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# State Capitalism and the New Global D/development Regime

**Ilias Alami**

*Faculty of Arts and Social Sciences, Maastricht University, Maastricht, The Netherlands; ilias.alami@maastrichtuniversity.nl,*

**Adam D. Dixon**

*Faculty of Arts and Social Sciences, Maastricht University, Maastricht, The Netherlands a.dixon@maastrichtuniversity.nl*

**Emma Mawdsley**

*Department of Geography, Cambridge University, Cambridge, UK; emma.mawdsley@geog.cam.ac.uk*

**Abstract:** Official discourses of Development are being redefined. If the key geopolitical contexts shaping the post-war Development project were decolonisation and the Cold War, the defining world-historical transformations shaping the emerging vision of Development are the expansion of state capitalism and the rise of China. The IMF, the World Bank, the OECD, the G20, other multilaterals, and bilateral partners are increasingly taking stock of the rise of state capitalism, and acting as ideational vectors of this emerging regime. However, this new "state capitalist normal" is also portrayed as carrying risks. There is anxiety regarding the direction the political form of global capital accumulation is heading: with the unchecked proliferation of state capitalism possibly blunting competition, politicising economic relations, and intensifying geoeconomic tensions. This anxiety underwrites the current re-articulation of Development, one which embraces the state as promoter, supervisor, and owner of capital; even as it critiques China's use of similar instruments.

**Keywords:** state capitalism, development finance architecture, new cold war, global development regime, multilateral development institutions, state enterprises

## Introduction: A World "Beyond Aid" where Development is Dead?

In April 2015, the Development Committee of the World Bank and the International Monetary Fund, in collaboration with other multilateral development banks, produced a discussion document titled "From Billions to Trillions" (Development Committee 2015). The slogan neatly conveys the argument that the size and capacity of foreign aid is limited. At roughly $160 billion annually, aid is nowhere near able to cover the financing claimed to be necessary to achieve the Sustainable Development Goals (SDGs). Even if every donor met the 0.7% GNI target, it would still fall short of the trillions of dollars required. Instead, the mantra makes a definitive turn to private capital from advanced and major emerging economies as providing the lion's share of development finance, with Development now funded and conceived as "beyond aid" (Mawdsley 2018a).

The project, reiterated in the World Bank's 2019 "Maximizing Finance for Development" agenda (MFfD), promotes state-supported private finance in the name of development (World Bank 2019). It portrays "access to finance" as a central developmental priority, encouraging and facilitating financial "deepening" and "inclusion", the re-engineering of domestic financial systems around securities and derivatives markets, and the creation of "investable" opportunities in infrastructure, water, climate adaptation, health and education. It normalises and relies on novel financial instruments such as development impact and infrastructure bonds; debt, equity, and mezzanine financing; guarantees, swaps, and so on, opening up new circuits and places of risk and reward (Mawdsley 2018b). As such, it has been interpreted as another step toward the global advent of an increasingly assertive "Wall Street Consensus" (Gabor 2020), which succeeds the Washington and post-Washington Consensus, and pushes developing countries to become more attractive to private financial capital, at the expense of state-led industrialisation and development strategies. In sum, the MFfD agenda and its promotion of state-supported private capital may well signal the "very death of Development itself (the latter understood as a process/set of processes attached to modernist notions of material progress)" (Carroll 2015:140).

Without discounting the persistence of neoliberal thinking in this agenda, nor the pivot toward Wall Street, our contention is different: what we are currently witnessing is not so much the death of Development, but a significant *redefinition* of the Development project, in the context of the restructuring of global capitalism and profound geopolitical shifts. This redefinition is not only characterised by the further entrenchment of the centrality of market regulation, but also, crucially, by a *strategic ideological adjustment* concerning the place of the state in Development, including a partial embrace of its role *as promoter, supervisor, and owner of capital*. This emerging vision of the state is the core focus of this article: we offer an in-depth analysis of its key (geo)political economic determinants, identifying its main contours, and critically interrogating the political role that it plays in the global d/Development regime.

Empirically, our analysis relies upon a close reading of research and policy documents recently released by multilateral and supranational development actors such as the International Monetary Fund (IMF), the World Bank, the Organization for Economic Co-operation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), and the G20. Since the early 2010s, these institutions have produced a remarkable wealth of material explicitly concerned with old and new forms of state ownership and intervention. We searched the publication databases of these multilaterals for keywords including "state ownership", "state-owned banks", "state enterprises", "sovereign wealth funds", "state interventionism", "industrial policy", and selected documents which were either entirely dedicated to (or featured at least an entire chapter about) the changing role of the state as owner, supervisor, and promoter of capital. We used this material as a source of data in order to scrutinise the discursive construction of the new vision of the state in Development. We focus here on multilaterals, which we conceive as regulative agencies committed to the global imposition of the social relations and disciplines central to capitalist reproduction, with the reordering of states at the core of their task (Cammack 2010).

Our analysis is interested in how discourses and practices of Development are articulated in relation with material political economic dynamics and framed within specific geographical imaginations (Hart 2010; Power 2010; Slater 2008). The distinction made by Gillian Hart between "big D" Development and "little d" capitalist development is particularly useful. She defines "big D" Development as:

> … the multiply-scaled projects of intervention in the "Third World" that emerged in the context of decolonization struggles and the Cold War; and then following paradigmatic shifts in the 1970s, into the era of the Washington and post-Washington Consensuses. "Little d" development refers to the development of capitalism as geographically uneven but spatially interconnected processes of creation and destruction, dialectically interconnected with discourses and practices of Development. (Hart 2010:119)

Hart argues that the official discourses and practices of Development have undergone significant rounds of reconfiguration since the 1950s in relation to global capital accumulation and geopolitical forcefields and the contradictions, struggles, and crises that accompany them. Our main contention is simple: if the key historical events shaping the post-war Development project were decolonisation and the Cold War, and more recently the "interregnum" followed by the "war on terror" and other non-state security threats, the defining world-historical transformations shaping the emerging vision of Development in the current period are the expansion of *state capitalism* and the "rise of the South" (UNDP 2013) to some extent, but in terms of geopolitical salience, specifically the *rise of China*. These two distinct yet intimately related developments have prompted traditional development actors to adapt. This has taken the form of a strategic discursive and ideological adjustment involving a certain re-legitimation of the state in Development, and a limited embrace of state-owned capital (including state enterprises [SOEs], sovereign wealth funds [SWFs], and state-owned banks).

To demonstrate this argument, we proceed in five steps. In the next section, we provide conceptual reflections on the rise of contemporary state capitalism, by which we mean the uneven and combined development of both more muscular forms of statism and the expansion of various forms of state-owned capital. In the third section, we show that the rise of state capitalism is imbricated in "small d" processes of capitalist restructuring, and is fracturing four overlapping development geographies: finance, production, infrastructure, and policymaking. We also show that multilaterals are increasingly taking stock of these world-historical transformations and have reluctantly acknowledged some of the developmental successes of state capitalism. In the fourth section, we underline that this new "state capitalist normal" is also portrayed by multilateral development institutions as carrying significant risks: the unchecked proliferation of state capitalism may blunt competitive value-disciplines, politicise economic relations, intensify geoeconomic tensions, and erect drastic barriers to the circulation of capital as a whole. In the fifth section, we show that it is this liberal anxiety with the direction in which the political form of global capital accumulation may be heading, particularly in the context of the (supposed) "new Cold War" unfolding between the United States and China, which underwrites the current re-articulation of Development, one which embraces a fuller role of the state in Development, including as promoter, supervisor, and owner of capital. The sixth section concludes.

