

Rethinking Globalization and the Transnational Capitalist Class: A Corporate Network Approach
toward the China-U.S. Trade War and Inter-Imperialist Rivalry

by

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Supervisory Committee

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Abstract

The arrest of Meng Wanzhou and the Huawei prosecution have revealed a mounting battle for high-tech supremacy between the United States and China. The ongoing technology war and the trade war are merely one dimension of a far-reaching and accelerating imperialist rivalry. The changing reality on the world stage has urged a reconsideration of the thesis of transnational capitalist class (TCC) and theory of globalization in general. By reviewing the historical debate between the globalist and critical realist schools, I argue that William Carroll's theoretical frame of global capitalism grounded in corporate network research through emphasizing a dialectical process of the 'making' of the TCC is better equipped to explain the unfolding Sino-U.S. conflict. Following Carroll's multilayered approach to corporate network research, I conduct a corporate network analysis to examine the directorate interlocks of 40 Chinese transnational corporations (TNCs) selected from the Fortune Global 500 list. My study has found that the transnational networks of Chinese TNCs have remained considerably sparse, contained within condensed national networks. The globalization of Chinese TNCs and Chinese corporate elite has been modest and has not undermined or replaced the national base. This is due to two crucial reasons: the statist character of Chinese capitalist class and the regionalized development of global capitalism and class formation. In concordance with Carroll's network research of Western companies, my study of corporate China reaffirms the fragility of the TCC, its internal friction, and potential decomposition. It also provides a material ground for analyzing the Sino-U.S. inter-imperialist rivalry as a structural development out of global capitalism and its class relations. My thesis study, therefore, offers the first attempt to draw a direct linkage between corporate network formation and geopolitical conflict.

Table of Contents

Supervisory Committee.....	ii
Abstract.....	iii
Table of Contents.....	iv
List of Figures.....	v
List of Tables.....	vi
Acknowledgments.....	vii
Introduction.....	1
Chapter 1: The Growing Sino-U.S. Inter-Imperialist Rivalry.....	6
Chapter 2: Globalism versus Critical Realism in Understanding Capitalist Globalization.....	17
Chapter 3: Method and Data.....	32
Chapter 4: Findings.....	38
Chapter 5: Discussion.....	67
Conclusion.....	85
Bibliography.....	88
Acronyms for Figures and Tables.....	94

List of Figures

Figure 1: Ownership Types of 40 Core Sample Chinese Transnational Companies (TNCs) by Industry Sector.....	40
Figure2: Ownership Types of 40 Core Sample Chinese Transnational Companies (TNCs) by Headquarters Location.....	41
Figure 3: Headquarters of Neighbor Companies by Number of Current Interlocks.....	46
Figure 4: Headquarters of Neighbor Companies by Number of Asynchronous Interlocks.....	47
Figure 5: A Network Diagram of the 40 Chinese TNCs and Neighbors (Full).....	51
Figure 6: A Network Diagram of the 40 Chinese TNCs and Neighbors (Strong Ties).....	52
Figure 7: Sector Homophily between the Core TNCs and Neighbor Companies.....	60
Figure 8: Geographic Proximity between the Core TNCs and Neighbor Companies.....	61
Figure 9: A Network Diagram of Asynchronous Interlocks (Full).....	63
Figure 10: A Network Diagram of Asynchronous Interlocks (Strong Ties).....	64

List of Tables

Table 1: 40 Core Sample Chinese TNCs Selected for the Study.....	39
Table 2: Directorate Interlocks of the 40 Chinese TNCs.....	45
Table 3: Number of Interlocks by Sector.....	50
Table 4: Directors' Backgrounds and Types of Interlocking at the 25 State-Owned Enterprises (SOEs).....	71

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Introduction

Ms. Meng Wanzhou, chief financial officer of China's telecoms giant Huawei and oldest daughter of the company's founder and Chairman Ren Zhengfei, was arrested in Canada on December 1, 2018, upon the request of the United States. The arrest warrant was issued by the Eastern District of New York, which charged Meng for violating U.S. law by breaking American sanctions on Iran. Meng's detention is not an isolated event but rather has revealed a growing inter-imperialist rivalry between the United States and China. If Huawei's violation of the American sanctions on Iran is grounded on hard evidence, the United States government's blacklisting of the company and its attempts to persuade other countries to abandon Huawei's 5G technology in the name of national security are more speculative and political in nature. The Sino-U.S. struggle for high-tech supremacy and the U.S. plan to torpedo China's state-initiated program, 'Made in China 2025,' which aimed to push the Chinese economy up the global value chain by promoting technological advancement of Chinese manufacturing in 10 critical industrial sectors, is suspected to be the real reason behind the Huawei prosecution (Tabeta and Kawanami, 2018) and for the trade war (Zhou and Wang, 2019).

The technology war and the trade war between China and the U.S., in turn, has disclosed a more far-reaching geopolitical and geoeconomic contest. The U.S.' Pivot to Asia and China's Belt and Road Initiative (BRI) are two grand strategies being adopted to counter one another. The regime change from Obama to Trump has witnessed a rather consistently forceful approach in dealing with China: to shift the geographic focus from the Middle East to East Asia through increased economic and political-military arms (de Graaff and van Apeldoorn, 2018; Wang, 2016). This has shown that the twenty-first century United States has revised its China policy from a rather minimal containment approach to comprehensive containment (Etzioni, 2016).

Similarly, China's BRI was launched with both economic and political-military ambitions. On the one hand, it is aimed to cope with the country's economic challenges by building one of the largest economic zones in the world. On the other, strengthened regional economic ties accompanies China's geopolitical objective to deepen its regional influence and to counteract the Pivot to Asia by renovating the deteriorated relations with its neighboring countries and reiterating the notion of win-win (Wang, 2016; Womack, 2013; Yu, 2017).

The mounting geopolitical struggle between the two largest economies in the world has urged a reconsideration of the thesis of transnational capitalist class (TCC) and the theory of globalization in general. By highlighting the rise of China as a capitalist empire and showing the growing intensity of China-U.S. rivalry, I aim to make a theoretical intervention in the historical debate between the globalist and critical realist schools regarding the nature of capitalist globalization and the TCC. The most recent trending of the globalist school is best represented by William Robinson and Jerry Harris's works, which, I argue, have dovetailed with a postmodernist framework of capitalism as exemplified by Hardt and Negri's (2000) *Empire*, and supported a liberal or Kautskyian notion of capitalist internationalism.

The critical realist school grounded in corporate network research has challenged the globalists in two major ways. Firstly, by revealing a highly regionalized TCC community anchored in the global North and the failed integration of Southern capitalists, corporate network research has shown the continued importance of traditional geographic boundaries of the nation-states in class formation. It therefore calls into question the postmodernist decentered/deterritorialized/post-statist framework of capitalism, which tends to romanticize a homogeneous TCC being detached from the nation-state and eventually replacing the geopolitical state with a post-geopolitical/post-statist supranational governance. In addition, by

charting a heterogeneous TCC community, corporate network research also rejects the liberal or Kautskyian notion of that strengthened economic interconnections would bring about class harmony and political peace of different national capitals and nation-states.

After an analysis of the China-U.S. inter-imperialist rivalry (Chapter 1) and a review of the historical debate between the globalist and critical realist schools (Chapter 2), Chapter 3 and Chapter 4 of my thesis will conduct a corporate network analysis to examine the interlocking directorates of 40 Chinese transnational corporations (TNCs) across 10 business sectors chosen from the 2019 Fortune Global 500 list. In particular, I will draw upon de Graaff and van Apeldoorn's (2017; 2018) methodological approach in concentrating on a small sample group for doing network analysis while enriching the statistical data analysis with biographical detail of the corporate directors. My thesis aims to expand on the often Western-focused corporate network research or, otherwise, network studies of only a small fraction of the Chinese capitalist class (e.g., the oil elite) by concentrating on China and by including a wide range of Chinese companies in the study. It intends to show a broader perspective of how China's corporate elite as a whole encounters the Northern-based TCC community while giving close attention to analyzing the political implications with a focus on the Sino-U.S. trade war and wider geopolitical conflict.

Following Carroll and colleagues' multilayered approach toward network mapping on the national, regional and transnational levels (Carroll and Fennema, 2002; Carroll, Fennema and Heemskerk, 2010), I have come up with a similar research question for corporate China: to what extent and how the 40 Chinese TNCs – through mutual board directors – are interlocked with other Chinese firms (the national aspect), with companies of other Asian countries (the regional dimension), and with firms of non-Asian countries (the transnational facet). In concordance with

de Graaff's (2014) and Carroll's (2020) findings of the minimal integration of Chinese fossil fuel elite into the TCC, my study has revealed that the transnational networks of corporate China are quite sparse, contained within condensed national networks. The globalization of Chinese TNCs and Chinese corporate elite has been modest and has not undermined or replaced the national base. Not only are the transnational interlocks of Chinese TNCs scanty but they are also mostly connected to smaller-sized companies who are marginal stakeholders instead of representatives of the Northern-based TCC. Instead of working toward the formation of a TCC community, the transnational networks of Chinese TNCs tend to serve rather functional purposes – for strategic investment, stakeholder partnership, or parent-subsidiary relationship.

Chapter 5 of my thesis will form a discussion which aims to theorize the network findings by drawing a direct connection between corporate network formation and geopolitical conflict. The critical realist school grounded in corporate network research has provided a more cogent explanation to the twentieth-first century China-U.S. imperialist rivalry by highlighting the regionalized foundation of globalization bound to traditional geographic boundaries of the nation-states. The regionalized nature of capitalist globalization and heterogeneous TCC formation support the fact that despite the growing economic interdependence between China and the United States over the past decades (e.g., cross-border trades, holding of debt, and flows of investments), it does not lead to political peace among their respective national ruling classes. On the contrary, with the escalating geopolitical struggle between China and the United States, which mirrors the pan-European inter-imperialist clashes in the early twentieth century, the Kautskyian talk of capitalist internationalism is again collapsing in front of our eyes, like it did a century ago.

Carroll's (2010) theoretical frame of global capitalism and the TCC has underlined the

‘making’ of the TCC as a dialectical progress and a reflection of the uneven development of capitalist globalization. The TCC are being driven together by their shared interests in maintaining a stable global economy for capital accumulation while at the same time being torn apart as a result of internal competition backed by their own state apparatuses. Embedded within a, historically speaking, ever tightened TCC is regular conflict and constant rollback. Capitalist peace (whether in the form of ceasefire agreement or ultra-imperialist alliance) is not a static condition but a dynamic process, so capitalist peace is always capitalist truce in nature, in Lenin’s (1987[1917]) terms. The fragility and internal friction of the TCC denote the possibility of its decomposition and the upcoming of another inter-imperialist war, “as crises in the world system deepen, interstate rivalries may intensify, and the putative unity of the TCC may itself be severely tested” (Carroll, 2014, pp.180-81). Corporate network research, therefore, has provided the material ground for analyzing the China-U.S. imperialist rivalry as a structural product of global capitalism and class relations. The unfolding China-U.S. conflict, I argue, is only the opening scene of twenty-first century inter-imperialist struggle.

Chapter 1: The Growing Sino-U.S. Inter-Imperialist Rivalry

The Huawei Prosecution and Sino-U.S. Geopolitical Struggle

Meng Wanzhou was arrested in the Vancouver International Airport, Canada, as she was trying to change airplanes on a trip from Hong Kong to Mexico. An arrest warrant had been decreed by the Eastern District of New York on August 22 before Meng was handcuffed in Canada on December 1, 2018, at the behest of the United States following the extradition agreement between the two countries. As stated by John Gibb-Carsley, an attorney with Canada's Department of Justice, Meng had violated United States law for the reason that she had broken the American sanctions on Iran by doing business with the country and by importing to Iran American computer parts and technologies. This was done through a marionette company called Skycom Tech based in Hong Kong that was found to be under direct control of Huawei (Conger, 2018). Huawei was under investigation also for illegal bank transactions through the U.S. financial system, according to Reuters (Freifeld, 2018).

Meng belongs to the inner core of the Chinese capitalist/Chinese Communist Party (CCP) elite. Her mother was a daughter of Meng Dongbo, former deputy governor of Sichuan (a southwestern) province. That is where Meng got her surname from. Her father, Chairman Ren Zhengfei, also came from a well-off family and started his career by working as an engineer for the People's Liberation Army (Davies, 2018). Chairman Ren founded Huawei Technologies in 1987, through which he became a self-made billionaire who was ranked 83 by Forbes among the richest Chinese in 2018 with an estimated net worth of \$US3 billion. A capitalist elite is inextricably a CCP elite – a typical success story in China. Because of her close blood ties and elevated status within the Chinese elite, Meng's arrest was seen as a terrible insult if not an open war on the Chinese ruling class.

While a symbolic event in itself, Meng's case only revealed the tip of the iceberg of the mounting Sino-U.S. conflict. If Huawei's violation of the American sanctions on Iran is grounded on hard evidence, the U.S. government's pressure on Britain and other countries to abandon Huawei's 5G network construction services in the name of national security is surely more speculative and political in nature. The Sino-U.S. struggle for high-tech supremacy and the U.S. plan to torpedo China's state-initiated program, 'Made in China 2025,' which aimed to push the Chinese economy up the global value chain, is suspected to be the real reason behind the Huawei prosecution (Tabeta and Kawanami, 2018) and for the trade war (Zhou and Wang, 2019). President Donald Trump, for example, has frankly admitted when speaking to Federal Communications Commission Chair Ajit Pai, "We cannot allow any other country to out-compete the United States in this powerful industry of the future. We are leading by so much in so many different industries of that type, and we just can't let that happen. The race to 5G is a race America must win" (U.S. White House, 2019). The U.S.' attempted takedown of Huawei therefore signifies a larger battle for high-tech supremacy between the two countries: one is positioned as the Lockean heartland hegemon and the other as a Hobbesian contender state challenging a weakened American hegemon (van der Pijl, 1998).

The technology war and the trade war have unveiled a larger geopolitical and geoeconomic contest. The United States' Pivot to Asia and China's Belt and Road Initiative (BRI) are two grand strategies being used to counter one another. The Pivot to Asia is a foreign strategy first developed under the Obama administration to target the emerging China by shifting the geographical focus from the Middle East to East Asia, which constitutes economic as well as political-military means. The U.S. government has planned to deploy 60% of its naval power to Asian and Pacific regions by 2020 (Shifrinson, 2018; Wang, 2016). The military reinforcement

parallels arms sales to Taiwan, ongoing navy presence in South China Sea and Taiwan Strait, soaring military budgets, and improving state relations and deepening military cooperation with China's neighboring countries.

The economic arm, in contrast, has been exercised in a less coherent but increasingly forceful way with the regime change from Obama to Trump. The Trans-Pacific Partnership (TPP) previously constituted an essential part of the Pivot to Asia, which, by building one of the most massive free trade zones in history, was also seen by the United States and its allies as a geopolitical weapon to curb China's rise (Harvey, 2018, p.161). The TPP, therefore, aimed to exclude rather than to engage China (de Graaff and van Apeldoorn, 2018; Yu, 2017). Robinson (2017) cannot be more mistaken when citing the TPP as a victory of transnational capital rather than an indicator of an escalated Sino-U.S. geopolitical struggle. The TPP was dropped by the Trump administration and yet the China-U.S. conflict did not cease fire thereafter; instead, it has been carried out on other fronts, which involves more head-to-head combat. The mounting trade war and technology war (with Huawei being at the center of the storm) are important examples of the increasingly naked confrontation. Even though the Pivot to Asia is not a new invention but more a continuation of the long-term U.S. policies to engage and simultaneously to contain China (Rachman, 1996; Wang, 2016), it does show signs of growing hawkishness in the U.S.' China policy: from a rather minimal containment approach to comprehensive containment (Etzioni, 2016).

Similarly, China's BRI (complemented by the establishment of the Asian Infrastructure Investment Bank [AIIB]) was launched with both economic and political-military ambitions. The BRI project was first proposed by Chinese President Xi Jinping in 2013 with the sequential foundation of the AIIB to allocate support funds for the project (Yu, 2017). It can be seen as a

new development as well as a continuation of China's previous efforts – with the Shanghai Cooperation Organization, and Regional Comprehensive Economic Partnership, for instance – to deepen its geopolitical and geoeconomic influence (Womack, 2013; Yu, 2017). On the one hand, the BRI is aimed to cope with the country's economic challenges, such as overcapacity, growing energy dependence, and economic slowdown, by reconstructing the ancient (land and maritime) Silk Roads that allow Chinese capital and products to go westward: a land road traversing through central Asia and the Middle East to reach Europe, and a sea route spanning the South China Sea through the Indian Ocean to the Mediterranean (Shambaugh, 2018). Such an economic corridor is expected to include over 60 countries and regions and “is believed to be the world's most promising economic zone” (Wang, 2016, p.456), which would act as a counterbalance to the TPP.

On the other hand, the BRI was also launched with a political-military objective: to act against the geopolitical dimension of the Pivot to Asia by expanding China's regional influence and deepening economic integration with its neighboring countries through infrastructure building and cross-border trades (Shambaugh, 2018). Infrastructure modernization projects that link other Asian countries with China will foster not only economic interconnections but also political exchanges, which can help reiterate China's win-win notion that stresses the country's peaceful rise (Womack, 2013). The BRI therefore is rooted as part of China's geopolitical strategy to renovate relations with its neighbors that deteriorated over the past decade (Wang, 2016; Yu, 2017). At the least, it is hoped to ameliorate the tensions and concerns regarding China's rapid military expansion, including its island building in the South China Sea which is also claimed by other countries, ballooning defense budgets, ambitious navy modernization project, and threat of using armed force against Taiwan.

China: Empire of the Twenty-First Century

China, once a semi-colony of Western imperialisms, has increasingly turned into an imperial power in itself in the twenty-first century as it is making a transition toward a prominent global capitalist power. This double transformation should have long been anticipated, particularly by those who are familiar with classical Marxist theories: imperialist expansion is endemic to capitalism, as exemplified by Britain, Germany, Japan, the United States, and now the latest arrival, China. As Rosa Luxemburg (2004[1913]) argued in *The Accumulation of Capital*, capital accumulation cannot occur in a closed capitalist society but requires ceaseless global expansion and exploitation of the non-capitalist world – which is not only a territorial concept but also refers to non-commodified social relations and spheres of life. This provides a theoretical cornerstone for understanding imperialism as a historical necessity and a higher stage of capitalism. As China is heading toward the zenith of capitalist economic development, and will overtake the U.S. as the largest economy by 2030 (Henry and Pomeroy, 2018), the question is not whether China is morphing into an empire but how.

To be sure contemporary imperialism is no longer founded on territorial colonies, nor does there exist any pure non-capitalist society that is completely isolated from the global capitalist economy. Post-World War II global order had witnessed a decline of traditional colonial empires and the rise of a geoeconomic-oriented imperial system organized around the Bretton Woods agreement and a group of U.S.-dominated financial institutions such as the World Bank and International Monetary Fund (Harvey, 2003, pp.54-5; Smith, 2003, p.234). Postwar imperialism thus shifted from a strict division of non-capitalist colonies and capitalist empires to the emergence of a single global capitalist economy where every nation-state is involved and placed at a distinct spot along the global value chain. Dependency concepts of

center, periphery, and semi-periphery are illuminating in this context. However, what dependency theorists often overlook is this: it is exactly this asymmetric, and deeply exploitative, liberal international economic system reinforced by the new imperial rule of the United States – through the means of imperialist rent, unequal exchange, global labor arbitrage, super-exploitation, and accumulation by dispossession (Smith, 2016) – that forces the weaker states to rebel against the very system in order to move up the value chain. The global dependency system is to break dependence as much as it is to sustain it. China, and to a lesser extent, South Korea and other Asian Tigers are the best exemplars.

Twenty-first century imperialist struggle, in this context, is no deviation from that of the early twentieth century. In his widely-known essay written right before the First World War started, Karl Kautsky (1914) argued that the mounting pan-European imperialist war tension was a result of political clashes of different capitalist powers, each in a distinct position of the global capitalist value chain. England represented the capitalist hegemon that championed the doctrine of free trade. It wanted the world to remain as its agrarian zone, providing raw materials and foodstuffs in exchange for its industrial products. Newly industrialized countries on the continent acted to challenge England's dominant position by imposing tariffs against the latter, which led to growing imperialist rivalry.

