, and other modalities of strategic support to develop the operations of ‘their’ own capitalist firms (state-owned or not) in countries across the global South. This is to achieve a double objective: opening up market opportunities for their over-accumulated capital and competing to finance, build, and control infrastructure-led connectivity in ways that facilitate the integration of their forms in regional production networks and accelerate the circulation of capital (Schindler and Kanai 2021). Examples include the various programmes mentioned earlier on the part of China (Belt and Road initiative) and advanced capitalist states (Global Gateway, Build Back Better World, Global Britain) but also numerous initiatives on the part of mid-size powers and regional actors, such as South Korea, Turkey, India, the United Arab Emirates, Brazil, Morocco, Saudi Arabia, Vietnam, and others. While there is undoubtedly a dimension of geopolitical great power rivalry to this phenomenon, it also comprises messy on-the-ground configurations, including competition between and amongst traditional and new development actors, but also contingent alliances and hybrid deals. For instance, Paris and Beijing recently announced a partnership to build seven infrastructure projects worth over $1.7 billion in Africa, Southeast Asia and Central and Eastern Europe. Thus, in development finance and infrastructure, combination manifests as both collaborative relations and competitive emulations.

Finally, the turn to more aggressive economic nationalism is intimately connected, both materially and ideologically, to the management of social relations at home. Germann’s work (2022) shows that political struggles between various domestic segments of capital and fractions of labour differentially exposed to world market value-disciplines have influenced the forms assumed by statism and economic nationalism in Germany. Furthermore, the turn to muscular forms of economic nationalism is linked to the broader disciplining of fragmented working classes, or what has been referred to elsewhere as ‘disciplinary state capitalist impulses’ (Alami and Dixon 2021). In contexts of heightened political contestation and waning economic dynamism, racialised calls to restore the powers of the nation and the sovereign have justified deep restructurings of the welfare state – where it still exists – and an escalation of state violence towards growing populations rendered ‘surpluses’ by the dynamics of accumulation (see above). Disciplinary state capitalist impulses, then, are inseparable from the recent resurfacing of national and racial hierarchy in the context of a mutating neoliberalism (Davies and Gane 2021).

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Lessons for state capitalism studies, U&CD, and GPE

The argument developed in this article invites three lessons. The first concerns state capitalism studies. The turn to social relatioality and registers of spatial and temporal difference in recent work on state capitalism vindicate U&CD’s focus on the causal significance of societal interaction in shaping world capitalist development. If, as I hope to have shown, combinatorial dynamics are indeed a particularly potent source of dynamism in contemporary state capitalism, then U&CD as an evolving research programme holds great potential in creatively expanding the study of state capitalism and its multi-scalar political economic geographies, away from the comparative cataloguing of 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. U&CD is well positioned to assist us in elucidating the multilinear and interactive character of present-day state capitalism. U&CD also encourages us to develop modes of argumentation which introduce more (geo)political agency in relational explanations of the cumulative expansion of state prerogatives and their cascading impacts across policy realms and geographic space. As such, it opens up the horizon of social causality and political possibilities in the making of contemporary state capitalism and its tendency to develop in a spiral that both shapes and is shaped by world capitalist development (Alami and Dixon 2021).

That said, my critical engagement with U&CD’s chief causal mechanisms and my reconstruction of the unfolding of state capitalist transformations since the turn of the millennium suggest that the conceptual register of U&CD cannot, by itself, fully comprehend contemporary state capitalism in its historical and geographical fullness, and thus its immanent drivers, key features, and implications. This is because U&CD (in its historical sociology and IR formulations) tends to equate spatial unevenness with temporal dislocation. Present-day state capitalism is not the result of a clash of asynchronous historical timelines. Rather, it is rooted in global but regionally uneven material transformations of the capitalist labour process. These have had profound ramifications in terms of the temporal and geographical dynamics of value production and circulation: they found expression in complex constellations of division of labour, tendencies towards economic stagnation, the development of rentierism, the growing importance of logistics and territorial connectivity, the centralisation of capital in the hands of states, and the extension of financial activities, all of which have been orchestrated by shifting state forms and remarkable experimentation with a range of policy intervention.

Hence the second lesson: U&CD does not offer tools to explain the particular forms and modalities taken by societal interaction and geopolitical pressures as a result of these processes, and how these in turn shape emerging landscapes of state capitalism. This is because U&CD locates the impetus of state transformations in ‘the international’, conceived as both a social dimension and geographical scale, which modifies capitalist development (assumed to be otherwise linear) and imparts it with a multilinear character (Rosenberg 2013, 2021). This conception of the relation between capital accumulation and societal multiplicity as one of exteriority is an obstacle to understanding present-day state capitalism. Geopolitical pressure does not emanate from ‘the international’, it is formed in the context of multiple (and interacting) states politically mediating the global labour transformations discussed in this article and their ramifications. Can U&CD reconcile its conception of the ‘international’ with a robust theory of political mediation?
The third lesson logically follows from this. Earlier, I expressed more interest in U&CD’s heuristics than in its causal mechanisms, suggesting a preference for conceiving U&CD not as a fully developed social theory of ‘the international’, but as a set of methodological predispositions embedded in a broader social theory. Thus, the question: in what kind of social theory(-ies) must we anchor U&CD if it is to contribute to research in critical GPE (Antunes de Oliveira et al. 2022)? In a recent article, Rosenberg (2021) situates U&CD within a long tradition of (neo-)Marxist contributions to IR. He argues that all have built in different ways upon the four legacies of Marx’s own writings for the field of IR: his method of historical materialism, the application of such method to capitalism and the states system, his theory of knowledge, and his identification of capitalist ‘laws of motion’ (2021: 146-147).

Yet there is arguably a fifth legacy, which is particularly important for those who understand Marx’s project to be a critique of political economy. Rather, than offering an alternative economic theory of capitalism, Marx initiated a critique of economic objectivity and the political forms of bourgeois society as alienated modes of existence (or forms of political mediation) of capitalistically organised social relations, notably the conditions of labour. Drawing upon such legacy, I aimed in this article at rooting uneven and combined state capitalism in historic transformations in the metabolism of social life mediated by the capitalist labour process, thus contributing to a series of works grounding U&CD in the critique of political economy (cf. Charnock and Starosta 2016; Arboleda 2020; Rolf 2021). But my point here is not merely to make the case for the latter. Rather, I want to emphasise that Marx’s aims were not to beat classical political economists at their own game, so to speak, it was to pry open the very categories they used and took for granted, by deciphering them as ‘inverted’ forms assumed by human relations (Bonefeld 2014). Put differently, the very essence, radicality, and subversive character of his unfinished project lay in his categorical critique, whose intellectual aims and political ambitions were radically different from classical political economy. My provocation is therefore this: if U&CD is to contribute to a renewed GPE for the 21st century, must it simply assign itself the task of providing a better account of ‘the international’ than rival theories of IR and international political economy? Or must it more fundamentally reinvent its intellectual ambitions? Can it contribute to ongoing efforts to recast the critique of political economy as a more encompassing critical theory of society (Bonefeld 2014)?

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