## State Capitalism: Some Conceptual Notes

Scholars across the social sciences have noted that one of the defining features of the world economy over the past fifteen years has been the return of *state capitalism*, which broadly refers to configurations of capitalism where the state plays a particularly strong role in organising the economy and society, in supervising and administering capital accumulation, or in directly owning and controlling capital (e.g. Bremmer 2010; Kurlantzick 2016; Musacchio and Lazzarini 2014; Nölke et al. 2019). The term is not without limitations. Analytically, it risks obfuscating the pervasiveness of the role of the state in each and every capitalist society (not simply in state capitalist configurations), and the remarkable breadth of the tasks it has performed throughout the historical geographies of capitalism (Alami and Dixon 2020a). Furthermore, state capitalism is increasingly deployed in business and policymaking spheres as a form of geopolitical discourse: castigating a "rogue" state capitalism (typically associated with emerging economies such as China and Russia) discursively enables western business and state elites to justify tougher policy stances in areas such as foreign policy, trade, technology, and investment regulation towards increasingly capable and assertive non-western contenders (Alami and Dixon 2020b).

Mindful of both the rhetorical weaponisation of the term and its analytical limitations, in this article we neither locate state capitalism in a particular national or regional space of the world economy (e.g. Bremmer 2010), nor do we associate it with a distinct variety of capitalism (e.g. Nölke et al. 2019) or with particular organisational forms such as SWFs, SOEs, and development banks (e.g. Musacchio and Lazzarini 2014). By contrast, building on critical political economy work (van Apeldoorn et al. 2012), we see the current rise of state capitalism as a *variegated world-historical phenomenon* rooted in the historical development and geographical remaking of capitalism, or what we referred to earlier (in Hart's terminology) as "small d" development. We discuss throughout the article some of the key determinate historical-geographical processes which underpin the rise of contemporary state capitalism. Suffice it to mention for now five (deeply interrelated) transformations currently underway: (1) the accelerating unfolding of the second-wave New International Division of Labour (NIDL) since the early 2000s;[1] (2) technological modernisation and industrial upgrading culminating in the Fourth Industrial Revolution; (3) an historically unprecedented concentration and centralisation of capital; (4) a secular shift in the centre of gravity of the global economy from the North Atlantic to the Pacific Rim, and the massive needs this requires, such as a dense network of connective infrastructure to integrate distant territories and to facilitate the flow of capital; and (5) the extension of financial and debt relations (Alami 2021; Arboleda 2020; Charnock and Starosta 2016; Schindler and Kanai 2021).

We locate the source of contemporary state capitalism in the variegated ways in which states have *politically mediated* these five transformations and their crisis tendencies, which often involved scaling-up their roles as promoter, supervisor, and owner of capital, resulting in highly diverse institutional landscapes and configurations of state-capital relations across the world capitalist economy. Importantly, the resulting state capitalist trajectories are fraught with political tensions and enmeshed in geoeconomic and geopolitical constellations and forcefields (Alami et al. 2021).

To make sense of this diversity heuristically, we use the elementary schema proposed by Sperber (2019:112–113). Sperber suggests that landscapes of state intervention can be split into two essential modalities. The first one, "statism", refers to state influence over non-state economic actors and entities, via instruments such as taxation, transfers of resources, regulation, economic planning, and industrial policy. The second modality concerns more direct forms of intervention, whereby the state owns or controls capitalist production and accumulation. This often involves the creation of various organisational forms and policy instruments, which we term "state-capital hybrids" because they blend political and economic power and blur (commonly defined) boundaries between public and private spheres. For us, the contemporary rise of state capitalism is characterised by the uneven and combined development of *both* of these modalities of state intervention in dialectical relation to the processes of capitalist restructuring discussed earlier, leading to the development of more muscular forms of statism and to the multiplication and expansion of state-capital hybrids (Alami and Dixon forthcoming).[2]

## State Capitalism and Changing Development Geographies

We now turn to the more concrete study of the growing presence of state capitalism in development geographies. We use the analytical framework outlined earlier in the following way. We start by examining the multiplication and expansion of state-capital hybrids, focusing in particular on how SWFs, SOEs, and state-owned banks have become major development actors. We then turn to a brief analysis of how three aggressive forms of statism, namely techno-industrial policy, national development plans, and economic nationalism, have impacted development landscapes. We show that the expansion of state capitalism along these two fundamental modalities is imbricated in "small d" processes of capitalist restructuring, and is (partially) fracturing four overlapping development geographies around finance, production, infrastructure and policymaking. We substantiate our argument by drawing upon the multiple reports issued by multilaterals on old and new forms of state ownership and intervention.

### *Sovereign Wealth Funds*

Since the early 2000s, we have witnessed a multiplication and remarkable growth in size of SWFs. As of 2020, there were 127 SWFs (a more than sixfold increase since 2000), with assets under management just short of $8.5 trillion (from less than $1 trillion in 2000), which is more than hedge funds and private equity firms combined.[3] SWFs are an extremely diverse set of state-capital hybrids in terms of their missions and organisational arrangements. Some funds invest domestically with a longer-term orientation and developmental objectives (such as industrial upgrading and infrastructural development, or providing patient capital for domestic firms), while others aim to maximise risk-adjusted returns like conventional portfolio investors. This diversity notwithstanding, they collectively represent a new class of institutional investor.

Their growth has mirrored the consolidation of patterns of uneven geographical development associated with the unfolding of the second-wave NIDL over the past two decades in at least two respects. First, their various sources of capital (from commodity export revenues and privatisation receipts to balance-of-payments and fiscal surpluses and foreign exchange reserve accumulation) are intimately linked to the consolidation of export-oriented models in East Asian economies and to the "re-primarisation" of many developing economies in Latin America and Africa (catalysed by the 2000–2014 commodity super-cycle). Put simply, the material basis for their expansion lies in what economists call "global imbalances" (Dixon 2017). This is reflected in the geographical distribution of fund holdings:

> [f]unds holdings are highly concentrated, with almost 90 per cent of total developing-country funds being held by just seven countries [China, Kuwait, Qatar, Korea, Saudi Arabia, Singapore, and the United Arab Emirates], but even in the remaining countries, where asset values are relatively small, the amounts are still sufficiently large to make a development impact. (UNCTAD 2015:xvii)

However, whether they aim to diversify revenues to cope with "Dutch disease", facilitate macroeconomic management, or invest resources such as accumulated foreign exchange reserves into higher yielding securities and real assets, SWFs have become increasingly fashionable policy tools for states to engage with the global economy under conditions of financialisation and neoliberalisation (Dixon and Monk 2012; Haberly and Wójcik 2017). In short, they are the product of state attempts at adapting to the latter processes of uneven capitalist development.

