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## States versus Corporations: Rethinking the Power of Business in International Politics

Milan Babic , Jan Fichtner  and Eelke M. Heemskerck 

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### ABSTRACT

Over 25 years ago, Susan Strange urged IR scholars to include multinational corporations in their analysis. Within IR and IPE discussions, this was either mostly ignored or reflected in an empirically and methodologically unsatisfactory way. We reiterate Strange's call by sketching a fine-grained theoretical and empirical approach that includes both states and corporations as juxtaposed actors that interact in transnational networks inherent to the contemporary international political economy. This realistic, juxtaposed, actor- and relations-centred perspective on state and corporate power in the global system is empirically illustrated by the example of the transnationalisation of state ownership.

### KEYWORDS

International relations; international political economy; multinational corporations; states; power

[I]t seems to me that so many writers and teachers in conventional international relations are like the orthodox theologians in Galileo's time. They are like Flat Earthers who refuse utterly to recognise that the earth is round and revolves around the sun. Similarly, they refuse to see that the relations between states is but one aspect of the international political economy, and that in that international political economy, the producers of wealth – the transnational corporations – play a key role.<sup>1</sup>

In her criticism of the state of International Relations (IR) over 25 years ago, Susan Strange directly addressed the discipline's core questions: "What is power in the world system / international political economy? And who has it?"<sup>2</sup> She compellingly argued that if IR is serious about developing an answer to these fundamental questions, the discipline necessarily needs to integrate international business and its growing power into the investigation of international politics. Failure to do so not only leads to a partial and incomplete understanding of global power relations, it also gravely diminishes our ability to develop valid explanations of why we see particular outcomes of this global power play: who wins and who loses. Writing in the closing decade of the 20th century, Strange registered that the ongoing rise of big multinational corporations (MNCs) as well as similar developments,

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<sup>1</sup>Strange, "Big Business and the State", 246.

<sup>2</sup>*Ibid.*

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such as the emergence of a global and highly concentrated professional corporate service industry, fundamentally altered the power balance in the international political economy.

Yet, Strange's *cri de coeur* has left the discipline largely unaffected; the role of business as a transnational actor has remained a side phenomenon in the study of international politics. Every now and then a disturbing study underscores the ongoing importance of Strange's critique, ranging from Naomi Klein's *No Logo*, to the study by Stefania Vitali *et al.* showing that nearly 40 percent of the control over the economic value of MNCs in the world is held, via a complicated web of ownership relations, by a group of only 147 MNCs.<sup>3</sup> But besides these revealing yet piecemeal contributions, the corporation has yet to emerge as a broadly accepted and systematically analysed object of research in international politics. This bias is problematic, given the sizable increase in significance and power of internationally operating corporations *vis-à-vis* nation states in the course of globalisation,<sup>4</sup> as well as the fundamental role of big corporations in shaping neoliberal capitalism since the 1980s.<sup>5</sup> The transnationalisation, or de-nationalisation, of production and finance has created new and growing opportunities for firms to shift production, participate in complex global value chains that are difficult to regulate, and circumvent state attempts to regulate and tax corporate activities. As a result, big business has developed a profound structural power position on the global scale.<sup>6</sup> This implies a permanent transformation of the relations between state and capital,<sup>7</sup> especially in international politics. State and corporate power are no longer exclusively exercised in the iron cage of the nation state, but in the overarching sphere of global capitalism.

These recent developments in global politics are at odds with the persistent shadowy existence of the study of corporations in the disciplines of IR and International Political Economy (IPE). We therefore seek to contribute to the systematic study of corporations and corporate power in international politics by providing researchers with an updated view on global power relations research, in which corporations are taken seriously. To be clear, we do not argue that corporations are not taken seriously at all in the extant literature. In it, we see two major opposing perspectives in IR and IPE regarding the role of multinational corporations in the global system. Neither account, however, conforms to Strange's call in a satisfactory way as both study corporate and state power as one predominating over the other. On the one hand, there is substantive work on the role of MNCs in the international state system pioneered by scholars such as Raymond Vernon or Robert Gilpin.<sup>8</sup> This 'classical' IR perspective understands multinationals as subordinated to state power: at most, they influence the relations between states, but are not perceived as juxtaposed actors in the system. We see this as a dominantly state-centric view. On the other hand, scholars of transnational capitalism<sup>9</sup> or global governance<sup>10</sup> theorise corporate power beyond the nation state. Especially the transnational capitalism perspective considers corporate power and, with it, transnationally organized power as the primary factor in the era of globalisation.<sup>11</sup>

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<sup>3</sup>Klein, *No Logo*; Vitali *et al.*, "The Network of Corporate Control".

<sup>4</sup>Brinkmann and Brinkmann, "Corporate power and globalization process".

<sup>5</sup>Crouch, *The Strange Non-death of Neoliberalism*, 49; Carroll, *Making a Transnational Capitalist Class*; Van Apeldoorn, *Transnational Capitalism and European Integration*.

<sup>6</sup>Van Apeldoorn and De Graaff, "The Corporation in Political Science"; Winecoff, "Structural power and the crisis"; Fuchs, *Business power in global governance*; Marsh and Lewis, "The Political Power of Business".

<sup>7</sup>Van Apeldoorn *et al.*, "Reconfiguration of the State-Capital Nexus".

<sup>8</sup>Vernon, *Sovereignty at Bay*; Gilpin, "PE of the Multinational Corporation" and, *Political Economy of International Relations*.

<sup>9</sup>For instance Robinson, *A Theory of Transnational Capitalism*.

<sup>10</sup>For instance May, "Corporations as global governance institutions".

<sup>11</sup>Sklair, *The Transnational Capitalist Class*.

State power here is limited and constrained vis-à-vis the mobility and agility of transnational capital that is detached from the old world of nation states. While state-centrism runs the risk of understating corporate power in contemporary international politics, transnational capitalism's convincing observation that the "nation state phase of capitalism"<sup>12</sup> is over implies that the role of states in global capitalism has ceased to be relevant to understanding global power relations.

We believe that in order to advance our understanding of the role of business in international politics, we must establish a dialogue between these two perspectives. We aim to contribute to this dialogue with a set of theoretical and methodological interventions and suggestions. The three theoretical interventions we make are, first, that the study of international politics needs to be made more *realistic* by integrating corporate power into its analyses; second, that corporations should not be studied as subordinate, but rather as *juxtaposed* to states in the global system; and third, that these analyses need to be *actor- and relation-focused*, that is, they have to incorporate agency and structural features of the global system. Our main methodological intervention is to depict these three characteristics with a network-analytical approach that can be applied to the study of large sets of different relations between state and corporate power in the global system. Our approach thus consists of three theoretical extensions and their respective empirical implementations, which can be summarized as *realistic, juxtaposed, actor- and relations-centred* perspectives on state and corporate power in the global system. It helps us to understand power in international politics in a specific and at the same time systematic way.

We proceed as follows. The next section positions our approach as advancing and bridging the literature on corporate power in international politics. The subsequent section provides an empirical illustration of our suggested approach, highlighting a typically overlooked phenomenon in international politics: how states can potentially use state-owned enterprises not only in their domestic policies, but also (and perhaps increasingly so) as a tool of international politics. This illustrates the specific power relations arising out of the networks in which states and corporations are tied together in global capitalism, relations that are not one-dimensional but multi-faceted: states and corporations are not subordinate to each other, but juxtaposed and intertwined; they use each other to increase their respective power positions. As such, we sketch a starting point for further research on the power of business in international politics, which will hopefully lead to a better understanding of the complex power structures that shape the contemporary international political economy.

