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The Rich List:
The Global Corporate Race To Be Number One

Daniel Drache, Michèle Rioux and Paul Longhurst

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Editor: Peer Zumbansen, Director TLI / Managing Editor: Dayan Farias Picon

KING'S College LONDON

The Dickson Poon School of Law, King's College London
W: http://www.kcl.ac.uk/law/tli E: tli@kcl.ac.uk

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Keywords: global economy, rich list, corporate global power structure, soft power, global reach, transnationalization, China's leading corporations, sovereighnty at bay

Institutional affiliation:

Daniel Drache
Professor Emeritus and Senior Research Scholar Robarts Centre for Canadian Studies
York University
4700 Keele Street
Robarts Centre for Canadian Studies
Toronto, Ontario, M3J 1P3, Canada
Phone: 416.736.5415
Fax: 416.736.5739
HOME PAGE: http://www.yorku.ca/drache
Email: drache@yorku.ca

Michele Rioux
Professor
University of Quebec at Montreal (UQAM)
PB 8888 Station DownTown
Succursale Centre Ville
Montreal, Quebec H3C3P8, Canada
Phone: 514 987 3000 (0327)
Fax: 514 987 0397
Email: rioux.michele@uqam.ca

Paul Longhurst
Research Associate
York University
4700 Keele Street
Toronto, Ontario M3J 1P3, Canada
Email: plonghur@yorku.ca

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Daniel Drache, Michele Rioux and Paul Longhurst
drache@yorku.ca, rioux.michele@uqam.ca, plonghur@yorku.ca

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Abstract

This report proceeds in two sections. First, the report presents our empirical data, mapping the power shifts in the corporate global power structure in order to ask: Who is caught up with their rivals? Who has fallen behind? And who are closing the gap? There are a lot of different metrics and ways to look at the rankings of the world's largest corporations. We have combined a number of these important sources which track and compile the rankings based on 5 characteristics of corporate power which include: domestic market dominance, heavy transnationalization, technological advancement, cost-cutting, and soft power status. The second section the moves to address more theoretical and analytical questions about the changing global dynamic of the world economy, especially in terms of the role of government policies, regional groupings and international trade blocs such as the Trans-Pacific Partnership. Moreover, it concludes by framing a number of the reports' key findings: 1) thanks to a large head start, American remains number one for now, 2) China will continue to be number two for a very long time to come, 3) oil money and corporate heavy debt loads in the resources sector are threatening global stability, 4) geopolitical regions matter more than ever. Lastly, it highlights what we call 'The Final 2016 Score': 1-0 US over China.

[1] Many thanks to Adam Kingsmith for his smart editorial judgment and keen eye in helping make for a much stronger presentation of both data and argument.

Introduction: Who's On Top Of The World?

In many cutting-edge areas of the global economy, US multinationals continue to be global front-runners in pharmaceuticals, electronics, entertainment, healthcare, media, aerospace, as well as many other sectors, (Starrs, 2014). The inability of international competitors from Europe and Asia to close this gap is especially true in the digital industries and the Internet-related sectors which are becoming the new economic and trade infrastructures of the 21st century (O'Neill, The BRIC Road to Growth, 2013). To the surprise of many, American corporations still top the world in what we call "the rich list," a taxonomy of the most powerful and wealthiest global multinational corporations (MNC) (see Murphy and Chen, 2015).

The corporate trendsetters, as far as we can see, share five characteristics: 1) market dominance at home, 2) heavily transnationalization for profits and markets, 3) technological advancement and organizational innovation, 4) ruthlessly competitive cost cutting, 5) the ability to acquire the enviable status of a global brand with soft power status in the eyes of consumers (Pricewaterhouse Coopers, 2015). Based on this metric, we argue that identifying the most successful global corporations reveals important facts about the dynamics and architecture of the global economy and the role of states in supporting their own multinationals in fierce competition to dominate markets in the quest to win the favour of consumers, and accumulate enormous profits annually. With these things in mind we ask: Who is on first in the great corporate race to be global number one? Are Chinese and other Global South transnationals closing the gap?

This report aims at analyzing the current global corporate race, with a specific focus on who is in what we call the ‘winner’s circle,’ with the economic power to set the rules of the game (Cox, 1986). Our answer is that in a world of highly contested varieties of capitalism, national capitalist rivalries have forced their way back on to the agenda of global governance. Polarizing, winner-take-all inter-capitalist competitions between the US, EU and China and their national corporate champions will dominate regional and global markets for the rest of this decade. As always, in this global, highly competitive landscape, branding and financial power are key determinants, but national economic policies and regional trade regulatory systems will also shape the competitive advantages of new industries and economic ecosystems. Benefiting from immense populations and highly active governments China, Brazil, and India, will play a pivotal role in this new, fragmented, competitive multipolar global order. Confidently, the United States finds itself still on top, but China has hundreds more world-class corporations on the way to join the ranks of global multinational champions. The biggest advantage of ‘the rise of the rest’ within the Global South, is that the state is the great enabler, an enabler which tilts the balance of market power forces in their favour. Yet, the collective weight of ‘the rest’ might well be less significant than that of the US because of the powerful reach of US MNCs supported by the soft power of American ideas, values, and cultural hegemony (Nye, 2004). These are the essential findings of our research.

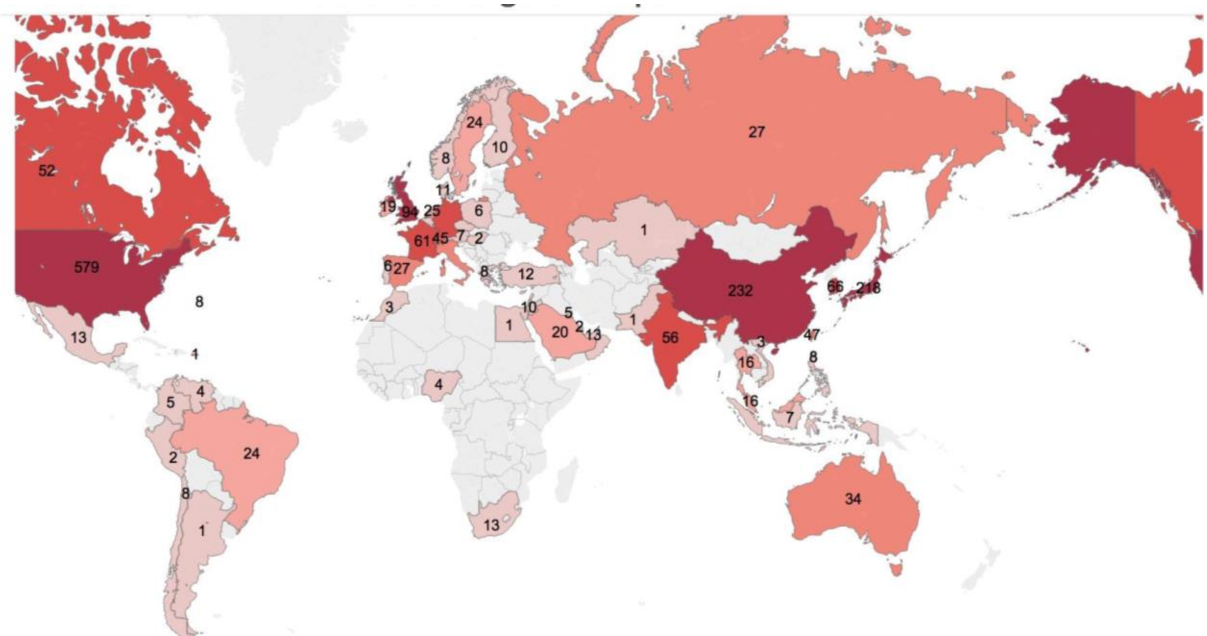
We divide this report in two sections. The first section presents our empirical data, mapping the power shifts in the corporate global power structure in order to ask: who is caught up with their rivals? Who has fallen behind? And who are closing the gap? There are a lot of different metrics and ways to look at the rankings of the world's largest corporations. We have combined a number of these important sources which track and compile the rankings. The second section will address more theoretical and analytical questions about the changing global dynamic of the world economy, especially in terms of the role of government policies, regional groupings and the imperative to organize international trade blocs such as the Trans-Pacific Partnership and more others (Peterson Institute for International Economics, 2016).

The Empirical Data - Who's On First

Since the financial crisis of 2008, the corporate hierarchy has undergone a dramatic reordering among global competitors. The US, has more than 570 of the biggest multinational corporations. China has roughly one half of that number. (See Fig. 1) (Chen, 2015).

Compared to 30 years ago, according to UNCTAD's latest report, today's biggest corporations are more diverse, bigger, and bolder, with assets in the hundreds of billions as measured by exports, domestic sales and employment (Zhan, 2015). The race to the top requires the modern transnational corporation to be relentlessly competitive across many different markets and regions (Foster, McChesney, & Jonna, 2011).

