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published in
International Politics
2017

DOI (link to publisher)
10.1057/s41311-017-0031-2

document version
Publisher's PDF, also known as Version of record

document license
Article 25fa Dutch Copyright Act

Int Polit (2017) 54:338–355
DOI 10.1057/s41311-017-0031-2

ORIGINAL ARTICLE

US elite power and the rise of 'statist' Chinese elites in global markets

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Published online: 2 May 2017

Abstract The rise of Chinese 'state capitalism' such as expressed by the global expansion of Chinese state-owned enterprises (SOEs) has been met with substantial suspicion on the part of the Western corporate and political establishment—including among Washington's policy-making elite. The underpinning claim that the rise of SOEs would impair market mechanisms, we argue, is, however, theoretically problematic and empirically incorrect. Taking the example of the global oil and gas sector, the article illustrates that at firm level major corporations from rising powers, such as China, increasingly cooperate with Western firms, including with American oil majors. In that sense, Chinese firms participate in capitalist competition just as any Western firm. The roots of the assumed threat posed by China's rise, we argue, must rather be situated in the distinctive nature of the state-capital nexus in the USA and China, respectively, and the configuration of elite networks underpinning this nexus. We will illustrate this by analysing the social networks in which directors of major Chinese and US oil firms are embedded, including the networks of corporate ties, affiliations with (transnational) policy planning bodies and state-business ties.

Keywords Corporate elite networks · China's rise · State-capital nexus · Social network analysis · Oil companies · State-owned enterprises (SOEs)

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Introduction

The rise of China is one of the signature developments in today's global economy, with vast implications for world politics. Many indicators point to China's growing economic, political and ecological footprint and a possible catch-up with the USA. China is predicted to surpass the USA in terms of GDP in less than a decade (The Economist 2014); it has already become the world's largest energy producer and consumer, and its largest banks and oil companies are gradually moving up to the top of the Global Fortune 500 (Financial Times 2014). This has generated an extensive academic and public debate (e.g. Rachman 2012; Stephens 2013) about the question what this power shift implies for the liberal world order and US hegemony within that order; key questions being to what extent China's rise can and will be 'peaceful' (Bijian 2005; Yong and Pauly 2013), and to what extent it should be seen as a threat or as an opportunity (e.g. Breslin 2013; Shambaugh 2013; Kahler 2013; Stephens 2014).

Within the burgeoning mainstream Western scholarship on this topic, we tend to find two contending views. On the one hand, there are scholars—mostly of the realist school—who view rising China as a revisionist power, bound to strive for (regional) hegemony, inevitably leading to regional and perhaps also global (military) conflict (Mearsheimer 2010). Liberal scholars, on the other hand, tend to view China as a 'status quo power' (Kahler 2013) and see its growing influence more benignly, stressing the interdependence between China and the world's major economies in terms of trade and finance, and the mutual dependency between the USA and China through the latter's huge dollar foreign exchange reserves. These authors tend to point out opportunities for the USA and the West to accommodate China's rise within a liberal order (Ikenberry 2008). A Chinese perspective on (American) hegemony provided by Yong and Pauly (2013: 1182) concludes that China and the USA are 'locked in a delicate dance.' Rather than China aiming to challenge the USA, these authors observe ambivalence and pragmatism regarding the preferred role of China on the world stage and vis-à-vis the USA (ibid., see also Shambaugh 2013; Breslin 2013).