China's state program, 'Made in China 2025,' was launched to push the Chinese economy to move up the global capitalist value chain by boosting technological advancement of Chinese manufacturing in 10 critical industrial sectors, which is a rebellious act against its current status of the world's assembly shop founded on cheap labor and low-tech manufactured goods for export. The program is partly to cope with China's economic challenges such as slowing GDP growth and troubles in export markets after the 2008 financial crisis and sequential

global recession (Foster and McChesney, 2012). It is also part of China's consistent effort to seek more geoeconomic and geopolitical power equivalent to its ballooning economy (Etzioni, 2016). The BRI, for example, has carried with it a technocratic agenda to export China's technology standards to its neighbor countries, which should be defined as a "broader ambition to become an innovation-based economy and a leader in research and development" (Cai, 2017, p.9; see also Yu, 2017, p.365).

The country most hostile to the recent developments of China is no doubt the United States: the Lockean hegemon trying to dissuade the Hobbesian contender. The U.S. is trapped in the same position as old England and struggling to hold on to its global rule and to make the twenty-first century a second American Century (Harvey, 2003, p.15), but with different tactics. While it was the old capitalist hegemon that faced tariffs from contender states, it is the new hegemon who imposes tariffs on the rival, fomenting a trade war. This is a result of the changed reality of the new imperial world order where the hegemon now lives on a net import of capital and manufactured goods as well as debt accumulation, in contrast to old England, which expanded its economy through goods and capital export. The trade war now has largely supplanted the TPP as a strategic continuation of the U.S.' Pivot to Asia.

Other than a geoeconomic contest, the Sino-U.S. rivalry has also been unfolding on the geopolitical plane – the struggle to become the hegemon of Asia. David Shambaugh (2018) is quite right that China is still not on an equal footing to the United States to become the regionally dominant power in many aspects – militarily, culturally, and diplomatically, with the (probable) exception of the economic domain. While China lacks U.S.' arsenal of dollar hegemony, supreme military power, and to some extent, Hollywood and Disney (the cultural and ideological dimension of imperial power), various sources of evidence have pointed to the fact that China

has been making some important breakthroughs in its geoeconomic and geopolitical expansion, sometimes in a rather benign and even humanitarian way, while other times with an outright imperialist logic.

The BRI, most notably, displays the characteristics of a geoeconomic empire. Firstly, it helps to realize China's ambition, starting from 2009, to internationalize its currency, the renminbi. A joint report published by The Asian Banker and China Construction Bank (2018) shows that the BRI has strengthened the process of renminbi internationalization with a clear intention to challenge U.S. dollar hegemony by increasing the liquidity of the currency in regions under the influence of the BRI, through infrastructure building and cross-border trades (e.g., in oil transactions). The 'go-out' strategy of the renminbi provides China with the economic infrastructure to build a creditor imperialism, which has led to growing dependence of the debtor countries on China. It allows China to engage in political interference and semi-colonial practices in those debtor countries. Examples include the 99-year lease of Hambantota Port from Sri Lanka to China Merchant Port Holdings, a state-owned enterprise (Carrai, 2019), and the 1MDB banking scandal that involved Najib Razak, Malaysia's former Prime Minister, the Chinese government, and political corruption related to the BRI (Wright and Hope, 2019). Beyond Asia, China's debt-trapping strategy has gripped Greece's port of Piraeus, Australia's port of Darwin, and Djibouti where China has established its first overseas military base, while other sovereign territories such as Kenya's port of Mombasa are the next targets (Chellaney, 2017). The creditor empire of China resembles Lenin's (1987[1917]) analysis of imperialism as the rise of monopoly finance capital based on a global division between creditors/empires and debtors/colonies. One may also argue that Chinese capitalism has actually gone beyond Lenin's dissection of monopoly capital, or the amalgamation of banking and industrial capitals, given

that China's party-state-capital complex represents an even higher form of capitalist organization – a trait that enables an ascendant power to challenge the hegemon, which was observed in the imperialist struggle between Germany and Britain at the turn of the twentieth century (Callinicos, 1991).

A geoeconomic empire always requires the support of a global geopolitical apparatus – a relationship that was well articulated by President Woodrow Wilson in his remarks about how the flag of the nation-state must follow the footprints of its capitalists. Indeed, formal political rule by military ascendancy has been an indispensable complement to the informal empire of free trade (Gallagher and Robinson, 1953). David Harvey's (2003) dualistic conception of the capitalistic and territorial logics is self-contradictory and flawed in this sense: capital, when carrying out its mission of accumulation, is depicted as deterritorialized and stateless, and when enforcing its rule of imperialism, is interpreted as being allied with a particular state. China's BRI is no exception to Wilson's maxim and is geopolitically inspired – through increased political interference in other countries and rapid military expansion to safeguard its globalized economic interests. First off, such political-military apparatus serves as an alternate strategy when economic policies failed – in the South China Sea dispute, for example. It is especially so when it comes to economic interests related to national security: China's island building in the South China Sea is largely explained by its concern over energy security (Helman, 2015). In addition, geopolitical expansion and military building is also inherent in the logic of capital accumulation where a large portion of surplus value has to be absorbed by non-productive sectors such as the military industry in the face of overaccumulation and declining rates of profits. Thus, General Xu Qiliang, vice chairman of China's Central Military Commission, has called for a Chinese military-industrial complex that is profitable (Blanchard, 2015).

Concurrently, anti-Western propaganda and ultra-nationalism have become rampant in Chinese society – in the cases of Huawei prosecution, escalating Sino-U.S. trade war, and nativist movements in Hong Kong. Here too, it is helpful to compare the rise of the Chinese empire with Lenin's (1987[1917]) observations of the expansionist strategies used by the British and German empires: patriotic propaganda is an essential part of imperialism in replacing class conflict with nationalist sentiment to avoid civil war at home.

The mounting Sino-U.S. inter-imperialist rivalry has prompted a reconsideration of the thesis of transnational capitalist class (TCC) and the theory of globalization. The 1968 Marxian tradition – grounded in dependency theory and Third Worldism to predict the continued dominance of the U.S. empire and the near impossibility for the underdeveloped countries to uplift their status without breaking from world capitalism – started to look pale (Brewer, 1990, p.283). The rise of China is the most important counterexample to this static conception of capitalism and imperialism.

Alex Callinicos (2009) has distinguished three major theoretical approaches to capitalist imperialism. Firstly, it is the Hardt-Negri and Robinson-Harris postmodern deconstructionist strand, which depicts contemporary capitalism as decentered, deterritorialized and post-statist. The second position is taken up by the dependency thinkers (e.g., Panitch and Gindin, 2004) who argue that the United States since WWII came to form an informal empire, or what Baran and Sweezy (1968) called super-imperialism, which has subordinated other nation-states to its rule. These two approaches, Callinicos (2009) argues, share the same premise that geopolitical rivalry is a thing of the past. The third framework of imperialism, represented by David Harvey and Callinicos himself, suggests that systemic crises of capitalism are still alive and well, which will lead to future geopolitical struggle between key capitalist states despite the heretofore dominance

of the United States (Ibid, pp.16-7).

By disclosing the heterogeneous and uneven nature of the TCC network and global class formation, corporate network research has leaned toward the third theoretical framework and argued for the continued, if not growing, significance of geopolitical conflicts on the world stage. However, in contrast to Callinicos's emphasis of the historical openness of inter-imperialism, corporate network research has provided the material basis for analyzing the Sino-U.S. imperialist rivalry (and twenty-first century imperialism at large) as a structural development out of global capitalism and its class relations.

Chapter 2: Globalism versus Critical Realism in Understanding Capitalist Globalization

The Globalist School: Globalization as Capitalist Internationalism

The rise of China as a legitimate contender to the American hegemon and the growing geopolitical rivalry between the two countries have prompted a rethinking of the future of global capitalism. In international relations scholarship, there are two major theoretical approaches to understanding newly emerging powers in relation to the liberal international order headed by the United States. The first are the liberals who have often grounded their arguments in the modernization theory to predict China's gradual transition into a liberal democracy and its eventual integration with the U.S.-led world order. The second approach is endorsed by the (neo)realists who argue that the rise of China is going to substantially revise, if not threaten, the current global system and power structure (Hameiri, Jones, and Heathershaw, 2019; Hurrell, 2006). The (neo)realist approach toward China has often lined up with the neo-conservatives represented by the Republican Party of the United States who have long been circulating the China threat argument (Broomfield, 2003).

Within the Marxian tradition, there are similar theoretical frameworks of capitalist globalization and the power relations of different nation-states: the globalist school versus the critical realist school. The globalist framework of capitalism surged as a popular idea in the late nineteenth and early twentieth centuries – in the works of Norman Angell, Karl Kautsky, and John Hobson, for example – which argued that with an increasingly internationalized system of trade, production, and finance, as well as the growing consolidation of an international capitalist class, all future inter-imperialist wars would come to an end (Callinicos, 2009, p.221). This globalist narrative, despite suffering from a severe downturn during the two World Wars, became revitalized in the postwar societies and postwar Marxian thought, including Baran and

Sweezy's (1968) concept of super-imperialism, Stephen Hymer's (1972) multinational corporation, and Robert Cox's (1987) transnational managerial class.

While capitalist internationalization has been a cumulative process since its origin, a universal system of capitalism that has put the whole planet under its rule is an unprecedented phenomenon (Wood, 2003, p.127). One of the most distinctive features of post-World War II capitalism is the rapid development of a truly unified 'multinational corporate system' (Foster and McChesney, 2012, p.125). The multinational corporate system functions on a triadic structure: "international capital movements; international capitalist production; and international government" (Hymer, 1972, p.91). International capital movements refer first to the foreign direct investment (FDI) activities of multinationals, which in turn laid the foundation for the global flows of non-corporate private capital. International capitalist production suggests an increasingly integrated global capitalist system of production and a growing number of Southern workers directly or indirectly employed by corporations headquartered in the global North. International government implies a decline of the nation-states in a globalized capitalism directed by the multinational corporations, and the emergence of a 'new world system' governed by supranational institutions, which "completely changes the system of national economies that has characterized world capitalism for the past three hundred years" (Ibid, p.92).

Capitalist internationalization, as the argument goes, has economic as well as socio-political consequences: 1, pressure of competition has urged capitalists to diversify their investments across a large number of companies, industry sectors and countries by building a unified network for capital accumulation; 2, the credit system allows the formation of mega corporations, which serves as the carrier to realize the diversified and general interests of the capitalist class not through throat cutting but through an oligopolistic mechanism of 'market

sharing and collusion'. Economic integration through the multinational corporate system has led to a growing 'international class consciousness' among the capitalist elites of the world due to their shared interests in maintaining a stable global capitalist economy. International capital has also carried a political ambition to supersede the traditional power of the nation-states by forging a capitalist internationalism and establishing a supranational system of governance (Hymer, 1972, pp.95-107).

Hymer's globalist narrative has been further developed by a cluster of Marxian theorists. Kees van der Pijl (1984) argues that capital internationalization from the early through the late twentieth century – first in the form of corporate liberalism and, after the crises of the early 1970s, neoliberalism – enabled the transatlantic bourgeoisie to transform its class structure and establish a hegemonic position both nationally and internationally. Robert Cox (1987) has incorporated a Gramscian perspective to the understanding of the globalization process as being led by the historic blocs of leading capitalist sectors of different nations (or a 'transnational managerial class'). Through developing a common class consciousness and taking control of institutions such as the IMF and World Bank, the TCC has succeeded in transnationalizing both the state and production for the project of building a hegemonic capitalist world order (Cox, 1987, pp.7-8, pp.355-60), it is argued. Leslie Sklair (2000) is among the first scholars to distinguish the transnational from the international by allocating the latter to the domain of traditional social research centered on nation-states, and the former as the focus of a new theoretical framework of global capitalism "where the basic units of analysis are transnational practices, forces and institutions. In this conception, states (or, more accurately, state agents and agencies) are just one among several factors to be taken into account" (p.68).

It was, however, not until the advent of Robinson and Harris's theory of the TCC that the

globalist school of capitalist internationalization fully merged with a postmodern deconstructionist and post-statist framework of capitalism as exemplified by Hardt and Negri's (2000) bestseller, *Empire*. Robinson and Harris's theory has brought in some new features to the globalist school. In their critique of traditional globalist frameworks, Robinson and Harris (2000), following Sklair's distinction of international and transnational capitalism, have argued for the emergence of a TCC that is distinct from "an international bourgeoisie formed out of the alliance of national bourgeoisies" and "a nation-state centered concept of class" (pp.13-4). By extending Sklair's argument, Robinson and Harris have suggested that the TCC has become "increasingly a class-in-itself and for-itself" and deterritorialized from the nation-states: "Organic class formation is no longer tied to territory and to the political jurisdiction of nation-states" (Ibid, pp.17-23).

The TCC, increasingly aware of its own class interests, has formed a historic bloc and started to breed a transnational state (TNS) apparatus – "an emerging network that comprises transformed and externally integrated states, together with the supranational economic and political forums [e.g., the IMF, WTO and World Bank]" (Robinson and Harris, 2000, pp.27-8), which would eventually "capture" (Robinson, 2017, p.179) and "supersede nation-states" (Robinson and Harris, 2000, p.16). Sklair's anti-statism has been turned into post-statism and thus post-imperialism in that the state has become subordinated to the TCC and is deprived of its own geopolitical interests (e.g., Robinson, 2007; 2017) – it is where Robinson and Harris have joined Hardt and Negri in the postmodern current.

While Robinson and Harris's theory is keen in detecting many of the important trends under globalization, it has remained problematic in a number of ways. Based on the extant critiques of Robinson and Harris's theory (see Carroll, 2012; Panitch and Gindin, 2014; Wood,

2007) as well as the responses (Robinson, 2007; 2017), I want to throw some new insights into the debate. Firstly, by sharing the same motif with Hardt and Negri's postmodern *Empire* – in depicting global capitalism as decentralized and fragmented – Robinson and Harris contradict themselves when they discuss the concentration of capital having resulted in “a planned oligopolistic structure” of the global economy (Robinson, 2017, p.177).¹ Furthermore, the authors' postmodernist and post-statist framework has neglected the continued significance of the state regarding not only its intervention and regulation power (the best example being the U.S. government's active engagement in solving the 2008 financial crisis) but also the oftentimes inactive (*laissez-faire*) governance approach. It is imprudent to treat the *laissez-faire* state as impotent, as presented in the authors' description of the transnational economic philosophy founded on hyper-liberalism “which seeks to achieve the conditions for the total mobility and unfettered world-wide activity of capital. Hyper-liberalism includes the elimination of state intervention in the economy and also of the regulation by individual national states over the activity of transnational capital in their territories” (Robinson, 1996, p.16; see also Robinson and Harris, 2000, p.26).²

¹ Robinson and Harris, however, are not alone in being trapped in a postmodernist dilemma between envisioning a decentered and deterritorialized form of capitalism, and explaining an ever more concentrated nature of monopoly capital and capitalist power (anchored in big banks and corporate conglomerates). Hardt and Negri (2000), for example, have articulated a Jeffersonian constitutionalist Empire as a global pyramidal sovereignty headed by the United States and other G7 countries while claiming such pyramidal Empire to be decentered, deterritorialized and post-imperialist. David Harvey's (2003) dualistic conception of the capitalistic and territorial logics, I argue, has also suffered from this postmodernist theoretical contradiction: capital is said to be deterritorialized and stateless when carrying out its mission of accumulation, and supported by state apparatuses when enforcing its rule of imperialism.

² In a number of articles, the authors were forced to take a more moderate position when trying to reconcile their theory with contradicting facts. Harris (2003), in order to explain the U.S. invasion of Afghanistan and Iraq which could be used as a counterevidence to his globalization theory, suggested that there was a struggle within the U.S. military between the globalist and hegemonist wings. While Harris maintained the argument that the U.S. military actions in Afghanistan and Iraq were on the behalf of the TCC, he suggested in the same article that those military interventions were carried out by the nationalist hegemonists as a counterbalance to globalization. After introducing the theoretical concepts of the globalist and the hegemonist, Harris failed to distinguish them in reality, *precisely for the reason that they are in fact inseparable* (Donald Trump and Hillary Clinton are both

The laissez-faire state with a big market and a small government is also a form of state regulation (Gramsci, 1971, p.160). In fact, state power and capital accumulation have been inseparable throughout the history of capitalism (Baran and Sweezy, 1968, pp.66-7). Victorian Britain, for example, acquired its 'Second Empire' (after its defeat in the American Independence) by building an ever more formidable state apparatus with an unassailable navy on the one hand, while preaching the laissez-faire doctrine on the other given its predominant role in the world economy (Callinicos, 1991). Such composite is called imperialism of free trade (Gallagher and Robinson, 1953), which resonates with the concept of Open Door Imperialism that William Appleman Williams invented to describe U.S. expansionism (Callinicos, 2009, p.9). Robinson and Harris's mistaking of the laissez-faire state for impotence, I argue, is based on a misreading of the history of capitalism. Economic (neo)liberalism, where the state has retreated to the role of night watchman, does not in itself indicate the decline of nation-states or the end of state (regulatory) capitalism.

Other than the conceptual deficits, the Robinson-Harris theory is also hindered by empirical fallacies. The two authors tend to draw a conclusion beyond existing evidence and oftentimes simply ignore conflicting research findings. In the study of the sales revenues of Fortune Global 500 (G500) companies in 2002, Rugman and Verbeke (2004) demonstrated that only 9 of them can be defined as globalized for achieving a sales balance among the triad (North American, European Union and Asia) with at least 20% of total sales revenues from each region. An absolute majority of multinational corporations, in contrast, were regionally grounded. Podrug et al. (2018) did a follow-up study using the 2012 data to show that a decade on, 6 of the original 9 companies had retreated from their global status and 9 additional ones had become

exemplars). Harris, in keeping his discussion at the conceptual level, avoided having to look for a real alternative explanation for the real world.

globalized, making for a new total of 12. Yet the number of ‘near miss’ transnational companies had declined from 9 in 2002 to 6 in 2012, so the sum of transnational and nearly transnational companies combined remained constant at 18. The authors drew a conclusion that “most of the world’s largest firms are stay-at-home multinationals. The world of international business is a regional one, not a global one” (Podrug et al., 2018, p.157).

The Critical Realist School: The Fragile TCC in a Fragmented Network

The critical realist school founded on corporate network research, while agreeing with the globalists of the important changes taken place under globalization, is more attentive to the contradictions and conflicts involved in the process. While China, along with other emerging countries from the semi-periphery, had made important inroads in joining the global market economy, the Chinese capitalist elite’s integration into the inner circle of the TCC network has been far less evident. This challenges the liberal or Kautskyian argument that economic interdependence leads to class coherence and political harmony. By revealing the regionalized and heterogeneous TCC network formation which is dominated by “a relatively small inner circle of mainly European and North American men” (Carroll, 2010, p.225), corporate network research also rejects the postmodernist framework of capitalism anchored in decentered, deconstructionist, and anti-statist narratives.

Corporate network research utilizes the broad method of social network analysis (SNA) to map out networks of interlocking leadership between corporations and to trace the sociopolitical implications for capitalist class power. The graphical illustration of corporate networks consists of nodes as well as lines linking the nodes together. The nodes represent directors and corporations while the lines indicate interlocks carried between different

corporations by the directors as a result of their multiple corporate affiliations. A corporate network is therefore a two-mode network given that it includes two types of nodes: individual directors and corporate entities. Corporate network analysis has also been used to examine outward-corporate interconnections such as linkages between directorates of corporations and governance boards of elite policy-planning groups such as the World Economic Forum and the European Round Table of Industrialists (Sapinski and Carroll, 2018). In corporate network model building, corporate interlocks are usually considered as the independent variable while political behavior of corporations as a result of those interlocks is viewed as the dependent variable (Bond and Harrigan, 2011). The theoretical premise is that the more intense and coherent the corporate networks, the more unified and hegemonic the capitalist class. Corporate networks are therefore seen as a good indicator of capitalist class power in two forms: the instrumental power inherent in the allocation and accumulation of capital, and the expressive power inherent in the reproduction and dissemination of class ideology and beliefs (Carroll, Fennema and Heemskerk, 2010; Heemskerk et al., 2018).³

Corporate network analysis over the past decades has increasingly adopted a global vision in response to capitalist globalization and changing class relations. Capitalist globalization has provoked different Marxian approaches attempting to articulate a proper theory for the phenomenon (Baran and Sweezy, 1968; Foster and McChesney, 2012; Hardt and Negri, 2000; Harvey, 2003; Hymer, 1972; Robinson and Harris, 2000; Wood, 2003). Corporate network research is no exception to this trend. As the modern corporation and the capitalist class have gone global in weaving transnational networks of ownership and control, so has the research focus shifted toward corporate networks and power beyond national borders (Carroll, 2000;

³ Yet there is also a debate between Marxist and pluralist theorists regarding the necessary correlation between class unity and class power (Bond and Harrigan, 2011; Sapinski and Carroll, 2018).