## State power, corporate power and international politics revisited

It goes largely undisputed that states and corporations are interdependent. Corporations rely on the state for the provision of security and the enforcement of property rights in order to be able to engage in business transactions. At the same time, states also depend on corporations for the employment of their citizens and as a basis for taxation. But the role of corporations in international politics remains a neglected issue. We distinguish between two major positions that theorise and investigate the role of corporate power in the analysis of international politics: on the one hand, the state-centric view pioneered especially by Robert Gilpin and, on the other, the transnational capitalism perspective exemplified by the

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<sup>12</sup>Robinson and Harris, "Towards a global ruling class?", 17.

work of William I. Robinson.<sup>13</sup> While the state-centrists emphasize the analytical priority of the nation state, the transnational capitalism approach downgrades its relevance for the analysis of globalisation. In this sense, both positions take different stands towards Strange's core question of who holds power in the international system. Both are of course ideal-typical summaries of more differentiated accounts, but they represent the main alteration of thinking that occurred with the breakthrough of globalisation in the 1980s.

We acknowledge that there are more variations and relevant positions than our idealised two: approaches like James H. Nolt's "corporatist" re-calibration of business power within the history of IR stand somewhere between the aforementioned positions.<sup>14</sup> But, as will become clear in the following, our primary focus is not to renew IR theory, but to bring back the relevance of MNCs in international politics. To achieve this, we provide arguments for a dialogue between two positions that analyse this phenomenon from their specific angle. Nolt – and others, like Jeffrey Frieden<sup>15</sup> – analyse the translation of business power from domestic into international politics. We, however, narrow our focus down to the core question of understanding the role of corporations *as actors within global power relations* from a pragmatic and constructive angle.

### ***State-centrism and the challenge of multinational corporations***

Exponents of the state-centric perspective provided some of the first comprehensive analyses of the role of multinationals in international politics. Coming from the postwar period of "embedded liberalism",<sup>16</sup> Raymond Vernon's seminal study laid out the multifold challenges for the nation state system arising from the growth of MNCs.<sup>17</sup> In the very state-centric postwar world, shaped by capital controls, fixed exchange rates and limited free trade agreements, the nation state was able to regulate the national economy often via corporatist arrangements as in Western Europe. This changed with the end of Bretton Woods in 1971 and major advances in information and communication technologies; the transformations in international patterns of production led to the breakup of obstacles for cross-border financial flows.<sup>18</sup> This profound structural change enabled corporations to internationalise: the flow of foreign direct investment (FDI) doubled from 1972 to 1975<sup>19</sup> and rose to unprecedented levels in the coming decades; the transnationalisation of production accelerated and MNCs became a major force in the new era of financialised capitalism.

With this change in power relations away from the nation state, Vernon proposed to understand the realm of nation states and the realm of multinationals as "two systems [...], each potentially useful to the other, yet each containing features antagonistic to the other".<sup>20</sup> The aim of his approach was to outline the tensions and possible solutions that accompany the relations between these "systems". But, although they were named multinationals, the companies Vernon and other scholars theorised about were mostly a North Atlantic phenomenon: until the late 1970s, the global FDI stock was largely split

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<sup>13</sup>Gilpin, "PE of the Multinational Corporation"; Gilpin, *Political Economy of International Relations*; Robinson, *Theory of Transnational Capitalism*.

<sup>14</sup>Nolt, *International Political Economy*.

<sup>15</sup>Frieden, "Sectoral conflict and economic policy".

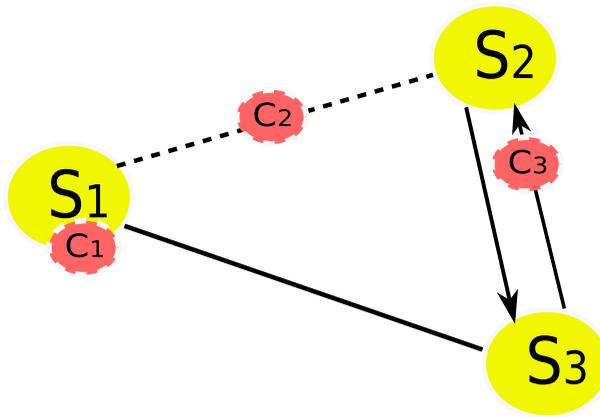
<sup>16</sup>Ruggie, "International Regimes, Transactions, and Change".

<sup>17</sup>Vernon, *Sovereignty at Bay*.

<sup>18</sup>Cox, "Corporate power and democracy", 3.

<sup>19</sup>World Bank Open Data, see <https://data.worldbank.org>.

<sup>20</sup>Vernon, *Sovereignty at Bay*, 191.



**Figure 1.** State-centric perspective on state and corporate power in the international system.

Sx represent states, Cx corporations. The relation between states can be conflicting (as between S2 and S3), cooperative (as between S1 and S2) or neutral (as between S1 and S3). Corporations can play different roles, such as being shared by S1 and S2 (C2), used by S3 against S2 (C3) or used as an asset (“national champion”) of S1 (C1).

between the US, UK and the Netherlands.<sup>21</sup> Furthermore, it was the American *state* that successfully managed to transform the Bretton Woods order into the subsequent structure of neoliberal globalisation.<sup>22</sup> Consequently, IR scholars at that time pointed out that “the MNC exists as a transnational actor today because it reflects perceived national interests of the world’s dominant power, the United States”.<sup>23</sup> The “two systems” perspective was thus nuanced by a more state-centric view of the role of the MNC, which emphasized American hegemony in combination with corporate power as the main driver of globalisation. Gilpin summarized the development as “a complex pattern of relationships among corporations, home governments, and host countries that has increasingly politicized foreign investment both at home and abroad”.<sup>24</sup> Although recognising the potential power of the MNC, this perspective can be evaluated as redefining national sovereignty in early times of globalisation. Thus, although redefined, sovereign states remain the main actors in the international system.

Figure 1 represents the state-centric idea of the international environment as dominated by the nation state. In this realist and state-centric perspective, the role that corporations play is, at the most, one that influences the relevant relations between states, which can be, broadly speaking, cooperative, conflictive or neutral. Corporations can, for instance, be used to enhance relations between two countries (S1 and S2 in Figure 1) or to promote the geopolitical interests of state S2 against state S3. Although the contributions of scholars like Gilpin and Vernon, as realist international political economists interested in the subject of rising corporate power, were early works, the state-centrism in this perspective has not changed substantially since then. “The role of actors other than states” is described by Robert Keohane in 2009 as one

<sup>21</sup>Jones, “Multinationals from 1930s to 1980s”, 88; see also Van der Pijl, *An Atlantic ruling class*.

<sup>22</sup>Panitch and Gindin, *The Making of Global Capitalism*, 147.

<sup>23</sup>Gilpin, “PE of the Multinational Corporation”, 190.