Figure 1 - Nationality of the World's Top-2000 Corporations
(based on assets, sales, profit, and market value)



Source: (Chen, 2015)

In theory, the transnational corporation is perpetually innovative, with highly fluid global supply chains and constantly reengineered management strategies that relentlessly seek out economies of scale and new efficiencies from new forms of nonstandard work and employment. With the Global South emerging from the shadows of dependency, underdevelopment and transitioning to strongly performing emerging market economies, significantly, for many southern economies, the entry into the global economy and the transition to a market economy has heightened geopolitical uncertainties and regional tensions in ways that are not in the textbooks on best practice.

In ways that few experts anticipated, top corporations today are more diverse than ever with American, Chinese, and European transnational corporations leading the pack, with new contenders from the Global South emerging in ever-greater numbers (UNCTAD, 2015). While many long-established brands like General Electric, General Motors, ExxonMobil, Toyota, and Shell continue to set a blistering competitive pace and have enjoyed top rank status for decades, other pioneering brands such as Blackberry, Sony, Hewitt Packard, Nortel, Bombardier, and Chrysler have seen their influence and revenues collapse in recent years. New corporate leaders have grown rapidly within strategic sectors, not just in advanced economies, but also in China, Brazil, and South Korea. The full depth and implications of this dramatic reordering of the corporate rich list remains to be seen, but the ranking heavyweights have begun to look beyond the borders of the old Triad of North America, Japan, and Europe; once the epicentre of global Western capitalism. Rising corporate superpowers from the Global South have attracted billions of dollars of foreign direct investment in the last two decades and have had record earnings, which sweeten the global corporate profit pie.

It is always valuable to establish an empirical understanding of where corporate power resides today and the difficulty of trying to measure it. Most certainly, the 'World According to Forbes,' with its vast data resources mapping the fortunes of the top 2000 corporations, looks very different from the world according to Jim O'Neill, the man who invented the concept of the BRICS and demonstrated that corporate rankings are less important than the growth and consumption trajectories of nations (O'Neill, 2013). When no one else thought it was possible, he predicted that the BRICS were primed to have an explosion of growth well into the future due to their middle-class demographics and dramatic increasing productivity growth and large young populations. Moreover, it would be wrong to overlook the eyes and ears of the Global South. For example, the 2014 World Report of UNCTAD presents a powerful and reasoned argument regarding the need to address the human cost of global capitalism. This stands in near-polar opposition to Price Waterhouse Cooper's strategic thinking on smart and optimal global investment for corporations who are looking for opportunities to join the ranks of the world's top 2000 firms (Zhan, 2015).

In order to establish an empiric baseline for examining today's leading corporations, we have drawn largely upon Global 2000 list, as it offers a thorough year-by-year profile of global corporate capitalism's A-team (Forbes, 2015). Global 2000 provides a comprehensive, hierarchical ranking of the world's top 2000 publicly traded Forbes' corporations.[2]

Even if not as authoritative as UNCTAD's transnational index[3], Forbes is the starting point for this and many other reports because being number one is a strategic resource for global corporations. It gives them global status and economic clout in the eyes of their competitors but most importantly in the corridors of power of government. Based

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[2] The world's most valuable businesses and are ranked by market capitalization and other characteristics by this American company that has become a global mass marketer of strategic information. Many public and private organizations cull its up to date data base to map the changing face of corporate power , Published annually since 2003, different indexes are designed to speak to different elite audiences about global bigness and the competitive global economic race to be the biggest and best.

[3] In a transnationalized world UNCTAD's transnational index is invaluable as we will see. UNCTAD's emphasis is on foreign assets which means the ranking would be different if done by foreign employment, sales, or perhaps equity. UNCTAD's Transnationality Index (TNI) is a handy composite of three ratios: foreign assets–total assets, foreign sales– total sales and foreign employment–total employment. Its focus is on the intensity of foreign activities in relation to domestic or global activities.

on these four metrics: sales, profit, assets, and market value, this list provides a useful snapshot of the planet's corporate terrain at a specific point in time, and when compared year-to-year it explains in bold relief the geo-political, inter-capitalist rivalries that have emerged on the corporate stage (see Fig. 2).

Figure 2:
Top-20 Corporations by Year
(based on sales, assets, market value, & profits)

Rank	2006	2010	2015
1	citi (USA)	JPMorganChase (USA)	ICBC (CHN)
2	GE (USA)	GE (USA)	中国建设银行 (CHN)
3	(USA)	(USA)	中国农业银行 (CHN)
4	AIG (USA)	ExxonMobil (USA)	中国银行 (CHN)
5	HSBC (UK)	ICBC (CHN)	(USA)
6	ExxonMobil (USA)	Santander (SPN)	JPMorganChase (USA)
7	Shell (NLD)	WELLS FARGO (USA)	ExxonMobil (USA)
8	bp (UK)	HSBC (UK)	PetroChina (CHN)
9	JPMorganChase (USA)	Shell (NLD)	GE (USA)
10	UBS (SWI)	bp (UK)	WELLS FARGO (USA)
11	ING (NLD)	BNP PARIBAS (FR)	TOYOTA (JPN)
12	TOYOTA (JPN)	PetroChina (CHN)	(USA)
13	Walmart (USA)	AT&T (USA)	Shell (NLD)
14	RBS (UK)	Walmart (USA)	VW (DE)
15	TOTAL (FR)	(USA)	HSBC (UK)
16	Chevron (USA)	GAZPROM (RUS)	Chevron (USA)
17	BNP PARIBAS (FR)	中国建设银行 China Construction Bank (CHN)	Walmart (USA)
18	(USA)	BR PETROBRAS (BR)	SAMSUNG (KOR)
19	Santander (SPN)	TOTAL (FR)	citi (USA)
20	BARCLAYS (UK)	Chevron (USA)	中国移动通信 CHINA MOBILE (CHN)

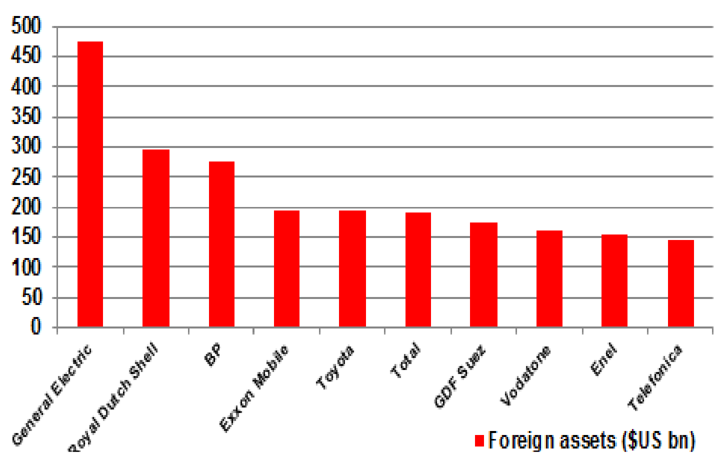
Source: Forbes Global 2000 (2015, 2010, 2006)

The Top-10: By Country

The corporate world in 2015 has undergone a striking shift when compared to previous years, with China firmly now at the top of the list as a result of the rise of global bank blockbusters and mobile IT giants (see Fig.2). For the first time ever, Chinese corporations occupy the top four positions and half of the top-10. American corporations lay claim the other half of the top-10, but the decline from their perennial front-running positions is remarkable. China has leapfrogged from zero top-10 positions in 2006 to five of the top 10 in 2015; evidence of their financial dominance in the global economy.

The Top-10: By Sector

Figure 3:
Largest TNCs by Foreign Assets (2011)



Source: UNCTAD.org World Investment Report

The main characteristic of the top-10 global MNCs is the dominance of the banking and petroleum sectors, which together occupy 90% of all the positions. As illustrated in Figure 2, General Electric appears to be the sole consumer brand amongst the frontrunners, but it is actually a corporate conglomerate with diversified business lines. It takes until position #13 for the first maker of things, Japan's automotive giant Toyota, to enter the list. Indeed, UNCTAD's list, which ranks transnational corporations by foreign assets, is not all that different (see fig. 3): beginning with General Electric, Royal Dutch

Shell, Toyota, Exxon, Total, BP, Vodafone, Volkswagen, ENI Chevron. Petroleum, telecommunications, and motor vehicles top the list of the world's 100 non-financial TNCs. In almost every case, over 60% of their corporate sales depended on success in global markets. For corporations, globalization has transformed the way they do business despite their national origins and their special relationships to home governments.