Sapinski and Carroll, 2018).

The economic interdependence between China and the United States, for example, has rapidly tightened over the past decades. The United States Census Bureau's statistics indicate that there has been a constant increase in trade between the two countries. In the year of 2007, U.S. exports to China amounted to US\$62,936.9 million and imports from China US\$321,442.9 million, adding up to a total of US\$384,379.8 million. A decade later in 2017 (before the trade war began in early 2018) the export and import figures were US\$129,797.6 million and US\$505,220.2 million respectively – US\$635,017.8 million in total (U.S. Census Bureau, 2019). The numbers show that Sino-U.S. trade had grown more than 65% over the decade. Similar patterns can be observed in China's holding of U.S. debt: in December 2007 the number was US\$579.9 billion, which, in December 2017, climbed to US\$1184.9 billion (U.S. Treasury, 2019). Another important indicator of economic interconnections is foreign direct investments (FDI). Statistics show that in 2007 the combined FDI flows between China and the United States numbered US\$15.11 billion. It settled at US\$43.85 billion in 2017 after reaching the peak at US\$60.48 billion in the preceding year. The U.S. FDI to China had remained stable at around US\$15 billion per annum throughout the decade while it was China's outward FDI to the U.S. that had fluctuated (U.S.-China Investment Project, 2019). These FDI figures, however, did not capture the full picture of investment flows because they did not account for the different kinds of indirect investments channeled through intermediated locations: Hong Kong, cumulatively, contributed 53.2 percent of all FDI inflows, or US\$1 trillion, to China at the end of 2017 (U.S.-China Economic and Security Review Commission, 2018, p.397).

This growing interdependence between U.S. and Chinese economies, according to Robinson and Harris, suggests that the rise of China and its 'statist transnational capitalist class'

is not going to pose a threat to the liberal world order. Its real intention is to further engage in and reshape the rule of liberal capitalism in order to create a “multi-polar trading regime [that is] more attuned to the integration of capital and the transnational capitalist class” (Harris, 2018, pp.1711-12). China is no exception compared to other newly industrialized countries (NICs) in adopting a state-led developmental strategy to economic modernization, which is a reflection of the uneven development of historical capitalism that has created various forms of capitalist/post-communist regimes and therefore “varieties of integration into global capitalism” (Robinson, 2015, p.16). The statist characteristics of China’s capitalist elite have constituted only the surface while underneath it is transnational in nature, it is argued. In this view, China’s statist TCC, as a result, has shared the same interests with its Northern counterpart in upholding principles of a transnational capitalist world order and its liberal institutions, such as the IMF, WTO and World Bank, which, while often being seen as instruments of Western imperialism, are in fact tools of the TCC (Robinson, 2015; Harris, 2018).

The Robinson-Harris theory of globalization, as a result, is inclined toward a liberal or Kautskyian notion that economic interdependence entails political peace among the different national ruling classes. In a recent article, for instance, Robinson (2019) has imagined a new form of fascism for the twenty-first century with the election of Donald Trump as transnational capital’s response strategy to cope with the deepening accumulation and hegemonic crises. The growing military expenditures of the United States, the expansion of the military-industrial complex and social control mechanisms, and the global reach of the U.S. police state, are all said to be acting on behalf of a transnationalized fascism and thus serving as tools of the TCC. What Robinson failed to mention is the fact that similar phenomena have taken shape in China and Russia. Are the militarized Chinese and Russian states also tools of an omnipotent TCC, and are

the escalating Sino-U.S. conflict and Russia-NATO confrontation also part of the TCC's strategy to fix global capitalist crises? Robinson is silent on this. As with Harris's (2003) diagnosis of the military-industrial complex, Robinson's notion of a transnationalized fascism (if that makes any logical sense at all) sounds alienated from the capitalist reality.

In contrast to romanticizing a unified transnational capitalist class is Harris's (2019) and Robinson's (2019) exaggeration of divided capital interests within the nation-state, namely the United States, by putting the liberal globalists up against the conservative nationalists. Yet in reality, the distinction is less clear as discussed in the previous example that both Donald Trump and Hillary Clinton are inextricably globalist and nationalist at the same time. Even for the U.S. Chamber of Commerce, which has often been cited as an important voice against the trade war, its very agenda is based on the interests of 'American businesses and consumers,' not some omnipotent transnational capital. As the U.S. Chamber of Commerce has been fighting the 'conservative nationalist' Trump administration on tariffs, many of the so-called 'liberal globalist' multinationals – Google, Apple, Dell, Hewlett Packard (HP), Home Depot, etc. – have already followed President Trump's call to move at least part of their production lines out of China (Reed, 2019). The Democratic Party globalists and the Republican nationalists may well share more commonalities than differences.

Nana de Graaff, building on her research into the business ties of two major Chinese national oil companies (NOCs), CNPC and PetroChina, as well as the interpersonal networks of their board directors, has articulated a rather different narrative in understanding Chinese capitalist elite. In 2007, the only major International Oil Company (IOC) that got weaved into the business ties of CNPC and PetroChina was Shell. Five years later in 2012, the ties were expanded to include almost every other major player: BP, Chevron, ConocoPhillips, ENI,

ExxonMobil, and Total. Despite strengthened business ties, the interpersonal networks of the Chinese oil elite were hardly visible or otherwise deeply fragmented. Only 11 out of a total of 17 board directors were affiliated with a second company, and only 4 were affiliated with three or more other companies. Most of those affiliations, except the ones carried by the foreign director, Italian businessman Franco Bernabe, were national/domestic linkages with other Chinese companies (de Graaff, 2014). This indicates that while the Chinese NOCs had increased business interactions with Western IOCs over the years, there was a lack of integration of China's oil elite into the Northern-centered TCC network.

William Carroll (2020) has built on Nana de Graaff's study of the IOCs and the NOCs by mapping a comprehensive network of the top 50 fossil fuel companies on the 2017 Fortune G500 list and the 111 largest non-fossil firms interlocked with any of the top 50. The study has discovered that despite the growing prominence of Southern-based NOCs over the past decades who now control most of the oil and gas reserves on earth, their presence in the global director network of fossil capitals has been fairly restricted. China was most successful among the BRICS countries in making inroads into the network, and yet the progress was quite modest. For the 5 Chinese NOCs included, only one of them, PetroChina, was connected to the main component of the network, but still, it resided at the very margins. The main component of the network represented an interconnected global corporate elite organized around fossil capitals, which was divided between three geographic regions: the United States, a German-Franco bloc (Canadian big financials also embedded in this cluster), and the United Kingdom, the last of which linked to a fair number of Southern companies. The limited integration of Southern fossil fuel elites into the Northern-based global community led to a conclusion that "[t]he transnational network [of fossil fuel elite] is regionally clustered and overwhelming Northern, actually North-

Atlantic, in composition” (Carroll, 2020, p.47).

Carroll’s 2010 research study of the Fortune Global 500 (G500) corporations as a whole has drawn a similar conclusion with a more general applicability. It shows that the growing level of transnational – or regional, according to the three-layer model (Carroll, 2012; 2018) – directorate interlocks mostly occurred in European Union countries while companies outside the North Atlantic region failed to integrate. While China, along with other emerging countries from the semi-periphery, had made important inroads in global capital expansion by building business connections with their Western counterpart, the Chinese capitalist elite’s integration into the inner circle of the TCC network, as measured by the number of transnational corporate directors who occupied a seat at two or more G500 directorates, is far less successful (Carroll, 2010, pp.83-131).

Both de Graaff’s and Carroll’s studies suggest a functional, such as communicative (Carroll and Fennema, 2002, p.406), rather than an organic nature of such transnational corporate interlocks for TCC formation. An important reason for this minimal integration process, as de Graaff and van Apeldoorn (2018) indicate, is due to the hybrid nature of China’s TCC: they are committed to corporate interests and profit-making while also adhering to the rules of the party-state. The concept of a hybridized Chinese TCC, in contrast to Harris’s (2018) statist TCC, has cast doubt on the possibility of full integration or perfect cooperation of the two variants of capitalism: “The contradictions within China’s state-directed capitalism will arguably only deepen with the country’s further integration into the world economy” (de Graaff and van Apeldoorn, 2018, p.122).

I think de Graaff and van Apeldoorn have attributed a disproportionate importance to the hybrid character of China’s capitalist elite in explaining its difficult integration to the global TCC

network, given that parallel observations also can be made about Northern capitals regarding their modest transnationalization progress. In examining the sales revenues of the G500 companies, for example, Rugman and Verbeke's (2004) and Podrug et al. (2018) have highlighted the regional nature of globalization. Carroll's (2010) study of the G500 directorate interlocks between 1996 and 2006 has similarly mapped a TCC network that is regionally grounded and heavily dominated by "a relatively small inner circle of mainly European and North American men" (p.225). Yet the transatlantic TCC network is itself divided between Europe and North America.

Carroll's network mapping of a European corporate community has shown its internal polarization as well as global insulation. Between 1996 and 2006, the number of G500 companies based in the European Union has jumped from 170 to 193, while total directorate interlocks dropped from 621 to 548, mostly because of the tendency to follow an Anglo-American model of corporate governance with smaller directorates. While the absolute number of directorate interlocks has declined, the proportion of pan-European transnational linkages has increased from 25.6% to 32.7%, indicating an ever more integrated European capitalist class organized around supranational institutions such as the European Round Table of Industrialists and the European Commission (Carroll, 2010, p176). Nonetheless, the success in forging a transnational European corporate community is countered by the regionalized nature of such transnationalization process. The transnational interlocks of corporate Europe are highly polarized and skewed toward the north-west heartland, while Eastern and Southern Europe continues to be the underdeveloped hinterland, which fails to integrate with the "affluent, 'networked' heartland" (Ibid, p.174).

The regional character of transnationalization is observed also between Europe and the

rest of the world. In 2006, only nine of the 135 G500 companies outside the North Atlantic region had a directorate interlock with European firms. The transatlantic corporate interlocks linking Europe with North America, often taken to be the economic foundation of a transatlantic ruling class, also turned out to be largely exaggerated, “Even ties spanning the Atlantic are sparse compared to corporate Europe’s internal cohesion. In 2006, two North American firms were 6.75 times more likely to be interlocked than were a European and a North American firm, while two European firms were nine times more likely to be interlocked than a European and a North America firm. The trans-Atlantic corporate network lacks much of the integrative capacity we have documented in the case of Europe...” (Carroll, 2010, p.174). On the one hand, the network findings suggest the emergence of a TCC, particularly a pan-European capitalist class. On the other hand, by disclosing the regionalized and uneven features of capitalist globalization or transnationalization, it upholds the argument that the TCC is still “in the making, but not (yet) made” (Carroll, 2010, p.233).

The empirical study in the following chapters aims to expand on the often Western-focused corporate network research or, otherwise, network studies of only a small fraction of the Chinese capitalist class (e.g., the oil elite) by concentrating on China and by including a wide range of Chinese companies in the study. It intends to show a broader perspective of how China’s corporate elite as a whole encounters the Northern-based TCC community while giving close attention to analyzing the political implications with a particular focus on the Sino-U.S. geopolitical conflict.

Chapter 3: Method and Data

There has been a long history of studying modern capitalism and the capitalist elite, as well as the socio-political implications. The emergence of monopoly capitalism anchored in centralized finance capital and large-scale industrial production in the late 19th and early 20th centuries brought about pan-European imperialist wars founded on intensified competition between different national capitals (Hilferding, 1981[1910]; Lenin, 1987[1917]). Postwar neo-Marxist theorists, living through a rather different capitalist reality, tried to draw new political meanings from American monopoly capital and the growing significance of multinational corporations (Baran and Sweezy, 1968; Hymer, 1972) in addition to charting a network of the capitalist elite as evidence of their domination in modern societies and institutions (Domhoff, 1967; Mills, 1956). Corporate network research is an important continuation of this critical Marxian tradition in focusing on capitalist class power built into the modern corporation (Carroll, Fennema and Heemskerk, 2010). As the modern corporation has gone global, the research focus has also shifted toward corporate networking and capitalist class power beyond national borders (Carroll, 2000; Sapinski and Carroll, 2018).

A global perspective in corporate network research became plausible due to the advancement of computing technologies and analytic tools – such as the invention of statistical analysis software programs like SPSS, Stata and UCINET – which enable the processing of large-scale data and analyzing complex network relations. Big corporate network data accessible through online databases such as Orbis and Lexis Nexis have become more and more accessible in formats, convenient to social scientists for use (Heemskerk et al., 2018). While big data has great potential, it has also come with limitations. When a big dataset is involved, the data quality or detailed information about the research subjects (e.g., board directors) is often not guaranteed

(Bond and Harrigan, 2011, p.199; Heemskerk et al., 2018, p.5). This can result in treating missing data as marginal errors, which is deeply problematic in network-relational research. It can also lead to a technocratic thinking which equates better social research with larger samples and superior computational capacities while ignoring critical reflection on the data – what C. Wright Mills critiqued as abstracted empiricism.

To enrich quantitative data with qualitative nuances, corporate network scholars sometimes choose to limit their focus to a small sample group by combining statistical findings with in-depth case analysis (Gray and Carroll, 2018), or with biographical and interview data (de Graaff, 2014; 2020). This allows a more flexible application of SNA as a “descriptive device” to unveil the corporate networks while simultaneously untangling the theoretical meanings of the networks (de Graaff and van Apeldoorn, 2017, p.342). In their comparative analysis of the Chinese and American oil elites, for example, de Graaff and van Apeldoorn (2017) have focused exclusively on the directorates of four major fossil fuel companies – CNPC, PetroChina, ExxonMobil, and Chevron – with a number of 40 directors (N=40). Likewise, de Graaff’s (2020) study of the transnational network of corporate China has limited the sample size to 18 Chinese transnational corporations (TNCs) and 190 directors (N=190).

My study uses a similar method in combining SNA with biographical data to illuminate the interlocking directorates of Chinese TNCs while analyzing their political implications regarding the geopolitical conflict between China and the United States. The sample of my study is extracted from the 2019 Fortune G500 list, which came out in July 2019.⁴ I adopted a non-

⁴ There might be limitations with the Fortune list, such as its ranking on the basis of revenues and sales (which unplays the dimension of assets), as well as using U.S. dollars as units of measurement (and therefore the currency conversion process is highly vulnerable to fluctuating exchange rates (cf. Carroll and Fennema, 2004). The industry categories I use for the study are also largely drawn from the Fortune list. It should be acknowledged many of the multinationals are corporate conglomerates that have vast interests and investments in different industry sectors.

probability stratified sampling strategy based on 10 major business categories: banking, insurance, energy, engineering & construction, transportation, technology, retail, real estate, industrials & manufacturing, and materials. Each category is composed of four companies selected from the top of the Fortune list, amounting to a total of 40. In order to add comparative nuances to my data analysis, I further stratified the 40 core sample companies in terms of their ownership structure into two broad categories: state-owned enterprises (SOEs) and private firms. Given the small sample size, I decided not to use highly specific categories such as public-listed versus non-listed companies or local-government owned versus state-owned enterprises (cf. de Graaff, 2020). If the Chinese state directly or indirectly owns 50 percent or more of a company's shares, thereby giving the state majority control, it is considered a SOE. Otherwise, it is treated as a private firm. China Merchants Bank, for example, is a 'joint-stock' company which is controlled by a group of SOEs as its major shareholders: the China Merchants Group and a number of its subsidiary companies, as well as the China Ocean Shipping Company (COSCO). Thus it is labelled as a SOE in the data.

In every business sector, my intent was to have a balance of two SOEs and two private firms. That means as soon as a category was saturated with two SOEs, I would turn to private ones for the remaining quota, and vice versa. For any sector, if the total number of SOEs or private firms is fewer than two, the remaining quota would be filled by their counterpart, chosen from the top of the Fortune list. If the sampling process involved a subsidiary and a parent company (such as China Merchants Bank and China Merchants Group), I would treat them as separate entities as they so appear on the Fortune list.

CK Hutchison Holdings, for instance, has made profits from a wide range of sectors including retail (37%), telecoms (21%), infrastructure (14%), and Husky Energy (12%), according to its annual report (CK Hutchison Holdings Limited, 2018). A company is assigned into a sector where most of its revenues come from.

Once a total of 40 Chinese TNCs had been identified, data about their board directors was collected through a combination of different sources including company websites, annual reports, corporate databases such as Webb-site Who's Who, MarketScreener, and Orbis, and simply Google, in the last instance, to ensure the completeness and accuracy of the biographical data. The way I prioritize the data sources is 1, company websites (which tend to have the most up-to-date and official information), 2, annual reports of 2018, preferably in English, and in Chinese if no English version is available, 3, corporate databases, and 4, googling the directors if their biographical information on the company websites or/and in the annual reports was too scanty and lacking in details. The time period during which I collected the data was between late February and early March, 2020.

The individuals included in the data comprise only board directors; managing executives such as vice presidents are excluded if they are not sitting on the board. The idea is to reduce the sample size to keep the focus on the very inner core of the capitalist elite (a theoretical justification), making it feasible to conduct a biographical search of the directors (an empirical justification). However, biographical data by nature encompasses a vertical and a horizontal dimension. It contains current interlocks as well as previous affiliations, or asynchronous interlocks/flows, of the directors. In order to track the career trajectories of the directors, it is reasonable to include their previous lower-ranking positions, such as vice presidents, chief financial officers, and regional chairs or partners of Western multinationals, for the examination of asynchronous interlocking – links between two companies that arise as a director moves from one to the other. For consistency's sake, I also included the lower-ranking positions (e.g., non-director executive managers) that directors of the 40 Chinese TNCs currently hold at other companies as current interlocks. A director of Suning Holdings, Mr. Xu Hong, for example, is a

non-director vice president at Alibaba Group Holding; thus his affiliations with Suning and Alibaba are presented as a current interlock in the data. So the term directorate interlock I use in this thesis is more broadly defined. For the individuals who have or had held different positions in a company or a corporate conglomerate, the linkage is counted only once and only the highest-ranking post is counted.

Considering my core sample of 40 firms, at the other end of the interlocking directorates are the neighbor companies. The neighbor companies, their locations and the extent of their ties to the China-based core sample, are crucial to the research question at the heart of this study: are China's leading TNCs integrated into a cohesive transnational capitalist class (TCC), or has the Chinese corporate network remained domestically centered? However, interlocked companies that were subsidiaries of a parent, were excluded from the analysis if the parent had absolute control of the subsidiary (the watershed is 90% share ownership or more). Otherwise, if the parent owned less than 90% of the shares of the subsidiary, the two were treated as separate corporate entities. The only exception is the Hongkong and Shanghai Banking Corporation which is fully owned by the British multinational investment bank, HSBC Holdings. However, the former is still taken into account as an independent actor given that the parent was a recently founded corporate entity (in 1991), demerging from the subsidiary company which has a much longer history and traces its origin back to British Hong Kong in 1865.

After collecting data for the 40 core sample Chinese TNCs, their directors, and the neighbor companies, I employed a three-layer network model to examine how the Chinese TNCs are interlocked with other Chinese firms (the national aspect), with companies of other Asian countries (the regional dimension), and with corporations of non-Asian countries (the transnational facet). Hong Kong is the most complicated and controversial case in making the

distinction. In a legal sense, it is a city under the sovereign rule of China. Nonetheless, it is not just another Chinese city but rather is officially called the Hong Kong Special Administrative Region. It has its own currency whose exchange rate is pegged with the U.S. dollar; it has its mini constitution, the Basic Law; and it has been treated by the World Trade Organization as a separate customs territory from mainland China. Hong Kong also serves as an important center for capital flows between China and other countries (U.S.-China Economic and Security Review Commission, 2018, p.397) as well as a pivot of global business networks in Asia (Meyer, 2016). In order to capture this duality, Hong Kong is considered as both a domestic and a regional player. Neighbor companies headquartered in Hong Kong under majority control by interests based on China's mainland are treated as domestic neighbors. Neighbor companies that are majority owned by foreign or Hong Kong local based interests are categorized as regional neighbors.

My study addresses the following research question: to what extent and how are Chinese TNCs interlocked on the national, regional and transnational levels, respectively? Informed by previous research, my working hypothesis is that the transnational networks of Chinese TNCs have remained considerably sparse, contained within condensed national networks, and therefore China's capitalist elite has barely integrated into the Western-centered TCC network (de Graaff, 2014; Carroll, 2010; 2020). The globalization of Chinese TNCs has not undermined or replaced the national base, nor does it signify a homogeneous TCC formation. Instead, the former often works as a functional extension of the latter (e.g., for the purposes of communication, strategic investment, stakeholder partnership, and parent-subsidiary relationship).