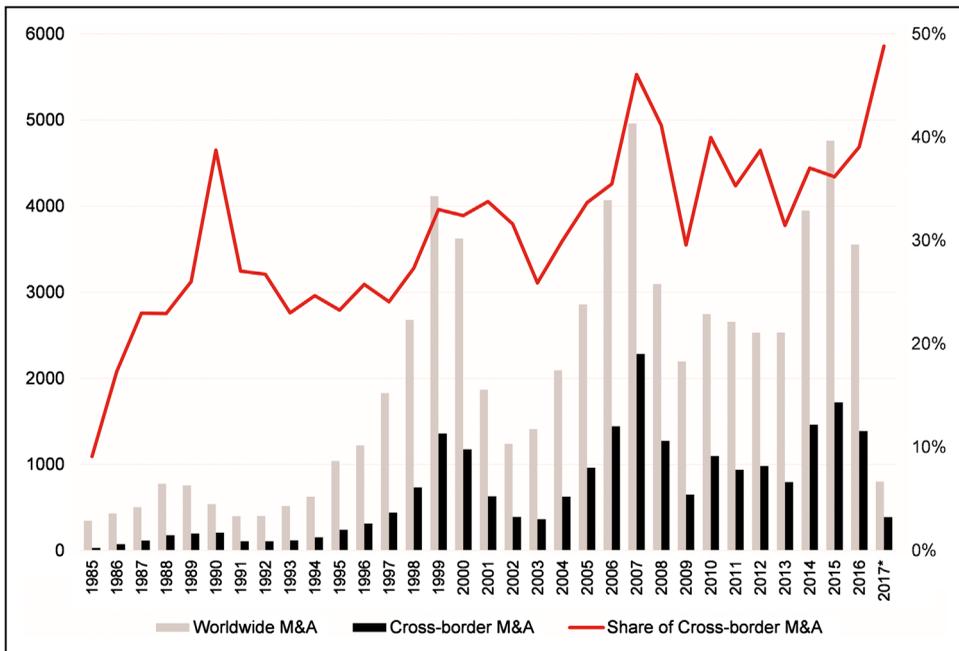
<sup>24</sup>Gilpin, *Political Economy of International Relations*, 262.

of the major challenges that “IPE should come to grips with”.<sup>25</sup> While posed as a task for the future of the discipline, there is ample evidence that this future is already here.

### **Transnational capitalism perspective: only corporate power counts?**

Scholars of transnational capitalism started to reject this state-centrism in critical accounts of the changing international environment in the 1980s and 1990s. In particular, they pointed at the growing size and overall dominance of corporate actors in the global political economy. As the global FDI stocks (as a percentage of world GDP) grew exponentially after the end of the Cold War (and more than doubled by the end of the decade)<sup>26</sup> and transnational business communities started growing closer together, the emerging new world economic order was dubbed “transnational” or “global” capitalism.<sup>27</sup>

A key driver behind this accelerated corporate internationalisation is the growing number of cross-border mergers and acquisitions (M&A). Figure 2 shows how worldwide M&A has skyrocketed from around USD 500 billion per annum in the early 1990s to peaks of nearly USD 5,000 billion in 2007 and 2015. Concomitant to the persistent trend of growing overall worldwide M&A, the share of cross-border deals has continued to increase steadily since the 1980s and is, for the first time, approaching 50 percent in 2017. This surge in M&A has



**Figure 2.** Global mergers & acquisitions 1985-2017 (bn USD).

Note: Data for 2017 is for the first quarter. Source: Calculations by the authors based on Institute of Mergers, Acquisitions and Alliances, “M&A Statistics”, <https://imaa-institute.org/mergers-and-acquisitions-statistics/>.

<sup>25</sup>Keohane, “The old IPE and new”, 34.

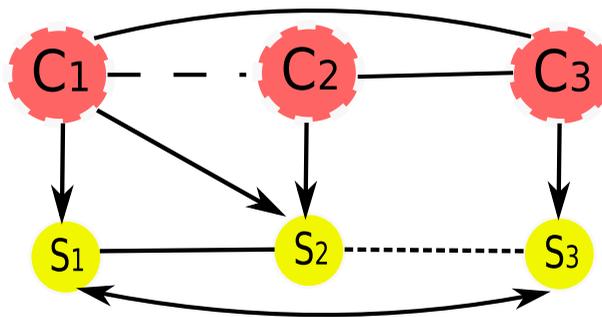
<sup>26</sup>Subramanian and Kessler, *The Hyperglobalization of Trade*, 40.

<sup>27</sup>Van Apeldoorn, *Transnational Capitalism and European Integration*; Sklair, *The Transnational Capitalist Class*; Robinson and Harris, “Towards a global ruling class?”; Robinson, *A Theory of Transnational Capitalism*; Carroll and Fennema, “A Transnational Business Community?”; Carroll, *Making a Transnational Capitalist Class*.

contributed to the development that large MNCs have become bigger than most states in terms of revenue.

The transnational capitalism literature looks at this growing transnationalisation from a perspective of transnationally integrating (and contested) hegemony, which also includes transnational elites.<sup>28</sup> The “new constitutionalism” is advanced by these transnational elites, institutionalised global governance and legal practices that are often separate from the direct influence of nation states and their electorates on a global level.<sup>29</sup> Hence, the comparatively high mobility of capital and organisational capacity of transnational elites changes global power relations in such a way that states can no longer be seen as the only relevant actors within this structure. In addition, more governance-oriented scholars point out the role of production and wealth networks in which corporations are embedded and which define the space required for exercising corporate power.<sup>30</sup> These views of a new power position of corporations within the historical structure of transnational capitalism emphasize the relative autonomy of the firm vis-à-vis other social forces, especially the state. Thus “much of the time, within their own networks [firms] are the primary agent of governance and not necessarily dependent on other actors or social institutions for their legitimacy”.<sup>31</sup>

Fig. 3 describes the transnational capitalism perspective. Under this umbrella, we summarize all accounts that in one way or another understand corporate power as dominating the global environment today. Besides the seminal work of Robinson,<sup>32</sup> this also includes other critical IPE perspectives like those of Stephen Gill and A. Claire Cutler,<sup>33</sup> class-analytical analyses like those of Leslie Sklair<sup>34</sup> and network-oriented accounts of global corporate power.<sup>35</sup> These perspectives emphasize the dominance of corporate power within transnational capitalism. The relevant corporate actors are more or less detached from the



**Figure 3.** Transnational capitalism perspective on state and corporate power in the international system. Sx represent states, Cx corporations. Corporate power is mostly detached from the realm of international politics and is exercised upon states. Relations between states (e.g. conflicting between S1 and S3) and corporations (e.g. neutral between C2 and C2, cooperative between C1 and C2) exist separately.

<sup>28</sup>Gill and Law, “Hegemony and Power of Capital”.

<sup>29</sup>Gill and Cutler, “New constitutionalism and world order”.

<sup>30</sup>May, “Corporations as global governance institutions”; Seabrooke and Wigan, “Governance of global wealth chains”.

<sup>31</sup>May, *Ibid.*, 9.

<sup>32</sup>Robinson, *A Theory of Transnational Capitalism*.

<sup>33</sup>Gill and Cutler, “New constitutionalism and world order”.

<sup>34</sup>Sklair, *The Transnational Capitalist Class*.

<sup>35</sup>May, “Corporations as global governance institutions”; Carroll, *Making a Transnational Capitalist Class*; Dreiling and Darves, *Agents of Neoliberal Globalization*; Winecoff, “Structural power and the crisis”.