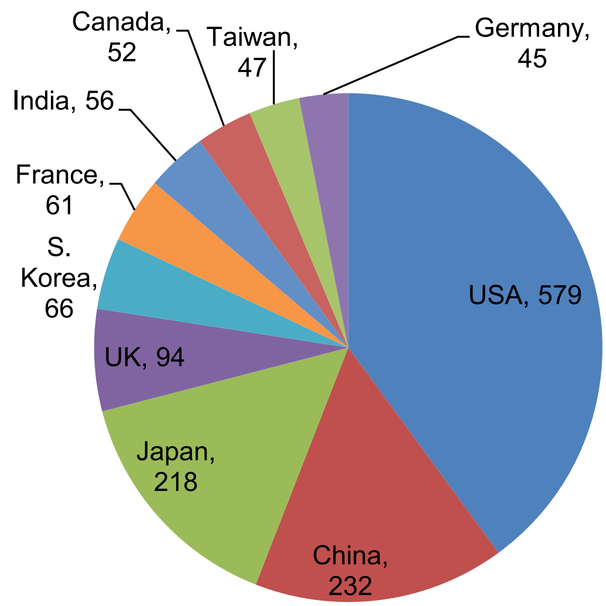
The Top-20: The More Things Change…

If we expand the scope of our examination to include the top-20 entries, the landscape begins to look very different. The world is not quite as flat as Tom Friedman imagined it to be in his global bestseller more than a decade ago (Friedman, 2007). Most notably, corporations from Japan, the Netherlands, Germany, the UK, and South Korea, have joined China and the US at the top, clearly underscoring the poly-centric nature of corporate power today. Also, only four of the entries numbered from 11-20 fall into the financial or petroleum industries. Big consumer brands including Toyota, Apple, Volkswagen Group, Nestlé, Johnson & Johnson, Novartis, and Samsung share positions key atop the corporate peak.

A decade ago, there was a very different corporate top-20. The financial crisis of 2008 clearly shook up the corporate world and created a context that was ripe for an ascendant, dynamic Chinese presence. Despite China's impressive performance, it is notable that the US continues to hold an equal number of places today as they did in 2006.

With China rising and the US holding steady, data shows that the real loser in the post-crisis corporate world has been Europe. Despite its long history as an imperial power in Africa, Asia, and Latin America in the early part of the 20th century, the EU is facing strong headwinds in its attempts remain near the top of the corporate rich list. Its share of global MNCs has declined relatively in the past decade as American and Global South countries have moved into more and more of top spots in the global rankings (see Fig. 4).

Figure 4:
Nationality of Top-2000 Corporations Globally (2015)
(based on sales, assets, market value, & profits)



Source: Forbes Global 2000 (2015)

The Top-2000: The World Shifts Eastward

It is necessary to look at the trends within the entire 2015 Global 2000 in order to have a more accurate reading of how corporate power breaks down. Notably, while the US may have slipped from the highest ranks, it still occupies the lion's share of the list with 579 entries, far above its closest competitor China, with 232. Japan is in a close third with 218, and the rest of the top-10 nations are well into the double digits (see Fig.4). Despite the significant rise of Chinese corporations in recent years, there remain far more American corporations than those from any other single country. Chinese banks may dominate the top spots, but American corporations still hold a critical mass dominating across multiple sectors overall.

As revealing as these numbers are, they don't tell the whole story. Many of the old industrial nations are still corporate powerhouses in their own right. France, Canada, and Germany all have a significant number of iconic and colossal global corporations. The names that come to mind include: Siemens, BMW, Telefonica, Orange, Cristian Dior, Renault and Barrick Gold. The UK also remains a heavyweight in food and beverages, pharmaceuticals, business services, tobacco, oil and gas exploration, and mining. Newcomers such as South Korea are also important with global firms in textiles shipbuilding, motor vehicles, electronics, and heavy equipment.

Yet, undeniably, there has been a structural change of global proportion. The geographic centre of the world's average GDP is shifting irreversibly eastward. It could conceivably shift again of course. With growth rates slowing for the Global South and market turbulence on the rise, markets have stopped climbing and global growth has stalled as the World Bank warns in its 2016 report. It notes that:

> Half of the 20 largest developing country stock markets experienced falls of 20 per cent or more from their 2015 peaks. The currencies of commodity exporters (including Brazil, Indonesia, Malaysia, Russia and South Africa), and of big developing countries subject to rising political risks (including Brazil and Turkey), fell to multiyear lows both against the US dollar and in trade-weighted terms." (Wolf, 2016, p.1).

The World According To O'Neill

With their newly minted global corporations, it is a rather safe assumption that emerging markets will remain significant players for decades to come. Since 2011, the BRICS collective growth rate has been at 6.5%, down from a 7.9% average during the previous decade. Many commentators have argued that this slowed growth indicates a disproving of O'Neil's thesis, however this criticism negates the fact the BRICS combined GDP in 2014 is neck-and-neck with that of the US, and was predicted to equal or surpass it by the end of 2015. In response to his critics, O'Neill has defended his position by stating:

> What is undoubtedly true is that the RATE (sic) of BRIC growth has slowed, but while this might be a surprise to the casual observer, it certainly is to most who follow them closely. In fact, the 6.5% decade to date is just 0.1% less than I had assumed in 2010 that they would grow by 6.6%. China, crucially is actually growing by more that I assumed, so far by 8.2%, actually more than the 7.5% I assumed. (2014, p. 8)

The picture for China and Brazil in particular remains clouded and uncertain and their economies continue to be gripped by structural stagnation, a development that few experts, including O'Neill (2015) predicted. While Western nations were struggling to regain their economic stability and growth between 2007 and 2013, the BRICs managed to increase their influence in almost all of Forbes' key corporate sectors. Of these growth sectors, 6 have grown at particularly noteworthy rates: banking (+34%), construction (+31%), forestry, metals and mining (+19%), real estate (+20%), utilities (+14.8%), and oil and gas (+12%) (Starrs, 2014). These diverse sectors reflect the varied economic strengths of individual BRIC economies, with China dominating in banking and real estate, and Brazil and Russia being largely commodity-driven economies (O'Neill, 2014). Of the 2000 corporations on the Forbes list, 388 now come from BRIC or MINTS (Mexico, Indonesia, Nigeria, Turkey, South Africa) nations (Forbes, 2015). To clarify, to group the BRICS together is not to suggest that these countries share a kind of template in their respective transitions to market economies, rather, it is to emphasize certain common structural features including: sharp income disparities, large and expanding populations, converging poverty rates, and a potential for macro-growth, as well as an vast increase in personal consumptive habits.

The world according to O'Neill is one where it is less important to determine precisely who is on first than it is to recognize which countries and regions are growing or slumping. *The BRICs Road to Growth* (2013), an empirically-grounded text that combined macroeconomic analysis with empirical research to issue a map of where the world would be in 2020, predicted: "the future economic order would be less dominated by the West than it would be by giant economies like the BRIC countries" (Cox, 2012). In fact, in 2014, O'Neill indicated that we might have already reached a tipping point: "BRIC's country's economic influence in on the rise. In US dollar terms, they are contributing decade to date more than 3 times to the world economy than that of the US." (p.6).

For many experts the big story of our time is that China's role that will be diminished as the drivers of the global economy. According to Pricewaterhouse Coopers major study of emerging global trends:

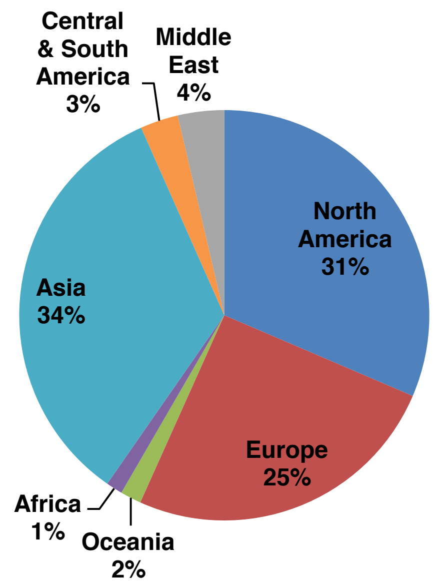
> The wide-scale changes in the global economic pecking order will also see Mexico and Indonesia becoming larger economies than the UK and France by

2030 in PPP terms, while Turkey could outpace Italy. With respect to growth rates, Nigeria and Vietnam are projected to be the fastest growing large economies in the lead up to 2050. (Pricewaterhouse Coopers, 2015, p. 2).

What is different, long-term and irreversible, is that the demand for infrastructure development in Asia is enormous and that, as such, the overall trend of the global economic landscape is one of more broad-based social development and poverty reduction spearheaded by Brazil, Russia, India, and South Africa. Asian corporations will not dominate the world anytime soon, but their influence and power will continue to grow due to support from the $100 billion China-led Asian Infrastructural Investment Bank (AIIB) and the new Development Bank of the BRICs, both of which are committed to building a second generation of A-level Chinese global firms.