Chapter 4: Findings

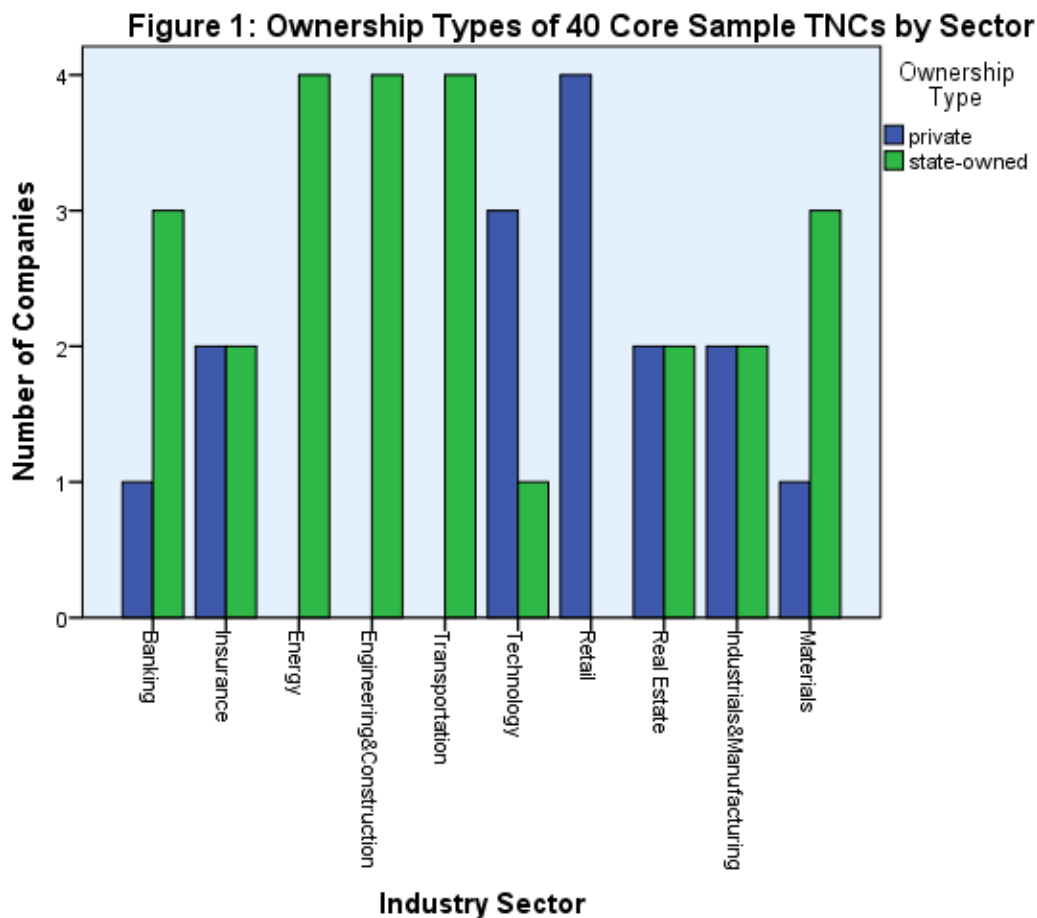
The core sample Chinese TNCs

My presentation of findings begins with description of the 40 core sample Chinese Transnational Companies (TNCs), the neighbor companies, and their directorate interlocks before carrying out a network analysis that integrates the three together. I first provide a description of the core sample TNCs. As shown in Table 1, out of the 40 TNCs selected across 10 industry sectors, 25 are state-owned enterprises (SOEs) – often directly owned but sometimes indirectly controlled through a variety of other state-owned companies (the best example being China Merchants Bank). The other 15 are private firms.⁵ There is an even balance of SOEs and private firms in the insurance, real estate, and industrials and manufacturing sectors. Private firms play a dominant role in the technology and retail sectors whereas SOEs prevail in banking, energy, engineering and construction, transportation, and materials (see Figure 1). The chi-square value of 17.600 and contingency coefficient value of 0.553 ($p=0.040$) indicate a statistically significant and strong association between industry sectors and types of ownership. It reveals that the Chinese state tends to have tight control over the critical industries of the national economy such as banking, energy and materials, transportation, and infrastructure building.

⁵ My intent was to have a balance of two SOEs and two private firms for each industry sector, and yet in 5 of the 10 sectors, there is minimal to no presence of private Chinese TNCs on the Fortune list. In contrast, there are only two sectors where private TNCs dominate. This difference generates the 25 SOEs and 15 private firms that comprise the core sample.

Name of Company	Sector	Rank 2019	Headquarters	Ownership	No. of Directors	No. of Ties (C)	No. of Ties (P)
ICBC	Banking	26	Beijing	state-owned	13	13	18
China Construction Bank	Banking	31	Beijing	state-owned	14	8	26
China Merchants Bank	Banking	188	Shenzhen	state-owned	15	31	39
China Minsheng Bank	Banking	232	Beijing	private	15	33	45
Ping An Insurance	Insurance	29	Shenzhen	private	14	31	30
China Life Insurance	Insurance	51	Beijing	state-owned	11	11	18
People's Insurance	Insurance	121	Beijing	state-owned	14	13	29
China Pacific Insurance	Insurance	199	Shanghai	private	13	27	22
Sinopec Group	Energy	2	Beijing	state-owned	9	4	17
China National Petro	Energy	4	Beijing	state-owned	8	2	6
State Grid	Energy	5	Beijing	state-owned	8	2	7
CNOOC	Energy	63	Beijing	state-owned	5	2	8
China State Constr. Engr.	Engr.&Constr.	21	Beijing	state-owned	6	4	6
China Railway Engr.	Engr.&Constr.	55	Beijing	state-owned	8	12	17
China Railway Constr.	Engr.&Constr.	59	Beijing	state-owned	9	10	19
China Comms. Constr.	Engr.&Constr.	93	Beijing	state-owned	7	17	19
China Post Group	Transportation	101	Beijing	state-owned	3	1	7
China Shipbuilding	Transportation	243	Beijing	state-owned	11	5	12
China Merchants Group	Transportation	244	Hong Kong	state-owned	8	4	26
China COSCO Shipping	Transportation	279	Shanghai	state-owned	7	17	32
Huawei	Technology	61	Shenzhen	private	17	1	0
Lenovo Group	Technology	212	Hong Kong	private	10	30	38
Tencent Holdings	Technology	237	Shenzhen	private	9	18	9
China Electronics Corp	Technology	375	Beijing	state-owned	8	4	10
JD	Retail	139	Beijing	private	5	18	10
Alibaba Group Holding	Retail	182	Hangzhou	private	11	20	19
Suning Holdings	Retail	333	Nanjing	private	9	6	1
CK Hutchison Holdings	Retail	352	Hong Kong	private	21	55	57
Evergrande Group	Real Estate	138	Shenzhen	private	9	11	6
Country Garden Holdings	Real Estate	177	Foshan	private	14	30	19
Greenland Holdings	Real Estate	202	Shanghai	state-owned	11	2	4
China Poly Group	Real Estate	242	Beijing	state-owned	9	6	11
SAIC Motor	Ind.&Mfg.	39	Shanghai	state-owned	7	2	14
Dongfeng Motor	Ind.&Mfg.	82	Wuhan	state-owned	6	7	7
Zhejiang Geely Holding	Ind.&Mfg.	220	Hangzhou	private	11	8	26
Midea Group	Ind.&Mfg.	312	Foshan	private	8	13	11
China Minmetals	Materials	112	Beijing	state-owned	9	7	15
China Baowu Steel	Materials	149	Shanghai	state-owned	8	7	17
CNBM	Materials	203	Beijing	state-owned	8	3	18
Jiangsu Shagang Group	Materials	340	Zhangjiagang	private	9	6	1
All Companies	N.A.	N.A.	N.A.	N.A.	397	501	696

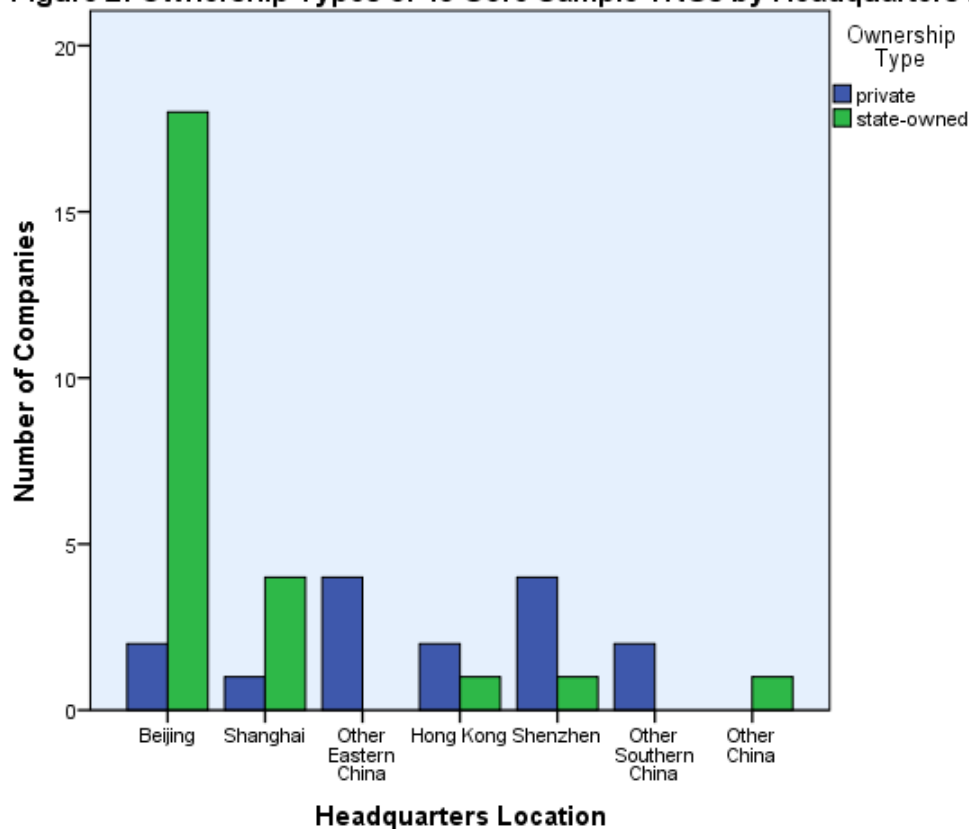
Note: cells are highlighted in yellow if the number of ties (whether current or previous) is 150% or higher than its counterpart.



Other than industry sector, geographic location also has a statistically significant and strong correlation with corporate ownership (chi-square=22.649, contingency coefficient=0.601, $p=0.001$), revealing a distinct geography of corporate power in China. Beijing, capital of China, not only is the sole city in north China hosting headquarters of the core sample Chinese TNCs, but also by far has the largest share of the TNCs – exactly half of the total core sample. Almost every company whose name starts with ‘China’ is found in Beijing and has the status of a SOE. Eighteen out of the 20 TNCs headquartered in Beijing are SOEs while only two, China Minsheng Bank and JD, are private firms. Shanghai, often seen as the commercial center of China located in the Yangtze River delta, pales in comparison. It accounts for only five TNCs in the core sample: four are SOEs, and only one is private. Not far up the River and in the Jiangsu

province (next to Shanghai), one company, Suning Holdings, is based in Nanjing and another company, Jiangsu Shagang Group, is in Zhangjiagang, both of which are privately-owned. This indicates that from Beijing to Yangtze River – the natural border separating south China and north China – the ownership structure of the Chinese TNCs starts to get mixed between state-owned and privately-owned (see Figure 2).

Figure 2: Ownership Types of 40 Core Sample TNCs by Headquarters Location



If we look further south into Hangzhou, there are two companies headquartered in this capital city of Zhejiang province: Alibaba Group Holding and Zhejiang Geely Holding, both of which are private firms. Even further south in the southernmost province of mainland China, Guangdong, we find seven TNCs in the core sample: five in Shenzhen and two in Foshan; six are private and only one is state-owned. Hong Kong hosts three of the 40 TNCs. China Merchants

Group is a SOE while CK Hutchison Holdings and Lenovo Group are private companies. One last company, Dongfeng Motor, one of the largest state-owned automakers, is located in Wuhan, a metropolis in central China away from the coast.

In conclusion, ownership types of Chinese TNCs vary across geographic locations. The major Chinese TNCs are concentrated in just a few coastal cities, with Beijing holding pride of place, particularly for SOEs. Shanghai, which is seen as the commercial center of China, is not as popular as Beijing for the TNCs to place their headquarters, which may have to do with the ‘policy-driven’ nature of the Chinese economy and the important role of the state in this process. Shenzhen seems to have overtaken Guangzhou, the traditional pivot of south China, to become the new economic engine and a top place for corporate headquarters. The geography-ownership tabulation figure reveals another essential feature of corporate China: from the north to the south, and as it drifts away from Beijing, the political center of China, corporate ownership tends to shift from the hands of the state to private businesses.

Neighbor companies and directorate interlocks

In the light of this overview of the core sample TNCs, I will now examine their directors and the neighbor companies interlocked with them. This analysis will feature four variables: temporality of interlocks (current vs previous), headquarters location (domestic, regional, and transnational), ownership structure (state-owned vs private), and industry sector. In total, 397 directors and 1197 interlocks among the 40 TNCs were identified; 501 are current ties and 696 are asynchronous linkages (see Table 2). The 501 current ties are distributed among 401 neighbor companies, which indicates that most of the interlocking relations are weak ties carried by only one shared director. Sixteen of the neighbor companies are themselves core sample

TNCs, which will be treated as domestic interlocks in the following network analysis. For the remaining neighbors, 267 of them are non-core sample domestic, 85 are regional (Asian), and 33 are transnational (based outside of Asia), respectively. The asynchronous linkages are allocated among 502 neighbor companies: 24 are core sample TNCs; 324 are other domestic, 91 are regional, and 63 are transnational neighbors.

Corporations vary in the size of their directorates, and larger boards provide more opportunities for elite networking. The board size of core sample TNCs ranges from 3 (the China Post Group) to 21 (CK Hutchison Holding) with an average of nearly 10 directors on each board. Board size varies across industry sectors and ownership types. The banking and insurance sectors tend to have the largest corporate boards – averaging 14 and 13 people, respectively, a finding consistent with patterns elsewhere and indicative of the vital role that financial institutions play in allocating capital across the economy (Carroll, 2010; Sapinski and Carroll 2018). They are followed by the intermediate cluster – the retail, real estate, and technology sectors (averaging around 11). The energy, engineering and construction, transportation, industrials and manufacturing, and materials industries have the smallest boards: a mean of 7.5 to 8.5 directors. In terms of ownership types, SOEs on average have 8.9 directors while private firms have 11.7 – a gap of nearly three people. Given that ownership types correlate with geographic location, it is not surprising that the TNCs in south China, which are predominantly privately owned, tend to have larger boards.

I have stratified the 1197 interlocks into a cross tabulation table (see Table 2) using the geographic category of the company as the column variable and the temporality of the interlock as the row variable. For both current and asynchronous interlocks, it is the domestic layer that dominates, and the transnational comes last while the regional is posited in between. Across the

three layers (domestic, regional, and transnational), the ratios of both current and asynchronous interlocks are roughly 7:2:1. Despite the similar ratios, there is a key divergence. For the domestic and transnational segments, asynchronous linkages are larger than current connections in number and in proportion – 503 (72.3%) vs 344 (68.7%) and 79 (11.4%) vs 42 (8.4%), respectively. The differences are rooted in an essential feature of China's state-led developmental capitalism. For the SOEs, as exhibited in Table 1, their directors tend to carry a far more substantial number of asynchronous linkages than current ties. The directors of SOEs are often career bureaucrats who only work for one or two SOEs at a time, so they tend not to carry a large number of current connections. Yet their previous corporate affiliations have accumulated as they shift from company to company over their careers. This explains why the proportion of asynchronous linkages is larger than that of current ties on the domestic layer. For the transnational segment, the higher portion of asynchronous interlocks may have to do with the career trajectory of a growing number of Chinese corporate elites (particularly the younger generations) who acquired overseas education and work experience before joining a Chinese TNC (de Graff, 2020). So asynchronous linkages tend to override current ties as a more common way of interlocking on the transnational layer. This finding points to another uniqueness of corporate China: its transnational network is woven largely through the directors' previous rather than current connections.

Interlock Characteristics	Domestic	Regional	Transnational	Total
Current Interlocks	344	115	42	501
Percentage (%)	68.70%	23.00%	8.40%	100%
Asynchronous Interlocks	503	114	79	696
Percentage (%)	72.30%	16.40%	11.40%	100%
Total Interlocks	847	229	121	1197
Percentage (%)	70.80%	19.10%	10.10%	100%
Note: percentage figures are rounded to the tenths digit.				

Within the three-layer model, a closer look into the specific headquarters locations of the neighbor companies interlocked with the 40 TNCs may allow a more nuanced interpretation of the data. Firstly, this analysis uncovers which (domestic) cities and (foreign) countries occupy a dominant role in the network (see Figure 3 and Figure 4). Hong Kong, because of its dual identity, is divided into two geographic categories: Hong Kong (R) for companies that are headquartered in Hong Kong and majority owned by foreign or Hong Kong local based interests, and Hong Kong (D) for companies that are headquartered in Hong Kong and majority controlled by interests based on China's mainland. As visualized in Figure 3, the rectangle blocks colored in pink symbolize the domestic layer, colored in blue represent the regional layer, and colored in green are the transnational players. Beijing tops the list for hosting the headquarters of the neighbor companies that together hold 116 current ties to the core sample TNCs. Coming second is Hong Kong (R) for non-Chinese/non-mainland companies (n=90); third is Hong Kong (D) for mainland companies (n=61); fourth is Shanghai (n=60); fifth Shenzhen (31); sixth the United States (14); seventh Canada (10); eighth Japan (9); ninth Foshan, Guangzhou, Wuhan, and the United Kingdom (7).