**Table A1.** The global top 100 countries and corporations.

Country/Corporation		Revenue (USD bn)	Country/Corporation		Revenue (USD bn)
1	United States	3363	51	General Electric (US)	140
2	China	2465	52	CSCEC (CN)	139
3	Japan	1696	53	AmerisourceBergen (US)	136
4	Germany	1507	54	Agricultural Bank of China (CN)	133
5	France	1288	55	Verizon (US)	132
6	United Kingdom	996	56	Chevron (US)	131
7	Italy	843	57	E.ON (DE)	130
8	Brazil	632	58	AXA (FR)	129
9	Canada	595	59	Indonesia	129
10	Walmart (US)	482	60	Finland	128
11	Spain	461	61	Allianz (DE)	123
12	Australia	421	62	Bank of China (CN)	122
13	State Grid (CN)	330	63	Honda Motor (JP)	121
14	Netherlands	323	64	Cargill (US)	120
15	South Korea	304	65	Japan Post Holdings (JP)	119
16	China Nat. Petroleum (CN)	299	66	Costco (US)	116
17	Sinopec Group (CN)	294	67	Argentina	116
18	Royal Dutch Shell (NL/GB)	272	68	BNP Paribas (FR)	112
19	Sweden	248	69	Fannie Mae (US)	111
20	Exxon Mobil (US)	246	70	Ping An Insurance (CN)	110
21	Volkswagen (DE)	237	71	Kroger (US)	109
22	Toyota Motor (JP)	237	72	Société Générale (FR)	108
23	Apple (US)	234	73	Amazon.com (US)	107
24	Belgium	232	74	China Mobile Comm. (CN)	106
25	BP (GB)	226	75	SAIC Motor (CN)	105
26	Mexico	224	76	Walgreens Boots Alliance (US)	104
27	Switzerland	216	77	HP (US)	103
28	Berkshire Hathaway (US)	211	78	Assicurazioni Generali (IT)	103
29	India	200	79	Cardinal Health (US)	103
30	Norway	200	80	BMW (DE)	102
31	McKesson (US)	192	81	Express Scripts Holding (US)	102
32	Russia	187	82	Nissan Motor (JP)	102
33	Austria	187	83	China Life Insurance (CN)	101
34	Turkey	184	84	J.P. Morgan Chase (US)	101
35	Samsung Electronics (KR)	177	85	Koch Industries (US)	100
36	Glencore (CH/JE)	170	86	Gazprom (RU)	99
37	ICBC (CN)	167	87	China Railway Eng. (CN)	99
38	Daimler (DE)	166	88	Petrobras (BR)	97
39	UnitedHealth Group (US)	157	89	Schwarz Group (DE)	97
40	Denmark	157	90	Trafigura Group (NL/SG)	97
41	EXOR Group (IT/NL)	154	91	Nippon Telegraph and Tel. (JP)	96
42	CVS Health (US)	153	92	Boeing (US)	96
43	General Motors (US)	152	93	Venezuela	96
44	Vitol (NL/CH)	152	94	China Railway Constr. (CN)	95
45	Ford Motor (US)	151	95	Microsoft (US)	94
46	China Constr. Bank (CN)	150	96	Bank of America Corp. (US)	93
47	Saudi Arabia	150	97	ENI (IT)	93
48	AT&T (US)	147	98	Greece	93
49	Total (FR)	143	99	Nestlé (CH)	92
50	Hon Hai Precision Ind. (TW)	141	100	Wells Fargo (US)	90

Source: Calculations by the authors based on Forbes, "Fortune Global 500 List 2017", <http://fortune.com/global500/>; and CIA, "The World Factbook 2017", <https://www.cia.gov/library/publications/the-world-factbook/>.

### The global top 100 countries and corporations

The increasing dimensions of the largest corporations as well as their ongoing internationalisation beg the question whether large MNCs have already equalled or maybe even surpassed the size of states. For this purpose, we compare the revenues of states (mainly taxes collected) with the revenues of corporations, as suggested by Jeffrey Harrod, who argued that we should see revenues (minus profits) as a “budget” of firms in analogy to governments.<sup>67</sup> Admittedly, this is a crude proxy for power or influence, nonetheless it is instructive to juxtapose the financial scale of states and corporations directly. Note that we do not compare the GDP of countries with the revenues of corporations, as frequently done, because using this metric would entail a significant double counting. Moreover, GDP is a very broad measure and thus only partly influenced or controlled by the state, and the measurement of GDP is quite problematic and influenced by politics.<sup>68</sup> Therefore, it is much more cogent to compare the revenues of states and corporations.

**Table A.1** shows that in 2016 the global top 100 comprised 29 countries and 71 corporations. Even though corporations clearly outnumber states in this ranking, states dominate the very apex. The top nine countries all have revenues of over USD 500 billion, a magnitude which will be difficult to reach for corporations in the foreseeable future. On the other hand, it is remarkable that a company like Walmart has higher revenues than Spain or Australia, and that Apple already has greater revenues than Belgium, Mexico and Switzerland. On balance, this ranking of states and corporations shows that MNCs have become very large socio-economic organisations in their own right. This rudimentary overview and comparison of the scale on which modern corporations and states operate underscores that in many ways, states have met their equals in the largest MNCs of today.

respective nation states and dominate international politics as their owners and managers are tightly interwoven with state elites. The centres of power are moved to the transnational level, where national regulations and controls are suspended or at least limited.

## Towards a realistic understanding of corporate and state power

Proponents of both the state-centric and the transnational capital perspective have good arguments to support their particular view of contemporary power relations in the global political economy. From a state-centric view, the transnationalisation of production does not imply the end of the nation state: there is substantial evidence that (some) states, as a specific form of political organisation, can translate their power into the new era of global capitalism. Sean Starrs<sup>36</sup> and Jan Fichtner,<sup>37</sup> for instance, have shown how transnational capitalism led to the *globalisation* of American economic power rather than to its decline. And arguably, the most relevant challenge to US hegemony is not a multinational, but the Chinese state. States also remain dominant players vis-à-vis corporate actors in certain strategic sectors through sovereign wealth funds (SWFs) and state-owned enterprises (SOEs). At the same time, the arguments for the transnational capitalism perspective are that the new global constellation structurally favours corporations over states. This shift has enabled the much more flexible and agile MNCs to influence global power relations in ways that increasingly

<sup>67</sup>Harrod, “The Century of the Corporation”.

<sup>68</sup>Mügge, “Studying macroeconomic indicators as ideas”.

<sup>36</sup>Starrs, “American Economic Power Hasn’t Declined”.

<sup>37</sup>Fichtner, “Perpetual decline or persistent dominance?”.

diminish the agency of states in international politics.<sup>38</sup> The resulting transnational space is occupied by corporate elites, professional corporate services and transnational patterns of production, trade and ownership that exclude (nation) state power to a great extent. In sum, the globalisation process has restricted the nation state's space for agency and increased that of the MNC.

Given this, there can be no serious empirical or theoretical doubt about the change in power relations between corporate and state power in the last decades. Our approach hence acknowledges the changed, but still relevant role of nation states on the one hand, and the profound structural transformation into transnational capitalism on the other. Our basic argument is that the specific dynamics playing out within these power relations need to be understood and explained in their actual context: even though we live in a world of transnational capitalism, state power has not disappeared, but merely been transformed. Contemporary phenomena in international politics are in this sense never determined by either state or corporate power, but need to be examined as shaped by power relations between the two of them.