The rise of SWFs has been widely commented upon by multilaterals. Virtually all reports on development finance now mention SWFs as new actors durably changing the landscapes of development finance. For instance, in the key document outlining the MFfD agenda, the World Bank and the IMF state that "the global development landscape has changed", which is at least partly due to "growing sources of official financing, in particular from the BRICS", resulting in the emergence of "a new development finance architecture" (Development Committee 2015:5–6). Attracting these large pools of liquidity is presented as a top priority: their massive financial resources, largely untapped inasmuch as only a small portion of their assets are in developing economies, could help fund the SDGs, infrastructure development, and climate change adaptation. This is also a recurring theme of recent UNCTAD "World Investment Reports". The 2020 iteration of the report argues that a key objective of investment promotion policy in developing countries should be to attract "[t]he large amounts of institutional capital [SWFs but also public pension and insurance funds] looking for investment opportunities in global markets" (UNCTAD 2020:iv).

## *National Development and Policy Banks*

The geographies of development finance have also been transformed by the return to fashion of another type of state-capital hybrid, namely national policy and development banks, which have been increasingly used to achieve a variety of objectives (such as maintaining financial stability and providing "patient capital" for development projects and key domestic firms) in developing, emerging, and advanced capitalist economies (Griffith-Jones and Ocampo 2018; Mertens and Thiemann 2018). The loan portfolio and financial capacities of national development banks (such as the Brazilian BNDES) now dwarf the volume of lending of the World Bank and regional multilateral development banks (Kring and Gallagher 2019).

The drivers of this expansion are to be found in the crisis-ridden dynamics of uneven capitalist development. The 1997 Asian crisis and the 2008 global financial crisis both highlighted the need for countercyclical tools to offset the private credit crunch. Changes in the geographies of production associated with the second-wave NIDL, driven by mechanisation and automation of large-scale industry and the relocation of labour-intensive manufacturing activities to South East Asia, triggered patterns of deindustrialisation in advanced capitalist economies and "premature" deindustrialisation in developing and emerging economies (Charnock and Starosta 2016). This underlined the need for state-provided finance and policies to halt these processes and catalyse structural transformation, particularly to develop high-technology industries and to support the internationalisation of large capitalist firms (Kim and Sumner 2019).

The second-wave NIDL also requires massive financing need for large-scale connective infrastructure development to secure territorial integration into global networks of production and trade (Schindler and Kanai 2021). The necessity for the state to step in became particularly obvious given the increasing sense that the private sector had not delivered in the matter: notwithstanding some success in funding ICT infrastructure, it had not provided sufficient levels of road, air, shipping, and energy infrastructure. In the face of these challenges and the vast financial resources required to address them, national policy and development banks presented the additional benefit of allowing states to avoid fiscal constraints and leverage the capital inflows bonanza associated with the commodity boom.

Our analysis of recent research and policy material from multilateral development institutions shows that they now acknowledge, albeit not unambiguously and often reluctantly, that these state-capital hybrids are here to stay. A 2015 OECD report notes that "[i]nternational investment by [state-owned banks] increased dramatically during the global financial crisis, and it seems likely that [they] will remain an important source of investment" (OECD 2015:12). The World Bank, noting this trend, published two comprehensive surveys of national development banks in 2012 and 2017. The latter notes that state-owned banks "are relevant, and governments use them to provide financial services in sectors or regions that private financial intermediaries do not serve sufficiently. New DBs [development banks] continue to be established in developing and developed countries alike to expand infrastructure finance, provide financing for new types of environmentally-friendly projects, and mobilize additional financing to meet a wide range of developmental objectives" (World Bank 2017:6).[4] A recent IMF (2020:25) report acknowledges that state-owned banks, although "they have struggled to achieve their socioeconomic mandates … can also play a positive role".

UNCTAD (2016:5), characteristically, goes a step further. It argues not only that "[s]uch banks have been a major feature of the development finance architecture for many years", but also that they should be counted as key partners in development finance by traditional international financial institutions. In another report, it notes that "the landscape of development banking is changing considerably, both in response to new investment needs and as a reflection of the wider trend of South-South cooperation and global engagement" (UNCTAD 2015:xvii). This refers to the growing role in the global financial architecture of alternative institutions for liquidity provision and development finance, many of which are Southern-led. These include bilateral and regional mechanisms of financial cooperation (such as the Chiang Mai Initiative in East Asia and the Latin America Reserve Fund) and the multiplication of development finance initiatives, such as the Eurasian Development Bank, the Asian Infrastructure Investment Bank, and the New Development Bank. Emerging and developing countries now account for 63% of liquidity finance and 80% of development bank finance (Kring and Gallagher 2019:4). These national, bilateral, and regional initiatives have been attractive to countries across the global South because they provide an opportunity to escape (to some extent) the orbit of the "old multilateralism" of Bretton Woods institutions and its intrusive conditionality, but also due to the failure of the (post)Washington Consensus to deliver financial stability.

## *State Enterprises*

National development banks often operate in tandem, both at home and abroad, with SOEs, which also experienced a remarkable renewal: "Over the past decade, SOEs have doubled in importance among the world's largest corporations: at $45 trillion, their assets are now 20 percent of the total" (IMF 2020:1). "[T]he share of SOEs among the world's 2000 largest firms doubled to 20 percent over the last two decades … their assets are worth $45 trillion, equivalent to half of global GDP", which is up from about $13 trillion in 2000 (IMF 2020:5-6). This third type of state-capital hybrid now constitutes a major force of transnationalising capital, actively participating in cross-border mergers and acquisitions, cross-listing of shares, international portfolio investment, and foreign direct investment (Babic et al. 2020). Many have become key players in global corporate debt markets, successfully competing on the world market, and performing as efficiently as private firms in some sectors (Cuervo-Cazurra 2018; Musacchio and Lazzarini 2014).

This is not simply a result of the incomplete processes of neoliberalisation implemented in the 1990s, or of re-nationalisation after failed privatisation. The recent proliferation of SOEs must also be situated within broader patterns of uneven geographical development and in the context of state strategies to secure their relative position therein. In resource-rich developing economies, the boom in commodity prices provided the material basis for the re-incorporation of SOEs in the design of new developmental strategies (Kim and Sumner 2019; Nem Singh and Ovadia 2018). SOEs played a key role in these strategies as tools to maximise rent capture, and to channel some of these rents to industrial sectors to catalyse structural transformation (Kim and Sumner 2019; Nem Singh and Ovadia 2018). SOEs also facilitated the concentration and monopolisation of capital in strategic sectors. This allows scaling up production and technological endowment, and enhancing participation in global production networks, including as lead firms, in sectors such as agro-chemicals, minerals and hydrocarbons (Lim 2018; Werner 2021). China, in particular, has systematically relied upon SOEs and policy banks to establish Sino-centric global production networks (Schindler and Kanai 2021).