Figure 5:

Regional Breakdown of Top-2000 Corporations (2014)



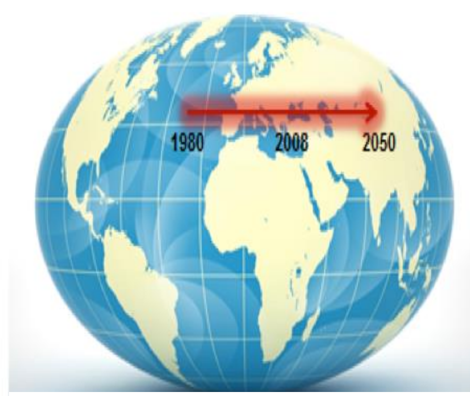
Source: Forbes Global 2000

The Top-2000: Regions Matter

When the emphasis is no longer narrowly focused on a transnational's nationality, a very different picture emerges in the race to be number one. The remarkable new development is that corporate power has become regionally diversified and divided between competing trade blocks, with Asia, Europe, and North America as the biggest players (Fig. 5). The shift of power both regionally and Eastward helps explain the growth of mega trading agreements such as the TPP, ASEAN, NAFTA from an earlier period, as well as the long-awaited EU–US mega-market trade agreement, which will be preceded by a (EU-Canada trade deal, see Fig. 6). The scramble to partner and build regional powerhouses has become a game changer for the world's most powerful actors. In this context, we can understand that trade deals are no longer about trade but about corporate rights, investor-state dispute resolution mechanisms, and protection for intellectual property. These next-generation mega trade deals have a single purpose: to broaden and deepen economic integration across vast markets of hundreds of millions of consumers. As trade and the regulation of trade have become indistinguishable from one other, MNCs want to be protected from unfair competition, be it real or imagined from governments, civil society, and stronger competitors. The transnationalization of the multinational requires new rules for these complex undertakings that have little to do with dismantling the tariffs already at historical lows (Zumbansen, 2016). Many of the new rules require governments to share jurisdictions with these global corporate actors in the areas of the environment, generic drugs, poverty alleviation, and standard-setting. Corporations regard mega trade deals as a way to erect new kinds of barriers against their global rivals, many of whom are part of China's sub-global regional trading order.

Figure 6

The Economic Centre of Gravity Shifts Eastward



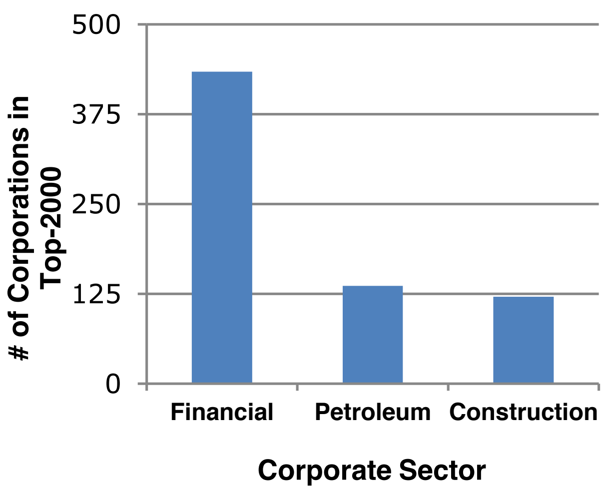
Source: Quah, 2011

As Asia has taken the lead, with 691 corporate power positions to North America's 645, the northern hemisphere's location as the home of the world's leading MNCs is shrinking from a regional perspective. This indicates that corporate-backed trade deals have a pronounced structural dimension reflecting the shifting tides of the world's political economy. As corporate power has been reconfigured and reordered, the multilateralism of Bretton Woods has been challenged and sidelined by recent events. Much still remains unclear about the re-centering of global corporate power; Europe remains an economic powerhouse of 650 million people and rounds out the podium with 486 top global institutions, while and South and Central America, Africa, the Middle East and Oceania occupy the outermost peripheries (see Fig 5).

The Top-2000 by Sector: Big Banking Is Big Business

Despite the global banking crisis of 2008 and the banking reforms at the international and national levels, in terms of the leading corporate sectors, banking and diversified financials are in a class by themselves that is both dominant and concentrated. Banks and near banks have broken new dividend records, distributed record bonuses to top executives and used their liquidity holdings to finance mergers and acquisitions at pre-crisis levels. They

Figure 7
Leading Corporate Sectors (2015)



Source: Forbes Global 2000 (2015)

remain firmly entrenched as the number one performers in first place with 434 entries in the top-2000 (see Fig. 7). The long-running bedrock of corporate power, the petroleum sector, occupies the runner-up position with 136 spots on Forbes' list, and a booming construction sector, which is indicative of a strong global economy, in this sector anyways, occupies third position with 121 corporations on the list.

These clear-cut demarcations between sectors can be problematic however because of the high volume of mergers and acquisitions that has been occurring. Global merger and takeover activity have reached unprecedented levels in 2015, equalizing the 2007 record when mega-mergers broke all records. Finance has become more concentrated despite the regulatory fallout from the 2008 financial crisis. Food, media, tech, and pharmaceutical mergers and acquisitions have broken the $200 billion monthly mark in 2015, while mining deals led by the Brazilian resource giant Vale and others have set new records of the steroid-sized firms buying even larger ones. Moreover, according to financial reports, US deal making hit an all-time high in 2015 (Fontanella-Khan & Wigglesworth, 2015).

Thus, empirically at least, Picketty's (2014) fundamental insight into the dynamics of globalization is borne out by the new political economy. Globally, for many corporations, the return to capital is greater than the present projections for global growth; this, of course, can be documented and mapped as the current takeover boom is fuelled by low interest rates, cheap debt, and aggressive boardrooms not seen since 2007. If the world's most aggressively successful businesses are in the final analysis measured by market capitalization, mergers, and takeovers constitute the fastest and easiest way to achieve this goal. At the epicentre of this mass of billions of dollars of investment capital are the IT companies that now dominate the rich list of the worlds' largest companies in terms of market capitalization. Due to double digit annual growth and billions of retained earnings, *Alphabet*, the parent company of Google, in February 2016, over took Apple as the world's largest company valued at more than $500 billion US. Next on the list came Apple, followed by Microsoft, Facebook, and Berkshire Hathaway, Warren Buffets' investment empire. Exxon Mobile was the only oil group left in the top 10 holding down sixth spot (FT, February 4, 2016). Amazon, the world's leading the e-commerce retailer had a market value just under $300 billion US, followed by Wells Fargo with a market value of $250 billion US. Clearly then Internet commerce and the global information economy have become both the infrastructure for the latest wave of intense globalization and the deep grooves of the information age's global economic geography.

State Policy and Market Power: A Larger Role For The State?

In the world of ideas, understanding today's new corporate reality requires new theories. Thomas Picketty (2014) has provided a new Marxist critique of corporate behaviour from both inequality and regulatory perspectives. From the opposite extreme, if someone were to suggest that we are currently witnessing the last days of free market laissez-faire capitalism, most economic and political commentators would denounce it as preposterous. Nonetheless, this is precisely the provocative position put forth by economist Ian Bremmer (2011).

In this emerging world order, the world's global multinationals, with their competing strategies and vast resources, are without question among the most powerful actors; reshaping global markets often rivalling states with their resources, strategies and transnational reach. In the high-stakes world where border barriers are at a minimum, competition, profits from strategically managed supply chains, and the latest technologies are the most important elements for every global player. Every corporation wants greater access to markets, increased labour productivity, lower wage costs, and branding strategies that create a powerful link between marketing and consumption (Kay, 1993). In recent years there have been many changes to the rules of the corporate game that have been driven by mergers and acquisitions, new investment opportunities, tax inversions schemes, and transnational strategies of newly minted trade blocs to gain market dominance (Tricker, 2015). The exact relationship between corporate power and the nation-state remains just as highly charged as Vernon (1971), Hymer (1979), and Porter (1990) predicted in their pioneering research and scholarship, which stated that multinationals would escape the regulatory muscle of national governments if they could. Writing a decade after *Sovereignty At Bay* was published, Vernon decried: "the basic asymmetry between multinational enterprises and national governments [that is, the capacity of the enterprises to shift some of their activities from one location to another, as compared with the commitment of the government to a fixed piece of national turf]…" He warned that "[it] may be tolerable up to a point, but beyond that point there is a need to re-establish balance. . . If this does not happen, some of the apocalyptic projections of the future of multinational enterprise will grow more plausible." (Vernon, 1981, p. 517).

The reestablishment of a precarious balance between multinational enterprises and governments has proved to be highly elusive. Corporations have grown much faster than states and financial bubbles and stock market booms combined with cheap money from low interest rates means that corporate wealth has scaled new heights. By contrast, governments are being downsized, cut back and starved for resources. In the words of John Mickeltwait and Adrian Wooldridge, modern nation-state governments are experiencing a *fourth revolution*[4] to make them smaller and more decentralized (2014). Everywhere, corporations are less committed to the communities where they operate. Workers have less leverage to bargain for better working conditions and a living wage (Drache & Jacobs, 2014). Communities have fewer claims on transnational actors when they shutter production and relocate to low-wage areas of the globe. What are the lessons learned in this global competitive race for profits and influence?