To prove this, first, we state the theoretical considerations that propose answers to the questions of who holds power in the global system, how these actors are to be framed analytically and how they are related to each other. Second, we outline an empirical strategy to identify and analyse the power relations between these actors in different situations with regard to international politics. This results in four core elements of our approach, of which three are theoretical and one the empirical consequence of these. They are meant to bridge the discussion between the two positions and lead to our *realistic, juxtaposed and actor-relations focused approach* to international power politics.

First, regarding the *realistic* element of our approach, we understand the underlying realism of state-centrist accounts as a necessary element of corporate and state power in international politics. Power, interests and hegemony are for us the prevailing motives for (structural) change in the international environment. In this sense, we adopt parts of the realists' assumption about the nature of (international) politics. At the same time, we connect this realism to transnational capitalism's major contribution: the delineation of corporate power. We do not assume that the reasons corporations and states are engaging in the global system are identical, but that they are both driven by motives of interest enforcement and power extension. Where these interests meet or collide is where we can analyse them as phenomena of international politics. We thus extend the realist framework to the corporation as an actor in the international environment and consequently frame our approach as a *realistic* perspective.

Second, this realistic perspective leads to a *juxtapositioning* of state and corporate actors as two relevant and empirically specifiable actors for the study of the international political economy. This bridges the state-centric idea of the relevance of identifiable actors and transnational capitalism's emphasis on corporate power in international politics. We stress that this does not imply a complete similarity of state and corporate power (they are not 'the same'); but that the concrete (empirical) constellations in which they meet, compete or cooperate for power should be analysed without pre-determining these power relations. In this sense, this juxtaposition is dynamic: in some cases, states are able to dominate

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<sup>38</sup>For offshore finance and corporate power, see especially Zucman, *The Hidden Wealth of Nations*. For the role of corporate power in the European Integration process, see van Apeldoorn, *Transnational Capitalism*.

corporations (as with state ownership) and in others corporate power is able to prevail over states (as may be the case with offshore finance<sup>39</sup>). We thus integrate corporate power in international politics by giving it a relevant place as a juxtaposed actor and do not subordinate it automatically to state power.

Third, and related to the juxtaposition factor, we draw attention to the relevance of the *relations* between the juxtaposed actors as crucial for the analysis. These relations together constitute networks, reveal systematic patterns of action and strategy and allow for a comprehensive analysis of global relevance. This bridges the actor focus of state-centrism with the more network oriented analyses of the transnational capitalism perspective. We thus suggest that recognising the networked character of globalised power relations in which states and corporations are embedded as actors requires a theoretical and empirical focus on these relations rather than on the isolated strategies and attributes of the single actors.

Fourth, and related to the third point, we use network analysis as the main tool to analyse these power relations. By framing states and corporations as actors (realistic), using a bottom-up, data-driven approach (juxtapositioned) and depicting global power relations in networks (actor-relations focused), we propose a fine-grained, precise and empirically rich way of understanding the role of states and corporations in contemporary international politics. Network analysis, as a tool to represent empirical reality, thus comes closest to our theoretical considerations explained above. In addition, recent advances in network analytic techniques combined with rapidly emerging new and large relational datasets on state and corporate behaviour now open up new avenues for systematic, empirical research into global power relations. This can include various relations such as ownership relations, value chains, shared elite members, membership in international organisations, policy planning groups and so on. We utilise the recent coming together of large datasets on corporate ownership and new analytical methods for large-scale (network) analysis.<sup>40</sup>

The fine-grained, firm-level large-scale data we are now able to study allows us to understand global power relations systematically and comprehensively. Furthermore, this thorough empirical focus closes a methodological gap that accompanies analyses of global capitalism, namely the use of aggregated national data to explain transnational trends. With new large-scale *firm-level* data, we can now use a bottom-up approach that avoids the national/transnational divide and analyses the relations directly instead of indirectly using national statistics.<sup>41</sup> With respect to the other two positions described, our approach can thus be represented as follows and as shown in Figure 4.

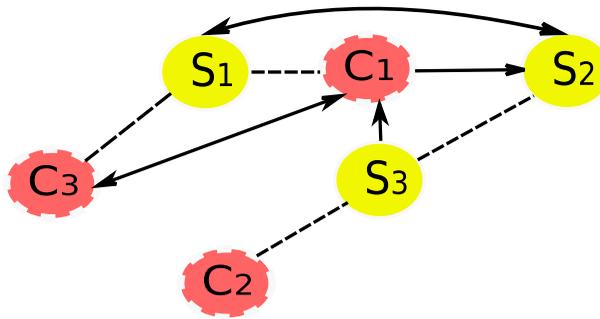
MNCs and states are, in this sense, foci of social forces competing for power and enforcement of their interests within global capitalism. They are embedded in relations represented as networks of power that combine different features, that is, they can be ownership, elite and/or other networks. This implies breaking with the popular idea of states and 'markets' as opposed principles or systems in the international environment. Figure 4 represents this realistic perspective. We do not frame corporations as subordinate, but juxtaposed to states in the global system. Likewise, we understand the relations between them as varied: a

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<sup>39</sup>Novel insights on the interplay between (offshore) jurisdictions and MNCs can be found in Garcia-Bernardo *et al.*, "Uncovering Offshore Financial Centers".

<sup>40</sup>Heemskerck and Takes, "The Corporate Elite Community Structure"; Heemskerck *et al.*, "Big Data in Corporate Networks"; Vitali *et al.*, "The Network of Corporate Control".

<sup>41</sup>For a discussion and application of this approach with regard to global elite formation, see Heemskerck *et al.* "Where is the global corporate elite?".



**Figure 4.** A realistic perspective on state and corporate power in the international system. Cx and Sx are corporate, respectively state actors that meet each other as juxtaposed in the global system. The resulting relations can be conflicting (e.g. C1 and C3), cooperative (e.g. C2, S3 and S2) or neutral.

state-owned corporation C1 could be cross-border owned by state S1 and thus support the geopolitical ambitions of S1 against state S2. Likewise, state S3 could be threatened by the activities of C1 and decide to join S2 in antagonizing C1. One step further, multinational C3 could use the jurisdiction of S1 for tax avoidance, which leads to an advantage over its competitor C1 and so on.

Our theoretical extensions and empirical implementations are summarized in Table 1. Taken together, the theoretical elements and their empirical implementation bridge rather separate accounts of international politics and can thus help to lay out a research agenda that recognises and places corporate power research in the realm of international politics in a comprehensive, fine-grained and empirically and theoretically powerful way. Within this framework, states and corporations can both subjugate or dominate each other in specific constellations. In the following section, we exemplify the case of state ownership and its consequences for global power relations. As we will see, these relations are not merely one-dimensional, but involve patterns of mutual dependency and domination: states can own and control firms in order to participate in global capitalism; and firms can create ties through internationalisation that have a feedback on state power. In this sense, our example is a site of inquiry, where we can observe this two-way nature of relations between state and corporate power within global politics.

**Table 1.** Our theoretical and empirical contribution for a dialogue between state centrism and corporate power research.

Extension	Theoretical Reasoning	Empirical Implementation
<i>Realistic approach</i>	Bringing in state-centric realism and extending it to the role of corporate power.	Framing both states and corporations as relevant actors within global relations.
<i>Juxtaposition of states and corporations</i>	Understanding the global environment as agency space for different actors that are not per se different in their abilities to exercise power.	Bottom-up, data-driven approach: assumed power capacities are case-dependent and not to be determined prior to the analysis.
<i>Actor-relations focus</i>	International actors are always related to each other and these (power) relations are instructive for the analysis.	Using a network approach and studying these networks in order to understand global power relations.