Both the global prevalence of SOEs and their developmental role have been increasingly acknowledged by multilaterals. As an International Finance Corporation (the private arm of the World Bank) policy brief puts it: "Despite extensive privatization, governments continue to own and operate national commercial enterprises in key industries. State-owned industries in high-income countries, in major emerging market economies, and in many low-and middle-income countries have *endured* and *expanded*" (IFC 2018, emphasis added). The 2020 IMF *Fiscal Monitor* dedicates a whole chapter to SOEs. It takes stock of their increasingly widespread prevalence in "virtually every country", with "many governments rely[ing] on them to serve their citizens and to foster economic and social development", and notes that "SOE cross-border activity has diversified and increased in this century" (IMF 2020:1–3).

The OECD released a landmark policy document in 2015 titled "State-Owned Enterprises in the Development Process". It frames this endeavour as follows: "This publication is a first response of the OECD to the issue of what role is, or can be, assigned to SOEs as part of national development strategies" (OECD 2015:3). While it makes sure to insist that "[t]he OECD's long-standing position is that policy works better when it is aligned with market principles and supports necessary structural reform" (OECD 2015:4), it is forced to recognise that "in an interesting twist, there is growing evidence that foreign greenfield investment by SOEs located in emerging economies has a positive developmental impact in the recipient countries" (OECD 2015:36). The OECD also released two comprehensive surveys of SOEs in 2014 and 2017, and two reports on how to govern them in 2015 and 2018. Similarly, the World Bank issued several reports on the governance of SOEs over the past few years, in addition to multiple country case studies. Importantly, multilaterals have been very attentive to the uneven geography of SOE expansion. The IMF (2020:1) notes that "[t]he recent growth of SOEs on the world stage primarily reflects the rise of China's economy—where SOEs still play a large role—along with other emerging market economies". The OECD (2015:36) insists that "China plays an important role in this story ... [which] is partly the result of a deliberate policy, known in Chinese as the 'going out strategy'".

One area where state-capital hybrids have been particularly successful is of course infrastructure investment and project implementation, including in sectors such as rail and road transport, ports, airports, water, mining, and energy. A report co-authored by the World Bank and the Public-Private Infrastructure Advisory Facility (PPIAF) notes that 83% of investments in infrastructure projects in 2017 were sponsored by government-sponsored entities and SOEs in developing countries (World Bank-PPIAF 2017).[5] It also notes that 73% of SOE investment commitments were financed by public banks and public equity. According to a 2016 report written by the consultancy firm KPMG for the Global Infrastructure Hub (created by the G20 in 2014 to coordinate infrastructure investment initiatives):

> Essentially, governments are starting to recognize that it is the public sector that needs to energize projects and that, to date, they have relied far too much on the private sector to achieve their economic, social and environmental objectives. (KPMG 2016)

The report goes on to add:

> Ever since the rise of privatization and public-private partnership models in the 1980s, most governments have operated under the assumption that the private sector outperforms the public sector when it comes to procuring and delivering infrastructure. But *this can no longer be taken for granted*. (ibid., emphasis added)

The discursive shift concerning the role of the state is absolutely clear here, as well as its geoeconomic dimension, with the World Bank-PPIAF (2017:43) report underlining that "East Asia Pacific accounts for up to half of global public and private investments, with China alone accounting for a quarter", and the KPMG (2016) report insisting that "the center of gravity in the global infrastructure market is fundamentally shifting towards the East".

## *Techno-Industrial Policy, National Development Plans, and Economic Nationalism*

We now turn to the second modality of state capitalism, or what, following Sperber (2019), we called "statism" in the previous section. Here too, we find that three forms of statism, namely techno-industrial policy, national development plans, and economic nationalism, have expanded (in dialectical combination with the expansion of state-capital hybrids), taken more muscular and aggressive modalities, and made themselves more present in geographies of policymaking across the North/South divide. A (pre-pandemic) UNCTAD World Investment Report notes that:

> [i]n the decade since the global financial crisis, the number of countries adopting national industrial development strategies has increased dramatically. The rate of adoption of both formal industrial policies and individual policy measures targeted at industrial sectors appears to be at an all-time high. (UNCTAD 2018:128–129)

Elsewhere, it adds that "national development strategies" have "regained legitimacy" (UNCTAD 2018:130). A recent study finds that "[t]he number of countries with a national development plan has more than doubled, from about 62 in 2006 to 134 in 2018" (Chimhowu et al. 2019).

This proliferation of industrial and planning policies in both the developed and the developing world must be located within dynamics of uneven development and the second-wave NIDL. The UNCTAD (2018:129) report mentions "the success of fast-growing economies in East and South-East Asia has put pressure on developed countries to respond to intensified competition in trade, investment and technology. It has also inspired low-and middle-income economies to build on their experience and push industrial development through greater participation in GVCs", especially in a context shaped by this crisis of legitimacy of the Anglo-Saxon liberal brand of capitalism in the aftermath of the 2008 global financial crisis, and the multiple failures of the post-Washington Consensus to deliver significant development gains (Sheppard and Leitner 2010). States have designed a variety of plans and specific forms of government-business cooperation in order to foster the "strategic coupling" of their domestic firms with GVCs, but also new forms of technology and innovation policies to compete at the technological frontier of the Fourth industrial revolution (Thurbon and Weiss 2019; Werner 2021; Yeung 2016). This has also been accompanied with the re-emergence of spatial planning strategies, which had fallen out of fashion during the neoliberal period, "to constitute functional territories that can be 'plugged in' to GVCs in order to foster industrial upgrading and export-oriented growth" (Schindler and Kanai 2021:44).

In the face of this renewal, multilateral development institutions have started to adapt their discourse. A telling example is that of a recent IMF research paper called "The Return of the Policy That Shall Not Be Named". It argues that:

> [i]ndustrial policy is tainted with bad reputation among policymakers and academics and is often viewed as the road to perdition for developing economies. Yet the success of the Asian Miracles with industrial policy stands as an uncomfortable story that many ignore or claim it cannot be replicated. (Cherif and Hasanov 2019:2)

The paper concludes that "their high sustained growth was the outcome of the implementation of an ambitious technology and innovation policy over decades that kept adapting to changing conditions and moving to the next level of sophistication" (Cherif and Hasanov 2019:63). Since the 2008 global financial crisis, multilaterals have also increasingly embraced regional and territorial development strategies as "an antidote that can correct market and governance failures" and "a turnkey component of contemporary development policy" (Schindler and Kanai 2021:45).

This "return" of industrial and spatial planning policies has been entangled with the resurgence of various forms of economic nationalism and neo-mercantilism in a turbulent geopolitical context. Three examples are noteworthy. First, technological and innovation policy has been increasingly linked to notions of national security and geoeconomic statecraft. Competition between the United States and China over 5G technology is a case in point. Second, aid and development policy has been increasingly used as a form of "export stimulus", where the opening of investment opportunities in developing countries is meant to offer an outlet for the surplus capital of respective private sectors (Mawdsley et al. 2018). Such policies have also been geared toward achieving geostrategic objectives, resulting in the return of geographical spheres of influence and the promotion of national interests in international development (ibid.).

