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“Expropriation of Capitalist by State Capitalist:” Organizational Change and the Centralization of Capital as State Property

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abstract

State enterprises, sovereign funds, and other state–capital hybrids have become major engines of global capitalism. How can we explain their global rise and organizational transformation into increasingly sophisticated and globally competitive forms? Why do they increasingly emulate the practices and organizational goals of comparable private-sector entities, adopt the techniques of modern finance, resort to mixed ownership, and extend their operations across geographic space? After critically engaging with arguments that emphasize the role of firm strategies, developmentalist logics, financialized norms, and Polanyian double movements, we develop an explanatory model of organizational change grounded in historic–geographic materialism and economic geographies of the firm. We locate the expansion of state ownership (the role of states as owners) in the historic development and geographic remaking of global capitalism and, in particular, the emergence of a new constellation of international divisions of labor. This created the conditions for a massive round of centralization of capital as state property (the mass of capital controlled by states) since the early 2000s. The modern, marketized, globally spread state–capital hybrid emerged as an *organizational fix* to mediate the geographic contradictions and imperatives associated with this process. Purposive organizational adaption consisted in developing new skills, operational capabilities, and mixed-ownership structures in order to leverage the financial system, allow for the development of liquid forms of state property, and facilitate the expansion of the latter into global circuits of capital. As such, the article contributes to debates on the role of the state in global value chains, the firm-state nexus, and state capitalism.

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After theorists of the firm and neoliberals alike had predicted their death in the 1980s–90s (Peng et al. 2016), state-owned enterprises (SOEs) reemerged in reconstituted form across the world economy. There are new ways of governing them, with novel hybrid structures of ownership, control, and management, which hardly resemble the *old* model of SOE—wholly owned by the state and acting as an extension of public bureaucracy (Musacchio and Lazzarini 2014). New models are characterized by partial state ownership (Cuervo-Cazurra 2018), where nearly 60 percent of the largest state enterprises have a mix of public and private owners (International Monetary Fund [IMF] 2020).

SOEs are competing on the world market and performing as efficiently, if not better, than private capitalist firms. They generate around a tenth of world gross domestic product and account for 20 percent of global equity market value (Bruton et al. 2015). The share of SOEs in the world's 2000 largest firms doubled to 20 percent in the last two decades, with assets worth $45 trillion (IMF 2020). Half of the top ten nonfinancial firms as measured by revenue are SOEs. These new SOEs are a diversified group in terms of size, complexity, structures of ownership, sectors of operation (from energy to semiconductors), and the functions they perform for *their* government.

Simultaneously, state-owned investment funds, commonly called sovereign wealth funds (SWFs), are growing in size and number. Between 2005 and 2020, their number increased from 50 to 127. Assets under management over the same period grew to over $9 trillion.[1] Like SOEs, SWFs are a heterogeneous group, not least in terms of size. Some, like SWFs of Norway and China, control assets upward of $1 trillion, whereas others manage less than $1 billion. SWFs are diverse in terms of their institutional and organizational arrangements, including different policy and investment objectives. Some are diversified portfolio investors, while others serve national industrial objectives by making investments in strategic enterprises and infrastructure projects (Dixon 2017). Although not exactly new actors either, they have become important components of national development plans and global financial markets, investing in some of the world's largest companies and partnering with other institutional funds.

[1] https://www.swfinstitute.org/fund-rankings/sovereign-wealth-fund.

Despite heterogeneity, these relatively new organizational forms of capital share significant commonalities. They involve the (always contentious) presence of state actors while concurrently displaying an invariably profit-seeking orientation. Due to the presence of state actors, these organizational forms are perceived to be vulnerable to political influence, whether such influence is effectively exercised at all. In short, they simultaneously follow a market-oriented logic and other aims such as strategic, (geo)political, and developmental objectives or a combination thereof. Hence, they manifest multiple bottom lines (Musacchio and Lazzarini 2014; Haberly 2017). These new state–capital entities not only participate in what is supposedly private market activity but do so in a commercial manner. Many of these new SWFs and SOEs have purposefully adopted principles of market transparency, embraced the tools of modern financial management and shareholder-value logics in the administration of state assets (Wang 2015). Managerial *best practices* from the private sector, ranging from public listings to establishing independent expert boards, developing in-house financial skills and capabilities, and hiring professional staff from the private sector, are becoming the norm (Bachher, Dixon, and Monk 2016).

Given this explicitly *commercial* conduct, we refer to these various forms of state-owned, state-sponsored, state-controlled, and state-directed capital as *marketized* and *corporatized* state–capital *hybrids*. They are marketized insofar as they operate in a businesslike manner and compete with private capital on the world market. They are corporatized inasmuch as they constitute corporate entities with their own legal personality separate from the government, and they mimic the practices and organizational goals of comparable private-sector entities. We observe, for instance, a distinctive *organizational isomorphism* of SWFs (DiMaggio and Powell 1983) with conventional investment funds and of SOEs with investor-owned transnational corporations. We use the notion of hybridity to refer to the diversity in their structure of ownership (often mixing public and private ownership), in their governance and legal arrangements but also, as we will see below, to refer to what Labban (2008) calls the growing fusion of domestic/transnational capital, financial/productive capital, and private/state capital, which these corporate entities increasingly embody.

Together, these state–capital hybrids constitute a major engine of global capitalism (Haberly and Wójcik 2017; Babic, Garcia-Bernardo, and Heemskerk 2020). They are increasingly integrated with global circuits of capital, including global networks of production, trade, finance, infrastructure, and corporate ownership. Their operations stretch across sectors and geographies, via foreign listing, international portfolio investment, and mergers and acquisitions (M&As). Furthermore, they come from and are present in countries across the income spectrum and from nearly all types of political regimes (IMF 2020). Their growing significance as leading vehicles of economic activity across political, geographic, and ideological contexts demands reflection. How can we explain the global rise of these modern state–capital hybrids and their *organizational transformation* into more marketized, corporatized, and increasingly sophisticated and globally competitive forms? Why do they increasingly emulate the practices and organizational goals of comparable private-sector entities, adopt the techniques of modern finance, resort to mixed ownership, and extend their operations across geographic space?

The burgeoning literature on new SOEs and SWFs, which spans bodies of scholarship as diverse as international business, international political economy (IPE), and economic geography, provides partial answers to these questions by emphasizing factors such as the role of firm strategies, developmentalist logics, elites, the adoption of global norms, and Polanyian double movements. These explanations are valuable but incomplete. Given their methodological focus on individual corporate entities and/or individual nation-states, they fail to locate the rise of marketized state–capital hybrids within broader dynamics of geographically uneven capitalist development on a planetary scale. This is problematic. Without an account of the capitalist imperatives and structural properties in which the above factors are embedded, the literature is unable to fully grasp their role in the transformations of state–capital hybrids into competitive marketized and globally spread organizations. Furthermore, the literature is unable to explain why such organizational structures have become so prevalent. Without a theory of their emergence as a macrohistoric process, we are left with the impression that the global rise of state–capital hybrids is largely coincidental.