Yet, the question *for who*(*m*) China's rise is a threat or an opportunity and *how* this is the case, is largely neglected in this literature. From our perspective, this is an omission since foreign policies and business strategies are ultimately (re)shaped and directed by *people,* in particular by political and economic elites. Within the USA, as argued elsewhere in this Special Issue, (foreign) policy formation largely takes place within an elite network of corporate links, as well as ties to corporate-funded and directed think tanks and other policy planning bodies. This power structure research (see also e.g. Domhoff 2009) thus suggests that at the apex of US society we find a corporate elite that is closely networked with both the world of think tanks and with the state, and extends into global transnational elite networks as well (see below). Arguably, it is in first instance from the perspective of this elite that China constitutes both a threat and an opportunity, with an intra-elite debate on which of the two predominates. This intra-elite debate might take a more protectionist twist under the newly elected president Trump—who used a lot of 'China-threat' rhetoric during his campaign and has announced drastic increases of tariffs on Chinese products in particular. But it is at the same time to be expected that the billionaire-businessman-president elect will aim at maximally exploiting the opportunities of 'doing business' with the Chinese, albeit as much as possible in his own terms.

At the same time, we identify an emerging globalizing Chinese corporate elite, that has been driving an originally state-initiated global growth and investment trajectory of, especially, their state-owned corporations since the mid-1990s—the so-called going global strategy. This 'going global' strategy has been much commented upon in the literature and is viewed with considerable concern and suspicion on the part of the Western corporate and political establishment (including the US foreign policy-making elite, e.g. Bremmer 2008, 2009; Rachman 2008; The Economist 2012a, b; Zweig and Jianhai 2005). The question to what extent China's rise is challenging US elite power and/or will transform the liberal world order, we suggest, will at least partly be decided by the extent to which and how China's corporate elite is integrated into established US-centred global capitalism and Western transnational elite networks. It is from this perspective then that this paper will examine the *transnationalization* of Chinese state-business elite and the extent to which they are integrated—or not—into the networks of American business elites; networks that are in part global and transnational. This is a barely explored field of study (but see De Graaff 2013, 2014; Stephens 2014), which we will enter by investigating the growing global role of China in the oil and gas industry. We have chosen the fossil industry for several reasons. First, because it is a key sector of the world economy, with most other industries depending on oil and gas extraction and production. Second, it is an inherently geopolitical sector, which (still) plays a key strategic role in US foreign policy and that of other major powers, and is for that reason one of the sectors in which China's foreign acquisitions have been particularly commented upon (e.g. Andrews-Speed and Dannreuther 2011; Downs 2007a, b; Kong 2010).

The article is structured as follows. Below we will first present a (critical) International Political Economy (IPE) approach to the question of China's rise and implications for the global liberal order, as well as briefly describe our methodological approach of Social Network Analysis (SNA) and our data set. Second, we will provide an analysis of the China's growing footprint in the global oil and gas sector by presenting longitudinal data on cross-border investments and collaborations of two of China's largest state-owned oil companies, so-called National Oil Companies (NOCs), China National Petroleum Corporation (CNPC) and PetroChina, with other companies (and state agencies). Third, we will compare the social networks of CNPCs and PetroChina's directors with those of the directors of ExxonMobil and Chevron, America's two largest private oil and gas companies, so-called International Oil Companies (IOCs). In particular, we will be assessing the extent to which integration between these networks has taken place. Finally, we will interpret the main (network) findings and their implications for American elite power in the liberal order.

A critical IPE perspective on China's 'Going Global' and the impact on the liberal order

Alongside the more traditional IR approaches, there is a collection of scholars that adopt an (international) political economy (IPE) approach towards the question of the implications of China's rise. This IPE literature stresses the importance of the domestic set-up of China, conceptualizing its particular 'variety of capitalism,' and exploring the distinctive way in which Chinese state-market relations are structured and how these influence the trajectory of its growing global role (McNally 2012, 2002; Nölke et al. 2015; Breslin 2013; Ten Brink 2013). Indeed, as convincingly argued by McNally (2012) we need to take into account the particularities of China's political economy and how this is dynamically (inter)related with the global political economy in order to get a proper understanding of the implications of China's rise. Nölke et al. (2015), placing themselves explicitly in the Varieties of Capitalism (VoC) tradition argue that the large emerging economies (China, India, Brazil) represent another distinctive variant of capitalism, namely what they call the 'state-permeated market economy' which is based on: 'close cooperation between various state and domestic business coalitions at the national and subnational level' and 'coordinated by reciprocal mechanisms of loyalty and trust between individual members of these (competition-drive) state-business coalitions, based on informal personal relations, family ties, and shared social backgrounds' (2015: 543).