Third, the return to spatial planning strategies has had a strong geoeconomic and geopolitical dimension (Anguelov 2020; Kanai and Schindler 2019). In what Kanai and Schindler (2019) call the "infrastructure scramble", states and private actors compete to redesign territories by financing, constructing, and controlling large-scale infrastructure in the developing world. The objective is to "enhanc[e] economic competitiveness through enhanced connectivity to transnational value chains" (Kanai and Schindler 2019:303). For instance, the US Congress recently passed the BUILD Act, which established the International Development Finance Corporation (IDFC) with a mandate to mobilise private sector capital in the economic development of less developed countries. Endowed with a US$60 billion budget, which is equal to the exact amount China intends to invest in Africa over the next four years, the IDFC's mandate specifies that it will "provide countries a robust alternative to state-directed investments by authoritarian governments and United States strategic competitors".[6]

The argument thus far, presented visually in Figure 1, is that the rise of contemporary state capitalism in its two instantiations has significantly transformed global development landscapes since the early 2000s. More precisely, statist interventionism and state-capital hybrids have played an increasingly significant role in geographies of finance, production, infrastructure, and policymaking.

Multilaterals have taken stock of these transformations and accepted that they are here to stay. They are keenly aware of the geographies of these transformations, and particularly, of the concentration of wealth and massive financial resources outside of the capitalist core, with important geoeconomic implications. They have reluctantly acknowledged some of the developmental successes of state capitalism, while expressing the need to adapt to this new "state capitalist normal". This is remarkable inasmuch as state enterprises and state-owned financial entities were considered relics of the past, a legacy of centrally planned economies destined to be privatised as countries develop and transition to modern capitalist economies, and had long been neglected by conventional development theory and practice. Similarly, spatial development plans and industrial strategies had lost legitimacy. The discursive reorientation is therefore noticeable and significant. However, in what follows, we show that it has also been accompanied by considerable anxieties.

## Liberal Anxieties: The Risks and Dangers of State Capitalism

The rise of state capitalism in global development is presented as problematic by multilaterals. Research and policy reports emphasise a number of challenges and risks allegedly associated with it, which we examine in this section. This is a task worth our attention for the following reasons. On the one hand, we see this discursive construction of risks as having a double political objective: nuancing the

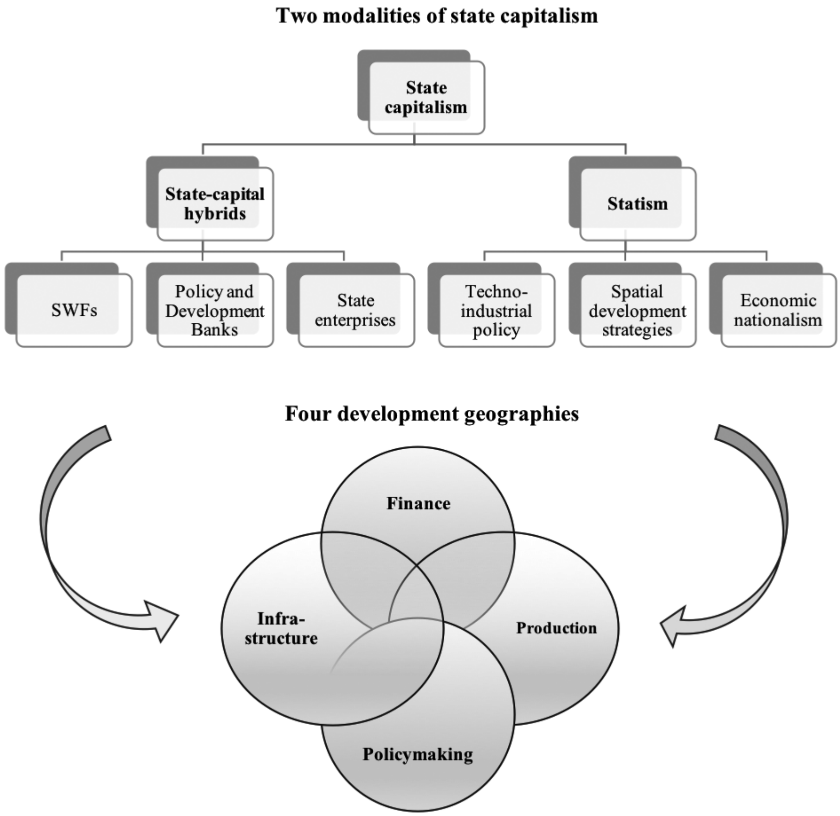


**Figure 1:** The rise of state capitalism in development geographies (source: authors)

success and developmental effectiveness of state capitalist instruments, by emphasising that significant risks and dangers come with them, is a means of attempting to limit their appeal. On the other, it will help us understand how multilaterals are positioning themselves with respect to the rise of state capitalism, and how they are gradually developing a policy line on the matter. Notwithstanding a degree of diversity of views amongst the actors considered, we identify a certain level of commonality in the discursive construction of challenges, risks, and dangers of state capitalism.[7] Unsurprisingly, many of the risks mentioned concern an alleged proneness to rent-seeking, fiscal proclivity, inefficient management, resource misallocation, lower productivity, corruption and economic underperformance at the local level. These are familiar concerns that multilaterals have expressed at length since the early days of the Washington Consensus. However, we also single out three additional types of risk: (1) uncontrolled policy emulation; (2) distorted economic competition; and (3) protectionist backlash.

## *The Risks of Uncontrolled Policy Emulation*

Emulation is widely identified as a mechanism which contributes to the proliferation of state capital instruments. For instance, the 2015 OECD report on the role of SOEs in development states: "we are not blind to the fact that a number of countries have been looking for the apparent success of, for example, some Asian governments that have relied on more state-interventionist practices to obtain growth and development" (OECD 2015:4). The report then argues:

> Whether the Washington Consensus has succeeded or failed goes beyond the scope of this report. In any case, it has fallen out of fashion in a number of developing countries, which are keenly aware of the developmental success of Asian economies (currently China, but previously Japan, Korea, Singapore and Chinese Taipei) that did not subscribe to market fundamentalism in the early stages of their development process. All of these countries depended heavily on state intervention to further economic development, in some cases (specially in China and Singapore) including widespread state ownership of enterprises. (OECD 2015:19)

However, the report is quick to emphasise that "the policy implications of this approach may in practice run into major obstacles", and goes on to list "a malfunctioning or corrupt public sector", and the "hijacking" of policies by "interest groups and entrenched businesses" (OECD 2015:21). In sum, "[e]ven if one accepts as a fact (and for the reasons suggested above, this is not obvious) that the state can and should play a role in developing industries, it is far from obvious that this needs to extend to corporate ownership" (OECD 2015:26). Policy emulation in circumstances beyond a narrow set of parameters (which we discuss below) is considered risky.

UNCTAD also identifies emulation as a mechanism of proliferation of state capitalist instruments (although it does not necessarily see risks in this), not just in developing countries, but across the North/South divide: "The success of fast-growing economies in East and South-East Asia has … inspired low-and middle-income economies to build on their experience and push industrial development through greater participation in GVCs" and it has also " … put pressure on developed countries to respond to intensified competition in trade, investment and technology" (UNCTAD 2018:129).