Figure 3: Headquarters of Neighbor Companies by Number of Current Interlocks

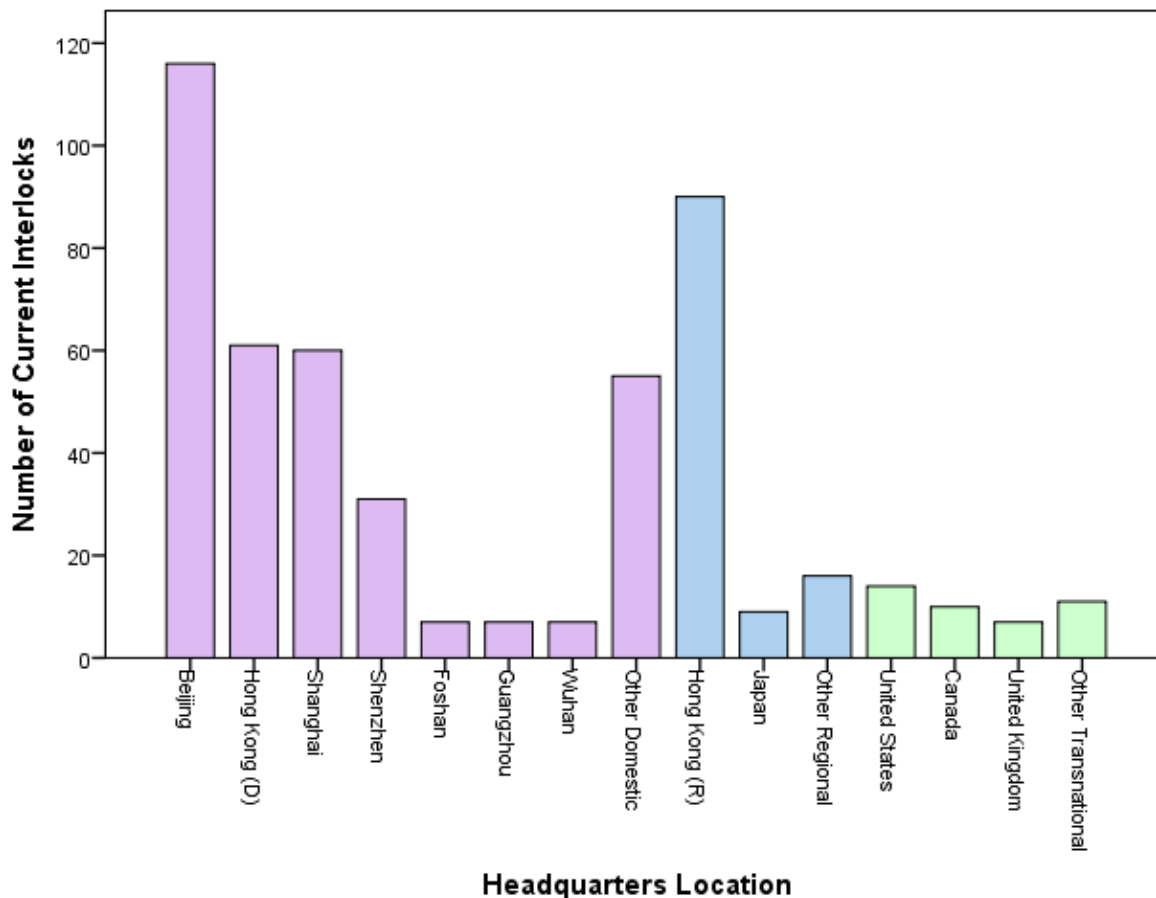
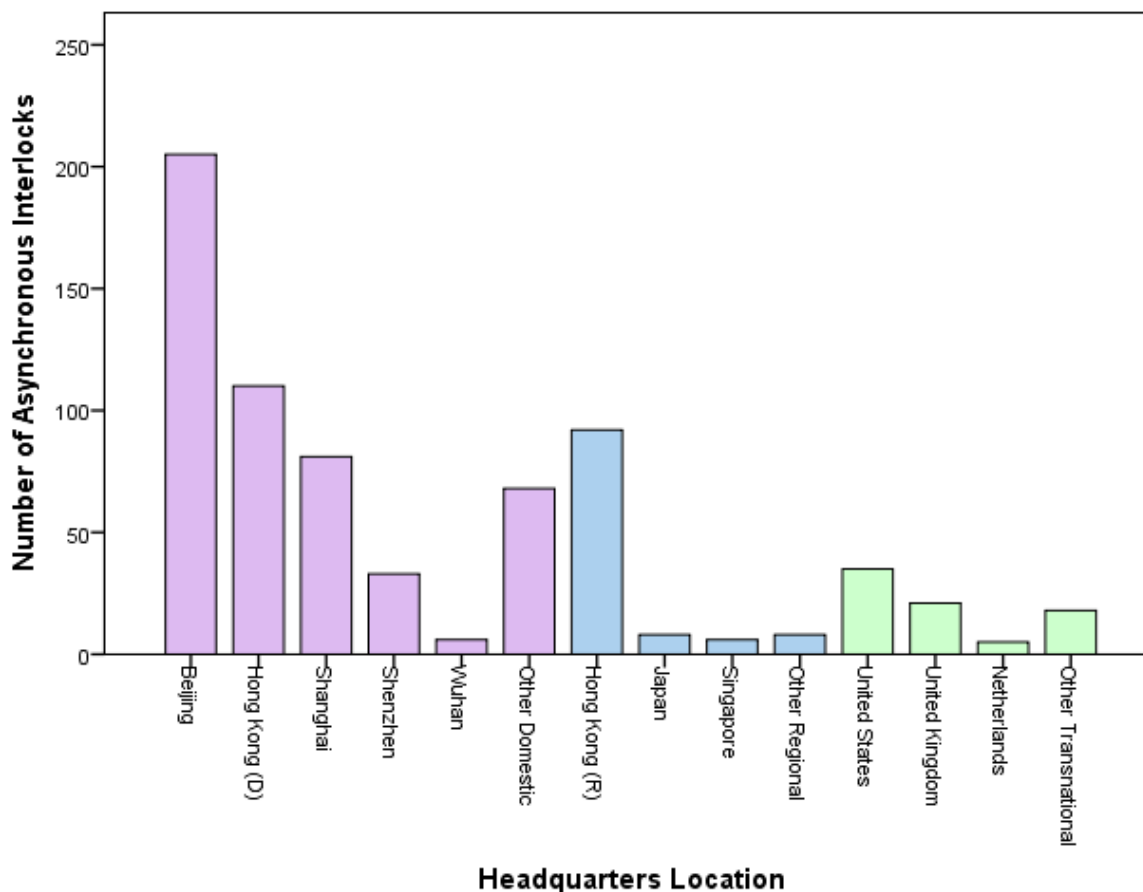


Figure 3 reveals that Beijing, Shanghai, Hong Kong, and Shenzhen constitute the pillars of the domestic network of the Chinese TNCs. Regional neighbors of the TNCs are predominantly based in Hong Kong, which reaffirms the important role of the city as a bridge between China and foreign countries. Japan, Singapore, and Thailand belong to the next cluster of regional stakeholders who have a definite presence in the network. The transnational interlocks are rather sparse: even the biggest player, the United States, is involved in only 14 ties. Corporations based in the United States, Canada, and the United Kingdom together have carried an amount of ties equal to those of Shenzhen, the fourth-ranking domestic city.

Figure 4, focusing on asynchronous interlocks of the directors, shows that Beijing again ranks number one, accounting for 205 of the asynchronous interlocks. Beijing's number is almost double than the next domicile for domestic companies, Hong Kong (D) (n=110). The network of previous affiliations thus is more unipolar. Hong Kong (R) for non-Chinese/non-mainland firms comes third (92); Shanghai comes fourth (81); the United States fifth (35); Shenzhen sixth (33); the United Kingdom seventh (21); Japan eighth (8); Wuhan and Singapore ninth (6); and the Netherlands eleventh (5).

Figure 4: Headquarters of Neighbor Companies by Number of Asynchronous Interlocks



The reason Beijing has further consolidated its dominant position in the network of asynchronous linkages has to do with the core sample SOEs based in Beijing. As previously

noted, directors of Chinese SOEs are mostly career bureaucrats who often work for one company at a time. Therefore, they tend not to maintain multiple current affiliations, and yet their previous corporate affiliations have accumulated as they are assigned a different job every few years from one SOE to another. Since a significant number of Chinese SOEs are based in Beijing, the state directors are most likely to circulate between different SOEs located in Beijing over their career. Therefore, previous affiliations of directors of Beijing-based firms tend to be contained within Beijing rather than stretching out to other cities. Figures show that out of the 205 cases of asynchronous interlocks found in Beijing, 39 of them (19%) were directed toward privately-owned TNCs in the core sample while 166 (81%) were directed toward the SOEs which is significantly larger than 58% in the overall sample. This finding is consistent with the ‘policy-driven’ nature of corporate China and the central role of Beijing in this process. As the capital city, Beijing is the hub for China’s state-capitalist elite, which is socially integrated through asynchronous interlocking.

Hong Kong (R), on the other hand, falls to third place in the distribution of asynchronous interlocks, which is no longer comparable to Beijing as it does in the contemporaneous network. Some transnational stakeholders, such as the U.S. and U.K., have become more important in the asynchronous network. The U.S. even exceeds Shenzhen to achieve fifth place in the rank. Canada has disappeared while the Netherlands emerges. The larger number of American and British corporations, with which directors of the core sample Chinese TNCs previously affiliated, justifies the bigger transnational segment of asynchronous ties (see Table 2). This reaffirms the previous point made about how the transnational network of corporate China is woven largely through asynchronous linkages rather than current interlocks. A detailed discussion of this will be saved for the network analysis.

Besides temporality and spatiality, industry sector also plays a role in shaping the pattern of directorate interlocks. Sectors such as banking, insurance, and retail whose firms have relatively large directorates also tend to have more interlocks, both current and asynchronous (see Table 3). Nonetheless, ownership type is built into industry sector in co-influencing the directorate pattern. Private or joint-stock banks and insurance companies in the core sample (China Merchants Bank, China Minsheng Bank, Ping An Insurance, and China Pacific Insurance) have larger amounts of current and asynchronous ties and bigger tie/director ratios, as compared to the more strictly defined state-owned enterprises which are directly controlled by the central government (e.g., Industrial & Commercial Bank of China (ICBC), China Construction Bank, China Life Insurance, and People's Insurance Company of China). The former group seem to have woven a directorate network similar to that of their Western counterpart while the latter group is reversed. The real estate sector has also seen a variation of network patterns between private firms (Evergrande and Country Garden) and SOEs (Greenland Holdings and China Poly Group).

Industry sectors such as technology and retail mostly comprise private firms but their directorate interlocks also vary between different individual companies. For the technology industry, Lenovo Group based in Hong Kong has one of the highest tie/director ratio (3) while Huawei's ratio is among the lowest (0.06). For retail, CK Hutchison – whose businesses are widespread across sectors, but its main revenues come from retail – monopolizes most of the interlocks within the sector and has a high tie/director ratio while the other three companies, especially Suning Holdings, do not carry many connections. Within the sectors where SOEs are dominant – engineering and construction, transportation, industrials and manufacturing, and also materials – there is less variation between companies. The SOEs from these sectors tend to have

smaller boards and fewer current ties, and yet carry a fairly large amount of asynchronous ties because of the internal circulation of the state directors.

Sector	No. of Directors	No. of Ties (Current)	T./D. Ratio	No. of Ties (Asynchronous)	T./D. Ratio
1 Banking	57	85	1.49	128	2.25
state-owned	27	21	0.78	44	1.63
private/joint-stock	30	64	2.13	84	2.8
2 Insurance	52	82	1.58	99	1.9
state-owned	25	24	0.96	47	1.88
private	27	58	2.15	52	1.93
3 Energy	30	10	0.33	38	1.27
4 Engr.& Constr.	30	43	1.43	61	2.03
5 Transportation	29	27	0.93	77	2.66
6 Technology	44	53	1.2	57	1.3
Huawei	17	1	0.06	0	0
Lenovo Group	10	30	3	38	3.8
7 Retail	46	99	2.15	87	1.89
CK Hutchison	21	55	2.62	57	2.71
Suning Holdings	9	6	0.67	1	0.11
8 Real Estate	43	49	1.14	40	0.93
state-owned	20	8	0.4	15	0.75
private	23	41	1.78	25	1.09
9 Ind.&Mfg.	32	30	0.94	58	1.81
10 Materials	34	23	0.68	51	1.5
Sum	397	501	1.26	696	1.75

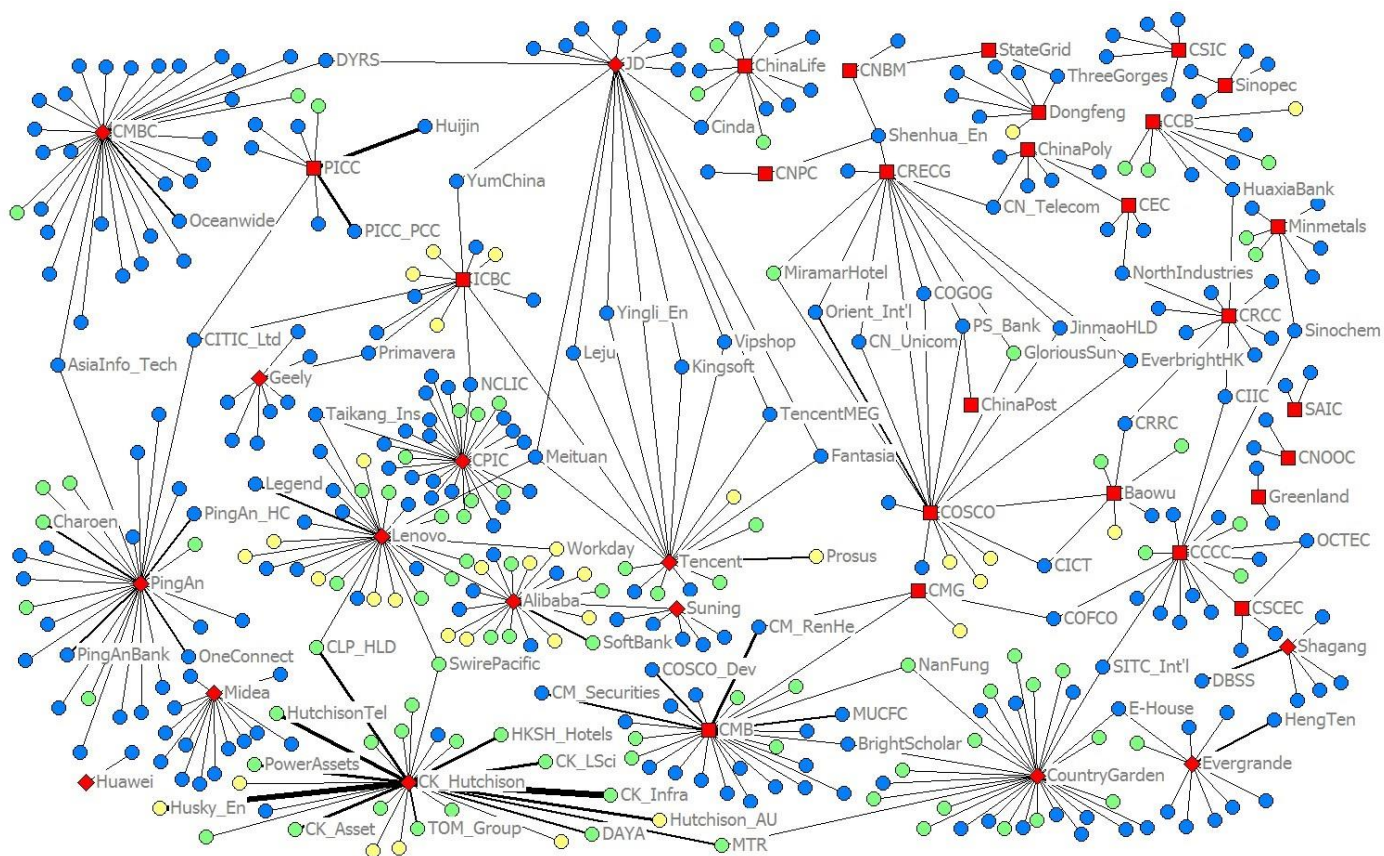
Note: percentage figures are rounded to the hundreds digit.

Network Analysis: the Grand Picture

Having described the data, I now turn to a network analysis of the 40 Chinese TNCs, the interlocking directors, and the neighbor companies. Figure 5 maps a complete network of the 40 Chinese TNCs, their neighbors, and the directorate ties based on the three-layer model. In the network diagram, each node represents a company. Square symbols in red are state-owned Chinese TNCs in the core sample; diamonds in red are privately-owned core sample TNCs. Circles colored in blue are domestic (Chinese) neighbor companies, in green are regional (other

Asian) neighbors, and in yellow are transnational (non-Asian) neighbors. In total, there are 40 core sample firms, 267 domestic neighbors, 85 regional neighbors, and 33 transnational neighbors. Each line indicates an interlocking director or multiple interlocking directors. Degree (the number of directors shared by a pair of companies) varies from 1 to 7, and this is indicated by the thickness of the lines. Most of the neighbor companies have only one interlock, which indicates a weak tie with the core sample TNCs.

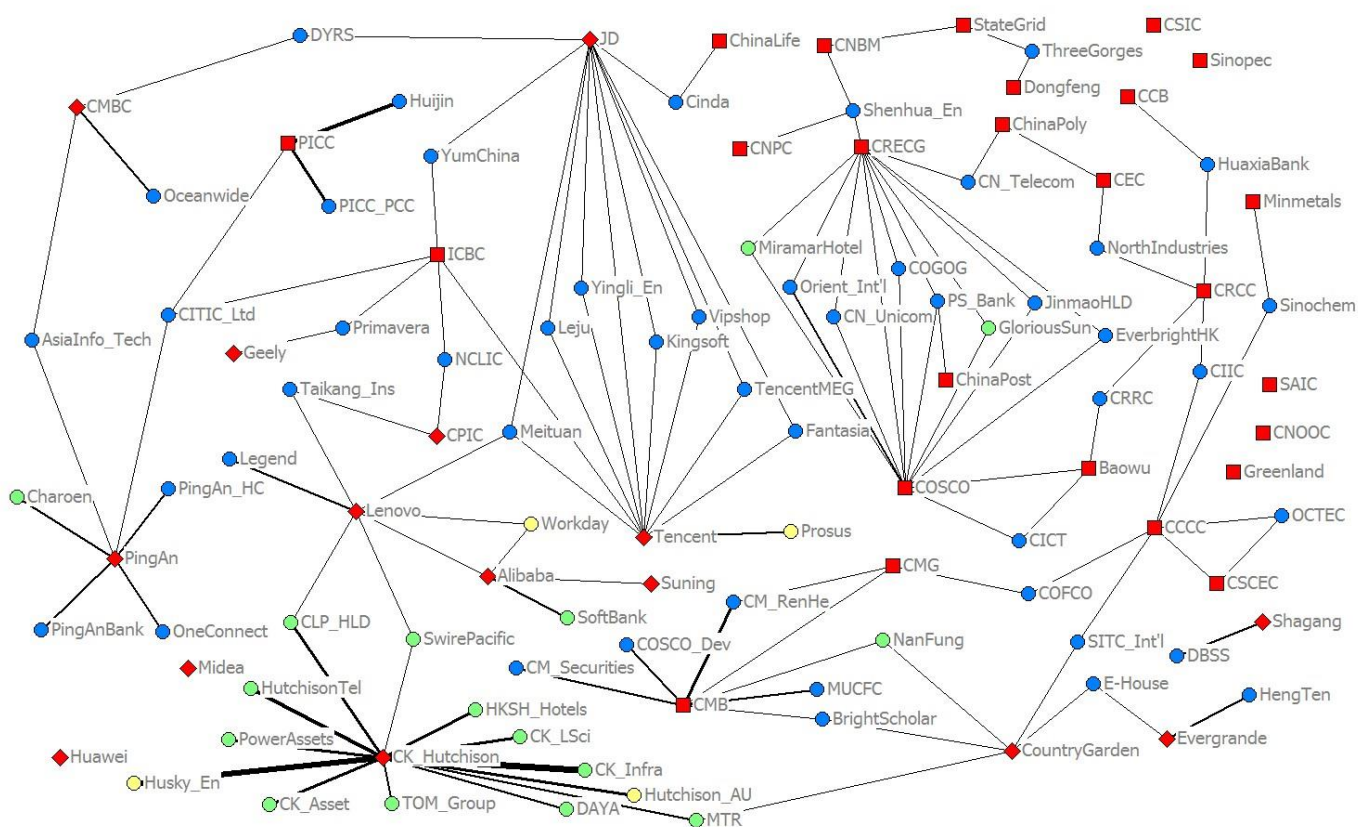
Figure 5: A Network Diagram of the 40 Chinese TNCs and Neighbors (All Ties)



There are, however, 68 neighbor companies whose interlocking relations to the core TNCs contain two or more shared directors and therefore involving in strong-tie connections.

Figure 6 presents a network of strong ties between the 68 neighbors and the 40 core TNCs – as well as ties among the core TNCs. 48 of the 68 neighbors are domestic-based: 40 have two connections; 6 have three and 2 have four connections. 16 are regional neighbors: 7 have two ties; 6 have three, 2 have four and 1 has seven ties. 4 are transnational neighbors: 2 have two interlocks; 1 has three and 1 has six interlocks. In both Figure 5 and Figure 6, only the 40 core TNCs and 68 neighbors of strong ties are labelled for the sake of tidiness.

Figure 6: A Network Diagram of the 40 Chinese TNCs and Neighbors (Strong Ties)



I will now interpret the general features of the directorate network starting from a component analysis: “a component is a set of companies whose boards/executives are all either

directly or indirectly interlocked, forming a connected network” (Carroll, 2020, p.41). Network component can tell whether a company is integrated or isolated in the larger corporate network. As displayed in Figures 5 and 6, there is a main component in the network I mapped, which consists of 32 core TNCs, 233 domestic neighbors, 85 regional neighbors, and 33 transnational neighbors, respectively. This means that all these companies are interconnected, either directly or indirectly, with each other, forming an integrated community. Since most of the core TNCs and neighbor companies are woven into a single component, we can make a conclusion that the Chinese business community is relatively cohesive.