We take a different methodological approach. Combining a historic–geographic materialist perspective on organizational change (Harvey 2006; Smith 2008; Adler 2009) and economic geography theories of the firm (Schoenberger 2000; Taylor and Asheim 2001; Yeung 2017), we develop an account of the mutations in the organizational structures, capacities, and operations of state–capital hybrids grounded in material processes of capital accumulation. We conceive of the modern, marketized, globally spread state–capital hybrid as an *organizational fix*, which provides a temporary resolution to a specific set of geographic contradictions, imperatives, and crisis tendencies in the current phase of capitalist development. We show how transformations in the planetary circuits of accumulation, and, in particular, the emergence of a new constellation of divisions of labor (Charnock and Starosta 2018), created the conditions for a massive round of centralization of capital as state property since the early 2000s. The historic specificity of this process of capital centralization is that it has been geographically dispersed. Due to vast financing requirements, it has also been intensely mediated by the global financial system. We argue that by participating in this process, state–capital hybrids have faced strategic and operational dilemmas, to which they have reacted with purposive organizational adaptation. To be able to invest across geographies and sectors, acquire target firms across borders, develop portfolio diversification strategies, and manage global operations, they developed new skills and competencies, reconfigured their internal structures and relations with other firms and financial actors, and developed more flexible and liquid forms of property to expand control across the planetary circuits of capital without full ownership.

This article is divided into three sections. First, we engage with the extant literature on SOEs and SWFs, unpacking the strengths and weaknesses of the various explanations for the rise of state–capital hybrids. Second, we develop a theoretical framework for the study of organizational change considering the historic development and geographic remaking of global capitalism. Third, we put the framework to work, providing a geographic reconstruction of the rise of state–capital hybrids as an organizational fix. The final section concludes.

Explaining the Rise of State–Capital Hybrids

States and corporations often have acted in concert throughout the history of global capitalism. Not only are state power and capital fundamentally integrated (Clarke 1991), states and corporations have also historically shared sovereign and commercial prerogatives (Barkan 2013). Hybrid entities blending public and private power—such as company-states (e.g., the Dutch East India Company) and corporatized forms of government—have played a fundamental role in the making of global capitalism (Stern 2011). What we now recognize as a relatively strict boundary between public and private, has been historically characterized by remarkable fluidity (Phillips and Sharman 2020). This is not merely to say that contemporary state–capital hybrids have historic antecedents. This suggests investigating how contemporary mutations in state–capital organizational forms go together with *processes of state transformation*.

There is a vast body of scholarship of interest here, spanning international business, IPE, and economic geography. The key claims as to the rise of the marketized state–capital hybrids can be grouped into four categories: explanations that underline (1) strategic decisions at the firm level, (2) a revival of developmentalist or state–capitalist institutional logics, (3) the role of state–capital hybrids in the preservation of political authority, or (4) a Polanyian double movement. This is a schematic categorization, and we acknowledge that there is overlap between the categories and some of the literatures therein.

Strategic Decisions at the Firm Level

Formulated mostly within management scholarship, the rise of marketized state–capital hybrids is interpreted as a modernization process of SOEs. Organizational change is seen as the result of strategic decisions at the firm level. SOEs gained experience from their past operations and initiated a process of corporate governance reform to address previous problems of inefficiency, poor management and performance, rent seeking, and general principal-agent dilemmas (Musacchio and Lazzarini 2014; Cuervo-Cazurra 2018). They adopted the practices, organizational goals, and mechanisms of monitoring comparable to private-sector entities to motivate managers and employees with material incentives and prevent “the slack, waste, and, in the worst case, abuse” (Peng et al. 2016, 306), which was assumed to characterize many of the old-style SOEs.

Modernization does not mean, however, complete separation from the state or that full privatization is an ultimate objective. State power can be a source (alongside market-based resources and capabilities) of competitive advantage, which other corporate competitors may lack. SOEs leverage state support as a source of strategic competencies. This is useful with respect to internationalization activities such as foreign direct investment and M&As (Li, Cui, and Lu 2017). Nonetheless, state support for internationalization can be a disadvantage where it is perceived as politically motivated. Hence, the modernization process embraces professionalization and internalization of global norms (e.g., shareholder value). This secures legitimacy and trust of state and market actors, while contributing, in principle, to better performance. This behavior is also seen in SWFs. This is rationalized in terms of efficiency and expertise in the management and employment of state resources but also to mitigate perceptions, domestic and foreign, that investment decision-making is driven by political considerations (Aguilera, Capapé, and Santiso 2016).

In summary, the organizational isomorphism of SWFs with conventional investment funds and of SOEs with conventional transnational corporations is explained as the outcome of a strategic decision to implement corporate governance reform at the firm level. This literature makes a valuable contribution by emphasizing the agency of state–capital hybrids, the variegated strategies they deploy in competitive market contexts, the microlevel distribution of power between civil servants and managers, and important connections between corporate governance reform and internationalization strategies. Yet, there are two limitations of these arguments.

First, the literature does not problematize the presence of the state in state–capital hybrids. The state is seen through the lens of state personnel (e.g., civil servants, politicians, state representatives on boards). This can be descriptively valid, yet fails to sufficiently problematize the relations between the new state–capital hybrids and wider transformations in state configurations, which are key to understanding their contemporary rise. Second, as Coe and Yeung (2015, 159) underline, the strategic management literature "tends to focus more narrowly on the strategy—structure—performance of firms in global competition" and less on the capitalist imperatives and structural properties in which these are embedded. This literature cannot account for aggregate, macrodevelopments. This is compounded by the privileging of agential explanations over more systemic processes and by inattention to spatial-territorial processes beyond descriptions of firm internationalization practices.

The Developmentalist and State–Capitalist Revival

The limitations of agential explanations are acknowledged by several contributions, which emphasize the institutional embeddedness of firm strategies (Butzbach et al. 2021). Strategic choices are the outcome of dynamic interactions with institutions, where organizational transformation within the firm is seen as a response to institutional change at the level of the national economy (Peng et al. 2016). These institutionalist approaches also explain the increasing marketization and internationalization of SOEs as a response to institutional reforms, particularly in emerging economies.

Mostly from IPE and development studies, a complementary literature focuses on intermediate-level variables, corporatist arrangements, policy networks, and the relationships among political elites and economic groups to explain the emergence (or retention) of state–capital hybrids (see, e.g., Nölke 2014). This work is framed typically in the context of a post–Washington Consensus skepticism of neoliberal privatization and the revival of industrial policy. Thus, this literature sees the reinvention of state–capital hybrids as a path-dependent evolution of existing "developmentalist" or "state capitalist" elements in the political economy (Nem Singh and Chen 2018, 1091; see also Kim 2019). The state fosters SOEs and national champions to integrate them and/or upgrade their position in global production networks (GPNs) and the global technology frontier. Furthermore, some governments are increasingly utilizing SWFs, specifically the development-focused variety, to improve the operational and financial performance of SOEs (Braunstein 2019; Dixon 2020).

The analytical advantage of this institutionalist lens is its ability to position state–capital hybrids within broader domestic institutional constellations and developmentalist objectives. Although the appreciation of path-dependent historic process provides some explanatory purchase to the renewal of state–capital hybrids, this is incomplete. There is an element of circular reasoning in much of this literature: a decision to establish or retain SOEs or SWFs derives from a country's development model based on state capitalism, while state capitalism is itself defined by the presence of state–capital hybrids. What needs explaining is assumed away.

