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**Who is more powerful – states or corporations?**

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*Citation for published version (APA):*

Babic, M. (Author), Heemskerk, E. (Author), & Fichtner, J. (Author). (2018). Who is more powerful – states or corporations?. Web publication/site, The Conversation. Retrieved from <https://theconversation.com/who-is-more-powerful-states-or-corporations-99616>

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# Who is more powerful – states or corporations?

July 10, 2018 4.14pm BST



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Who holds the power in international politics? Most people would probably say it's the largest states in the global system. The current landscape of international relations seems to affirm this intuition: new [Russian geopolitics](#), "[America First](#)" and [Chinese](#) state-led global expansion, among others, seem to put state power back in charge after decades of globalisation.

Yet multinationals like Apple and Starbucks still wield phenomenal power. They oversee huge supply chains, sell products all over the world, and [help mould](#) international [politics](#) to their interests. In some respects, multinationals have

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## Disclosure statement

Milan Babic receives funding from the European Research Council under the European Union's Horizon 2020 research and innovation programme.

Eelke Heemskerk receives funding from the European Research Council under the European Union's Horizon 2020 research and innovation programme).

Jan Fichtner receives funding from the European Research Council under the European Union's Horizon 2020 research and innovation programme.

## Partners

The Conversation UK receives funding from Hefce, Hefcw, SAGE, SFC, RCUK, The Nuffield

governments at their beck and call – witness their [consistent success](#) at dodging tax payments. So when it comes to international politics, are states really calling the shots?

We compare states and corporations based on how deep their pockets are. The following table ranks the 100 largest corporations and countries on the basis of their revenues in 2016. Revenues in the case of states is mainly collected taxes.

States occupy the top rankings, with the US first followed by China and Japan (the eurozone ranks first with more than US\$5,600 billion if we treat it as a single political entity). But plenty of corporations are on par with some of the largest economies in the world: Walmart exceeds Spain and Australia, for example. Of the top 100 revenue generators, our ranking shows 71 are corporations.

Country/Corporation	Revenue (US\$ bn)	Country/Corporation	Revenue (US\$ 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

Foundation, The Ogden Trust, The Royal Society, The Wellcome Trust, Esmée Fairbairn Foundation and The Alliance for Useful Evidence, as well as sixty five university members.

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Notice also that the top ranked corporations follow the same nationality-order as states: America's Walmart is followed by three Chinese firms. There are already 14 Chinese firms in the top 100, though the US has 27.

Our comparison is necessarily crude, but suggests that besides the very largest states, the economic power of corporations and states is essentially on par. This prompted us to try and rethink corporate power in international politics in a [recent paper](#). We argued that globalisation has brought about a global structure in which state power is not the exclusive governing principle anymore.

Just think about the private and public power of global giants like Google or Apple. When Donald Trump [recently met](#) Apple chief executive Tim Cook to discuss how a trade war with China would affect Apple's interests, it demonstrated that the leading multinationals are political actors, not bystanders.

There always existed big and powerful global corporations – the [Dutch East India Company](#) dominated European trade in the 1600s and 1700s, for instance. But global corporations' current power position vis-à-vis other actors is unprecedented in terms of sheer size and volume.

## How global power works

State power did not disappear with globalisation, but it transformed. It now competes with corporations for influence and political power. States use corporations and vice versa, as the following two examples illustrate: offshore finance and transnational state-owned enterprises.

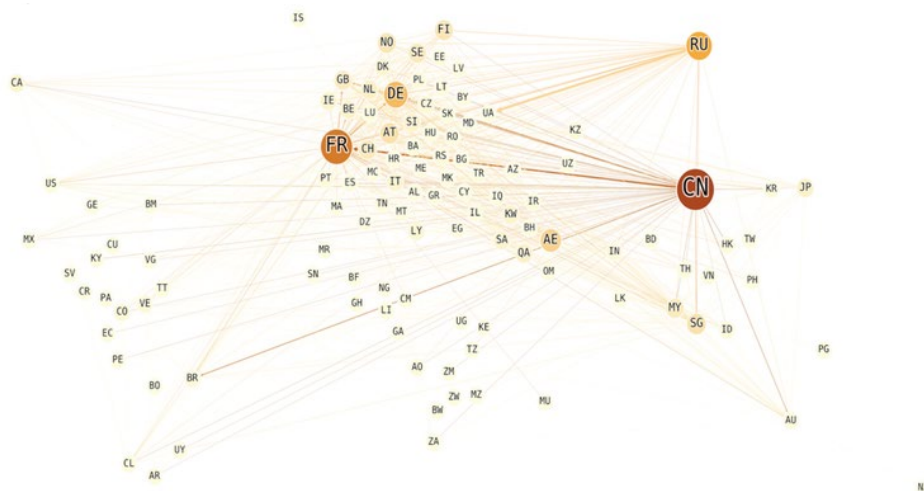
To start with offshore finance, global corporations use different jurisdictions to avoid being taxed or regulated in their home country. Lost taxes due to profit shifting [could be](#) as high as US\$500 billion globally. When states position themselves as tax havens, they undermine the ability of “onshore” states to tax corporations and wealthy individuals – a cornerstone of state power.

Besides tax havens, numerous EU governments have become notorious for offering “[sweetheart deals](#)” that reduce the tax burden for specific multinationals to an astonishing extent. Also, our [CORPNET](#) research group at the University of Amsterdam recently [identified](#) five countries [who play](#) an important additional role in facilitating tax avoidance: the UK, the Netherlands, Switzerland, Ireland and Singapore. Each enables multinationals to shift investments at minimum cost between tax havens and onshore states.

Turning to our second example, states have grown as global corporate owners in recent years. They [now control](#) almost one quarter of the Fortune Global 500. By investing in state-owned enterprises beyond their borders, states gain strategic

leverage vis-à-vis other states or actors – Russia’s [gas pipeline holdings](#) via Gazprom in eastern Europe are a good example. This has led some observers to [diagnose](#) a potential transformation of the liberal world order through “state capitalism”.

The below diagram shows the aggregated numbers of transnational state-owned enterprises or TSOEs owned by each country. The nodes represent states as owners: the bigger and darker a node, the more companies it owns outside its borders (click on the picture if you want to make it bigger).



Authors' illustration based on data from Bureau van Dijk's ORBIS database. <https://www.bvdinfo.com/nl-nl/our-products/company-information/international-products/orbis>

Notice the paramount position of China (CN), which controls over 1,000 TSOEs, including the likes of Sinopec and ICBC China. Countries like France (FR) and Germany (DE) are also prominent owners, but their connections to China highlight that they are targets of TSOE investment, too.

It starts to become apparent that international relations are anything but a one-sided story of either state or corporate power. Globalisation has changed the rules of the game, empowering corporations but bringing back state power through new transnational state-corporate relations. International relations has become a giant three-dimensional chess game with states and corporations as intertwined actors.

This transformation of the global environment is probably here to stay and even accelerate. Washington [recently blocked](#) the large Chinese telecommunications manufacturer ZTE from access to critical American suppliers, for example. It did this to gain advantage in trade negotiations with Beijing. The Chinese Sovereign Wealth Fund then [withdrew](#) its longstanding investment in the American Blackstone Group following Trump's push for economic sanctions on China.

We live in an era where the interplay between state and corporate power shapes the reality of international relations more than ever. In combination with the current nationalist and protectionist backlash in large parts of the world, this may yet lead to a revival of global rivalries: states using corporations to achieve geopolitical goals in an increasingly hostile environment, and powerful corporations perhaps using more

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aggressive strategies to extract profits in response. If this is where we're heading, it could have a lasting impact on the world order.