## State capitalism and the global network of transnational state-owned enterprises

In recent times, different ‘emerging powers’ such as Brazil, China and Russia have been associated with a development model that embraces high degrees of corporate state ownership. Often framed as anti-free market capitalism alternatives, scholars have labelled these models as “state capitalism”, “political capitalism” or “state-led market economy”.<sup>42</sup> At their core, these labels suggest a growth model that stands in contrast to ideal-type Western liberal economies; one that is characterised by “a variety of formal and informal cooperative relationships between various public authorities and individual companies”.<sup>43</sup>

State capitalism is typically studied from a comparative capitalism (CC) perspective that analyses particular institutional settings encompassing the formal and informal relationships between business and the state, such as high levels of state ownership, low labour protection standards and comparatively lower FDI levels.<sup>44</sup> The main interest lies in understanding the specificities of the institutional arrangements within particular countries, in line with the varieties of capitalism literature.<sup>45</sup> While this is certainly a valid approach, it leaves us with little understanding of the consequences of state capitalism for international politics. How can we explain global political economic dynamics; what are their forms and effects? Existing accounts discuss these questions on a rather unsystematic level. Diagnoses like the “return of statism”<sup>46</sup> or the “end of the free market”<sup>47</sup> warn that the rise of state capitalism has severe implications for international politics. But the rather anecdotal evidence and ambiguous concepts do not capture the specifics of these state-corporate relations and their consequences for the global political economy.

This is a good example of the hiatus that remains when we do not consider corporations as a valid subject of research in IR, and when one prioritizes the national in the study of global politics. In accordance with our actor-relations approach, we suggest that labels like state capitalism be left aside and that we look at the transnationalisation of *state capital* in the form of *state ownership* of firms. This makes it possible to re-focus away from the specificities of particular national political economies (the domain of CC) to the global sphere, and hence overcome theoretical and methodological nationalism that does not allow for the research of systemic consequences. We understand both states and corporations as *actors* that enforce and enable the transnationalisation of capital. The translation of the geopolitical (or financial or other) interest of states in the global system can be advanced via transnational state-owned enterprises (TSOEs), but then states are dependent on the ability, performance and will of corporations (or, in fact, their managers) to do so. This is therefore not a one-way relationship and both actors are therefore juxtaposed.

Utilising the recent wealth of available data on corporate ownership, we can now map SOEs comprehensively and in particular global TSOEs. With this, we are able to go beyond anecdotal evidence and develop a systematic empirical analysis of how state capitalism plays out in the global political economy. Our account serves to illustrate the benefits of

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<sup>42</sup>Respectively Musacchio and Lazzarini, *Reinventing State Capitalism*; Schwartz, “Political Capitalism and Wealth Funds”; Lambin, *Rethinking the Market Economy*.

<sup>43</sup>Nölke, “Introduction: Towards State Capitalism 3.0”, 4.

<sup>44</sup>Nölke et al., “Implications of large emerging economies”.

<sup>45</sup>Hall and Soskice, *Varieties of Capitalism*; Becker, “Measuring change of capitalist varieties”.

<sup>46</sup>Kurlantzick, *State Capitalism*.

<sup>47</sup>Bremmer, *The End of the Free Market*.

our realistic actor-relations approach. Our findings reflect the *potential* structural power positions of states and corporations in the global system. We consequently do not engage in detailed discussions, whether this is an expression of *actual* geopolitical strategy by those actors or not. In fact, the discussion as to what extent TSOEs influence the economy of other states and are a means toward achieving geopolitical goals creates a lot of controversy.<sup>48</sup> In order to answer this, we would need to investigate the details of this phenomenon, for example, what (sectoral) strategies states apply, which specific corporations are involved, how they behave strategically and so on. We leave this for future work. The following depiction of outgoing and incoming state investment illustrates how relations between two (or more) states can potentially be affected by the positioning and agency of the actors involved (states and corporations) in the international environment.

### **Outward investment: which states own globally?**

Figure 5 presents an original snapshot of the extent of transnational state owned enterprises across the globe. We trace those corporations that are majority-owned by a state (a state is the ultimate global owner with 50 percent ownership or more) and have an operating revenue of more than zero. In this way, we make sure that the TSOEs we include are definitely under state control (which is not always the case for under 50 percent ownership), actually exist and are relevant firms with an operating revenue. For practical purposes, in our analysis of TSOEs we disregard the many differentiations between the various state ownership models. We consider all possible ownership relations, be they direct ownership, or through investment vehicles, pension funds, one or multiple state agencies, SWFs and the like. We retrieved data on corporate ownership from Bureau van Dijk's Orbis database, which includes information on approximately 200 million firms worldwide.<sup>49</sup>

Through our approach, we were able to identify 258,215 state-owned enterprises worldwide, of which 77,921 have an operating revenue of more than zero. The large majority of SOEs operate domestically in typical sectors of public services such as utilities, healthcare and transportation. However, a sizable group of state-owned enterprises are qualitatively different as they operate in foreign countries. We were able to identify 5,994 cases of such TSOEs. A TSOE can be seen to create a direct tie from the state that owns the company to the state where the SOE is based. Both figures 5 and 6 give a visual representation of this network of 5,994 TSOE ties.

Figure 5 shows the extent of cross-border state ownership globally. We can clearly identify the dominant position of China, which owns about 19.5 percent of all TSOEs (Table 2). This empirically corroborates other accounts of the role of the state in the Chinese economy and its internationalisation strategy.<sup>50</sup> Equally, the central position of Russia (owning 9.5 percent) reflects the Russian model of state-centric economic development, including strong ownership ties to Ukraine, Turkey and Cyprus. Perhaps more strikingly, we recognise a central position of core European countries, with France owning 14.5 percent of all TSOEs, and Germany 7.7 percent. This strong position of the two core countries in Europe echoes

<sup>48</sup>Sultan Balbuena, *Internationalisation of State-owned Enterprises*.

<sup>49</sup><https://www.bvdinfo.com/it-it/our-products/company-information/international-products/orbis>. See Garcia-Bernardo and Takes, "The Effects of Data Quality", on the issue of data quality.

<sup>50</sup>McNally, "China's reemergence and the IPE".



**Table 2.** The top 10 global owners by weighted outdegree.

	Country	Outdegree (weighted)
1	China	1168
2	France	870
3	Russia	564
4	Germany	461
5	Arab Emirates	305
6	Austria	197
7	Singapore	195
8	Norway	162
9	Finland	161
10	Sweden	134

Source: This table is based on the calculations from the analysis in Figure 5.

the traditionally strong role of the state in these coordinated market economies. A closer look reveals that the majority of French and German TSOEs are focused on the transportation sector (222 ties from Germany, 360 from France). In the German case, these ties are foremost formed by Deutsche Bahn's subsidiary, Schenker, which is also the top company in terms of operating revenue.

This first mapping of cross-border state ownership already reveals that the TSOE phenomenon clearly goes beyond emerging markets and is prevalent in the industrialised West as well. Interestingly, the other two BRIC countries show comparatively low numbers. Brazil, with 0.5 percent, and India, with 0.38 percent, are far from being as dominant international owners as China and Russia. The BRIC narrative thus does not hold true for the global picture of internationalised state ownership.