Besides the main component, there are eight minor components each comprised of an isolated core TNC and its neighbor companies. These are the marginal stakeholders in the network, which include China National Offshore Oil Corporation (CNOOC), China Shipbuilding Industry Corporation (CSIC), Greenland Holdings, Huawei, Midea Group, SAIC Motor, Jiangsu Shagang Group, and Sinopec Group. These eight isolated TNCs also tend to have fewer interlocks. Huawei, for example, claims to be an employee-owned company, and its directors are chosen from among its long-serving managers and executives who usually have worked for the company for more than 20 years. For this reason, Huawei’s directors do not carry any interlock, except one with TD Tech, a research and development institute jointly funded by Huawei and Nokia. Shagang Group is the largest private steel company with six interlocks – four with other steel companies as its subsidiaries and two with local banks in Jiangsu province. Greenland Holdings, a real estate developer, and SAIC Motor, an automaker – both Shanghai-based SOEs – each have two ties. CNOOC, Sinopec, and China Shipbuilding, all SOEs in Beijing, have two, four, and five domestic interlocks, respectively. Midea, a privately-owned electrical appliance manufacturer, is an outlier in this group, maintaining 13 linkages. The important linkages to

Midea – through the director, Mr. Xue Yunkui – come from various subsidiaries of Wanda Group, a privately-owned Chinese conglomerate, including Wanda Hotel Development and Dalian Wanda Commercial Management Group. Since these subsidiaries are treated as separate entities, each carrying only one interlock, they are not considered as key neighbors and do not appear in the network of strong ties.

Despite considerable cohesiveness, the directorate network does not really have a center but rather is comprised of different overlapping social circles. Figure 6, most clearly, shows six distinguishable social circles. From the left to the right, first is Ping An Insurance and its neighbors while coming second is an array of firms around Lenovo which includes Alibaba. CK Hutchison constitutes the center of the third circle of companies which are mostly its own subsidiaries. Tencent and JD together have formed their own overlapping social circle by having one direct interlock and eight indirect connections – one of which involves another core TNC, the Industrial & Commercial Bank of China (ICBC). In a similar way, the China Railway Engineering Corporation (CRECG) and China COSCO Shipping are integrated together in a bipolar configuration with one direct tie and eight indirect connections. The sixth and last cluster of companies is centered on China Merchants Bank (CMB) and has China Merchants Group (CMG) and Country Garden woven into its network.

The six overlapping social circles in total consist of 12 highly interlocked core TNCs: Alibaba, Country Garden Holdings, Industrial & Commercial Bank of China (ICBC), China COSCO Shipping, China Merchants Bank (CMB), China Merchants Group (CMG), China Railway Engineering Corporation (CRECG), JD, Lenovo, Ping An Insurance, Tencent, and CK Hutchison – mostly private firms. These 12 TNCs share some common properties. Firstly, they tend to hold a large number of interlocks. Other than China Merchants Group, every TNC in this

group has more than 10 interlocks; five have 30 interlocks or more. Secondly, the regional and transnational connections are centralized in the hands of this group of TNCs, and in particular, CK Hutchison. The TNCs that are most transnationally interconnected are CK Hutchison (N=13), Alibaba (N=8), Lenovo (7), ICBC (4), China COSCO Shipping (3), and Tencent (3). The regional ties are also concentrated in the hands of CK Hutchison (N=40), Country Garden (15), Lenovo (9), Ping An Insurance (7), Alibaba (6), China Merchants Bank (6), and Tencent (4). In the network of strong ties, the regional and transnational connections are further concentrated and controlled by CK Hutchison.

Lastly, the remaining 20 core TNCs are built into the main component of the network but these firms are positioned at the margins and not ingrained in the six circles. These TNCs include China Construction Bank (CCB), China Baowu Steel, China Communications Construction Company (CCCC), China Electronics Corporation (CEC), China Life Insurance, China Minmetals, China Minsheng Bank (CMBC), China National Building Material (CNBM), China National Petroleum Corporation (CNPC), China Pacific Insurance, China Poly Group, China Post, China Railway Construction Corporation (CRCC), China State Construction Engineering (CSCEC), Dongfeng Motor, China Evergrande Group, People's Insurance Company of China (PICC), State Grid, Suning Holdings, and Zhejiang Geely Holding – 15 of them SOEs and five of them private firms. This group of TNCs interlock with a higher proportion of domestic neighbors and a lower proportion of regional and transnational companies. Not only are there fewer regional and transnational connections, but also they tend to be weak ties. In fact, the 20 marginal TNCs have no connection at all to any regional or transnational neighbor in the network of strong ties.

In both network diagrams, it is the domestic layer that dominates. The percentage

numbers of interlocks across the three (national, regional, and transnational) layers are also quite similar: 115 (66.1%) vs 46 (26.4%) vs 13 (7.5%) for the network of strong ties, and 344 (68.7%) vs 115 (23.0%) vs 42 (8.4%) for the overall sample. Yet there is a substantial divergence: in the network of all ties, regional (and to some extent, transnational) neighbor companies are more spread out while in the network of strong ties, the regional and transnational interlocks tend to be monopolized by CK Hutchison, the only Hong Kong-based and Hong Kong-owned company in the core sample. CK Hutchison, therefore, has built its own directorate interlocks mostly on the regional and the transnational layers and is separate from the main body of the domestic network. This finding points to the fact that although a decent number of Chinese TNCs do participate in regional and transnational elite interlocking, those interlocks tend to be carried by single directors, indicating weak connections while strong-tie connections are highly concentrated in the hands of a tiny few.

The regional and transnational neighbors are not only fewer in quantity, but also smaller in size. I use the companies' statuses (presence versus absence) on the 2019 Fortune G500 list as a measurement of corporate size. Among the domestic neighbors interlocked with the core TNCs, Fortune G500 companies are common: Bank of China, China Mobile, China Development Bank, Sinochem Group, China Energy Investment, COFCO Group, CITIC Group, China North Industries Group, China Telecommunications Corporation, Bank of Communications, China Vanke, China Unicom, China National Aviation Fuel, China Aerospace Science & Industry Corporation, CRRC Corporation, China Huadian Corporation, China Taiping Insurance, and Taikang Insurance Group – a total of 18, which represents 6.74% of the 267 domestic neighbors. SoftBank Group, a Japanese conglomerate holding company, is the only regional neighbor on the Fortune list (representing 1.18% of its cohort) and UBS Group, a Swiss

investment bank, is the only Fortune G500 transnational neighbor (representing 3.03% of its cohort). This indicates that the regional and transnational neighbor companies tend to be marginal stakeholders and hardly representatives of the TCC.

It has shown that the Chinese TNCs have not strongly integrated into the transnational capitalist class network, or the regional capitalist class network for that matter. Far from aiming for the creation of a consolidated TCC, the transnational and regional networks of Chinese TNCs seem to be working toward rather functional purposes: for communication, strategic investment, stakeholder partnership, or parent-subsidary relationship. For example, Masayoshi Son, Chairman of SoftBank Group, joined Alibaba's board in 2005 as a major shareholder, and in exchange, Jack Ma, then Chairman of Alibaba, also sat on SoftBank's board since 2007. However, such a relationship of strategic alliance can be easily deformed if it ceases to be sustainable or beneficial to either of the parties. Masayoshi Son recently pared down his stake in Alibaba to shore up his own company's finances after huge investment losses with his Vision Fund (Suzuki, 2020). Masayoshi Son and Jack Ma also have stepped down from the boards of each other's company, which brought more uncertainties to the future of the partnership. This kind of stakeholder partnership is also evident between Dutch-based Prosus (and its parent company, Naspers) and Tencent, as well as between Thailand-based Charoen Pokphand Group and Ping An Insurance.

A second type of functional interlocking occurs between a parent company and a subsidiary. The best example is CK Hutchison and a variety of its subsidiary companies in other parts of the world: Husky Energy in Canada, Hutchison Telecommunications (Australia) Limited in Australia, and Greene King, UK Power Networks Holdings, and Felixstowe Port Container Services in the United Kingdom. This kind of parent-subsidary interlocking accounts for 12 out

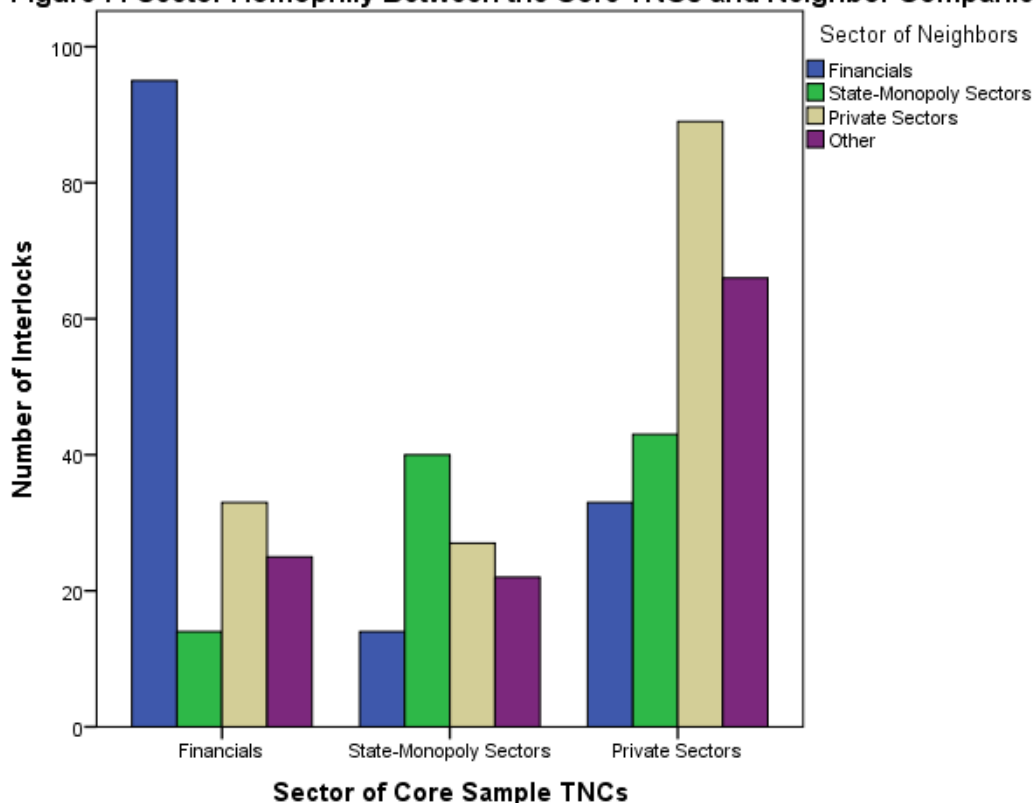
of a total of 13 transnational ties CK Hutchison has carried, which, again, is by no means an indicator of TCC formation nor the emergence of capitalist internationalism. On the contrary, it suggests that rather than the globalist argument of political peace and class harmony of different national capitals, the real intention of CK Hutchison is to expand its business empire through overseas acquisitions and investments, which portends intensified competition and conflicts between CK Hutchison and Western capitals. Such heightened competition lies behind the company's recent investment setbacks in Australia (Paul, 2018), in Canada (Einhorn and Hong, 2019), and in Israel (Rabinovitch and Williams, 2020).

Another common interlocking relation is through homophily, with some firms interlocking mainly with companies of the same type (high homophily) and others interlocking with more diverse neighbors (low homophily). As displayed in Figures 5 and 6, the network is largely divided between SOEs and private companies that tend to form interlocking relations among their own type. On the left hand side of the network, we can observe that most of the interlocked TNCs are private firms: Ping An Insurance, China Minsheng Bank (CMBC), JD, Tencent, Geely, China Pacific Insurance (CPIC), Lenovo, Alibaba, Suning, and CK Hutchison. The right hand side of the network is comprised of mostly the SOEs: Dongfeng Motor, State Grid, China National Building Material (CNBM), China National Petroleum Corporation (CNPC), China COSCO Shipping, China Post, China Poly Group, China Electronics Corporation (CEC), China Construction Bank (CCB), China Railway Construction Corporation (CRCC), China Minmetals, China Baowu Steel, China Communications Construction Company (CCCC), China State Construction Engineering (CSCEC), China Merchants Group (CMG), and China Merchants Bank (CMB). Country Garden, on the lower right corner of the network, a private real estate developer based in Foshan, south China, has occupied a brokerage position linking

together the two factions.

There is also a sector homophily effect between the core TNCs and neighbor companies. To reduce the number of categories for a cross-tabulation examination, I have condensed the original 10 industry sectors into three broader ones: financials (banking and insurance), state-monopoly sectors (energy, engineering & construction, transportation, and materials), and private sectors (technology, retail, real estate, and industrials & manufacturing). For the neighbor companies, I have added an additional residual category (other). I have used SPSS to obtain a chi-square value of 122.705 and a contingency coefficient of 0.444, $p=0.000$, between the industry sectors of core sample TNCs and those of neighbor companies, which indicates a statistically significant and modest-to-strong association. Figure 7 displays that the TNCs in the financial sector are inclined to form interlocks with companies in the same sector. Much the same is true for the state-monopoly sectors and the private sectors.

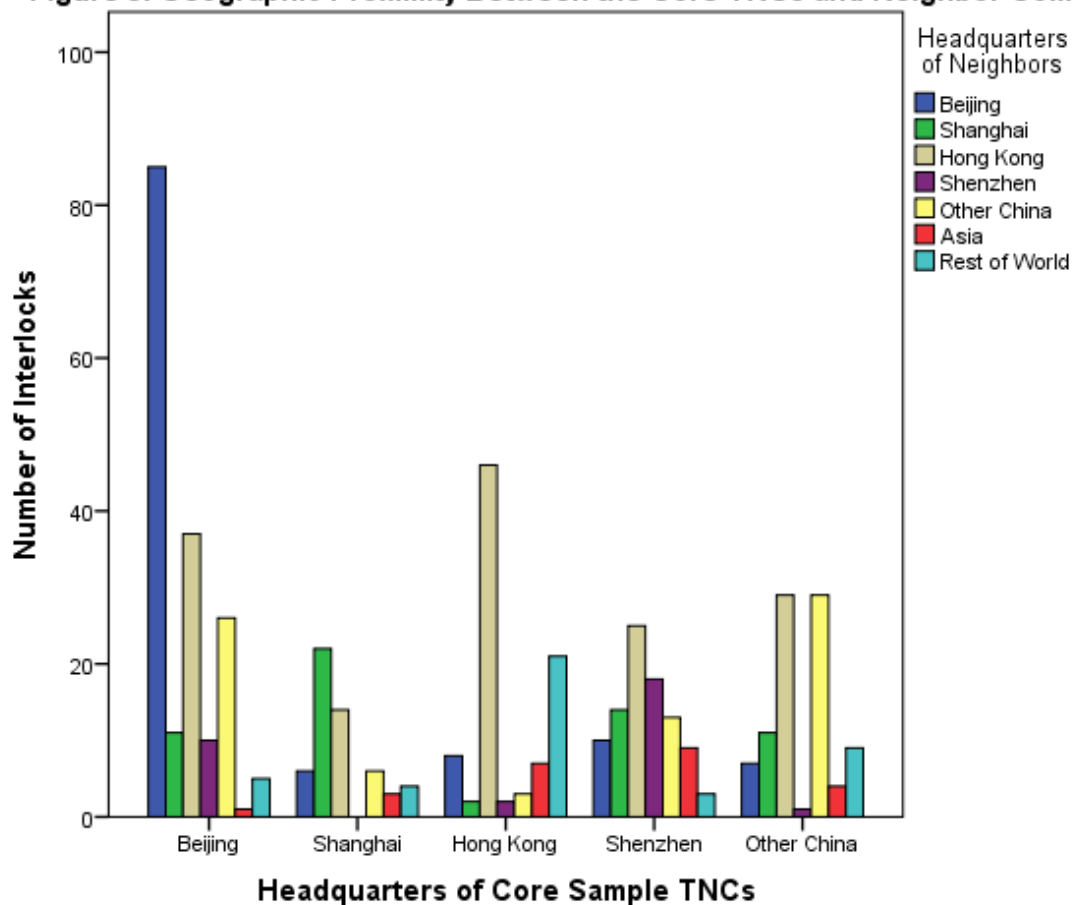
Figure 7: Sector Homophily Between the Core TNCs and Neighbor Companies



A similar pattern of homophily holds with regard to geographic proximity. Companies in the same city or region of China tend to forge interlocking relations with each other. Similarly, I have merged the headquarters into broader categories for cross tabulation: Beijing, Shanghai, Hong Kong, Shenzhen, other China, Asia, and rest of world – the last two categories only apply to neighbor companies. This relationship shows a chi-square value of 252.301 and a contingency coefficient of 0.579, $p=0.000$, between headquarters of the core TNCs and those of the neighbors, which indicates a statistically significant and strong association. As shown in Figure 8, nearly 50% of the interlocks (85 out of 176) of Beijing-based TNCs stay within Beijing; 40% (22 of 55) of the interlocks of the TNCs headquartered in Shanghai are directed toward neighbor companies in the same city. Hong Kong seems to be the second biggest receiver of the interlocks for both Beijing-based and Shanghai-based TNCs. The two economic engines in south China –

Shenzhen and Hong Kong – have also woven their own network of interlocking, which is largely anchored in the Pearl River delta region with Hong Kong acting as the pivot. While Hong Kong pretty much stand on its own, Shenzhen seems to be more reliant on Hong Kong and is the only one of the four pillar cities sending a larger number of directorate ties to a different city (Hong Kong) than to firms in its own city.

Figure 8: Geographic Proximity Between the Core TNCs and Neighbor Companies



Another finding of geographic significance is that the TNCs and the neighbors have been mostly rooted in rich coastal cities – Beijing, Shanghai, Shenzhen, and Hong Kong – while inland cities are underrepresented. The four pillar cities together represent 33 of the 40 (82.5%) core TNCs and 412 of the 501 (82.2%) interlocks. This is consistent with Carroll's (2010)

network mapping of transnational corporations in Europe where the directorate interlocks have skewed toward north-west heartland while south-east hinterland fails to integrate. The case of China reaffirms that regionalization is an essential feature of the uneven development of capitalism not only between countries but also within countries.

The Asynchronous Interlocks

While directorate interlocking has been the main focus in corporate network research, some researchers have made use of biographical data such as education background, gender, nationality, and previous corporate affiliations for network analysis (de Graaff, 2020). Previous affiliations of directors, or the asynchronous interlocks, are considered less important than current interlocks given that the real strategic decision-making power within corporations is exercised in the boardroom. Nonetheless, asynchronous interlocks can add a temporal dimension to the network and are helpful in tracking the career trajectories of the directors as well as potential interpersonal connections as a result of directors' background.

This section will map a network of asynchronous flows for a comparative analysis with the network of current interlocks. In total, the directors of the 40 core sample TNCs have 696 asynchronous ties with 502 neighbor companies. 24 of the interlocked neighbors are themselves core TNCs; 324 are other domestic, 91 are regional, and 63 are transnational neighbors (see Figure 9). There are 103 neighbors which have two or more asynchronous ties to the core TNCs and are included in the network of strong ties: 79 are domestic, 14 are regional, and 9 are transnational companies (see Figure 10).

international law firms and investment banks: JP Morgan, Goldman Sachs, HSBC Holdings, PricewaterhouseCoopers, Ernst & Young, KPMG, and Cisco. On the contrary, the transnational neighbors in the contemporaneous network are often smaller-sized firms. In addition, the transnational interlockers in the asynchronous network often held a lower-ranking position at the transnational neighbor companies (e.g., regional chairs or partners), as compared to the transnational interlockers in the contemporaneous network who usually serve as a board director at both the core TNCs and neighbor companies.

Much of this can be explained by the career trajectory of a growing number of Chinese business elites (particularly the younger generations) who obtained overseas education and work experience before joining a Chinese TNC (de Graff, 2020). Another related explanation has to do with the preference of Northern-based transnational corporations, particularly investment banks and law firms, to hire the princelings or children of Chinese ruling elite (who will become the next generation of political and business leaders of China) in order to build a close relation with the Chinese government and gain business advantages (Barboza, 2013). JP Morgan Chase, for example, was fined US\$264 million in 2016 for hiring princelings of Chinese officials to win business deals, which violated the Foreign Corrupt Practices Act (U.S. Securities and Exchange Commission, 2016). This justifies the previous observation that the transnational network of Chinese TNCs is woven mostly through previous corporate affiliations of their directors rather than current interlocks. However, its effectiveness is still up for debate.

Lastly, the statuses of the core TNCs also differ between the two networks. CK Hutchison, for example, is more integrated with mainland Chinese companies in the asynchronous network, including China Minsheng Bank, Bank of Shanghai, AVIC International Holding (HK) Limited, China Overseas Grand Oceans Group Limited, Shougang Concord

International Enterprises Co., Tian An China Investments Company, and Yunfeng Financial Group. This suggests that the company's isolation in the network of current interlocks is a recent development. As a group, the 15 private TNCs are the central players in the contemporaneous network who have controlled 307 out of 501, or 61.3%, of the ties. In the asynchronous network, the SOEs are the dominant actors, together holding 402 of 696, or 57.8%, of the interlocks. This, again, has to do with the accumulated affiliations of the state directors, as they move across SOEs over their career.