Three Wide Angle International Political Economy Scenarios

The first wide angle international political economy scenario is that there is no single formula for corporate success today. The intersectional relationships between the private sphere, the nation state, regional trade allegiances, and competing approaches to development and foreign aid have contributed to the dramatic transformation of today's corporate landscape (Rodrik, 2014). Still, this does not reveal everything about power shifts in the global corporate structure.

[4] A rough guide to the economic revolutions of the nation-state are as follows: 1st, the agrarian revolution brought about the rise of large-scale agriculture, 2nd, the rise of steam and electric technologies emptied out the countryside and collected of tradespeople in city centres, 3rd, the rise of mass production brought about the factory-vases economy, and 4th, the rise of technology has begun to automate notions of the workplace.

One hypothesis worth thinking long and critically about is that American corporations were so large, innovative, wealthy, and so dominant in so many domestic and foreign markets in 2015 that the gap between the US corporations and China's is too great to be closed in the near future. It will narrow considerably in the next decade or so, with so many Asian competitors going head-to-head with American leaders, but the US will remain number one for many years to come. The most likely scenario is that with its deep pockets and technological leadership, America will remain the globe's undefeated but highly contested, economic heavyweight for some time to come.

The second provocative hypothesis can be called 'the rise of the rest,' a paradigm shift. It argues that China, India, Brazil, Mexico, Turkey, and Korea have created a generation of new corporate rivals and contenders and these economic powerhouses are closing the global power gap between the US and ascendant market economies (O'Neill, 2014). It is projected that by 2040 China's biggest and boldest corporations will be strategic rivals to US corporate power in the battle for world markets. China with all its resources, market power, and holdings of trillions of American dollars in reserve will slowly and steadily emerge as the global economic superpower despite falling growth rates. China's state-owned enterprises are on course to challenge American corporate leadership in many of the most technologically advanced sectors (Dobson, 2014).

The third arresting hypothesis is about the critical role of government to corporate success. It holds that as the epicentre of the corporate world of power becomes more diffuse, paradoxically, American corporations will become more rich and powerful as the United States enters into long term institutional decline. This is because of the growing domestic crisis in American society and the consequences of political and institutional deadlock from a broken political system and a dysfunctional public policy agenda. The 2016 primaries highlight the polarization and deadlock in contemporary American life epitomized by the Trump versus Saunders debates. Many commentators have called the 2016 election the tip of a titanic struggle between the right and left wing insurgency movements which are remaking the map of US political power. The American voter is angry and mobilized by the unraveling of the American way of life; the irony is not lost on us that a state Senator from Vermont is the inheritor of the Occupy Wall Street insurgency movement of 2011.

American corporations, like those around the world, are less dependent on local communities in the Midwest or on the East Coast for both profits and production sites. However, unlike other transnationals in Europe and Asia, American short-termism and public policy paralysis risks putting many US corporate giants at a major disadvantage because the state is in such retreat as a legitimate instrument of policy. At the international level the interdependency of rivals will be a highly unstable, polarizing global order drawing the United States and China into competing spheres of influence with their proxy partners to negotiate the shifting terms of global economic governance. In a poly-centric world, multinationals do not want to finish off the nation state. Rather, to expedite the transnational process they need to become more concentrated and oligopolistic (Hymer,1979). As transnational corporate power pursues these strategies without regard for any of the destabilizing long-term consequences, the transnational reach and influence of the world's largest private actors will continue to increase despite intense conflicts arising from regional trade blocs for deeper integration and public skepticism (Zumbansen, 2016).

These sharply contrasting findings remind us of the basic truth that the theoretical consequences of the new global corporate order for state policy and market power are felt in immediate and pronounced ways by people and by public policy practitioners. When multinationals assert themselves in the economic sphere regardless of who is on first, there is a sense that politics is being replaced by economics. Sometimes this has surprising consequences, as states are discovering that they have reserves of power which they thought they had lost to markets in the 1980s.

Res Publicae: The List of What People Share In A Laissez-Faire World

What should not be overlooked is that some of the largest, wealthiest corporations in the world today are not privately owned. Banks, energy oil giants, public utilities, and telecommunication corporations are crucial power base for states that are intent on a global presence. In 2014 The IMF published some up-to-date data on public enterprises in Poland, Czech Republic, Germany, France, Spain, Sweden and the United States. In France and Germany state enterprises had assets of 10% or more of the GDP. In Poland and the Czech Republic they were huge actors with a value of over 20% for Poland and 12% for the Czech Republic. Even Japan and the United States have important state enterprises though far fewer than other countries but are significant nonetheless (IMF, 2014). For example, the world's biggest public fund is Norway's sovereign wealth fund, an enterprise worth almost twice as much as Facebook's 500 billion dollar market valuation.

Despite today's austerity budgets and the retreat of a state-driven economy, in India, China, Brazil, Indonesia, and Russia, many nation states today are playing bigger roles in shaping national, regional, and global economies than in previous generations. In doing so, the states with state owned enterprises, sovereign wealth funds, and utility companies of different sorts now pose a legitimate threat to a globalized free market as we had previously known it. Some estimates put the net worth of these so-called outliers into the $2-$3 trillion mark depending on the way the numbers are calculated. They are public behemoths controlled and directed by states in their national interest.

Corporations have many ways to escape national regulators and regulations. Still, corporations remain eager to accept subsidies, tax exemptions, and other forms of support from government, and many governments have been keen to buttress their corporate elites by financing their research at home and exports abroad. State capitalism has enabled states to commandeer market tools and generate immense amounts of sovereign wealth, which has been very effective in legitimating their world views as market sceptics when necessary and winning political favour from their citizenry. Bremmer is definitely right since the politicization of the comparative advantage and the mingling of politics and economics has changed the ways corporations and states calculate what is in their best interests (2011). Bremmer has turned this basic insight on the need of governments to protect their own into a high theory of national self-interest.

To the surprise of many, in a corporate-centric environment, state capitalism has blurred the lines between public and private enterprise. By heavily investing in leading companies within such strategic sectors as finance, telecommunications, and oil, many nation states have been able to leverage the market to generate immense amounts of cash reserves and win political favour both at home and abroad. Described in Bremmer's own words:

> In this system [state capitalism], governments use various kinds of state-owned companies to manage the exploitation of resources that they consider the state's crown jewels and to create and maintain large numbers of jobs. They use select privately owned companies to dominate certain economic sectors. They use so-called sovereign wealth funds to invest their extra cash in ways that maximize the state's profits. In all three cases, the state is using markets to create wealth that can be directed as political officials see fit. And in all three cases, the ultimate motive is not economic (maximizing growth) but political (maximizing the state's power and the leadership's chances of survival). This is a form of capitalism but one in which the state acts as the dominant economic player and uses markets primarily for political gain. (2011, p. 4-5)

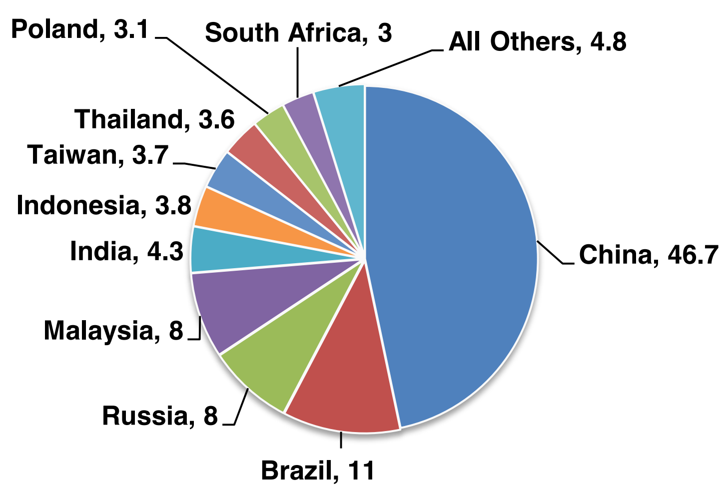
Until recently, the Washington Consensus, which expanded the role of markets, prioritized the corporate agenda, and shrunk the role of states, was highly touted as the roadmap to economic growth for emerging economies and the advanced capitalist world. The Washington Consensus had no theory of the modern transnational corporation other than the argument that private sector was the primary engine of modernization. It is arguable that the state in wartime did more to revolutionize the economy than the Hayekian belief of the efficiency of markets. In some periods export growth was a radical force for transformation, but here also the state had a very large role in making this happen (Krugman, 1991). Of course, this doctrine regarding the need for more and more capital liberalization has been the antitheses of a model of state capitalism that require governments to row and steer the economy.