The set of TSOE relations binds these countries together in a global network. Obviously, some states are more connected to each other than to others and assembled in pockets or communities in this network. We used a community detection algorithm to identify those states that are more invested in each other.<sup>51</sup> The nodes in Figures 5 and 6 are coloured<sup>52</sup> by their community membership. The community structure again underscores China's global dominance: the Chinese-led Asian community (colour: red<sup>53</sup>) reaches out to South America, Africa and Australia, so Chinese state ownership is geographically widely spread. As an example, China owns 5.2 percent of all TSOEs in the Anglo-American sphere of influence,<sup>54</sup> and also reaches out to Brazil and central Europe. Another striking feature of the community structure is the focused North European group (blue<sup>55</sup>) and the far more extensive West European/African/Middle Eastern group (purple<sup>56</sup>) with Germany and France, respectively, as dominant owners. The blue group is restricted to Germany, Scandinavia, the Baltics and parts of Eastern Europe, whereas the France-dominated purple group reaches out to Africa, the Middle East, and North America. Russia (green<sup>57</sup>) is a big, but locally limited owner without relevant far-reaching ties. Similarly, the orange group entailing Austria and some central Eastern European countries forms a regionally focused community. This cluster

<sup>51</sup>For related examples of this approach, see Heemskerck and Takes, "The Corporate Elite Community Structure"; Heemskerck *et al.*, "Corporate elite after the crisis".

<sup>52</sup>In the printed version, the nodes have different layouts instead of colours.

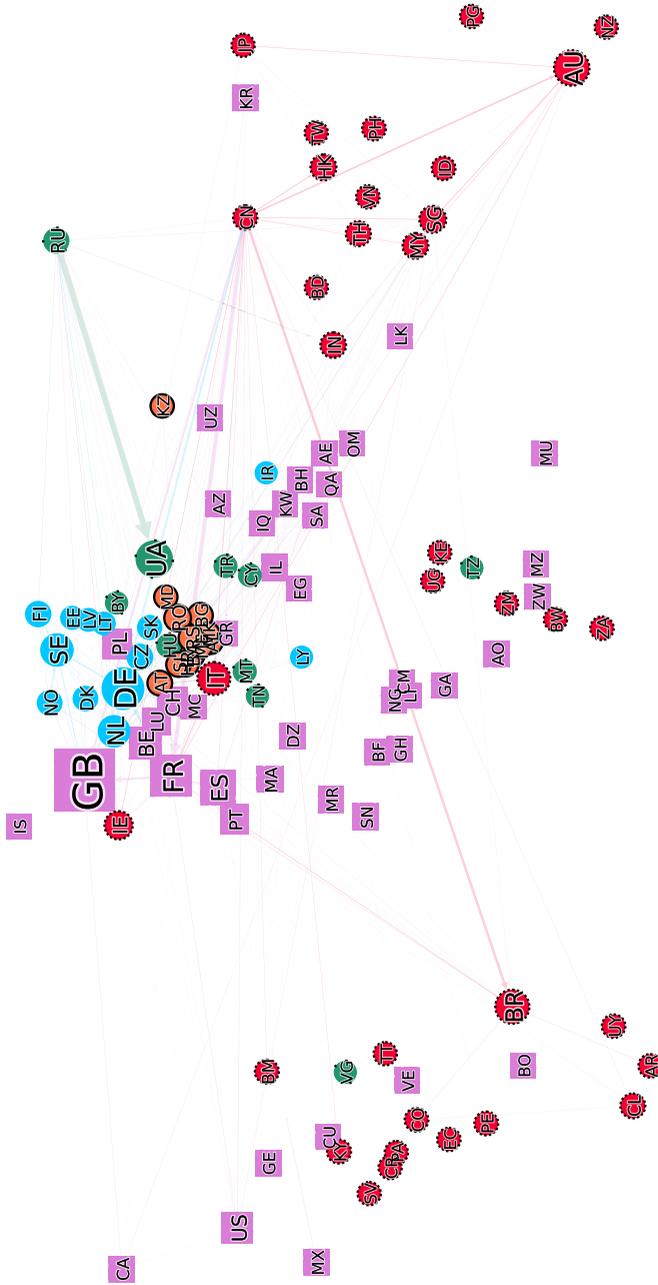
<sup>53</sup>In the printed version: grey nodes with slightly dashed border (like CN).

<sup>54</sup>We framed the following countries as belonging to Anglo-America: Australia, Bermudas, Canada, United Kingdom, Ireland, Cayman Islands, the US and Virgin Islands. For a deeper discussion see Fichtner, "Perpetual decline or persistent dominance?".

<sup>55</sup>In the printed version: grey nodes without border (like DE).

<sup>56</sup>In the printed version: square, grey nodes without border (like FR).

<sup>57</sup>In the printed version: grey nodes with strongly dashed border (like RU).



**Figure 6.** The global network of transnational state-owned enterprise by weighted indegree. A directed edge exists if a state (sender) owns a corporation that is domiciled in another state's territory (receiver). Edges are weighted by the number of TSOEs. Node size is proportional to weighted indegree. Node colour (in the printed version: node layout) reflects community membership based on modularity maximization. Edge colour reflects receiver's country community (not in the printed version). Note: The layout is Gephi's Geolayout, so the position of the nodes represents their geographical location.

**Table 3.** The top 10 of global state ownership target states by weighted indegree.

	Country	Indegree (weighted)
1	United Kingdom	841
2	Germany	476
3	France	375
4	Ukraine	346
5	Australia	296
6	Brazil	262
7	Sweden	252
8	Italy	235
9	Netherlands	231
10	Spain	207

Source: This table is based on the calculations from the analysis in Figure 6.

entails the former Yugoslavian republics and thus reflects the still relevant economic ties between those countries.

### ***Inward investment: where do states own globally?***

Since we conceptualised TSOEs as a *directed* relation from one state via a corporation to another state, we can also visualise the network to underscore which states are targeted by other state-owners. In Figure 6, the node size indicates how popular a state is as a target for TSOE investments by other states. It highlights that, in general, transnational state ownership targets rather ‘safe’ jurisdictions, with European countries making up the majority in the Top 10 (Table 3), but Anglo-America also popular (the UK and Australia in the top 10, and the US 13th and Ireland 15th).<sup>58</sup>

Both Germany and France are preferred destinations of TSOEs. Besides being active transnational owners, the core European countries seem to attract state capital systematically and thus form “hubs” for transnational state investment. This is in line with recent observations that German and French policymakers show high interest and support for overseas SWF investments in their economies as a source of patient capital<sup>59</sup> (and portfolio investment was not even included in the analysis, something that would probably have strengthened the tendency).

The case of the Ukraine (5th in indegree) is mostly explained by a high number of Russian TSOEs, ranging from energy companies to banks. Other non-European countries such as Brazil also appear as a preferred destination, especially for Chinese TSOEs, which might have further implications for the BRIC perspective: what does it mean for the power relations between two members, if one is heavily invested in the other? At the beginning of 2017, the Chinese TSOE State Grid – the largest utility company worldwide and in 13th place on the largest states/corporations list (see Table A1) – took over the third largest Brazilian energy firm, CPFL. Further important Chinese overseas investments in Brazil are food giant COFCO or Sinochem Brazil. Whether these kinds of activities should be understood as enhancing economic cohesion or as a leveraged Chinese power position towards Brazil, needs to be determined in more detailed studies.