The 2013 "Global Financial Development Report" issued by the World Bank argues "[t]he state can try to run parts of the financial system directly, but evidence shows that approach to be very costly" (World Bank 2013:4). The report is at pains to portray emulation as risky, especially in poorer countries that do not have "appropriate" institutional frameworks:

> In less developed economies, there may seem to be more scope for the government's involvement in spearheading financial development. However, less development is often accompanied by a less effective institutional framework, which in turn increases the risk of inappropriate interventions. (ibid.)

In other words, there is a specific geography to the risks of state capitalism: if its unchecked proliferation is considered to be a general source of concern, it is perceived as a particularly dangerous risk in non-western, poorer countries, where the separation of the economic and the political is seen as more fragile than in (western) liberal heartlands. Presumably, expanding the scope of direct state intervention and ownership in developing countries is dangerous because it may trigger a move away from liberal modes of governance and development, when the stability of liberal institutions in western countries would prevent such drift. As we will see in a later section ("Articulating a New Vision of the State in Development"), the injunction to "reform" and "modernise" state-capital hybrids in developing countries (following OECD guidelines and IMF expertise) is not only aimed at improving their governance and transparency, but also at keeping processes of policy emulation in check.

## *The Risks of Market Distortion and "Unfair" Competition*

One of the main risks which multilaterals associate with the rise of state capitalism is that of market distortion and flawed competition. Here the concern is threefold. First, that state-capital hybrids themselves may not be subject to strict market disciplines. The policy recommendations of the IMF in its 2020 "Fiscal Monitor" report regarding SOEs are precisely about making sure that they are. It makes the case for designing "effective governance frameworks" to ensure "transparency of economic performance and of relationships with governments", to provide the "right incentives" so that "SOEs set prices that reflect costs" and that SOEs are under rigorous financial oversight and monitoring (IMF 2020:2). The objective is that SOEs are themselves disciplined by market or market-like mechanisms. It is also related to a second concern, which is that they do not "generate unfair competitive advantages over private firms" (IMF 2020:1).

Indeed, state-capital hybrids must compete "fairly" (as the same IMF report puts it) with privately-owned capitals. Importantly, multilaterals emphasise that this concern is compounded by the fact that state-capital hybrids are now very large actors which operate internationally: "This concern has long been present in domestic markets, but, more recently—with the internationalization of SOEs and their large size—it has spilled across national borders" (ibid.). A 2015 OECD report echoes this:

> SOEs in emerging economies are increasingly making their presence felt in the international marketplace though foreign trade and investment. As a corollary, they are more likely to find themselves competing with foreign private enterprises … If those SOEs still enjoy government subsidies or other material advantages at the time of internationalisation, this may be a cause for concern. (OECD 2015:12)

The report adds: "China plays an important role in this story … Chinese investments in the African resource sector have grown rapidly in recent years. This development has given rise to some concern about unwanted side-effects" (OECD 2015:36).

This relates to the third concern, which is that state-capital hybrids may not invest their vast resources in market-conforming ways, whether in the form of sovereign lending, or investment in private firms and infrastructure projects. What is seen as a risk here is that the "patient" capital provided by state-capital hybrids (including Chinese development finance), can lead to a shift away from liberal (and western-dominated) market-centric finance, and/or to a distortion in market forces. According to a KPMG (2016) report written for the G20's Global

Infrastructure Hub, state-controlled investments in infrastructure "often prioritize objectives other than pure return on investment and therefore tend to distort capital market flows and returns", which is seen as an obstacle to "predictable and stable investment environment". Multilaterals indeed underline that such objectives can be, or can be perceived to be, "non-commercial". For instance, the IMF notes that "SOE expansion abroad is not always based on commercial objectives but may reflect other home country goals, such as control of natural resources, acquisition of technology, or political or diplomatic objectives" (IMF 2020:21). This, to some extent, mirrors growing angst amongst western business and policy circles that the huge resources and market power of non-western state-capital hybrids can be used for achieving geostrategic objectives or for expanding statecraft (e.g. Bremmer 2010; Kurlantzick 2016).

## *Risks of (Geo)Politicisation and Protectionist Backlash*

The pursuit of noncommercial objectives via state-capital hybrids, or perception thereof by both market and state actors (particularly in the west), is the source of another risk category clearly identified by multilaterals, namely that the rise of state capitalism may lead to a politicisation of economic relations and to protectionist reactions, especially in the current geopolitical context of mounting tensions between the United States and China. According to the OECD (2015:12, 21):

> Partly in consequence [to the increase in outward state-controlled investment from emerging economies], governments around the world have become more active in their effort to formulate policies for dealing with international investment from SOEs … [And there are risks that] such practices will spark a protectionist backlash abroad.

This is also noted by the IMF (2020:21), which argues that "[a]s SOEs have grown in scope and size, their drawbacks have spilled over to other countries, leading to calls for protectionist measures". The IMF underlines that these risks are compounded by the absence of a global governance framework in the matter: "Domestically, some countries have frameworks that seek to promote fair competition between SOEs and private firms (for example, in Australia and the European Union). At the global level, however, there is no common framework" (IMF 2020:1).

UNCTAD (2018, 2020:xi), too, identifies this as a key risk. It underlines that one-third of national investment policies adopted in 2018 introduced restrictive measures on FDI (the highest proportion in 20 years), and that many advanced economies have introduced "more rigorous screening of investment in strategic industries on the basis of national security considerations" over the past few years. Noting that "[a]t least 11 large cross-border MandA deals were withdrawn or blocked for regulatory or political reasons" (2020:xi), UNCTAD argues that this trend towards "growing economic nationalism" and "towards more interventionism, rising protectionism" is one of the main challenges to "the system of international production", "global investment and investment policymaking", particularly in a context of "geopolitical and financial risks and continuing trade tensions" (2020:x–xi, xiii).

A KPMG (2016) report for the G20's Global Infrastructure Hub is even more explicit in its identification of the so-called "new Cold War" as a key contextual element and potential factor of politicisation of economic relations. It argues that one of the key trends that will influence the world of infrastructure in the next years is geopolitical reordering in a context of global uncertainty: "Interestingly, it's largely the emerging and developing markets that are using this uncertainty to make big plays", and goes on to note in particular the rise of China as well as "Gulf States' continued investment into western assets". Here too, the geographies of these risks are uneven: while the danger of protectionist backlash is clearly portrayed as global, it is nonetheless largely attributed to the threat of state-capital hybrids coming from the east. Western states may also be to blame for the global protectionist backlash, but theirs (according to the report) is a relatively rational and understandable reaction in the face of the threat of eastern state-capital hybrids.

In sum, the three categories of risks identified in multilaterals' discourse largely exceed the general scepticism with state intervention that one may typically expect from (neo)liberal-minded institutions (proneness to corruption, mismanagement, inefficiency, etc.). These categories betray a profound apprehension about the direction in which the political form of global capital accumulation may be rapidly heading, namely, one in which the unchecked proliferation of statism and non-market conforming state-capital hybrids may blunt competitive value-disciplines, trigger a certain move away from liberal (western-dominated) market-centric governance, politicise economic relations and intensify geopolitical and geoeconomic tensions between nation-states, which may in turn erect drastic barriers to the circulation of capital as a whole. It is this deep liberal anxiety which underwrites the current re-articulation of "big D" Development.