While these conceptualizations in our view offer promising frameworks of analysis, this body of research so far does not actually *investigate* these social ties and the elite backgrounds. From our point of view, such an investigation of elite ties is essential because elite networks form a crucial link between the economic domain (and the private realm) and the state (the Chinese Communist Party (CCP)). Elite agency, as we argue elsewhere, is rooted in particular social contexts—domestic and oftentimes transnational—which constrain and/or facilitate their behaviour and in part shapes their world view and interests (Van Apeldoorn and De Graaff 2016). A longstanding and expanding body of so-called power structure research documents the power that is entrenched in Western (American and European primarily) elite networks, spanning the economic and the political realm. These power structures enable a thin top layer of people to direct business strategies and (foreign) policy making, primarily tailored towards an ever widening and deepening of opportunities for capital to accumulate and the opening up of markets—or other spaces—in order to facilitate growth (e.g. Carroll 2010; Carroll and Fennema 2002; Domhoff 1967, 2009).

This literature empirically shows how with economic and financial globalization *transnational* corporate elite structures have been emerging (e.g. Carroll 2010), such as for instance, transnational networks of *interlocking directorates* (i.e. directors holding multiple board positions simultaneously) (e.g. Heemskerk 2013; Carroll and Fennema 2002) or so-called *policy planning networks* (e.g. Carroll and Carson 2003; Van Apeldoorn 2002; Van Apeldoorn and De Graaff 2014, 2016). Both types of networks are seen as important platforms for intra-elite cohesion that stretches beyond the interests of individual firms and therefore are crucial venues for the formation and cohesion of capitalist interests more broadly. This article will focus on the Chinese state-business elite networks and assess to what extent and how the corporations and directors that are involved in the 'going global' strategy, are also integrating into such transnational corporate elite networks.

With respect to the *firms*, we will illustrate the extent to which state-owned majors CNPC and PetroChina have been involved in cross-border alliances and investments since the mid-1990s. CNPC is the largest of the three major state-owned oil companies in China, and PetroChina is its listed (but 86% state-owned) arm, which is supposed to focus on foreign acquisitions and alliances. With respect to the *directors*, we will map and compare the social ties of the directors of these Chinese oil companies and the directors of ExxonMobil and Chevron, two American icons of the global oil industry. We will map the social networks emerging from these directors' social ties in the following three domains: (1) their connections to the corporate world, i.e. the extent of (earlier) corporate involvement through other corporate board-memberships; (2) their connections to the policy planning world, i.e. membership of think tanks, business associations, etcetera, and (3) their ties to the state. Before turning to our empirical analysis, however, we will briefly elaborate on our method and data collection.

In order to analyse the networks of the transnationalizing Chinese state-business elites in relation to the American oil elites, we will employ Social Network Analysis (SNA) (see Scott and Carrington 2011 for a comprehensive overview). SNA allows for a systematic representation of the social ties between individuals and organizations and provides basic measures for an analysis of the social structures thus generated. In our analysis, we apply SNA mostly as a descriptive device to visualize our mappings of the (changing) configurations of Chinese and American elite power in a strategic core sector of the world economy. In order to do this, we have collected data first on the cross-border corporate affiliations (e.g. joint ventures, subsidiaries, strategic alliances, and investments) of CNPC and PetroChina in 1997, 2007 and 2012. Second, we have collected biographical data on the members of the board of directors of the former two plus ExxonMobil and Chevron in 2012: a total *N* of 40 directors.[1]

Data on the oil companies came from annual reports and corporate websites and were further completed and cross-checked with data from company data bases (like Lexis Nexis, Hoover's, BusinessWeek). The biographical data were also collected from the companies' annual reports, cross-checked and completed with data from financial and corporate databases such as Orbis (Bureau van Dijk), Business Week and Fortunes profiles as well as China Vitae and Chinese Wikipedia via Baidu. We used the software programmes Ucinet and Netdraw (Borgatti et al. 2002) to conduct the network analyses. Below we will present our findings, starting with the evolution of CNPC/PetroChina's globalizing corporate networks.