Yet, these newly minted mini-varieties of state capitalism have blurred the lines between public and private enterprise. By heavily investing in leading companies within strategic sectors, many countries in the Global South have been able to leverage the market to generate immense amounts of cash reserves and win political favour at home and abroad (see Fig. 8). The constant mixing of politics and economics has changed the ways corporations and states calculate what is in their best interests. As these forms of state capitalism continue to grow, Bremmer, a contrarian and specialist in risk management, may be on to something that is much more enduring and long-term.

Compared to many other economists, Bremmer has a more complex view of globalization, one that produces a lot of losers and winners, as the stakes are so high and the global business cycle so volatile. Missteps are as plentiful as new opportunities. Bremmer acknowledges the fact that governments are responsible for the people and communities that globalization leaves behind. The rise of trade with China has exposed American workers to the gale-like forces of competition for the least-skilled as well as middle-income workers. US consumers benefit a lot from Chinese imports of cheap clothing and all kinds of consumer goods, but both the process of income adjustment and managing US trade imbalances require very different strategies and leadership from Washington. The persistent negative effects of US-China trade on workers' wages and the US' competitive performance has challenged the perceived wisdom about the bench strength and heavy hitting capacity of US corporations as the top performers they once were. These global imbalances cannot be solved by export industries themselves. They need the active intervention of governments to address the social costs of competitiveness and stagnant growth prospects. They are also a structural problem that drives long-term unemployment and asset price bubbles in the US. The question for US policy makers is: what they can do about these tough issues without rethinking first assumptions about the role of the American state in shaping the competitive environment and the need for investing in a 21st-century infrastructure? For US policymakers “it is a lot easier to find common ground about the problem than the solution.” (Barro, 2016). The Chinese have not backed themselves into the same anything-but-the-state corner, and as such, never hesitate to rely on state-owned corporations and public enterprises to build a high-powered market economy with a strategic set of goals. So rhetorically just how big an advantage is this for Beijing?

Figure 8:

Percentage of State-Owned Enterprises by Country (2014)



Source: www.nasdaq.com

Note: SOEs are corporations with a government owning at least 20% of shares.

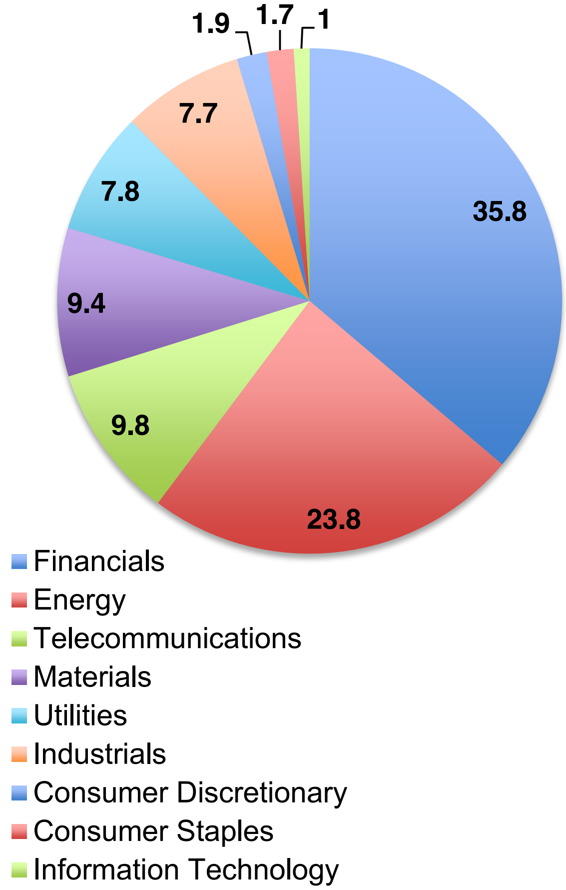
The End of Free Market Capitalism?

It is difficult to establish exact numbers and net worth of the state-controlled corporations and investment funds globally. In total, the Chinese government directly holds a vastly greater stake within its economy than any other single nation on Earth, and almost surpasses the combined total of all other State-Owned-Enterprises (SOEs)(Fig. 8). This strong governmental influence is not new: since the Chinese Revolution, the state has played a central role in the development of China's economy, however in the past decade, there has been shift in central strategizing, and its influence has lessened in certain areas, while being redoubled within strategic sectors (Fig 9). In particular, the Chinese state's strategic support within the financial sector has been a game changer that has launched Chinese banks to the top of the pile. As observed by Chen:

> From 2001 to 2010, while the total number of non-financial SOEs nationwide dropped by over 34 per cent from 174,000 to 114,000, the total number of centrally controlled non-financial SOEs grew by almost 56 per cent, from 16,890 to 26,319. Their per firm total assets more than doubled from below 500 million yuan to almost 1.3 billion yuan and perform gross revenue more than tripled from over 210 million yuan to nearly 700 million yuan. Overall, the total value-added (including total compensation for labour and profits and taxes paid) associated with the central SOEs more than quadrupled from 2001 to 2010, and as a share of GDP, grew from nearly eight per cent in 2001 to nearly 10 per cent in 2010. (Chen, 2015, p. 5)

Despite its critics, China’s strategic approach to economic growth has brought it into the ranks of a top performer even when its economic growth is currently weaker than at any time in the last 25 years. Today, China alone accounts for 15% of the global gross GDP, and constitutes 25% of the world’s economic growth, which is over three times faster than the USA (Kalivas, 2015). With the state holding controlling shares in many of these highly profitable sectors, it has powerful levers to row and steer the economy particularly when it faces a long and uncertain transition towards a consumer-based economy, and the likely demand for substantial political reform. Already, President Xi Jinping is using the anti-corruption campaign to reassert the role of the party in the private life of China's citizens.

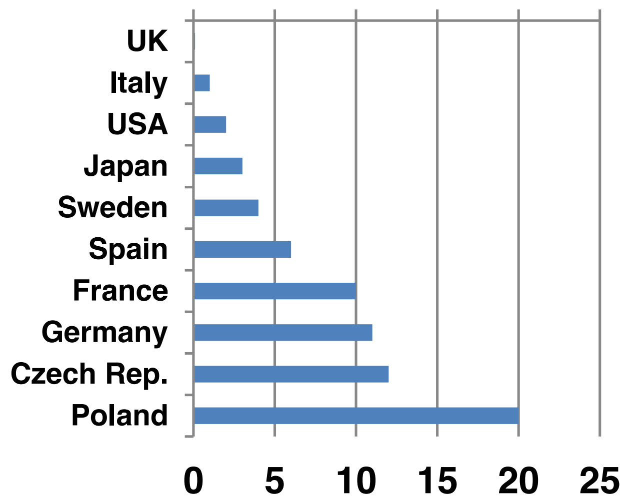
Figure 9
State-Owned Enterprises by Sector (2014)



Source: www.nasdaq.com

Despite Bremmer's warnings of state capitalism being used to the advantage of authoritarian governments, he could not have been more mistaken on this fundamental point (see Fig. 10). France, Spain, Italy, and the United States also have stated-owned enterprises; yet they are far fewer than China obviously, and all are strategically placed in areas of defense industries, high-technology, and aeronautics. Intrusions into the market in advanced capitalist countries rely on regulatory bodies with investigative and often subpoena-based powers in the areas of banking, taxation, and commerce. Goldman Sachs and Morgan Stanley have been fined billions of dollars by American regulatory authorities (Gray, 2016). Bremmer no doubt would applaud American authorities' actions against criminal and negligent behaviour. His attack on the Chinese government's implementation of state capitalism is short-sighted and largely ideological.

Figure 10
Number and Value of SOEs, as % of GDP (2012)



Source: IMF OECD

Governments widely respected for their democratic institutions, rule of law, and transparency have also embraced state capitalism and reaped impressive financial results (Drache & Jacobs, 2014). Norway is the leading illustration of how national governments can leverage their influence within the market strategically as a means of building up staggering financial reserves. “Norway’s petroleum treasure chest holds assets totaling some seven trillion kroner ($1.1 trillion), making it the world’s largest sovereign wealth fund. It’s a potential shock absorber of a size and scope not available to any other energy producer outside the Arabian Peninsula” (Milner & Lewis, 2015, p. 7). Norway’s rainy day fund now holds a stake in over 9,000 companies in 75 countries and controls 1.3 per cent of the total global equity market (Drohan, 2013); it is even is larger by market valuation than Facebook and Apple combined! Last year it used its stakes in JPMorgan and Bank of America to vote against the excessive power of Jamie Dimon and Brian Moynihan in combining the chairman and CEO role in their respective banking institutions. The head of Norway’s wealth fund has stated publicly that the fund will continue to use its powerful shareholder influence to wage other governance battles against Microsoft, Citigroup, and GE. (Milne, FT, 2015).