Reinforcing Political Authority

In related research, the role of new state–capital hybrids is seen as a preservation strategy for existing structures of political authority. State–capital hybrids are policy tools to manage integration in the global economy. For example, in addition to facilitating the achievement of some macroeconomic management objectives (e.g., managing natural resource revenues), an SWF can also afford its sponsoring authority political benefits. Indeed, having an accumulated global investment portfolio in an SWF and/or control over parts of the domestic economy through a strategic investment fund, the sponsoring political authority has a means of deploying economic resources to ensure support and loyalty, with the objective of securing stability of the political regime (Shih 2009; Carney 2018).

Certainly, deploying resources is a regular part of what all governments do through existing parliamentary and executive channels. But a marketized state–capital hybrid provides an additional channel with different capabilities. The SWF brings the tools and opportunities of modern finance to the state's capabilities and decision-making schema. If we take financial globalization as a constraint to state power and policy maneuverability, but also an opportunity whereby states can link up with the leading edge of the global economy, the SWF (like the SOE in the productive sphere) is an access point that bridges the public–private divide to reinforce political authority.

A key limitation of this literature is that it treats state–capital hybrids as mere political instruments with little agency of their own. Their emergence and actions are subordinated to the logic of developmentalism, state capitalism, and/or elite power reproduction. This is problematic insofar as state–capital hybrids are competitive entities capable of devising their own strategies and adapting to the dilemmas they face, which bears on the organizational forms they assume. Moreover, the argument for their emergence rests primarily at the level of a national social formation, resulting in difficulties explaining the *global* rise of marketized state–capital hybrids.

Polanyian Double Movements

The closest we arrive at a macroexplanation of the global rise of marketized, corporatized state–capital hybrids is literature that invokes a Polanyian double-movement logic. Here, state–capital hybrids are policy tools to engage with the global political economy, and to tame the potential negative consequences of an otherwise self-regulated market (see, e.g., Dixon and Monk 2012; Haberly 2017; Haberly and Wójcik 2017; Dolfsma and Grosman 2019). The value of this argument is the effort at theorizing state–capital hybrids beyond the national institutional setting. It also draws useful connections between the rise of state–capital hybrids and crisis-prone transformations in the world capitalist economy such as financialization and neoliberalization.

However, the explanatory power of the mechanical metaphor of the double movement is limited. For example, Dolfsma and Grosman (2019, 579) note that "state involvement is perhaps the most prominent way in which society is seen to be protected from the vagaries of market forces." There is thus a tendency to reproduce binaries (e.g., state vs. market), which seem ill adapted to grasp the current rise of state–capital hybrids and their simultaneous embodiment of political and market logics. This is problematic given contemporary state–capital hybrids have become key players in global market expansion. Hence, the basis for the Polanyian argument, according to which state–capital hybrids manifest as a reaction to excessive market forces, is tenuous.

Ultimately, while the literature puts forward valuable arguments, it falls short in several respects, as summarized in Table 1. Furthermore, it does not address what is arguably the key puzzle: in aggregate, macroterms, the growing size and multiplication of state–capital hybrids have contributed to a historically unprecedented *centralization of capital as state property* on a global scale. The sheer size of the new state–capital hybrids and the mass of capital they control is remarkable. This transformation in the morphology of present-day capitalism has not gone unnoticed in both the academic and policy-oriented literature (see, e.g., IMF 2020), yet it has not informed theorizations of the recent rise of marketized state–capital hybrids as a new organizational form. In the

Table 1

Explaining the Contemporary Rise of State–Capital Hybrids

Categories of Argument	Key Claims	Strengths	Weaknesses
Strategic decisions at firm level	Corporate governance reform and marketization as a process of modernization	Keen attention to organizational change, governance and legal arrangements, and the agency of firms	Difficulties dealing with aggregate developments
	Adoption of private-sector best practices and mixed ownership to address previous problems of inefficiency, poor management and performance, rent seeking and clientelism, principal-agency dilemmas	Link between corporate governance reform and internationalization strategies	Grounded in mainstream theories of the firm that consider state enterprises as an anomaly
	Connection to state actors as a source of strategic competencies and of competitive advantage over private firms	Micro level distribution of power in the firm	Weak theorization of the state and tendency to aspatial forms of reasoning
The role of institutional change	Changes in state enterprises' organizational dynamics and internationalization strategies as a result of market liberalization, partial privatization, and decentralization	Focus on institutional path dependency and on the link between firm capabilities, national institutions, and developmentalist objectives	State–capital hybrids as mere instruments of states (little or no agency of their own)
	Increasing use of SOEs and SWFs as the result of the reconfiguration of the developmental state	Link to broader reconfiguration of the forms of state action under conditions of globalization and financialization	Rise of state-capital hybrids subsumed under a broader developmentalist or state-capitalist logic
	State–capital hybrids as instruments of industrial policy and tools of engagement with the global economy	Focus on the role of SOEs and SWFs in global production and financial networks	Methodological nationalism: state–capital hybrids as primarily national creatures
The reproduction of political authority	Role of SOEs and SWFs in preserving existing structures of political order and authority	The benefits particular political and economic elites draw from state–capital hybrids	Their emergence and actions are subordinated to the logic of developmentalism, state capitalism, and/or to the logic of elite power reproduction
	State–capital hybrids as a power resource for ruling elites, and tools for domestic political survival and to enhance and project power abroad	Articulation of domestic politics and geopolitics	Difficulties explaining organizational change and aggregate developments
Polanyian double movements	State–capital hybrids as tools to tame and resist negative consequences of the market	Effort at explaining macrodevelopments beyond the national institutional setting	Tendency toward mechanistic type of explanation
	The role of state–capital hybrids in the reconfiguration of economic sovereignty	Connections between the rise of state–capital hybrids and crisis-prone transformations in the world capitalist economy such as financialization and neoliberalization	Tendency to reproduce problematic binaries (e.g., state vs. market, political vs. commercial)

remainder, we integrate the various strands of arguments and factors identified in the literature into a coherent explanation, while addressing this significant blind spot by linking dynamics of organizational change to the self-transformation of global capitalism. For this, we need a different set of conceptual tools.

Theorizing Firms and Organizational Change in Capitalism

Theories have sought to explain organizational change in the firm by focusing on a diversity of factors, including rules and routines, transaction costs, bundles of resources, skills, and competencies, capabilities to learn, networks, discourses, sunk costs, and power inequalities (see Taylor and Asheim 2001). By contrast, a historic–geographic materialist theory of organizational change posits transformations in organizational structures, capacities, and operations as being grounded in material processes of capital accumulation.

Toward a Historic–Geographic Perspective on Organizational Change

Building on Marx's insights, Harvey writes that both government and business have experienced "massive organizational changes" since the birth of capitalism, and that their "sheer scale and complexity of organization . . . have changed out of all recognition in the last two hundred years" (Harvey 2006, 137). Capitalism propels technological innovation (via processes of intercapitalist competition and the compulsive logic of accumulation) and catalyzes profound transformations in the modes of organizing and governing production. Put differently, capital periodically revolutionizes the forces of production. Organizational change is a key component of this remarkable dynamism.