[1] 16 Chinese NOC directors (with six of them having overlapping directorships between CNPC and PetroChina) and 24 American IOC directors.

CNPC/PetroChina's expanding global network

That Chinese SOEs (in this case NOCs) have staged a quite spectacular overseas expansion over the past decade(s), has sparked much debate on whether this is part of a mercantilist strategy plotted by the Chinese state to 'lock up' energy resources around the world and depriving Western companies and consumers of opportunities, thereby threatening energy supply security (e.g. Holslag 2006; Moyo 2012; Zweig and Jianhai 2005, cf. Downs 2007a, b, 2008). What we will show below, however, is that this global expansion of the Chinese oil companies has been paralleled by their increasing *integration* into the global oil market (see also De Graaff 2014).

Figure 1 shows the network of CNPC/PetroChina's overseas investments and partnerships in 2007. This is a so-called two-mode network meaning that it includes both the 'actors' (in this case the firms and state agencies connected to CNPC/PetroChina) and the 'events' through which the actors are affiliated (in this case the joint ventures and other alliances formed). The advantage of this approach is that it thus also shows with whom CNPC/PetroChina have been forming strategic alliances over time.

The nodes on the left-hand side of this figure represent the oil companies (but sometimes also state agencies) with which alliances were formed in the period from 2008 to 2012, i.e. *after* 2007. These partners (23 in total) are hence integrated into the network of 2012 (the latter which is not shown here, but see ibid.: 550–1). What this mapping illustrates—apart from an extensive and expanding global network—is that CNPC and PetroChina engage not only with foreign state agencies and other NOCs, but also collaborate with many private and Western firms, and *increasingly so* (see also De Graaff 2014).

While in 2007 the only major IOC in the CNPC/PetroChina network was Shell (and the Russian private oil firm Lukoil), in 2012 they engaged in corporate cross-border alliances with a host of the world's largest Western IOCs, such as ExxonMobil, Chevron, BP, Total, ConocoPhillips, and ENI. In addition, many of the major NOCs such as Saudi Aramco, Gazprom, PDVSA KazmunaiGaz, ONGC, NIOC, Qatar Petroleum are part of these global networks established by CNPC/PetroChina.

All of these firms belong to the top 20 of the world's largest oil and gas companies (according to the widely acknowledged PIW ranking, Energy Intelligence Group 2013). CNPCs' rapidly growing involvement with these key players of the global oil market thus indicates that with its overseas expansion, they are not so much 'locking up' oil abroad and 'taking over' from the IOCs, but are increasingly *integrating* into the global networks at the top of the oil and gas sector. It also indicates the persistent *transnationalization* of CNPC/PetroChina operations and their increasing collaboration with Western firms as well as within Western markets. This confirms earlier findings of an increase in hybrid alliances—i.e. IOC–NOC partnerships—with the NOCs global expansion more generally (De Graaff 2011), indicating that this earlier noted trend seems to be continuing and expanding, at least in the case of CNPC and PetroChina. Let us now turn to the directors of CNPC and PetroChina, i.e. to those that are directing these globalizing strategies—are they also