This foresight by the Norwegian government to use their sovereign wealth fund to address broader issues of inequality and corporate governance has meant that its economy has remained stable during the rollercoaster of global oil prices. Moreover, its citizens continue to enjoy one of the highest qualities of life on the planet. This economic stability and high standard of living may serve to reinforce the policies of the ruling government provided that the wealth generated is distributed in equitable ways. As succinctly and surprisingly put by popular and controversial conservative historian and social commentator Niall Ferguson, “The question in not whether the state or the market should be in charge. The real question is which countries’ law and institutions are best, not only achieving rapid economic growth but also, equally importantly, at distributing the fruits of growth in a way that citizens deem just" (2012, p.7). Norway's sovereignty wealth fund to counter laissez-faire free trade has gained much ground since it was established in the early 70s. As governments have fallen on hard times, they have looked for important ways to give themselves new instruments of state policy as a major alternative form of political organization to supplement market-oriented fundamentalism. What then is so different about the global corporate order today compared when American corporations really did rule the world?

The Golden Era of American Capitalism

American corporations, with their game-changing technology and managerial skills, at one time owned the winner's circle at the top of the world. It was a unique period of technological driven growth and change as Robert Gordon has documented in his massive study of the long cycle of technological revolution stretching from the 19th century well into the 50s and 60s of the 20th century (Gordon, 2016). Mass industrial production in the auto, steel, heavy machinery, and consumer goods sectors fuelled the American drive to export and saw much value in a worldwide system of multilateralism in order to break down barriers to trade. It quickly saw the utility of the political logic of welfare capitalism to address labour market instability and the new institutional arrangements provided an upward pressure on wages for middle and working class Americans, which worked to guarantee them rising incomes at home. In the 'Golden era' of American capitalism, like today, there was both a lineage of continuity in US corporate rankings and enormous change and upheaval in who ended up at the top (Armstrong, 2015).

To put this into perspective, in 1960 General Motors employed more than 600,000 people and pulled in $7.6 billion US. It is hard to believe today that in this era General Motors was the number one global corporate brand for 18 consecutive years, while American oil companies held down the majority of spots in the top-10 rankings (Murphy & Chen, 2015). On the heels of the age of the American automobile came the US-led IT revolution in the early 60s with the rise of computers. In 1961 IBM entered the top-10 list of most profitable corporations as the first non-auto, oil, or steel company on the list. The ascendancy of IBM and the computer revolution signaled a profound shift away from Fordist-styled industrial manufacturing, towards the era of information technologies. It is now largely forgotten that IBM was such a dominant player that it remained in the top three US corporations through the 70s and 80s along with GM and Exxon (Armstrong, 2015).

With changing decades came changing consumer trends. By the mid-80s, the rankings were challenged by the appearance of global consumer brands marking the beginning of another era. Philip Morris and Nabisco entered the top-10 in 1986 with Coca-Cola and Procter & Gamble following shortly after. The 'Madmen' of Madison Avenue fame, with their global brands, became synonymous with the makers of exportable American consumer goods. Lifestyle products and brands challenged local producers in Europe and Latin America. By 1991, the majority of top-10 US corporations were consumer brands and cigarette manufacturers in particular reaped record profits including Altria, Philip Morris, and Nabisco (Armstrong, 2015).

By 1994 the deregulation revolution in finance and banking had arrived and transformed American corporate culture at break-neck speed and thus American banks were able to operate outside of regulatory authorities without fine-grained scrutiny. The era of banking created new high risk products of securitized bundling, liquidity problems, and credit default swaps. (Cohan, 2009) In 1994 Citigroup became the first bank in the US top-10 corporate rankings with the Bank of America very close behind. By 2002 Citigroup was the number one, most profitable corporation in the US. With the collapse of Lehman Brothers in 2008, the house of cards collapsed, and as a result, shook the very foundations of global capitalism. Most recently, there has been a paradigmatic shift in the American economy towards E-commerce and E-retail on an unprecedented scale. Google, Apple, Microsoft, Facebook, and Amazon now are the world's largest transnational corporations by market value, producing not goods but services.

Steve Jobs and the beginning of Apple's technological domination bound the US and China closer together than ever before, while Apple's iTunes store ushered in an era of virtual retail, with many commentators heralding the end of brick and mortar stores in some sectors. In recent years Apple has reigned over the American rich list along with other Internet giants such as Amazon and eBay, while many traditional retailers have stumbled to gain their footing in today's global Internet economy (Rioux, 2014). Today, corporate survival means becoming part of a retail giant, franchising, buying clothes and consumer products in the third world, and paying employees as close to the minimum wage as possible.

Today’s corporations make profits that are unimaginable when compared to three decades ago. When Apple debuted in the top 10 in 2010, its $14 billion profit would have put it in the number one position every year except two between 1954 in 1999. Even more significant than Apple’s grand slam of iMac, iPod, iPad and iPhone is the influence of iTunes sales model that trail blazed reaping higher sales with lower online retailing along with Amazon, eBay, and China’s Alibaba with lower fixed overhead costs than ever imagined possible. The US has led the way in incorporating the cultural importance of global corporate branding to maximizing profit return to shareholders as a percentage of earnings.

Significantly Germany, Italy, France, UK and the Netherlands have their share of global consumer brands. At this stage in its market economy China is the one country who does not have immediately recognizable high profile consumer brands with the possible exception of Lenovo. Even Lenovo purchased from IBM’s top end Thinkpad product line is barely recognized in Western markets as the Chinese face of IT technology. Is this about to change? Will Weibo or Alibaba, two of China’s biggest consumer brands, Americanize and globalize their business model?

The Chinese Century: Will Its Corporations Rule the World?

No one should underestimate China’s commitment over the coming decade to build a new generation of world-class corporations. Almost a decade ago Chinese elites set in motion the idea that they needed to overtake US dominance of the corporate rich list. As a result, they developed a detailed strategic plan in order to support Chinese industries by challenging American dominance in leading sectors of the economy.

Speaking on behalf of the Chinese leadership in 2006,, Li Rongrong, State-owned Assets Supervision and Administration Commission of the State Council's (SASAC) chairman, stated what had long been Chinese policy: “State capital must play a leading role in these sectors, which are the vital arteries of the national economy and essential to national security” (Dobson, 2014, p. 4). In 2010, the Chinese leadership declared a policy to shift the economy away from low-wage manufacturing to a technologically-driven more intensively market-oriented economy (Yan, 2012). China has created a framework of seven emerging industries that are designed to achieve these goals. The strategic emerging industries are: energy-saving and environmental protection requiring clean energy technology, the modernization of the country’s telecommunications infrastructure requiring massive investments in new generation IT, biotechnology and big Pharma manufacturing. On the top of the list is investment in new energy sources including nuclear, wind, and solar energy, high-end equipment in airplanes, satellites, manufacturing technology, as well as electric cars and batteries.

The aim is to strengthen the top Chinese corporations by developing a new generation of state-owned enterprises and private corporations that are world class. The plan also identifies 20 major projects for government support. The state is front and centre of the strategic plan and China’s industrial strategy. To accomplish this highly ambitious agenda Chinese companies and state-owned enterprises can expect significant state support and subsidies from the central government and local government during the 12th five year plan. The government has set aside 7.5 billion RMB for the investment fund for new energy cars, new materials and high value-added manufacturing companies (Yan, 2012).

The Chinese playbook takes a page out of Hymer's theorization of how major corporations become global multinationals (Hymer, 1979). From China's experience they do not emerge only from the exploitation of their oligopolistic market power a firm's specific assets, but from the state playing a critical role in providing the key inputs necessary for ensuring a constant dynamic comparative advantage. In today's ever-changing world, a static comparative advantage is not good enough to gain admittance into the winners circle. They need low interest capital financing, state direction to succeed in foreign markets, to acquire global brand status, and to acquire the latest technology. "With the changeover of China's top leadership in 2012–13, and its emphasis on rebalancing the producer-dominated economy, the emphasis has shifted to increasing SOE efficiency, improving corporate governance, and reducing government intervention" (Dobson, 2014, p. 3).

Many of the top Chinese firms are strategically selected because they are in the important sectors of the economy for geopolitical reasons, as such, there is a possibility that there will be soon hundreds more Chinese entrants on the rich list. They are copying American strategies by buying important US or European companies. China's largest outbound takeover, a $43 billion deal by ChemChina to buy a Swiss agribusiness company Syngenta, was just announced in late 2015 ChemChina has bought the Italian Pirelli for $47.9 billion last year giving Chinese state-owned group a major presence in the global tire industry). Some mergers and acquisitions will be blocked by European, Canadian, or American authorities but many are just as likely to go through, as Europe and Canada are hungry for Chinese investors. However, it may take up to another decade before the western mindset that China is a security danger is quietly shelved. (Arash Massoudi, 2016)

Conclusion: Mega-trends Revealed

The ‘rise of the rest’ has altered the corporate hierarchy in fundamental ways and it is tempting for commentators to focus on the sensational rise of Chinese MNCs to the top of the rich list. Two things are clear: 1) different metrics tell different stories, and 2) continued rapid economic growth in emerging economies cannot be taken for granted. Already rapid growth rates in Russia, Brazil, India, and South Africa are slowing, and Brazil has entered into the worst depression of the last two decades. Despite epoch-making shifts, the rise of the rest and their global top-rated corporations require sustained and effective investment in infrastructure and have yet to build well-functioning political, economic, legal and social institutions to ensure a strong democratic future and maintain a much-desired level of technological progress (Pricewaterhouse Coopers, 2015).