## Articulating a New Vision of the State in Development

As the evidence provides, there have been noticeable shifts in the discourse of multilaterals (and, not covered in this paper, bilateral development agencies) concerning the role of the state in Development. Evidence supports the argument that a gradual "normalisation" of the role and place of state-capital hybrids in the global economy is under way (Kim 2020). We argue, though, that this normalisation is currently happening under specific parameters. To emphasise the *political* nature of this process, we prefer to speak of an articulation of a new vision of the state, of the like that Hart, following the distinction introduced earlier, calls "big D" Development. In this section we outline its emerging contours. Certainly, the emergence of such a vision can only be a protracted, ambiguous, if not contradictory process. Fully characterising it would also require examining a multiplicity of actors beyond multilaterals. Notwithstanding these caveats, we contend that it is possible to clearly identify some of the key features of this new vision of Development, which sheds light on some of the political objectives this vision hopes to achieve. We make three arguments.

First, we note that the emerging vision is characterised by an embrace of a fuller role of the state in Development (than the post-Washington Consensus), including *as promoter, supervisor, and owner of capital*. Importantly, such a view of the state does not provide unconditional support to all forms of statism and state-capital hybrids. This much is clear from the multiple statements where multilaterals define their project of carving out a new view for the state in Development. For instance, the 2013 "Global Financial Development Report" is explicit in its attempt to navigate the following tensions while articulating a new role for the state:

> Two building blocks underlie the report's view of the role of the state in finance. First, there are sound economic reasons for the state to play an active role in financial systems. Second, there are practical reasons to be wary of the state playing too active a role in financial systems. (World Bank 2013:1)

A 2017 World Bank report on state-owned banks aims to strike a sort of balance between "laissez faire" and "interventionism". Similarly, the vision articulated by multilaterals in the context of debates about participation in GVC is one where state interventions are "directed towards various constellations of firm and non-firm actors as a 'third way' between state-minimalist and state-coordinated approaches" (Werner et al. 2014:1219). This makes clear that the new view of the state involves a certain re-adjustment of what is considered the appropriate scope and extent of state intervention, one which nonetheless remains resolutely within the liberal ambit. However, its exact parameters remain elusive.

To further characterise this adjustment, consider a concrete example: the partial (and for some still reluctant) recognition that state-capital hybrids *can be* legitimate developmental tools, which is a fundamental feature of this adjustment. The new agenda walks a tightrope, acknowledging the existence and relative success of a wide range of complex hybrids of public and private actors in development, while simultaneously remaining rooted in a firm commitment to liberal forms of governance, which are by definition predicated on a neat separation of the economic and the political. The way in which it reconciles these two seemingly opposite propositions is by conducting a rather subtle operation, epitomised by the following statement from a World Bank official: "The goal is to professionalize and depoliticize state ownership" (IFC 2018:1). Put differently, the emerging view of the state strives to *extract some forms of state ownership* (the modern, professionally managed, well-governed, market-oriented state-capital hybrid—possibly indicating one in which management consultants and large-scale contractors play an increasingly central role in both policy formation and service delivery) *from the very category of the political*. This is not so much a relaxation of the liberal stance on state ownership (even less so a move away from it) as a *mutation* of it, one that allows preserving and reaffirming a clear-cut separation between the economic and the political under a new guise, and one that simultaneously (supposedly) establishes a clear distinction between liberal and illiberal forms of state-capital hybrids. The KPMG (2016) report cited earlier points at the same process when it says:

> Over the long term, we expect the private and public sectors to continue to drive each other to achieve ever-higher levels of performance, regardless of the chosen implementation method. As a result, we expect to see fewer public and private decisions being made on *"ideological" grounds* in the future. (emphasis added)

By presenting certain types of state-capital hybrids as post-ideological, depoliticised creatures, the new view can delineate a liberal role for the state as owner of capital in Development, legitimating some uses and forms of state-capital hybrids, while delegitimating others and negating their role in Development.

Second, and in relation to the previous point, the new vision reaffirms notions of progress and modernisation as applied to state-capital hybrids. This is a key theme of the multiple OECD, World Bank, and IMF reports dedicated to the governance of SOEs and state-owned banks. The argument is simple: transforming the "old", inefficient, corruption-prone state-capital hybrids into fully legit economic and development actors is presented as a process of *modernisation*. Development, then, also consists in modernising state-capital hybrids, by "strengthening the quality of governance", "professionalising government ownership", "strengthening commercial orientation", "introducing independent boards of directors", "improving firm-level financial incentives", adopting "modern risk management practices" and "effective governance frameworks", and the like. With the emerging vision, the notion of modernisation of state-capital hybrids has experienced a mutation too: throughout the 1990s, modernising state-capital hybrids simply meant privatising them (under almost any circumstance). By contrast, in the 21st century, modernising state-capital hybrids means turning them into organisations that mimic the practices and organisational goals of comparable private-sector entities, adopt the techniques of liberal governance, and are broadly market-confirming. Furthermore, as they articulate this new vision, multilaterals present themselves as centres of knowledge, technical expertise, and self-endorsed authority to assist in this process of modernisation. The OECD (2015:5), for example, consistently repeats throughout its reports that "it is the leading forum for standard setting and knowledge sharing in the areas of government ownership and corporate governance of SOEs".

Third, the emergence of this new vision is a *reactive* process. It is being articulated as an explicit response to the "small d" capitalist dynamics and geopolitical constellations discussed above (in "State Capitalism and Changing Development Geographies"). Reports from multilaterals emphasise that there is a need for traditional development actors "to react", "adapt" and "draw lessons" from the current rise of state capitalism. This may be seen as explicit admissions that these actors are struggling to remain relevant in a rapidly changing world. Yet, at a deeper level, this must be interpreted in light of the role that they play in the governance of global capitalism: these are liberal institutions fundamentally concerned with lifting barriers to the accumulation of capital and with facilitating its flow on a planetary scale. The point we made in the following section ("Liberal Anxieties: The Risks and Dangers of State Capitalism") about the liberal anxieties generated by state capitalism is particularly relevant here. We see the articulation of this new vision of the state in Development as playing a fundamentally political role: it is an attempt at minimising the multiple risks and dangers that are perceived to be associated with the current rise of state capitalism. This includes minimising the potential for the political "use" of state-capital hybrids, which would risk creating a further (geo)politicisation of economic relations and a spiral of protectionism, particularly in the tense geopolitical context. This also includes controlling the proliferation of state-capital hybrids and making sure that they assume liberal forms (especially in developing countries). Finally, this involves ensuring that their increasing cross-border activities create the fewest frictions possible in the global circuits of trade, production and finance, and do not disrupt the competitive operations of the law of value. Put differently, we see the discursive re-legitimation of the state in Development, and its limited embrace of state-capital hybrids, as a *strategic ideological adjustment* to preserve and further enshrine the centrality of market regulation in Development in an age of rising state capitalism and turbulent geopolitical reordering.