Chapter 5: Discussion

Theorizing the Findings: State Capitalism and Regionalized Development

This chapter aims to theorize the network findings before making a theoretical intervention into the debate between the globalist and critical realist schools regarding the nature of capitalist globalization and the TCC. I argue that there are two important explaining factors for the difficult integration of Chinese corporate elite into the Western-centered TCC network. Firstly, it is related to the statist or hybrid character of Chinese capitalist class who are bound to corporate interests while also heeding to the party-state (de Graaff and van Apeldoorn, 2017; 2018). The Chinese corporate elite is not integrated in the same way as its counterpart in advanced capitalist countries in that the elite in China is integrated much less through interlocking directorships and much more through flows of directors (a significant number of whom are state bureaucrats) across state-owned enterprises. The integration of China's corporate elite through the state also means that they are more reliant on the state for corporate coordination and capital accumulation. Secondly, the modest transnationalization of corporate China is ingrained in the more universal and fundamental logic of the regionalized development of global capitalism and class formation: "Much of what is transnational is regional" (Carroll, 2018, p.191). The uniqueness of Chinese capitalist class, therefore, should be interpreted within a general framework of capitalism. Based on the network findings, I will start my discussion by diagnosing the statist features of Chinese corporate elite before turning to an examination of the regionalized development of corporate China.

The red/statist/hybrid nature of Chinese capitalists, or the inextricable relations between the Chinese state and business elites, have been well researched across various disciplines, which is unsurprising given that capitalism in contemporary China was essentially a 'social experiment'

implemented by the Chinese Communist Party (CCP) to save itself from economic and political collapse, in particular after the 1989 Tiananmen Square crisis (Chen, 2002). The political pragmatism and opportunist trends of the CCP became more revealing when it revised its constitution in 2002 to officially allow private entrepreneurs to join the communist party, or vice versa, to encourage state bureaucrats and SOE managers to become entrepreneurs without risking loss of their party membership or political connections (Yang, et al., 2020).

The newly emergent capitalist class in post-Mao China, therefore, is entrenched with the CCP in many ways. It has been documented that starting from the twenty-first century, nearly half of the private entrepreneurs of China had a background of prior party cadre or SOE manager (Tsai, 2005), and that CCP membership among private entrepreneurs had doubled from around 20% in the 1990s to nearly 40% throughout the 2000s (Yang, et al., 2020). There is also a positive correlation between the size of a firm and the likelihood of its owner being a party member, which means owners of large companies are more closely related to the CCP (Dickson, 2007). In addition, the number of private firms with a CCP branch office exceeded 1.5 million in 2014, or 53% of all registered private businesses in China (Yan and Huang, 2019). Other important channels of building business-state alliances include clientelism (the mutual interdependence between profit-seeking capitalists and party cadres in advancing their careers), family ties (with the most widely-known example being the scandal of Wen Jiabao, former Premier of China, as well as the concealed business connections and hidden wealth involving his family), rewarding prominent entrepreneurs with high-ranking political positions (most commonly delegate members at the National People's Congress and the Chinese People's Political Consultative Conference), and creating a consensus to uphold the common interests of the ruling class of which the capitalists and the cadres are a constitutive part (Chen, 2002; Du

and Girma, 2010; Tsai, 2005).

Within what I call, the party-state-capital complex, the capitalist elite of China looks rather different from their Western counterpart. For example, it is found that Chinese capitalists lack a collective class consciousness and political assertiveness to lead a path toward a liberal democracy resembling that of Western regimes (Tsai, 2005). On the contrary, given the economic and political inextricability of the party-state and capital, Chinese capitalists largely consent to the current socio-political system and are reluctant to embrace Western-style democracy (Chen, 2002; Dickson, 2007). Marquis and Qiao (2018) also found that Chinese firms whose founders had joined the CCP before starting their businesses are less likely to embrace corporate internationalization strategies such as attracting foreign capitals and making global investments.

My analysis of China's statist capitalists has drawn from this extant literature while at the same time deviating from it. Some China studies scholars such as Wu Yiching (2005) have highlighted China's particularity in its capitalist economic development as a means of preserving the rule of the party-state, which, I argue, is an over-politicized approach toward the understanding of Chinese capitalism. My concept of the party-state-capital complex has sought a dialectical synthesis of party rule and capital interests, as a higher form of capitalist organization which facilitates the rise of China as a contender state to challenge the American hegemon – a similar phenomenon was also observed in the inter-imperialist struggle between Germany and Britain at the turn of the twentieth century (Callinicos, 1991).

I will further elaborate the idea of party-state-capital complex through untangling the directorate networks of Chinese TNCs, starting from Huawei. Huawei is a leading Chinese telecom company which was ranked 61 on the 2019 Fortune G500 list. Chairman Ren Zhengfei

is the founder of the company who has a military background and an ambiguous relationship with the Chinese government, by having served as an engineer for the People's Liberation Army before starting his own business (Davies, 2018). Another clue for taking Chairman Ren as a member of the red capitalist elite is his marriage with the daughter of Meng Dongbo, former deputy governor of Sichuan province. Huawei is a non-listed private company in the core sample with only one directorate interlock: TD Tech, a research and development company jointly funded by Nokia and Huawei.

Other than the sparseness of interlocks, another similarity between Huawei and the SOEs is the directorate structure. Huawei prefers to have insiders (its long-serving managers and executives) to sit on its board. Likewise, the SOEs also tend to have insiders serving as their directors who come from two streams: first, career technocrats who manage the daily operations of the SOEs, and second, state bureaucrats who are representatives of the state to oversee the SOEs. As shown in Table 4, nearly 80%, or 172 out of the 216, directors at the 25 SOEs are either state bureaucrats or career technocrats while only 20% of the directors are outside directors (e.g., private entrepreneurs, transnational interlockers, or university professors). A fair number of the SOEs have no outside director on their boards, and only six of them have any transnational interlocker at all: Baowu Steel, Dongdeng Motor, China Merchants Group, China Construction Bank, COSCO and ICBC. Huawei has acted in a similar way as the SOEs to exclude outsiders from its board. It was because of the lack of transnational interests within the company that Huawei was able to easily bypass the U.S.' sanctions on Iran.

Types of Interlocking		current ties only	asynchronous ties only	both ties	no tie	total
Directors' Backgrounds	state bureaucrat	12	54	40	25	131
	career technocrat	5	18	9	9	41
	independent	3	9	24	8	44
Total		20	81	73	42	216

However, Huawei should not be treated as an exceptional case in terms of the insulation of its directorate network and the absence of transnational connections, given that a fair number of other core sample private TNCs also carry very few interlocks and do not link to any transnational neighbor. Three other private firms which maintain single-digit directorate interlocks are Jiangsu Shagang Group (6), Suning Holdings (6), and Zhejiang Geely Holding (8). Those that share no transnational tie include Jiangsu Shagang Group, Suning Holdings, Geely, China Minsheng Bank, Ping An Insurance, China Pacific Insurance, JD, Evergrande, Country Garden, and Midea – pretty much every private company except the four: Lenovo, Alibaba, Tencent, and CK Hutchison.

Not only is Huawei's network pattern shared by many other private firms, but the latter also have the same close relations with the Chinese government. Chairman of Jiangsu Shagang Group (originally a state-owned steel company which became 'privatized' in the 1990s), Mr. Shen Wenrong, was Zhangjiagang City's deputy secretary of the CCP, a position only under the secretary, and the mayor, of the city. Mr. Shen is a typical example of a former state manager becoming a private entrepreneur – not through establishing his own company but taking over an original SOE, which was a common phenomenon during the transitional years from a planned economy to a market economy in China.

Other private entrepreneurs who were also former state managers include Ma Mingzhe, founder and chairman of Ping An Insurance, Liu Chuanzhi, founder and former chairman of

Lenovo, as well as Hui Ka Yan, founder and chairman of Evergrande. Mr. Ma's father worked as a soldier in the Chinese military (Sina News, 2008). Through his family background, Ma started his career by working as a municipal bureaucrat before moving to Shenzhen to work for China Merchants Insurance Company, a subsidiary of state-owned China Merchants Group, and eventually became a vice president of the company. He served as a delegate twice at the Chinese People's Political Consultative Conference. Liu Chuanzhi is a co-founder of Lenovo. His father is Liu Gushu, a former deputy minister at China Council for the Promotion of International Trade. Lenovo was originally founded and called Legend in 1984 as a subsidiary of the Institute of Computing Technology, Chinese Academy of Sciences, where Liu Chuanzhi worked as an engineer and a bureaucrat. Within a few years, the company opened a branch office in Hong Kong which later became publicly traded under the name, Lenovo, and merged with the parent. Liu Chuanzhi became the chairman of the new company which acquired IBM's PC division in 2004 (Weinland, 2019). Evergrande's Chairman, Hui Ka Yan, was also born into a military family. His father was a Red Army soldier who was injured and demobilized during the Chinese Civil War (National Business Daily, 2018). Hui graduated from university in 1982 and became a worker at a state-owned steel company where he eventually became a manager. He later quit his job and went to Shenzhen to join the real estate businesses. Hui has served as a Standing Committee member of the Chinese People's Political Consultative Conference (China Evergrande Group, 2018).

The cases of Jiangsu Shagang Group and Lenovo (originally named Legend) exemplify David Harvey's (2003) concept of accumulation by dispossession, which, in turn, is built on Marx's (1976[1867]) notion of primitive accumulation. It is also a renewal of Rosa Luxemburg's (2004[1913]) argument in *The Accumulation of Capital* that it is in the intrinsic nature of capital

to seek ceaseless global expansion and exploitation of the non-capitalist world. David Harvey, in line with Rosa Luxemburg, argues that what Marx called primitive accumulation, or accumulation practices through violence, predation, fraud, enclosure of common lands, privatization of natural resources and public services, and proletarianization of the peasants, has continued to be a standard way of capitalist profit-making in contemporary society, especially under neoliberalism (Foster and McChesney, 2012; Harvey, 2005; Smith, 2016). Capitalism, therefore, always relies on non-capitalist means to grow and to survive. Capitalist China is no exception.

A second group of Chinese entrepreneurs were also descendants of a red family but did not have the experience working at a SOE before founding their companies. Jack Ma, founder of Alibaba, has been a member of the CCP for most of his life (Kharpal, 2018), which is no surprise given the fact that his father was Chairman of the Communist Party-led Ballad Musicians' Association of Zhejiang province and most certainly a CCP member himself. Mr. Ma was a university English teacher prior to his involvement in internet technology businesses. Pony Ma, founder and chairman of Tencent, also grew up in a communist family. His father, Ma Chenshu, was a senior state bureaucrat at Hainan Maritime Safety Administration and later vice president at Shenzhen Yantian Port, a company owned by the municipal government of Shenzhen. Pony Ma worked at an internet technology company in Shenzhen before creating Tencent, and he has been a delegate at the National People's Congress since 2013, according to the company's annual report (Tencent Holdings Limited, 2018).

Still there is another variety of Chinese entrepreneurs whose parents were not associated with the Chinese Communist Party (or no information about their family background is available) but have formed a close alliance with the CCP through their career. Li Ka-shing,

founder of CK Hutchison, is known to be a close friend and political ally to former President of China, Jiang Zemin, and benefited massively from the relationship. Li Tzar Kuoi (Victor), oldest son of Li Ka-shing and current chairman of CK Hutchison, has been a delegate at the Chinese People's Political Consultative Conference (CPPCC) since 1998 (CK Hutchison Holdings Limited, 2018). Mr. Zhang Jindong, founder of the retailer Suning Holdings, has always been a party loyalist who, among other Chinese entrepreneurs, established a CCP branch office in his company as early as 1993 (People's Daily, 2018). Mr. Zhang also has had a close relation with former Prime Minister of China Wen Jiabao, who was never hesitant to publicly express his strong support for the company to build a multinational retail empire similar to Walmart's (Tencent News, 2010). Li Shufu, founder of Geely, one of the largest privately-owned automakers in China, had been a friend and loyalist to Xi Jinping long before Xi became President of China (Nakazawa, 2018). Geely acquired Volvo Cars in 2010 and bought 9.7% of Daimler's stakes to become its biggest shareholder in 2019 (Campbell, 2018).⁶ Yang Guoqiang, founder of Country Garden, He Xiangjian, founder of Midea Group, and Richard Liu, founder of JD, also belong to this group of incorporated capitalist elites. Mr. Yang has been a delegate at the CPPCC since 2013 (Country Garden Holdings Company Limited, 2018). Mr. Liu had also served as a delegate at the CPPCC but resigned in 2019 due to a sexual scandal (Ruwitch, Yu, and Goh, 2019). Mr. He was a standing member at the Foshan Municipal Committee of the CPPCC (Netease News, 2008).

The inextricable relations between the Chinese state and business elites, from the less connected companies (Huawei, Jiangsu Shagang Group, and Suning Holdings) to the more internationalized firms (Alibaba, Tencent, Lenovo, and CK Hutchison) suggest that Huawei is

⁶ Note, however, that these two companies have not been included in the network analysis because Volvo is a full subsidiary of Geely and Daimler's board of directors do not contain any representative from Geely.

not an outlier but a member of a coterie of Chinese TNCs which *do not show any strong inclination to integrate into – if not directly confronting – the Northern-based TCC community (as exemplified in the cases of Huawei and CK Hutchinson), but instead are allied closely with national interests in competition against foreign capitals.*

In addition to the statist character of China's capitalist elite, another explanation for their minimal integration into the Western-centered TCC community is found in the regionalized development of global capitalism and class formation. As previously discussed, de Graaff's (2014) and Carroll's (2020) studies have shown a minimal presence of Chinese national oil companies (NOCs) in the directorate network of global fossil capitals organized around Western-based international oil companies (IOCs), which indicates a marginalized role of Chinese oil elite in the Western-centered TCC community, leading to the conclusion that "[t]he transnational network [of the global oil elites] is regionally clustered and overwhelming Northern, actually North-Atlantic, in composition" (Carroll, 2020, p.47). Carroll's (2010) study of the G500 corporations also reveals that the growing level of transnational directorate interlocks mostly occurred in European Union countries while companies from the semi-peripheral countries such as China failed to integrate. Capitalist globalization, therefore, is regionally entrenched: "Much of what is transnational is regional" (Carroll, 2018, p.191).

My network mapping of corporate China lends support to the concept of regionalization. In terms of domestic regionalization, my findings illustrate that the directorate network of 40 Chinese TNCs is anchored in rich coastal cities, mostly in the four pillars: Beijing, Shanghai, Shenzhen, and Hong Kong. Inland cities, in contrast, are underrepresented. Geographic proximity is further observed among the coastal cities: companies in the same city are more likely to interlock among themselves. Globally speaking, the network of Chinese TNCs also

follows the rule of geographic proximity (regionalization): the directorate interlocks outside mainland China are mostly formed with companies in Hong Kong (see Figure 3). The transnational interlocks beyond Asia, on the other hand, are sparse and concentrated in the hands of a few Chinese TNCs: Baowu Steel, Dongdeng Motor, China Merchants Group, and China Construction Bank each have one transnational tie; COSCO and Tencent have three; ICBC 4; Lenovo 7; Alibaba 8; and CK Hutchison 13 – adding to a total of 43.

Now I will turn to CK Hutchison, the most transnationalized company and the only Hong Kong-based and Hong Kong-owned TNC in the core sample, for an in-depth analysis of the regionalization phenomenon. CK Hutchison is a corporate conglomerate founded by Li Ka-shing and headquartered in Hong Kong. After Li Ka-shing's retirement in 2018, his oldest son, Li Tzar Kuoi (Victor), took over the business empire and became the new chairman. The company's main revenues come from a variety of industry sectors including retail (37%), telecoms (21%), infrastructure (14%), and Canada-based Husky Energy (12%), according to its annual report (CK Hutchison Holdings Limited, 2018).

The regional neighbors with strong, multi-director ties to CK Hutchison Holdings include CK Infrastructure Holdings (7 connections), Hutchison Telecommunications Hong Kong (4 connections), CK Asset Holdings (3), and CK Life Sciences (3), CLP Holdings Limited (3), The Hong Kong and Shanghai Hotels (3), Power Assets Holdings (3), MTR Corporation (2), Duta Intidaya Tbk (2), TOM Group Limited (2), and Swire Pacific (1). Many of them are subsidiaries of CK Hutchison, and all but one are based in Hong Kong – the exception being Duta Intidaya Tbk, an Indonesian firm. CK Hutchison does not have any directorate interlock with companies based in Chinese mainland.

This shows that CK Hutchison's directorate network is largely centered in Hong Kong

with a few strong ties reaching out to Canada and Australia, as well as sparse single-director ties to companies in the U.K. The domestic layer of the company's network is lacking, with interlocks to only two domestic companies, both located in Hong Kong. In total, 39 out of the 55 directorate interlocks of CK Hutchison are based in its homeland, Hong Kong, while three are directed toward companies in Indonesia and Singapore. The other 13 are transnational ties going beyond Asia but mostly with its own subsidiaries (six with Husky Energy, three with Hutchison Telecommunications (Australia) Limited, and one with UK Power Networks Holdings, Greene King, and Felixstowe Port Container Services, respectively).

CK Hutchison, therefore, has based its directorate connections mostly in Hong Kong and is separate from the domestic network of mainland companies. The reason the company has deviated from the domestic network of corporate China may have to do with the strategic withdrawal of its business from mainland China in recent years due to the discord between Li Ka-shing and President Xi Jinping's new leadership – Li Ka-shing has been a close ally to Xi's political rival, former President of China Jiang Zemin, and gained huge benefits from the relationship. This is a recent development given that CK Hutchison was more integrated with mainland companies in the asynchronous network, including China Minsheng Bank, AVIC International Holding (HK) Limited, Bank of Shanghai, Shougang Concord International Enterprises Co., China Overseas Grand Oceans Group Limited, Tian An China Investments Company, and Yunfeng Financial Group.

Despite Li Ka-shing's political departure from Beijing and CK Hutchison's strategic withdrawal from China, Western countries and societies still feel skeptical of this 'Chinese' company whose ambitious overseas acquisitions and investment projects have been blocked in Australia (Paul, 2018), in Canada (Einhorn and Hong, 2019), and in Israel (Rabinovitch and

Williams, 2020) – to name a few recent examples. The challenges CK Hutchison has faced in expanding its business empire overseas may have explained the company's latest attempt to show a goodwill gesture to Beijing and to restore the relationship: Li Ka-shing has recently declared his backing for China's proposed national security law to be implemented in Hong Kong (Cheung, 2020).

CK Hutchison has never been and will not become a post-statist/deterritorialized corporation, in the eyes of both China and the West. Li Ka-shing has built his business empire with the indispensable support of top leaders of China such as former President Jiang Zemin. As the company has now become a multinational conglomerate, its 'Chinese nationality' still sticks with it in many ways. 1, its corporate entity is still anchored in Hong Kong, and its transnational network is mostly formed with its own subsidiaries, which is hardly an indicator of the company's integration into the TCC. 2, in contrary to class integration, CK Hutchison's global expansionist ambition has faced suspicion from, and has been discouraged by, Western businesses and societies including the recent investment setbacks in Australia, Canada, and Israel (backed by the United States). 3, Li Ka-shing's defense of the national security law certainly carries the intention to maintain a stable social order in Hong Kong for his real estate business but in a broader perspective, Li Ka-shing has merely reverted to the normal state as other business tycoons, standing with Beijing for a state-capitalist rule over Hong Kong (Hernandez and Stevenson, 2020). CK Hutchison is a living example of the most internationally well-connected company in China, yet it can hardly be labelled as transnational, let alone fitting the post-statist framework of capitalism.

The regionalization of capitalist development and class formation has lent support to my broader argument that capitalist globalization and state power are not opposite to each other, nor

does the strength of one weaken the other, as it has often been taken for granted in much of the globalist literature (Harris, 2019; Robinson, 2019). It is also one of the biggest blind spots of the globalist theory of capitalism to presuppose a natural tendency of corporations to detach and deterritorialize from the nation-state and to forge a supranational governance around the leadership of a transnational capitalist class. To be exact, the globalist theory of capitalism is founded on a liberal conception of separation between state and capital, or between political power and economic power in general.