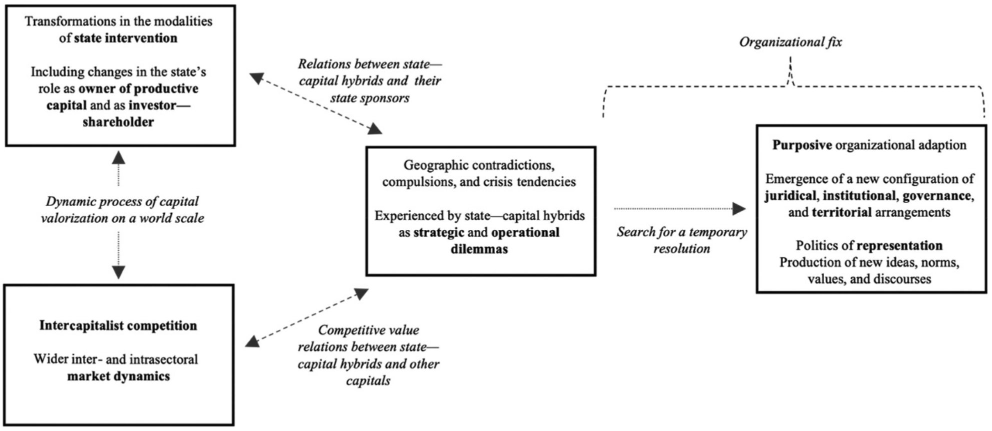
Before proceeding, a caveat is in order. The notion of organizational change covers a wide range of processes, including transformations in ownership structures, product and market specialization, the social and technical division of labor within the firm, power relations with partners such as suppliers, etc. We are primarily concerned here with state–capital hybrids' organizational isomorphism with comparable private-sector entities; their transformation into marketized, corporatized, and globally competitive forms; their adoption of the techniques of modern finance; their resort to mixed ownership; and the geographic dispersion of their economic activities.

The approach we develop is explicitly geographic, with the dynamic role of space in shaping firms' operations foregrounded (Schoenberger 2000; Taylor and Oinas 2006). Moreover, we heed corporate geographers' advice to conceptualize firms (here, state–capital hybrids) as organizations with agency. Although the dynamic process of capital valorization sets limits on their behavior, state–capital hybrids, just like any firm (and despite the presence of the state in their structure of ownership), are competitive organizations in their own right. They are caught up in the process of capital valorization and act upon it. Put simply, they are sites where the contradictions, imperatives, and crisis tendencies of accumulation play out; they face strategic and operational dilemmas, and act accordingly, notably by devising strategies to seize opportunities (Schoenberger 2000).

Importantly, and with some exceptions (e.g., Clark and Dear 1984; Yeung 2017), neither historic–geographic materialist perspectives on organizational change and economic–geographic theories of the firm are known for sophisticated analyses of the state, which if recognized is typically seen as external to economic activity. The explanatory model we develop below therefore aims to remedy these blind spots. We contribute to theorizing state–capital hybrids in their relation to the capitalist state and to other (privately owned) capitals. The originality of our approach resides in that we conceive of organizational change as resulting from state–capital hybrids' strategies to address operational dilemmas, thereby emphasizing their agency, which we firmly situate within broader capitalist transformations, notably concerning the state's role as owner of capital and as investor-shareholder.

The strategies pursued by state–capital hybrids are not necessarily aligned with those of *their* state. Indeed, the relation between state–capital hybrids and their sponsors, albeit fundamentally structured by the broader role of the state in capital accumulation, is necessarily contingent and context dependent. State–capital hybrids may be more or less regulated by state apparatuses, and they are likely regulated differently at home than abroad. They may have more or less power and autonomy to pursue profit-making activities, which state actors may attempt to control where their interests are at stake (Jones and Zou 2017). We therefore cannot assume *a priori* that the agency of state–capital hybrids in terms of business decisions is *necessarily* different than that of comparable private-sector firms.

To theorize the ways in which organizational change results from the above process, we mobilize "fix thinking" and leverage the role that the metaphor of the "fix" can play as, "a vehicle for theory-making" (Bok 2019, 1100). The fix encourages us to consider organizational transformations as the search for a temporary resolution to a specific set of geographic contradictions, compulsions, and crisis tendencies, which manifest as practical requirements and operational dilemmas for state–capital hybrids. The contradictions and imperatives, while never resolved, become expressed in organizational structures. Hence, we define an *organizational fix* as purposive organizational adaptation leading to the reconfiguration of existing (and/or the production of new) juridical, institutional, governance, and territorial arrangements. Fix is conceived here in the metaphorical sense, in that the organizational fix is always precarious, partial, and unstable. It is also conceived in a more literal sense, in that capitalist contradictions and imperatives are temporarily displaced in space and time by means of restructuring organizational structures, capacities, and operations. We also draw attention to the role of cultural and political discourses, meanings, values, and semiosis in the development of a fix, which we call the politics of representation of the contemporary state–capital hybrid, following previous theoretical elaborations (e.g., Sum and Jessop 2013). Our explanatory model is represented visually in Figure 1.


Transformations in the modalities of **state intervention**

Including changes in the state's role as **owner of productive capital** and as **investor—shareholder**

Dynamic process of capital valorization on a world scale

Intercapitalist competition

Wider inter- and intrasectoral **market dynamics**

Relations between state—capital hybrids and their state sponsors

Competitive value relations between state—capital hybrids and other capitals

Geographic contradictions, compulsions, and crisis tendencies

Experienced by state—capital hybrids as **strategic** and **operational dilemmas**

Search for a temporary resolution

Organizational fix

Purposive organizational adaption

Emergence of a new configuration of **juridical**, **institutional**, **governance**, and **territorial** arrangements

Politics of **representation**
Production of new ideas, norms, values, and discourses

Figure 1. Explanatory model of organizational change.

Thus, we conceive of the recent transformation of state–capital hybrids into marketized, corporatized, and increasingly geographically spread entities as the ongoing search for an organizational fix. What are the capitalist contradictions, imperatives, and crisis tendencies that this fix seeks to negotiate? What does this tell us about the nature of the fix and the conditions of its emergence?

Centralization of Capital and Organizational Change

Modern state–capital hybrids have been implicated in a historically unprecedented round of centralization of capital. We start answering the above questions from this observation, because the contradictory tendencies of centralization/decentralization and concentration/fragmentation are major drivers of organizational change.

First, we must establish a distinction between centralization and concentration of capital. Concentration (or what Marx calls accumulation proper) refers to individual capitals growing by accumulating more capital, that is, by reinvesting and putting into motion increasing quantities of surplus value as capital (Marx 1991a). This results in an increase in total social capital, which is the magnitude of capital in circulation (including state-owned capital). By contrast, centralization is the redistribution of ownership and control of existing capital in fewer hands. Insofar as it consists in the combination of previously independent capitals into a single one, centralization does not contribute to an increase of total social capital. Marx refers to this as "expropriation of capitalist by capitalist" (Marx 1991a, 777). Centralization, often directly through a merger or takeover or indirectly through the credit system, is "thus simultaneously the destruction of one capital and the surge in valorization of another" (Smith 2008, 162–63). Note that centralization does not necessarily imply physical location. Centralization is above all a *social* process, "according to which individual units of capital come to control larger and larger quantities of capital" (Smith 2008, 160). Hence, it can take a range of spatial forms.