## Conclusion

Our analytical focus in this article has been on the current re-articulation of the Development project in relation to global dynamics of capital accumulation and geopolitical forcefields. Drawing upon research papers and policy documents released by key multilaterals since the early 2010s, we have identified a gradual yet fundamental reorientation of official agendas and discourses about the state, which now embrace a fuller role of the state in development, including as promoter, supervisor, and owner of capital. Our analysis has expounded the material context in which this new vision is emerging. Two interrelated transformations are particularly important. First, the current rise of state capitalism, which we understand as a world-historical phenomenon rooted in the development and geographical remaking of capitalism. The political mediation of this process of capitalist restructuring by the state (at multiple scales and across the global North/South divide) has resulted in the uneven and combined development of more muscular forms of statism and the expansion of state-capital hybrids. Second, the rapid development of China, and the intensification of competition between traditional powers and emerging contenders, have increasingly politicised the rise of state capitalism and escalated geopolitical tensions.

Combined, these two global transformations have partially fractured the geographies of production, development finance, infrastructure, and policymaking, prompting traditional development actors such as multilaterals to react to this new "state capitalist normal". Our key contention is that such reaction has taken the form of a *strategic discursive and ideological adjustment* (involving a certain re-legitimation of the state in Development, and a limited embrace of state-capital hybrids) which has been buttressed by a profound apprehension for the direction in which the political form of global capital accumulation may be heading.

Our argument invites four main conclusions. First, and returning to the "Maximizing Finance for Development" agenda discussed in the introduction, it has implications for how we conceive of the changing role of the state in Development at the current historical juncture. The deepening of financialisation, the extension of market-based finance, and the further entrenchment of the interests of Wall Street may well be an important political economic factor shaping the redefinition of the role of the state. We also agree that such re-articulation is ultimately geared towards entrenching the centrality of market rule in development.

However, we argue that notions of the "death of Development" (pace Carroll 2015) only imperfectly capture the extent of such redefinition. Similarly, it may be reductive to characterise such re-articulation as the unequivocal narrowing of the scope for state intervention to the mere "de-risking" of private financial capital (pace Gabor 2020). Our sympathetic critique to these arguments is that they potentially downplay the extent of the discursive and ideological work at play in the redefinition of the role of the state, and its complex relation to geographical capitalist restructuring and geopolitical reordering, as we show in this article.

Second, our approach and argument bring together a number of important claims that have been made concerning transformations in the global development regime, albeit in relative isolation from each other. Recent scholarship has studied the mutations of the (post-)Washington Consensus (Güven 2018; Sheppard and Leitner 2010), the renewed focus on large-scale infrastructure and spatial planning practices (Schindler and Kanai 2021), the return of classical liberal notions and modernisation principles (Mawdsley et al. 2018), and the tendency to increasingly centre the logic and objectives of national and international security in mainstream development theory and practice (Essex 2013). A focus on the changing role of the state in relation to Hart's (2010) D/development dialectic, seems to us a particularly useful epistemic angle to tie these threads (and others) together in a comprehensive geographical political economy of the turbulent global development regime.

Third, much recent scholarship on multilaterals tends to reflect on their place in the context of the current crisis of US-led international liberal order (e.g. Ikenberry 2018). Yet, these institutions are not only cornerstones of the international liberal order, they are also (and, perhaps, foremost) regulative agencies committed to the global imposition of disciplines central to capitalist reproduction. Cammack (2010) may well be right when he argues that they embody and enforce a universal class project cantered on embedding global competitiveness. However, these institutions remain permeated by geopolitical forcefields. Our conclusions suggest that there is a need for more research into how they adapt their discourses and development practices concerning the state in response to geographical capitalist restructuring and geopolitical reordering. We draw attention in particular to the ideological dimension of this process, whereby intellectual production and discursive operations such as the championing of reform agendas are deeply implicated in the construction of a clear separation between the private and the public (Charnock 2008). The challenge, then, is not only to expose how maintaining this fetishised boundary (including by subtly shifting its parameters, or hollowing it out by bringing, for example, management consultants deeper into government) is so central to liberal governance and contributes to concealing and depoliticising the contradictions of capitalism. The challenge is also to uncover how multilaterals aim at transforming these discourses about the public/private boundary into orthodoxies which legitimate some specific forms of state intervention and ownership and negate the political legitimacy of others.

Finally, future research may investigate how the process of redefinition of the role of the state in Development may be accelerating in the post-pandemic world, the extent to which it is the object of political struggles between actors within and beyond multilaterals (including in developing countries), and the gaps that may exist between discourse and practice. Indeed, at the time of writing, a series of reports found alarming evidence that where the IMF has provided financing, post-Covid, developing countries have had to drastically curtail public sectors and implement deep austerity cuts (Munevar 2020).

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## Endnotes

[1] By *second-wave* NIDL we refer to the drastic acceleration and deepening in the 1990s–2000s of the "new" international division of labour which had started in the 1960s, and its extension into more complex sectors, including high-tech industries characterised by technological dynamism and a high intensity of intellectual labour (Charnock and Starosta 2016). This resulted in industrial upgrading in East Asian late-industrialising countries, the concentration of low-skilled labour-intensive manufacturing activities in China and South East Asia, as well as the emergence of a new global pattern of production and consumption. This, however, did not signal the demise of the "classic" international division of labour, where a number of countries are integrated into the world market as exporters of primary commodities, notably in Latin America, Africa, and the Arab Gulf.

[2] We use the notion of uneven and combined development as developed by Peck (2019). It emphasises the unstable geographical remaking of capitalism, involving both "universalisation-cum-equalisation" and "differentiation-cum-fragmentation" tendencies, and a multiplicity of asymmetrical relations and unequal articulations across scale and territory.

[3] See https://www.swfinstitute.org/fund-rankings/sovereign-wealth-fund (last accessed 3 November 2020).

[4] It is also telling that the inaugural "Global Financial Development Report", released by the World Bank in 2013, is called "Rethinking the Role of the State in Finance". The report covers not just the state as a supervisor and regulator of financial systems, but also the "the state as owner". It dedicates a whole chapter to state-owned banks, and reviews some of their developmental success. The report nonetheless argues that, as crises recede, governments should privilege less direct forms of intervention.

[5] The PPIAF is an organisation funded by western donors and dedicated to "strengthening the foundation of governments in emerging markets and developing countries so they can generate a pipeline of bankable projects" (see https://ppiaf.org).

[6] BUILD Act of 2018, H.R. 5105, 115th Congress (2017-2018); Sec. 101, Para. 6; https://www.congress.gov/bill/115th-congress/house-bill/5105/text#toc-H3AB4B19F6A8A41C09CA23BA436D8981A (last accessed 3 November 2020).

[7] UNCTAD, for instance, is characteristically more open to direct state intervention than, say, the World Bank. There is also heterogeneity within institutions. For example, the research output of the IMF tends to be less orthodox than its more policy-oriented material.

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