<sup>58</sup>Fichtner, “Perpetual decline or persistent dominance?”.

<sup>59</sup>Thatcher and Vlandas, “New sources of patient capital”.

## What does this mean for international politics?

For the study of international politics, four major points can be derived from this explorative but systematic inward and outward state ownership analysis. First, the role of the ‘statist’ BRIC countries needs to be put into perspective, since only China and Russia appear to be seriously involved in transnationalisation through TSOEs. The notion that these countries represent a major bloc challenging the ‘Washington consensus’ free-market politics is, in this perspective, possibly overstated. Reasons for this comparatively low involvement of Brazilian and Indian TSOEs may be that, as in the case of Brazil, a large part of state participation stays under the 50 percent ownership threshold (as in the cases of the mining multinational Vale or meat producing giant JBS, with lower state stakes). Further research, incorporating different threshold ownership levels or case studies can shed more light on state transnationalisation through minority ownership investments.

Second, China dominates the network with its TSOEs that are spread around the world. This includes subsidiaries of conglomerates such as the mentioned State Grid or Sinochem Group, but also acquisitions like the Italian tire manufacturer Pirelli. The strategy of state-led transnationalisation has been investigated in the case of National Oil Companies, which is closely tied to geopolitical ambitions of energy security.<sup>60</sup> This explains only one part of the complete cross-border state ownership picture, however, which needs to be analysed further.<sup>61</sup> Given the widespread ownership profile, we can conclude that Chinese TSOEs give China a strong base in the global environment.

Third, we see that the phenomena of transnational state ownership (and its hosting) are not restricted to state capitalist countries, but are to be found in Europe. Germany and France have a strong focus on the transportation sector in their cross-border state ownership and also function as hubs for inward and outward state investment as they are the preferred targets of non-European state ownership investments (especially China and Russia). This position will be important for future discussions of the geopolitical implications of Chinese (and possibly Russian) state ownership expansion.

Fourth, the preferred targets of state investment remain safe jurisdictions like European core countries and the Anglo-American sphere. This suggests that state ownership transnationalisation is strongly connected to the structure of transnational capitalism: TSOEs target the same safe havens as non-state investment. As Robinson argued for the transnationally oriented BRICS elites,<sup>62</sup> this integration into already existing structures of global capitalism can be observed in different segments of ‘statist’ economies. From this, we can conclude that states use TSOEs to integrate into transnational capitalism, thereby creating politically relevant ties around the world. With this empirical example, we hope to have underscored that our realistic, actor-relations oriented framework helps to develop a practical, systematic, and original empirical strategy to study global power relations. States use corporations and are dependent on them to create geopolitically relevant transnational ownership ties.

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<sup>60</sup>See e.g. the contributions by De Graaff, “A global energy network?” as well as Amineh and Guang, “Geopolitics of Chinese Oil Companies”.

<sup>61</sup>For this, see also Meunier *et al.*, “Hosting Chinese investment in Europe”.

<sup>62</sup>Robinson, “Transnational state and the BRICS”.

## Conclusion

Susan Strange boldly condemned conventional International Relations scholars as “Flat Earthers”, who refuse to acknowledge that next to states, multinational corporations play a key role in the international political economy and hence are crucial to understanding global politics. We wholeheartedly agree with Strange’s call for bringing the corporation back to the centre of scholarly attention in the fields of IR and IPE. During the past decade, we have been confronted with numerous puzzling and unexpected events that warrant acknowledgement of the role of corporations in international politics. Obviously, the 2008 financial crisis and its causes and consequences is the most prominent of these events, but certainly not the only one. In this contribution, we have highlighted an empirical example that underscores the need for an *actor-relations oriented, realistic analytical framework* in which state-corporation relations are centre stage: the inward and outward movement of TSOE investment.

We have argued that only a proper analytical focus on corporations as actors, embedded in global power relations, can pave the way for a systematic understanding of their (structural) power in the global system. In the study of international politics, we need to consider corporations as a social force analytically equivalent to states. We illustrated this need in our empirical example. With regard to the phenomenon of transnationalisation of state ownership, we showed how the state as an owner can use firms to build up a power potential to penetrate other sovereign economies by reaching outside its own borders. Furthermore, we saw that some insights from the CC literature, such as China’s exceptional development model and its consequences for the global economic order, can be recognised in the transnational state ownership network. The scope of this article does not allow us to delve further into these questions, but it does make it possible to ask them in a systematic way. It also allows us to show the agency potential of firms: the transnationalisation of large transnational state owners is achieved via the firms that form the ties we depicted in the inward and outwards state investment discussion. The fine-grained, actor-oriented framework that takes corporations into account can help us understand the particularities of these observations better.

The example of TSOEs is, in many respects, rather arbitrary: our choice was inspired by our ongoing research agenda and interests. While we hope that some readers may be inspired to do further work on this particular issue, the aim of this contribution goes beyond the specificities of the empirical illustration. State ownership of MNCs predominantly represents one side of our argument: how states use corporations for their interests; the other side is how MNCs use states to advance their interests. Due to space constraints, we could not elaborate on this complementary perspective here, but one obvious example is offshore finance.<sup>63</sup> This pivotal phenomenon involves both states and corporations as active and juxtaposed actors: offshore financial centres (or tax havens) have commercialised their sovereignty in order to attract financial activities from foreign private individuals and MNCs, mostly at the expense of ‘onshore’ states. MNCs utilise tax havens to minimise their global tax payments and to avoid regulation and accountability. Recent contributions have shown that using firm-level network data makes it possible to produce novel insights into the interplay between (offshore) jurisdictions and MNCs.<sup>64</sup>

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<sup>63</sup>Palan et al., *Tax Havens*.

<sup>64</sup>Garcia-Bernardo et al., “Uncovering Offshore Financial Centers”.

We see the persistent reluctance to integrate (structural) corporate power into the study of international politics as part of a broader problem. The structural power of business “languished for two decades in the less fashionable circles in contemporary political science” and as a consequence arguably developed a “labeling problem, if not a toxic brand name recognition”.<sup>65</sup> Consequently, there is a sizable literature that investigates states versus markets, but astoundingly little scholarly work in IR and IPE that moves beyond the broad concept of markets and investigates its actors. This reflects the rather sticky “tendency to analytically prioritize the actions of policymakers over those of market participants” in explaining politico-economic phenomena.<sup>66</sup> The bias stems, as Benjamin Braun puts it, from political economists’ limited understanding of the political sphere: ‘market participants’ such as corporations are not perceived as analytically important (or not ‘political’ enough) for political economy analysis.

In response, we positioned our approach as a concrete and empirically fruitful advancement of two approaches: the state-centric and the transnational capitalism perspectives. Rather than analytically prioritizing states over corporations and policymakers over market participants, we need to acknowledge that corporations and states are juxtaposed actors in an international environment that exercise power over each other in specific spatiotemporal settings. The example we provided serves to validate this perspective and allows for original empirical strategies that can help to understand how power in the international sphere plays out in concrete terms. This initial exploration is already leading to new questions and puzzling findings. As such, we believe our approach points at a fruitful and urgent field of research.

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<sup>65</sup>Culpepper, “Structural power and political science”, 392, 405.

<sup>66</sup>Braun, “From performativity to political economy”, 258.

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