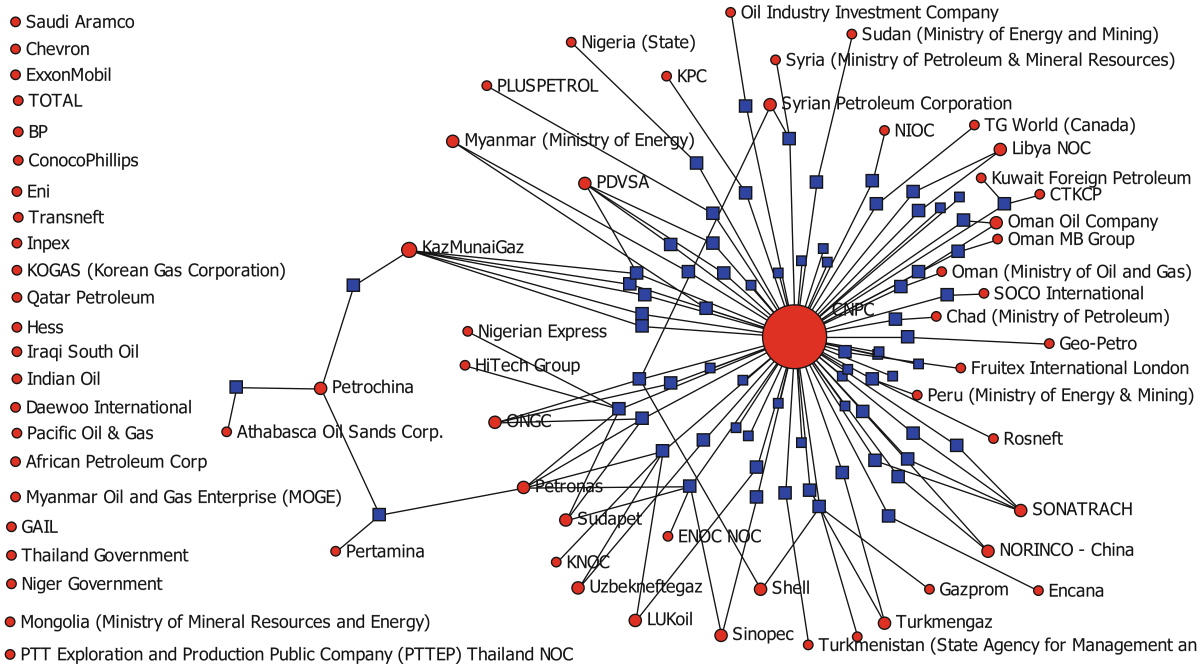

Fig. 1 CNPC/PetroChina cross-border two-mode network in 2007. *Note Round nodes* in this *graph* are companies (or state agencies), *squared nodes* are the projects (joint ventures, etc.) they are engaged in (not labelled for lack of space). The *labelled circles* on the left-hand side of the *graph* (isolates) are those companies that have been added to this global network in the period *after* 2007 (2008–2012). Source: De Graaff 2014

integrating within Western corporate elite networks, more particularly in this case: US oil elite networks?

Corporate affiliation networks of American and Chinese oil company directors

In order to answer the above question, we have mapped all the corporate affiliations of, respectively, ExxonMobil and Chevron's directors and CNPC/PetroChina's directors. In this analysis, we do not discriminate in terms of function or time, because we want to get a general impression of the corporate profile (past and present) of these directors. It should be noted though that most of these affiliations turned out to be at the level of director (executive and non-executive), owner, partner or advisor/consultant.

Below we show the two-mode networks of these corporate affiliations.

The first thing to note is that no instances of shared corporate affiliations (past or present) have been found between the directors of the Chinese oil companies (left-hand side of the graph) and the American oil company directors (right-hand side of the graph). Subsequently, we note a few substantive differences between the corporate profiles of these directors. First of all, while 21 out of the 24 American oil company directors have (had) other—multiple—corporate affiliations, connecting to a total of 126 other companies (146 affiliations excluding their oil company board membership), 11 out of 16 CNPC/PetroChina directors have (had) other corporate affiliations, but usually only one or two each—with the exception of Franco Bernabe and Lui Hongru (see below)—(producing a total of 44 corporate ties to 41 other companies).