China is growing less rapidly now and for the foreseeable future than a decade ago and there is every reason to believe that the old-growth economies of the industrial North will remain dominant players for decades to come. The Asian century will be an increasingly multi-centric world. In the final analysis, the US has the critical mass of global corporations and this implies that the race to be number one, for contenders, will be a marathon not a sprint. Institutions, strategy, and national self-interest are the determining variables that favour American corporate dominance. **Final 2016 Score**: 1-0 US over China.

In the popular mind, global corporations are assumed to be the best indicators of competitiveness and economic might, but countries should not depend on their economic muscle to solve the most important domestic problems or to address the major issues of our times – issues such as poverty, inequality, and sustainability. In the world according to Forbes, Bremner and O'Neill, the narrow focus on competitiveness and international investment agreements points public policy in the wrong direction. Transnational corporate governance requires a much bolder agenda and mandate, namely, reform of the rules governing corporate behaviour and fundamental change in the international order (Rodrik, 2012).

The UN *World Investment Report* (2015) lays out a framework for international economic law including special emphasis on safeguarding the right to regulate, reforming the investment dispute settlement mechanism, promoting and facilitating investment in emerging economies, and ensuring responsible investment to maximize its positive effects. It wants to establish provisions for investor responsibilities, compliance with domestic laws and corporate social responsibility and new provisions for the reform of tax codes, and environmental protection. With their historical lineages to past efforts to build international cooperation between governments, all of these goals and ideas are essential elements for a stable transnational economic order.

The State or The Market: Questions That Matter

The growth of a legal order that would set out authoritatively the rules and practices for corporate actors is still a distant prospect. Neither the WTO, the WHO, the World Bank, the ILO, nor the Asian Infrastructure Bank are high ambition institutions, and each has a very specific mandate in its area of expertise (Stiglitz, 2003).

Analytically, it is revealing to pose four questions about the emerging transnational order. First, is equilibrium possible between globalization and markets or between states and mega-markets? (Blyth, 2013). Can transformative change be tamed and re-directed for developmental ends? Secondly, have we reached the limit to global integration, or do we know whether there is a limit? (Chanda, 2008). Thirdly, is there a learning curve to neoliberalism enabling states to become more sophisticated managers of transnational global governance? (Wolf, 2010). Finally, at this time of unprecedented corporate growth, will the global capitalist system remain, at its core, neoliberal for another generation or longer? (Mazower, 2012).

Since the global meltdown in 2008, the retreat from liberal internationalism has pushed the global governance needle into new territory, even away from the free market, deregulatory rules of Washington Consensus. In this poly-centric order every country is for itself, every corporation is for itself, and the idea of governance is much diminished. Still, what the empirical data explains are four highly visible mega-trends that are certain to have significant influence on the global economy and the corporate environment in the coming years.

These mega trends reflect deep structural changes to core elements in the way corporate power is evolving transnationally with its deep ties to the nation-state. Yet, empirically, despite the predictions of many business experts, corporations have not outgrown the nation-state but have learned strategically to form new alliances with it and its vast array of powers state-owned enterprises, sovereign wealth funds, and public utilities. In the world according to Bremmer and O'Neill, the idea of a rigid state/market binary is a false one as governments increasingly have created corporations and other high-intensity institutions of national interest.

In today's transnational world corporations are protean-like, with their hastily changing strategies, on-the-fly new product lines causing them to, reorganize at break neck speed global value chains, firing thousands of workers at a moment's notice, and with cold efficiency closing and opening subsidiaries around the globe in pursuit of higher profits. This gives corporations built in institutional advantages that Rodrik (2014) and others have analyzed explaining why governments with complex interests and needs cannot compete against in head-to-head neoliberal competition. Governments have other priorities, namely to govern. As the corporate safety net has benefited from falling tax rates, preferential tax treatment and accelerated write-offs, the modern transnational corporation appears to be fleet-footed, rational and agile. From this perspective, there are four possible scenarios regarding the turbulent interface altering the way globalization is evolving.

The first is America remains number one for now: The death of the American corporation has been greatly exaggerated by many experts and corporate watchers. American corporations remain the world's trendsetters and continue to hold the lion's share of the A team positions (see Fig. 2.5). They are unlikely to be dislodged anytime soon. On one hand, American corporations stand tall astride the globe innovative, technologically-advanced, and powerful enterprises. On the other, they are handicapped by a culture of profit-taking and short-termism that casts a long shadow over their strategic capacity to rule the world when their economic governance system is less just, equitable, and effective than any time in the past.

The second is that China remains number two for a very long time to come. China continues to be a contender in the new world order and has the corporate muscle to play an even larger, commanding role in shaping global institutions in the so-called new Asian century. Chinese corporations are a new breed of global MNCs backed by the enormous resources of the Chinese state. Even as growth slows, China's inequality is among the world's worst, and the government is forced to transition to a lower growth economy focused on the Chinese consumer. Its powerful super-competitive corporations are on track to become the Asian champions. Whether or not this provides the platform to become the world's technological leaders in the race to be number one remains to be seen. Chinese corporations will not be at the cutting edge of the technological revolution in clean energy, manufacturing processes, or in biomedical and related spheres—unless they can break out of their current second tier status, they are unlikely to be winners in the global race to number one.

The third is that the collapse of global oil prices and corporate heavy debt loads in the resource sector are threatening global stability in the short to medium term. The banking and petroleum sectors continue to dominate the corporate rich list, despite the global economic crisis of 2008, collapse of oil prices and the ongoing climate crisis. Over the past sixty years of corporate history, oil MNCs have shown a remarkable capacity to remain at the top of the corporate rich list. Not surprisingly, the return of the state in many countries with their sovereign wealth funds, state-owned enterprises, and public utilities dependent on fossil fuels has given many governments the strategic knowledge to row and steer their economies and extract the maximum leverage from their export oriented resource sectors. Yet, it is innovative sectors that must be at the forefront of investment if they are to face the challenges of digital capitalism and sustainable development by limiting reliance on fossil fuel-driven growth. The world economy is very far from weaning itself off of fossil fuels, and the green energy revolution is a distant but visible beacon on the far shore.

Finally, regions matter more than ever. With the corporate hierarchy close to being evenly split between North and South, divided by regional trade agreements like the US-backed TPP and the Chinese-initiated New Silk Road, these regional trade agreements have acquired first mover status at a time when the WTO has been sidelined by deadlock and overtaken by a poly-centric world where the rules and interests are very different from the time when the US and the EU ran the WTO largely in their own interest. The new mega trade deals are expressions of a state's soft and hard power, and thus they will play increasingly pivotal roles in determining the corporate winners and losers with new market access. The obsessive drive from enhanced intellectual property protectionism and new restrictions on governments to protect their citizens from highly volatile global business cycles are dangerous cross-currents that threaten global stability.

Gray Zones Of Governance

The economic of crisis of 2008 shook the foundations of neoliberal logic when some of the biggest transnational corporations such as General Motors and the largest German, American and European banks were on the edge of collapse, required bailing out and rescuing by public authority. As noted by Ferguson , "China's apparent ability to withstand the reverberations of Wall Street's implosion […] suggest[s] the possibly of a new 'Beijing Consensus' based on central planning and state control of volatile market forces" (2012, p.1). Ferguson's idea has been overtaken by recent events with China growth's dipping into the single digit numbers but a kernel of truth remains that China should never be underestimated with its unique interface between the state and the market. Beijing has already committed itself to its version of the Marshall plan in order to remake the grooves of Asian geography and in the process, transform central Europe with the new Silk Road, the Asian Infrastructural Bank, the BRICs bank, and the protean Asian Free Trade Agreement–all of which serve to counter the US-led Trans Pacific Partnership. Today, these two, globally imposing philosophies of Hayek's (1948) universal market logics and state developmentalism of a self-confident Global South constitute a new grand binary that is reminiscent of the Cold War divide, with Western multinationals competing head-to-head against Asian transnationals.

The fact remains that today and for the foreseeable future American corporations are still dominant in terms of sheer numbers, technological dominance, and market power. The tough question to ask is: For how much longer can economics and politics be so divergent, contradictory, and out of synch? The answer is not apparent in an age of global uncertainty with so many unpredictable kinds of menacing transformative changes visible on the near horizon.

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