In reality, state rule and capital accumulation have been complementary parts of a larger whole throughout the history of capitalism (Baran and Sweezy, 1968, pp.66-7). A Marxist argument not only challenges the proposed separation of state power and class interests, but points to their co-dependency, as indicated in *The Communist Manifesto*, “The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie” (Marx and Engels, 1985[1848], p.82), or in *The Civil War in France*, “In reality, however, the state is nothing but a machine for the oppression of one class by another, and indeed in the democratic republic no less than in the monarchy” (Marx, 1978[1871], pp.628-29). Rather than the Robinson-Harris argument of globalism versus nationalism, the globalization of American capital is itself embedded in the U.S. project of imperialist expansionism (Callinicos, 2009), while the American empire, in turn, was founded on the constant global expansion of its capital – much of the globalism and nationalism are indeed two sides of the same imperialist coin. Similarly, the global expansion of Chinese capitals should not be read as China’s alternative version of globalism – as in President Xi Jinping’s reassuring account of the BRI. Instead, this expansion should be understood in terms of how it helps advance the emerging empire of China, and vice versa. The business empire of CK Hutchison, I contend, has its fate tied to that of the

geopolitical empire of China.

TCC Formation and the Sino-U.S. Inter-Imperialist Rivalry

My theoretical intervention into the debate between the globalist and critical realist schools regarding the nature of capitalist internationalization and TCC formation will begin with a reconsideration of the Lenin-Kautsky debate. A twenty-first century inter-imperialist rivalry between China and the United States is clearly unfolding, but is imperialism only a state policy to be adopted or discarded? Kautsky's answer was affirmative. Kautsky (1914) argued that a capitalist internationalism grounded on ultra-imperialism, or (in his era) peaceful coexistence of different European imperial powers for joint exploitation of the world, can be a possible alternative to inter-imperialist struggle as a mode of capital accumulation and capitalist global expansion. Resembling the creation of cartels or economic associations of monopoly capital, the capitalist classes of different nation-states can work together to form a political cartel on the global level, which would bring about a new stage of capitalism founded on ultra-imperialism. Kautsky's ultra-imperialism theory has been widely accepted as the rule of thumb in the postwar societies, but now it seems to start falling apart, again, as it did a century ago.

Corporate network research has explored the economic base of class formation under globalization for an alternative answer to the theorization of capitalist imperialism. The regionally-entrenched nature of capitalist globalization and heterogeneous TCC network formation have unveiled the fact that economic interdependence does not lead to class coherence or political peace. Twenty-first century imperialism, instead of an 'autonomous' state policy to be adopted or discarded, should be understood as a structural development out of global capitalism and its class relations. Capitalist peace (whether through signing a ceasefire

agreement or forming an ultra-imperialist alliance) is never static nor perpetual but always in motion. In a capitalist world deeply flawed with endless pursuit of profits as an end in itself, the Darwinian jungle of the strong dominating the weak (the reason behind the emergence of cartels and monopolies), unequal structure of powers (whether economic, political, or national), systemic crises of accumulation, as well as combined and uneven development (within and between countries), “‘truce’ is only possible as a prelude to war: there can be no permanent joint exploitation of the world, Lenin affirmed” (Abu-Manneh, 2003, p.161).

Carroll’s (2010) theoretical assessment of corporate capital and global capitalism emphasizes the dialectical process of the ‘making’ of the TCC: “As a class-for-itself, the transnational capitalist class is in the making, but not (yet) made” (p.233). This dialectical materialist approach to globalization and the changing class relations denotes a heterogeneous and uneven formation of the TCC who are being driven together by their shared interests in maintaining a stable global capitalist economy while simultaneously being torn apart by internal competition and inevitable political clashes as different national monopolies appeal to their own state for help in order to get an upper hand against rivalries (an essential feature of capitalism, whether in the early twentieth or twenty-first century). Embedded within a, historically speaking, ever tightened TCC is regular conflict and constant rollback. An ever consolidated pan-European capitalist class and an increasingly fragile European Union challenged by the Brexit movement and refugee crises are indeed two sides of the same coin – a similar tension is also observed in the Chinese elite’s integration into the Western-dominated TCC. There always lies a real possibility of decomposition of the TCC and materialization of another inter-imperialist war, “as crises in the world system deepen, interstate rivalries may intensify, and the putative unity of the TCC may itself be severely tested” (Carroll, 2014, pp.180-81).

One should not ignore the fact that similar comments have been made by Robinson and Harris regarding the dialectical nature of globalization. Robinson and Harris (2000) suggest that globalization is a dynamic process which comes with tensions and contradictions. Yet, despite the contradictions, deterritorialized transnational capitalism can never revert back into an inter-state system of capitalist organization founded on nation-based competition and geopolitical struggle, as argued (Robinson, 2017, pp.173-75). This has led to the authors' dubious arguments that the U.S. invasion of Iraq expressed the interests of the TCC, not the American empire, that the Trans-Pacific Partnership (TPP), initially packaged in the U.S.' Pivot to Asia, signified a victory of transnational capital instead of an intensified Sino-U.S. rivalry, and that the BRI, a reactive strategy to counter the Pivot to Asia, was somehow presumed to advance China's global green capitalism – which is not about “Chinese international hegemony in competition with the U.S., but a common project that brings together transnational capitalists from the U.S., Europe, Asia and the rest of the world” (Harris, 2019, p.14; Robinson, 2017). Under the cloak of Marxian dialectics and conflict theory, what we have found is really the Kautskyian talk of peace and capitalist internationalism. Robinson's (2019) concept of transnationalized fascism represents the vertex of this undialectical dialectic and a complete break from capitalist reality.

While the critical realist approach has challenged the liberal ideal of capitalist internationalism, it does that from the left as opposed to the right-wing conservatives such as U.S. Secretary of State, Mike Pompeo, who have brought back to the White House the China threat slogan centered on the Cold War narrative of Communist China versus the free world of the West (U.S. Department of State, 2020). By underlining the rise of China as a capitalist empire, I have provided an alternative answer to the conservative portrayal of the mounting China-U.S. rivalry, not as a struggle between communism and capitalism but rather a growing

inter-imperialist war tension between two major capitalist powers – with China as the Hobbesian contender state and the U.S. as the Lockean capitalist hegemon (see van der Pijl, 1998) – which mirrors the pan-European inter-imperialist clashes in the early twentieth century.

The changing reality on the world stage with accelerating Sino-U.S. imperialist rivalry has placed the critical realist school over the globalist framework as a more sophisticated approach toward contemporary (global) capitalism. It is more theoretically cogent in two ways. Firstly, grounded in empirical corporate network research, the critical realist school is resistant to the postmodernist idealization of a decentered/deterritorialized/post-statist capitalism. The elucidation of a TCC network that is highly regionalized and largely anchored in the global North, has called into question the Robinson-Harris theory which tends to lionize a homogeneous TCC completely deterritorialized from nation-states and potentially replacing state apparatuses with a supranational governance.

Secondly, by showing heterogeneous TCC network formation, critical realist school founded on corporate network research also rejects the liberal or Kautskyian notion of capitalist internationalism. The regionalized nature of TCC formation not only shows the continued importance of the nation-states in class formation but also explains the fact that despite the growing economic interdependence between China and the United States over the past decades – in terms of flows of investments, cross-border trades, holding of government debt, etc. – it does not lead to class harmony or political peace between their national capitals. Contrary to the Robinson-Harris theory's prediction of various nation-states taking different paths to global integration, China and the United States appear to be *diverging from globalism*. Despite Xi Jinping's selling of the BRI as China's alternative version of globalism, one can easily point out the imperial characteristics and ultra-nationalist agenda entrenched in the BRI project (e.g., the

China Dream, national rejuvenation, semi-colonial practices, and political suppression of the Uyghurs and other minority groups living along the Silk Roads).

In concordance with previous corporate network research (Carroll, 2010; 2020; de Graaff, 2014; Heemskerk and Takes, 2016), my study has shown an uneven and regionalized pattern of TCC formation from the part of China. My network findings have concluded that the transnational networks of Chinese TNCs are fairly sparse, rooted in condensed domestic networks. Not only are the transnational ties scanty but also they mostly connect to smaller-sized companies who are marginal stakeholders instead of representatives of the TCC. The lower quantity and quality of transnational interlocks indicate the lack of integration of Chinese capitalist elite into the Western-dominated TCC community. Rather than working toward the formation of a TCC community, the transnational connections of Chinese TNCs tend to serve rather functional purposes – for strategic investment, stakeholder partnership, or parent-subsidiary relationship.

Conclusion

To sum up the findings from this study: Beijing is the undisputed center of corporate China, serving as the headquarters of half of the 40 Chinese TNCs and of the biggest number of currently and asynchronously interlocked neighbor companies (see Figure 3 and Figure 4). This has revealed an essential trait of China's state-led developmental capitalism – the political center is inextricably the economic pivot. The political role of Beijing is also associated with the ownership structure of the TNCs: 18 out of the 20 (90%) TNCs based in Beijing are SOEs. The further south, the more common the TNCs have turned private. Industry sector is another important determinant to ownership structure. In the critical industries such as banking, energy, transportation, and infrastructure building, the Chinese state has secured monopoly control over the TNCs.

The network analysis has led to more interesting discoveries – dovetailing with extant corporate network research while at the same time pointing to new conclusions, six of which bear repeating at this point:

- 1) In line with Carroll's (2010) and Heemskerk and Takes's (2016) studies, my research has found that the directorate network of Chinese TNCs is predominantly based within national borders (68.7% of all cases), with a fair amount of interlocks (23.0%) reaching to its Asian neighbors, particularly Hong Kong, while the transnational connections have remained largely sparse (8.4% of cases).
- 2) Transnational interlocks are not only scanty but also highly concentrated around a handful of TNCs and in particular CK Hutchison, which alone has monopolized 34% of regional and 30% of transnational ties – mostly with its own subsidiaries.

- 3) Regional and transnational neighbors of the Chinese TNCs tend to be smaller-sized firms while a higher proportion of domestic neighbors are giant companies that are also on the 2019 Fortune G500 list.
- 4) The lower quantity and quality of transnational interlocks support the conclusion that Chinese capitalist elites have not strongly integrated with the Western-dominated TCC.
- 5) A key reason for this lack of integration into the TCC is the statist nature of the Chinese TNCs – from the less connected companies (Huawei, Jiangsu Shagang Group, and Suning Holdings) to the more internationalized firms (Alibaba, Tencent, Lenovo, and CK Hutchison) – and their alliance with national interests in competition against foreign capitals.
- 6) A second reason has to do with the uneven development of capitalism, both domestically and globally. The regionalized pattern of directorate connections of the Chinese TNCs on the global level is an extension of their regional-based networks within the national borders (in the same coastal city or region). Even CK Hutchison, the most transnationalized TNC in the sample, is regionally-grounded in Hong Kong and has conflict of interests with its Western counterpart who have been pushing back the company's global expansion ambition rather than waving the flag of class solidarity and capitalist internationalism.

Based on my research findings, I have drawn a connection between corporate network formation and geopolitics. I have looked into the Huawei prosecution, the trade war, and the larger Sino-U.S. inter-imperialist rivalry to reconsider the thesis of the transnational capitalist class (TCC) and the theory of globalization. The globalist school represented by Robinson and

Harris is keen in detecting many of the important shifts under globalization, but their argumentation of a decentered and deterritorialized capitalism has gone unsupported by empirical evidence, and disentangled from the capitalist reality where we are witnessing an ever more concentrated structure and authoritarian function of monopoly capital and capitalist power – backed by rapidly militarizing state apparatuses around the world. The growing tension between different national capitals and nation-states seems to resemble the pan-European imperialist clashes in the early twentieth century.

In contrast to Kautsky's reading of capitalist imperialism as a state policy and Robinson and Harris's globalist framing of economic interdependence as political peace, the critical realist school built on corporate network research has illustrated the regionalized foundation of globalization bound to traditional geographic boundaries and political regimes. In concordance to Carroll's (2010) study of the corporate Europe, my examination of 40 Chinese TNCs has shown a similar network pattern that is regionally-entrenched and nationally-based. It shows the continued importance of the nation-states in capitalist globalization and class formation. The heterogeneity of TCC formation – for both the Southern and Northern composites – reaffirms the fragility of the TCC, its internal friction, and potential decomposition. It also provides the material foundation for analyzing the Sino-U.S. imperialist rivalry as a structural development within global capitalism and its class relations. The unfolding Sino-U.S. rivalry is only the opening scene of twenty-first century imperialism.

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Acronyms for Figures and Tables

Aerospace	China Aerospace Science and Industry Corporation
Alibaba	Alibaba Group Holding
Ali_Health	Alibaba Health Information Technology
Aluminum	Aluminum Corporation of China
AsiaInfo_Tech	AsiaInfo Technologies Limited
AVIC	Aviation Industry Corporation of China
BankComm	Bank of Communications
BankSH	Bank of Shanghai
Baosteel	Baoshan Iron & Steel Co.
Baowu	China Baowu Steel Group
BBMG	BBMG Corporation
BlueChem	China BlueChemical Ltd.
BoC	Bank of China
BoC_Aviation	BOC Aviation
BoC_HK	BOC HONG KONG
BrightScholar	Bright Scholar Education Holdings
CCB	China Construction Bank
CCCC	China Communications Construction
CEC	China Electronics Corporation
CECEP	China Energy Conservation and Environmental Protection
Charoen	Charoen Pokphand Group
ChinaLife	China Life Insurance
ChinaMobile	China Mobile Communications Corporation
ChinaMobileHK	China Mobile Limited (HK)
CIC	China Investment Corporation
CICT	China Information Communication Technologies
CIIC	China International Intellectech Co.
CIMC	China International Marine Containers
Cinda	Cinda Asset Management Co.
Cinda_Int'l	Cinda International Holdings
Cisco	Cisco Systems
CITIC_Ltd	CITIC Limited
CK_Asset	CK Asset Holdings
CK_Infra	CK Infrastructure Holdings
CK_LSci	CK Life Sciences
CLP_HLD	CLP Holdings Limited
CM_En	China Merchants Energy Shipping Co.
CM_Express	China Merchants Expressway Network
CM_Invest	China Merchants China Direct Investments
CM_Port	China Merchants Port Holdings Company
CM_RenHe	China Merchants RenHe Life Insurance

CM_Securities	China Merchants Securities Co.
CMB	China Merchants Bank
CMBC	China Minsheng Bank
CMG	China Merchants Group
CN_Gem	China Gem Holdings
CN_Jushi	China Jushi Co.
CN_Netcom	China Netcom Group Corporation
CN_Telecom	China Telecommunications Corporation
CN_Unicom	China Unicom
CNBM	China National Building Material Group
CNMM	China Non-Metal Mining Co.
CNOOC	China National Offshore Oil
CNPC	China National Petroleum Corporation
CNSL	China South Locomotive & Rolling Stock Corp.
COFCO	COFCO Corporation
COGOG	China Overseas Grand Oceans Group Limited
COSCO	China COSCO Shipping
COSCO_Dev	COSCO SHIPPING Development Co.
COSCO_En	COSCO SHIPPING Energy Transportation Co.
COSCO_HLD	COSCO SHIPPING Holdings Co.
COSCO_Int'l	COSCO SHIPPING International (Hong Kong) Co.
COSCO_Ports	COSCO SHIPPING Ports Limited
COSCO_SG	COSCO Corporation (Singapore) Limited
COSCO_SGC	COSCO Shipyard Group Co.
CPIC	China Pacific Insurance Company
CRCC	China Railway Construction Corporation
CRECG	China Railway Engineering Group
CRRC	CRRC Corporation
CSCEC	China State Construction Engineering
CSIC	China Shipbuilding Industry
CWTCC	China World Trade Center Company
DAYA	Duta Intidaya Tbk
DBSS	Dongbei Special Steel Group Co.
Dongfang	Dongfang Electric
Dongfeng	Dongfeng Motor
DYRS	Dong Yi Ri Sheng Home Decoration Group Co.
E-House	E-House (China) Enterprise Holdings
Ernst_Young	Ernst & Young
Everbright	China Everbright Group
EverbrightBank	China Everbright Bank
EverbrightHK	CHINA EVERBRIGHT INTERNATIONAL
EverbrightPFM	Everbright Pramerica Fund Management Company
EverbrightSecs	Everbright Securities Company

Extrawell	Extrawell Pharmaceutical Holdings
Fantasia	Fantasia Holdings Group Co.
GloriousSun	Glorious Sun Enterprises Limited
GoldmanSachs	Goldman Sachs Group
GreatWallPan	Great Wall Pan Asia Holdings
Greenland	Greenland Holdings Corporation
Haikou_NIC	Haikou Nanxin Industry Company
Henderson	Henderson Land Development Company
HengTen	HengTen Networks Group
HK_Mortgage	HONG KONG MORTGAGE CORPORATION
HKSH_Hotels	The Hongkong and Shanghai Hotels
Hopewell	Hopewell Holdings Limited
HS_Bank	Hang Seng Bank
HSBC_Corp	The Hongkong and Shanghai Banking Corporation
HSBC_HLD	HSBC Holdings
Hsin_Chong	Hsin Chong Group Holdings
Huaneng	Huaneng Power International
Huijin	Central Huijin Investment Ltd.
Husky_En	Husky Energy Inc
Hutchison_AU	Hutchison Telecommunications (Australia) Limited
HutchisonTel	Hutchison Telecommunications Hong Kong
ICBC	Industrial&Commercial Bank of China
Intime_Retail	Intime Retail (Group) Company Limited
JD	JD.com
JinmaoHLD	Jinmao Hotel and Jinmao (China) Investments Holdings
Jinzhou_Port	Jinzhou Port Co.
JP_Morgan	JP Morgan Chase
Kingsoft	Kingsoft Corporation
KPMG	KPMG International Cooperative
Legend	Legend Holdings Corporation
Leju	Leju Holdings
Little_Swan	Wuxi Little Swan Co.
Meituan	Meituan Dianping
Minmetals	China Minmetals
MiramarHotel	Miramar Hotel & Investment Co. Limited
MMG_Ltd	MMG Limited (HK)
MTR	MTR Corporation
MUCFC	Merchants Union Consumer Finance Company
NanFung	Nan Fung Group
NCLIC	New China Life Insurance Company
NineDragons	Nine Dragons Paper (Holdings)
NorthIndustries	China North Industries Group Corporation
Oceanwide	Oceanwide Holdings Co.

OCTEC	Overseas Chinese Town Enterprises Co.
OilfieldSer	China Oilfield Services Limited
OneConnect	OneConnect Financial Technology Co.
Orient_Int'l	ORIENT OVERSEAS (INTERNATIONAL)
PICC	People's Insurance Company of China
PICC_PCC	PICC PROPERTY AND CASUALTY COMPANY
PingAn	Ping An Insurance
PingAn_HC	PING AN HEALTHCARE AND TECHNOLOGY COMPANY
PingAnBank	Ping An Bank
PowerAssets	Power Assets Holdings Limited
PowerConst	Power Construction Corporation of China
Primavera	Primavera Capital Group
Prosus	Prosus
PS_Bank	Postal Savings Bank of China
PudongBank	Shanghai Pudong Development Bank Co.
PwC	PricewaterhouseCoopers
PYI_Corp	PYI Corporation Limited
QianjiangMotor	Zhejiang Qianjiang Motorcycle Co.
SAIC	SAIC Motor
SGCIE	Shougang Concord International Enterprises Company
SH_Electric	Shanghai Electric Group Company
SH_GM	Shanghai General Motors Co
SH_Minhong	Shanghai Land Minhong (Group) Co.
SH_Zhenhua	Shanghai Zhenhua Heavy Industries Co.
Shagang	Jiangsu Shagang Group
Shenhua_En	China Shenhua Energy
Sino_Ocean	Sino-Ocean Land Holdings Ltd.
Sinochem	Sinochem Corporation
Sinofortune	Sinofortune Financial Holdings
Sinoma	China National Materials Group Corporation
SinopecEngr	Sinopec Engineering (Group) Co.
SinopecOilfield	Sinopec Oilfield Service Corporation
SITC_Int'l	SITC International Holdings Company
SoftBank	SoftBank Group Corp.
Spacesat	China Spacesat Company
Stone_Group	Stone Group Holdings Ltd.
Suning	Suning Holdings
SwirePacific	Swire Pacific Limited
Taikang_Ins	Taikang Insurance Group Company
Taiping_Life	Taiping Life Insurance Company
TCL_Corp	TCL Corporation
TencentMEG	Tencent Music Entertainment Group
ThreeGorges	China Three Gorges Corporation

TOM_Group
Towngas_CN
Venustech
Vipshop
Workday
Wuhan_Iron
Yahoo
Yahoo_JP
Yingli_En
YT_Realty

TOM Group Limited
Towngas China Company Limited
Beijing Venustech Inc.
Vipshop Holdings
Workday Inc.
Wuhan Iron and Steel Corporation
Yahoo
Yahoo Japan Corporation
Yingli Green Energy Holding Company
Y. T. Realty Group Limited