Both tendencies and their countertendencies are directly given in the form of capital (Harvey 2006). Concentration and centralization are centripetal forces catalyzed by the immanent drive to expand control over production, achieve economies of scale and scope, raise the mass of capital in circulation, and concentrate market power. Fragmentation and decentralization are centrifugal forces driven by, amongst other things, the need to reduce the costs of coordinating production, which tend to increase as capitals grow in scope and scale of operations. These tendencies form a contradictory unity that is mediated by intercapitalist competition but also by the state. The latter may sanction, supervise, or encourage the centralization of capital, or on the contrary, it may force decentralization via laws and regulations such as antitrust and antimonopoly legislation (cf. Christophers 2016). The dialectical movement of this contradictory unity stimulates organizational change. The organizational fixes that emerge constitute variegated ways to negotiate its contradictions in space. Equipped with this conceptual apparatus, we can now turn to an examination of the rise of the marketized state–capital hybrid.

The Emergence of the Marketized State–Capital Hybrid as an Organizational Fix

If organizational change is inseparable from the broader social and spatial (re)organization of capitalist social relations, we must begin by locating the recent expansion of state–capital hybrids within the self-transformation of global capitalism. This means that our unit of analysis cannot be any of the ones conventionally used in the literature, that is, a specific type of state–capital hybrids (say, Chinese SOEs), an individual country (e.g., Russia), or a state-led national variety of capitalism. Rather, we start from capital accumulation as a global process and the role of state–capital hybrids therein.

Uneven Development and the Expansion of State Ownership/Property

We locate the recent expansion of both *state ownership* (the role of states as owners) and *state property* (the mass of capital and assets controlled by states) in a secular capitalist transformation that has had fundamental consequences for the pace, direction, and geographic pattern of global capital accumulation. We refer to the drastic acceleration and deepening of the *new* international division of labor (Charnock and Starosta 2018). Although the new international division of labor started in the 1960s, technological innovation—notably the automation, robotization and digitalization of large-scale industry—enabled a second wave of this process in the late 1990s–2000s, characterized by industrial upgrading in East Asian late-industrializing countries (South Korea, Taiwan, Singapore) and a move up the value chain into high-tech sectors. In turn, low-skilled, labor-intensive manufacturing activities became concentrated in China and Southeast Asia (Vietnam, Thailand, Cambodia, Indonesia, the Philippines) and in some parts of Central America (Costa Rica, Honduras, the Dominican Republic) and northern Mexico.

The mirror image of these developments has been accelerated deindustrialization and the growth of service-oriented economies in advanced capitalist economies, reinforcing patterns of spatial polarization between *left-behind* regions and those where the leading edge of higher-value–producing activities clustered, such as financial, consulting, accounting and other business services, and sectors at the technological and productivity frontier (big data, the internet of things, artificial intelligence, and advanced robotics). This is important given these geographies and sectors are now primary investment targets of contemporary state–capital hybrids, which have also become increasingly integrated with established financial centers and global financial networks.

Large parts of Latin America, Africa, Central Asia, and the Persian Gulf remained integrated into the world market as exporters of primary commodities, which is characteristic of the *classic* or *old* international division of labor. Fast-paced industrialization, megaurbanization, and mass proletarianization in East and Southeast Asia fueled massive demand for raw materials, food staples, and energy products, creating a boom in the prices of these commodities from the early 2000s to the mid-2010s, contributing to premature deindustrialization and the reprimarization of resource-rich economies. This *constellation* of old and new international divisions of labor (Charnock and Starosta 2018) has led to the emergence of a new geographic pattern of extraction, production, and consumption, characterized by a secular shift in the center of gravity of the global economy from the North Atlantic to the Pacific Rim (Arboleda 2020). This new pattern of uneven development in turn requires reorganizing space and producing territories linking up distant frontiers of resource extraction, sites of agro-industrial production, industrial agglomerations and spaces of consumption, notably via large-scale transportation infrastructure and integrated systems of logistical connectivity (Arboleda 2020; Schindler and Kanai 2021).

These profound transformations in the planetary circuits of accumulation are fundamental to understanding the expansion of state ownership we witnessed from the early 2000s onward. They led to the consolidation of a highly uneven planetary distribution of surplus, which provided the material basis for an enlargement of the state's role as *owner of productive capital* and *investor-shareholder*, resulting in the multiplication and growing significance of state–capital hybrids. Indeed, in resource-rich economies, governments reincorporated SOEs in development strategies, in an attempt to leverage the commodity boom and maximize rent capture. Thus, we saw “the renationalization of privatized assets in the mining sector and the reorganization of the oil and gas industry in favor of direct state participation” (Nem Singh and Chen 2018, 1087). In mining, oil, gas, and agro-chemicals, direct state participation and ownership aimed at facilitating the strategic coupling of firms and territories within GPNs (Lim 2018; Horner and Alford 2019; Werner 2021). SOEs have also been used to deliver energy, raw materials, and industrial inputs priced below prices of production, thereby transferring surplus value (produced from their own process of labor exploitation) to productive capitals in other sectors (such as petrochemicals, manufacturing, and construction) to catalyze structural change. This transfer of surplus value effectively acts as a subsidy, either allowing backward capitals to continue valorizing at the average rate of profit (without the subsidy, they would be driven out of the market by competitors with superior technological endowment and labor productivity) or allowing cutting-edge capitals to realize a profit rate above the average rate of profit prevailing in their sector.

States also expanded their roles as *investor-shareholder*. In countries such as Brazil, Indonesia, and others, rents from booming primary commodity exports allowed states and state-owned banks to borrow from money markets at low cost to invest in large-scale infrastructure and public works (such as water, electricity, and communications), injecting state-owned capital to complement privately owned capital to either reach the scale of capital necessary for the investment, or effectively directly assuming some of the risks associated with it. States across Asia, the Middle East, and Africa created new SWFs (or expanded the prerogatives of existing ones) to recycle vast surpluses (stemming from large commodity export revenues, balance-of-payments surpluses, or accumulated foreign exchange reserves, depending on a country’s modalities of integration into the world market) by putting them into motion as financial capital. SWFs expanded their operations at home and abroad, occasionally in partnership with SOEs, notably in sectors such as infrastructure. China, Singapore, and others also created various state–capital hybrids (e.g., asset holding and management companies) to centralize, within the same corporate structure, their equity stakes in other companies and state-owned assets. The management of equity allowed exercising (more or less distant) forms of control over industries and sectors. Thus, they could influence the corporate restructuring of firms or help them handle financial difficulties by taking over nonperforming loans or injecting capital (Marois 2021). In advanced capitalist economies, such as Italy, France, and Ireland, states created or repurposed strategic investment funds to channel foreign investment, notably from East Asian and Middle Eastern SWFs (Dixon 2017).

In sum, the remarkable expansion of the state’s role as owner of productive capital and as investor-shareholder across the spaces of the world economy is a process fundamentally rooted in recent transformations in the planetary circuits of accumulation, and in particular, the emergence of a new constellation of old and new divisions of labor (see also Alami and Dixon 2021; Alami, Dixon, and Mawdsley 2021). These transformations also provided the material basis undergirding an expansion of state property (the mass of capital and assets owned or controlled by states). We turn now to the dynamics of capital centralization, which have developed out of this expansion of state ownership and property, to explain the concrete organizational forms that this process has taken.

Social and Spatial Patterns of Centralization of Capital as State Property

State–capital hybrids are competitive economic entities. They engage in competitive value relations with other capitals in the context of wider inter- and intrasectoral market dynamics and the valorization of capital as a whole. Thus, they face strategic and operational dilemmas and devise strategies to address them, including those that stem from centralization/decentralization tendencies. Consequently, to gain a better understanding of the historically specific social and spatial forms taken by the recent massive centralization of capital as state property (and, ultimately, explain organizational change), we must examine state–capital hybrids' strategic motives and the modalities of their participation in this process.

Let us note from the outset that the economic sectors most concerned by centralization were, unsurprisingly, those most fundamentally affected by the unfolding of the constellation of old and new international divisions of labor previously discussed, notably, food and agro-chemicals (Belesky and Lawrence 2019); energy, hydrocarbons, and mining (Bridge and Bradshaw 2017; Lim 2018; Nem Singh and Chen 2018); infrastructure construction and telecom (Florio, Ferraris, and Vandone 2018); aluminum, semiconductor, and steel (IMF 2020); and finance. Resultingly, these sectors have become extremely concentrated. While the precise strategic motives for centralization have differed across sectors and geographies, it is possible to identify commonalities in their drivers, with important implications for understanding the macroaggregate dynamic of centralization and its spatial and organizational forms.

A common strategic driver of participation of state–capital hybrids in the centralization of capital has been the *geographic expansion of control over resources and markets*. SOEs, notably in food, agro-chemicals, energy, hydrocarbons, and mining, sought to acquire other firms to secure independent and geographically diverse supplies of raw materials, or to allow for a more rapid expansion in the scale and scope of production. Examples include the merger of two massive Chinese state-run chemical groups Sinochem and ChemChina (with a combined asset value of $245 billion) and their high-profile acquisition of Syngenta, the Switzerland-based global chemical crop, fertilizers, and pesticides producer.[2] Japan Tobacco (a public company where the Japanese government owns one-third of the shares), facing market saturation and aggressive competition at home, started a strategy of global expansion in the early 2000s. The takeover of transnational tobacco corporations, such as US-based RJ Reynolds and UK-based Gallaher, and the acquisition of flagship international brands and distributors, allowed access to large markets in North America, Western Europe, and former Soviet Union countries, particularly Russia, and fast-growing markets in the Middle East, North Africa, Asia, and Africa. It also seeks to secure tobacco leaves at lower prices by investing in leaf growers in Africa (MacKenzie, Eckhardt, and Widyati Prastyani 2017).

Examples abound in the oil and gas sector. In a bid to remain globally competitive, Petrobras expanded its geographic operations (notably in the Southern Cone and advanced capitalist economies) seeking to enter new markets and acquire strategic assets to become a vertically integrated energy company. Russia's Gazprom and Lukoil, Thailand's PTT, Malaysia's Petronas, and Indonesia's Petramina similarly all expanded their global operations to acquire key assets and secure long-term energy supplies. China's CNOOC acquired Canada-based Nexen, allowing it to secure oil

[2] https://www.spglobal.com/platts/en/market-insights/latest-news/oil/041321-analysis-sinochem-chemchina-merger-to-bring-flexibility-to-oil-business-expand-in-chemicals.

from geographic sources across four continents and to diversify its international portfolio into oil sands and shale gas (Lim 2018).

Other SOEs, in sectors, such as power generation and manufacturing, sought to gain access to productive capacity abroad that was unavailable in their domestic economy, by acquiring strategic firms for their technologies, intellectual property, technical skills, or operational know-how. Here, we can cite the hotly debated case of Chinese state–capital hybrids seeking to acquire SMEs in advanced manufacturing and high-tech sectors in Western Europe such as German producers of industrial robots. Another less conspicuous but equally significant example is that of Leonardo (partially owned by the Italian state), which grew to become one of the world's largest arms and defense manufacturers by acquiring smaller firms in aerospace and electrical equipment, taking participations in other large European consortiums, such as Avions de Transport Régional and Eurofighter, and engaging in joint ventures with other partially owned state–capital hybrids such as Thalès.

Both logics of geographic expansion of control over resources were driven by the need to address a rapidly growing demand (at least until the commodity supercycle came to an end circa 2014), but also to cope with more structural concerns of industrial overcapacity and market saturation (notably in sectors such as aluminum, steel, and semiconductors), which became even more visible at the end of the commodity boom (IMF 2020). Overcapacity and market saturation result in intensifying global competition (Brenner 2006), and it becomes easier to grow and sustain profitability rates by acquiring other capitals than by *accumulation proper*.

This leads us to logics of geographic expansion geared toward market access and control. SOEs have acquired competitors to expand their geographic reach (and gain access to new markets, notably in sectors such as large-scale infrastructure construction, transports, logistics, telecoms, and other network industries where questions of geographic range are key) and to strengthen competitive market positions. Prominent examples include the expansion of French and German SOEs in the British railway sector (respectively, SNCF and Deutsche Bahn) and in the electricity sector, where EDF and E.On acquired British Energy and Powergen, respectively. Telefónica (where the Spanish state holds a golden share) expanded across Europe and the Americas. Vattenfall (fully state-owned by the Swedish state) has become the major foreign player on the German electricity market and is active across Northern Europe.

Finally, capital centralization has also been driven by three other strategies on the part of state–capital hybrids. First, the redeployment of capital into more profitable sectors or with better growth potential. An example is Norwegian oil producer Equinor, formerly Statoil, which recently acquired solar energy producer Scatec Solar; Danish power and gas trading firm Danske Commodities; and Polish onshore renewable energy developer Wento as part of its strategy to grow exposure to fast-growing alternative energy sectors. Equinor is also investing in hydrogen power in the Netherlands and northern England and created a venture capital fund to invest in low carbon energy technologies. ENI, where the Italian government owns a golden share, follows a similar strategy.[3]

Second, state–capital hybrids have developed cross-ownership to expand control in a network-like manner and reinforce relationships with key firms (such as strategic suppliers) or related sectors. For instance, the Chinese State-owned Assets Supervision and Administration Commission (SASAC), credited with being the largest economic

[3] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/Feb/IRENA_Oil_Companies_Energy_Transition_2021.pdf.

entity in the world, is the sole shareholder of ninety-six parent holding companies, each of them owning multiple shares of downstream subsidiaries, and serving as an intermediary between SASAC and other group member firms. "A single SOE business group under SASAC's supervision may have a labyrinthine network of hundreds of subsidiaries, several of which may be linked through equity ownership to firms in other SOE business groups," many of which are listed on a stock exchange in mainland China and often cross-listed in Hong Kong or a foreign stock exchange (Milhaupt 2020, 366).

Third, state–capital hybrids have deployed strategies of risk management by means of geographic and sectoral diversification. The above-mentioned case of Japanese Tobacco is illustrative, as it diversified in food, pharmaceuticals, and vaping technologies by acquiring European firms. SWFs are investing in sectors as diverse as real estate and property (notably in world financial centers such as London and New York), finance and insurance, trade and retail, sports (football clubs), media, advanced manufacturing, and high tech in North America and Western Europe (Babic 2021). A telling example is the Saudi Public Investment Fund, which invests internationally in various sectors and asset classes in pursuit of higher returns and key technologies and knowledge. It partners with diverse global investors such as SoftBank Vision Fund (notably to invest in high tech), Blackstone (to invest in US infrastructure), with French private equity managers, and with other state–capital hybrids (such as the Russian Direct Investment Fund). The 2008 global financial crisis and associated market turmoil presented opportunities for state–capital hybrids to scale up these strategies by taking stakes in distressed firms and assets. SWFs, for instance, bailed out automobile sectors in Germany and France, and overexposed financial institutions such as Citigroup or Merrill Lynch in the US (Haberly 2014).

These strategies of geographic expansion have unfolded across territorial borders, with state–capital hybrids either acquiring firms or buying shares in firms based in other countries (Florio, Ferraris, and Vandone 2018). Moreover, target firms have been disproportionately privately owned. While self-evident in the case of portfolio diversification strategies, this has also been the case for M&As. For instance, between 2002 and 2012, in 75 percent of the M&A deals where the acquirer was an SOE, the target was privately owned (Florio, Ferraris, and Vandone 2018). Put differently, the recent centralization of capital as state property is not simply a process whereby state–capital hybrids absorb each other, thereby redistributing ownership and control of existing state-owned capital in fewer (state) hands. Rather, there has been a net increase in the magnitude of total social capital owned or controlled by states. To paraphrase Marx's expression, this is expropriation of capitalist by *state* capitalist. The result is a growing fusion of domestic/transnational capital, financial/productive capital, and private/state capital (under the aegis of the latter) (Labban 2008).

Examining these various strategic motives for geographic expansion allows us to specify the key spatial contours of the centralization of capital as state property that has unfolded since the early 2000s. We now explain some of the organizational transformations that state–capital hybrids have undergone because of this process. We contend that a set of juridical, institutional, corporate governance, and territorial arrangements, or what we have referred to earlier as an organizational fix, has emerged to address the structural imperatives of what is effectively *a highly geographically dispersed form of centralization of capital as state property*. From the perspective of state–capital hybrids, these structural imperatives have manifested as practical requirements and operational dilemmas to which state–capital hybrids have reacted with purposive organizational adaptation.

This explains why, amongst the modalities of transnationalization that could facilitate the global dispersion of the economic activities of state–capital hybrids (e.g., strategic alliances, joint ventures), the preferred techniques have been cross-border M&As and international portfolio investment, despite adverse market reactions (Florio, Ferraris, and Vandone 2018). This is because they enable a transnational redistribution of ownership and control, which in turn allows state–capital hybrids to control larger quantities of capital across geographic space. This also explains why they have become more globally competitive. At the scale of individual state–capital hybrids, the transnational absorption of competitors allows consolidating globally competitive market positions. At the aggregate level, a larger magnitude of total social capital is now owned or controlled by state–capital hybrids.

These dynamics have also required certain transformations in the internal organizational structures, capacities, and operations of state–capital hybrids such as the hiring of professional staff from financial firms or transnational corporations, the development of in-house financial skills, and managerial capabilities. These were fundamentally driven by the need for state–capital hybrids to address specific operational dilemmas faced by virtue of their participation in the highly geographically dispersed form of capital centralization, including investing across geographies and sectors, identifying target firms and closing cross-border M&A deals, developing international portfolio strategies, and managing global operations. These require developing new competencies (such as risk management and business valuation) and relationships with a broader range of service providers (such as financial services), gaining access to infrastructures such as stock exchanges, reorganizing internal operations, governance structures, etc. As such, *pace* the extant literature, these transformations are not merely the result of the adoption of shareholder value orientation and other financial(ized) norms and practices. Nor are they simply motivated by the belief that embracing private-sector practices would deliver better performance. The role of these ideas and norms is undoubtedly important—notably in their cultural, ideological, and discursive dimensions, as we discuss below. However, what explains their recent adoption is that they found resonance with the set of practical requirements and operational dilemmas rooted in the highly geographically dispersed form of capital centralization. Succinctly, the convergence of the practices and organizational goals of state–capital hybrids with comparable private-sector entities must be understood in terms of purposive organizational adaptation to this material process.

To further unpack these dynamics of organizational change, notably the increasing resort to mixed public–private ownership, we turn to the financial system, which fundamentally shapes the process of capital centralization.

The Role of the Financial System as a *Lever* of Centralization

The financial system is a major lever of capital centralization and organizational change. Marx calls it a "terrible weapon in the battle of competition and . . . an enormous social mechanism for the centralization of capitals" (Marx 1991a, 778). He writes that the financial system allows "absolute control within certain limits over the capital and property of others . . . Success and failure both lead here to a centralization of capital, and thus to expropriation on the most enormous scale" (Marx 1991b, 570). Marx connects this process to the emergence of the joint-stock company as a new form of organizing production, hence drawing an explicit link between the financial system as a lever of centralization and organizational change (Marx 1991b). The financial system is crucial insofar as "the centralization of capital depends on its availability in money form" (Labban 2008, 62) and because it enables the separation of ownership and control of capital. Our argument is that the forms taken by both aspects during the recent round of capital centralization have had implications for the organizational transformations of contemporary state–capital hybrids.

Implicit from our account so far is how the massive centralization of capital as state property has been intensely mediated by the global financial system. We mentioned that many contemporary state–capital hybrids now either directly participate in the global financial system by investing in other firms and/or by issuing and publicly listing shares, and how this has contributed to both the centralization of money capital and assets, and the centralization of productive capital through financial means. We also indicated that low-cost borrowing from global financial markets was instrumental in the expansion of state–capital hybrids, notably during the commodity boom. We may add that the post-2008 financial crisis policies aiming at preventing the destruction of fictitious value (including quantitative easing) provided vast amounts of cheap liquidity that state–capital hybrids could acquire.

The highly geographically dispersed process of capital centralization discussed earlier has required extremely vast financing needs, which state–capital hybrids often could not meet with the mass of capital they possessed. Consequently, they resorted to global finance to acquire (or take stakes in) other firms. This took the form of loans (from domestic and transnational banks) and public offerings. The latter is particularly interesting for our purpose, insofar as it has involved a turn to mixed forms of public–private ownership. This type of private capital injection is often explained in the literature as a strategic means to improve corporate performance (Milhaupt and Pargendler 2017). There is also little doubt that beliefs in the superiority of the private sector have penetrated the corporate culture of many state–capital hybrids, thereby contributing to the spread of mixed public–private ownership.

Our approach, however, suggests a different explanation: the growing resort to partial state ownership (states owning majority or minority equity positions, or using golden shares to retain veto rights) constitutes an organizational fix to address the contradiction between direct full state ownership and the need to establish "control over greater geographic space and masses of capital," as Labban puts it (2008, 60). Public offerings enable state–capital hybrids to deploy more capital than they possess, while retaining a degree of control. Cross-listing allows accessing an even larger investor base and facilitates foreign acquisitions. Hence, it enables a networked form of expansion across the world capitalist economy. In short, the growing resort to mixed public–private ownership emerged as means of overcoming the limitations of full state ownership, insofar as the latter constitutes an obstacle to the highly dispersed centralization of capital that has taken place. It is *a juridical form of ownership more adequate to the development of flexible and liquid forms of state property* increasingly integrated into the global circuits of capital.

We now consider the impact of ideas and norms in organizational change, or what we have referred to earlier as the politics of representation of the marketized state–capital hybrids. These politics involve the production of ideas, norms, values, and discourses concerning the perception of state–capital hybrids (especially when they originate from a foreign country), the definition of best practices for governing them, the establishment of norms and criteria of good conduct for investing state resources, and the distinction between what are considered market-oriented activities (versus politically driven ones). Our main argument here is that these politics of representation of the fix are shaped by the ways in which state–capital hybrids are rendered amenable to the institutional, cultural, and social norms of neoliberalized global finance and vice versa.

As indicated earlier, the literature provides a partial treatment of these issues, emphasizing that state–capital hybrids and their sponsoring states have developed strategies to be perceived as legitimate and responsible market actors. For instance, to address anxiety on the part of state and market participants, notably in the West, SWFs have adopted the Santiago Principles. These principles, inspired from the conventional Western model practiced by cognate institutional investors, such as supplementary occupational pension funds, are designed to demonstrate good governance, transparency, and disclosure (Clark and Dixon 2017). This illustrates that the international financial community plays a crucial role in the politics of representation of the fix and that state–capital hybrids must engage with such politics as a *condition of participation in global financial markets*.

We complement this argument in two ways. First, we stress that state–capital hybrids are not passive norm takers. For example, if adopting some of the institutional, cultural, and social norms of neoliberalized global finance may indeed result in deep corporate restructuring, we can also envisage scenarios where state–capital hybrids strategically use the jargon of shareholder value and other financial(ized) discourses to discursively reframe their existing operations and mandates, without necessarily restructuring them.

Second, global finance does not constitute a monolithic force in the politics of representation of contemporary state–capital hybrids. Various interests are at stake. Global financial professionals, such as investment bankers and corporate lawyers, looking to profit from the lucrative market of rapidly expanding transnational state–capital hybrids, have a vested interest in normalizing their status as legitimate financial market actors through technocratic, expert-driven practice (Liu and Dixon 2021). By contrast, multilateral financial institutions, such as the IMF and the World Bank, have primarily been concerned with controlling the proliferation of state–capital hybrids (especially those from southern countries), ensuring that they assume liberal forms and that their increasing cross-border activities create the fewest frictions possible in the global circuits of trade, production, and finance. As such, they have sought to present themselves as centers of knowledge, technical expertise, and self-endorsed authority to assist in the reform and marketization of state–capital hybrids (Alami, Dixon, and Mawdsley 2021). Other coalitions of Western and business state actors have sought to cast doubt on the legitimacy of non-Western state–capital hybrids, in the context of geopolitical competition with China and other emerging capitalist economies (Alami et al. 2021). As Gonzalez-Vicente perceptively notes (in Alami et al. 2021, 6), the growth of state–capital hybrids from these economies “creates new poles of competitiveness and accumulation,” and introduces emerging capitalist classes and fractions of capital into the competitive world market, challenging preestablished market hierarchies and the hegemony of traditional actors.

These examples reveal that the politics of representation of the fix are determined by a much wider field of struggles and relations than is commonly acknowledged in the literature. These struggles are neither contained within the state–capital hybrid (as the focus of the management literature on principal-agent problems suggests), nor within national social formations (as the literature on the reproduction of political authority argues). These politics also cannot be reduced to the financialization of state ownership. Rather, the flexible and strategic adoption of the institutional, cultural, and social norms of neoliberalized global finance is a means by which state–capital hybrids attempt to negotiate a wide range of conflictual relations, including antagonisms between and within various segments of capital, intracapitalist class struggles, North/South geopolitical relations, and great-power competition between hegemonic contenders. These relations therefore shape the cultural, normative, and ideological dimensions of the marketized state–capital hybrid as an organizational fix.

Conclusion

Our analysis has implications for three sets of scholarly debates. First, it contributes to conceptualizations and empirical investigation of "the dialectical relationships between nation-states and (trans)national corporations," that is, the "firm-state nexus," which has emerged as a leading frontier in economic geography (Yeung 2017, 4). While studies of SWFs and SOEs typically tend to be compartmentalized, we sought to study contemporary state–capital hybrids as a particular form of embodiment of the firm–state nexus. This allowed scrutinizing the context in which they are (re)produced and the structural imperatives in which their corporate strategies are embedded. Theoretically, we showed that understanding their operations and organizational transformations requires studying them not only as creatures of nation-states but also as complex spatial and territorial entities in their own right (Dicken and Malmberg 2001; Zhang 2017). We contend that contemporary state–capital hybrids constitute a particularly productive entry point to study firm–state nexus reconfigurations and their place in dynamics of uneven development.

Second, our analysis contributes to debates on the modalities of state intervention in GPNs. Noting that states often do much more in GPNs than simply enabling markets, recent scholarship identified the need to scrutinize their role as producers (Lim 2018; Horner and Alford 2019; Werner 2021; McGregor and Coe 2022) We took on this task by shedding light on the capitalist transformations that have enabled an enlargement of the state's role as *owner of productive capital* and *investor-shareholder*, resulting in the multiplication and growing significance of state–capital hybrids in global production and financial arrangements. Moreover, we examined some of the main organizational forms taken by this process. Future geographic research may further investigate the role of state–capital hybrids in shaping wider development outcomes in the case of specific value chains, notably with respect to territorial embeddedness and their relations with other public and private actors.

Third, our analysis contributes to debates on state capitalism and the changing role of the state in present-day capitalism (Alami and Dixon 2020b). SOEs and SWFs are widely considered paradigmatic organizational forms of the *new* state capitalism. Breaking with the firm centrism and methodological nationalism of the literature, we introduced a new *macroscopic lens* (Peck 2016) in the study of these entities and their organizational transformations. This allowed highlighting the role of the massive and geographically dispersed centralization of capital as state property as the fundamental process undergirding their global rise. This process, albeit not completely ignored by the existing literature, had not been methodically investigated and had not informed theorizations of state–capital hybrids and the landscapes of state capitalism. Moreover, the question of state ownership has featured little in state-theoretical debates. Our analysis theorizes contemporary transformations in modalities of state ownership, notably in relation to shifting patterns of globalization, neoliberalization, and financialization. Future research may further investigate the implications of the increasing prevalence of state-owned capital (in money, productive, and commodity forms) in the overall movement of total social capital, and what this may mean for the uneven and combined development of state capitalism. Indeed, the consolidation of state–capital hybrids as a vector of global intercapitalist competition is likely to be met with the deployment of more muscular state prerogatives in the realms of trade, industrial, investment, and development policy, with potentially turbulent (geo)political repercussions.

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