Generally then, the Chinese directors have a much narrower and modest corporate reach compared to the American directors. Most of the Chinese directors have a long career within CNPC and/or PetroChina and their subsidiaries,[2] whereas the Americans directors tend to have a much more extensive and diversified involvement in the corporate realm. Next to this, the *nature* of the firms they engage with is different. Although the majority of the firms to which American directors are (or have been) connected are domiciled in the USA,[3] many of them are transnational corporations (TNCs), in particular those to which several of the directors are connected (see below). The number of transnationally oriented firms connected to the CNPC/PetroChina directors (of which most are domiciled in China and some in Hong Kong) is significantly smaller. A major exception here is the *only* Western director at the Chinese oil company boards, Italian business tycoon Franco Bernabe. His corporate affiliations include TNCs such as Fiat, TNT Group and ENI as well as financial elite groups such as Rothschild Europe. This then confirms the distinctiveness of the Western and Chinese directors' corporate profiles. The fact that almost none of the Chinese directors' corporate affiliations are with non-

2 We do not incorporate affiliations with subsidiaries as separate entities in these analyses because it is inter-firm and not intra-firm relations that we are primarily interested in here.

3 Only a handful are based in Switzerland (3), France (1), Jersey (1), Germany (1) and finally Mexico (1).

Chinese firms[4] is an illustration of the lack of transnational integration into Western corporate elite networks of the Chinese oil elites. Similarly, none of the US oil company directors' corporate affiliations are with non-Western firms.

Another distinctive difference of the American oil company directors is that they actually create a substantive number of corporate interlocks. As Fig. 2 shows, ten firms have (had) two or more oil company directors at their board, of which seven are so-called 'interlocking directorates,' i.e. these firms are actually linked by directors who sit *simultaneously* at their board and at one or more others boards: Wells Fargo & Company, Alcatel-Lucent, Northrop–Grumman, Houston Endowment Inc, Amgen, American Express, Dynegy. These firms are all—with the exception of Houston Endowment[5]—large TNCs, ranging from military industrial giants to financials.

Such multiple and simultaneous corporate memberships are seen in the literature as important for the forging of a broader elite consensus and identity that stretches beyond the confines of individual corporate (or firm) interests—and are indeed common practice in Western corporate elite networks (see e.g. Carroll 2010). The fact that Chinese directors hardly engage in these practices is telling. While indicating that Chinese oil elites are not incorporated into these kinds of Western structures of corporate elite formation, it is unclear whether (a) it is only a matter of time before the Chinese corporate (oil) elites 'catch up' in this respect; or (b) whether this points to a trajectory of transnationalization of Chinese corporations and their directors that is—and will remain—distinctive from the commonly established Western patterns. We now turn to another domain recognized in the literature as a crucial platform for elite consensus building and the shaping of similar worldviews and identities, the so-called 'policy planning networks' (think tanks, business coalitions and advisory bodies and the like).

Corporate elite planning networks

Figure 3 shows a mapping of (past and present) policy planning affiliations of the oil directors of *both* the American and Chinese companies. In the case of the American oil elites, this generated a quite extensive total number of affiliations (188, against a total of 9 among the directors of the Chinese oil companies) and also quite a few shared connections, the latter are labelled in the graph.[6]

In this figure, we find two clusters of which the bigger one contains, first, a more foreign policy oriented part with for instance Chuck Hagel, then Chevron director, later Obama's Secretary of Defense; being affiliated with the Council on Foreign

[4] Except Lui Hongru who has one corporate affiliation to a transnational US-based financial firm Greater China Securities and its subsidiary Etech Securities, and Chen Zhiwu who has a corporate affiliation with UK-based global investment management firm the Permal Group.

[5] While Houston Endowment Inc is a foundation and thus not a corporation, it does invest substantively in real estate and board membership of this organization can therefore appropriately be seen as a corporate affiliation.

[6] The individual policy planning affiliations are shown in the graph without a label in order to give an impression of the numbers while retaining readability of the figure.

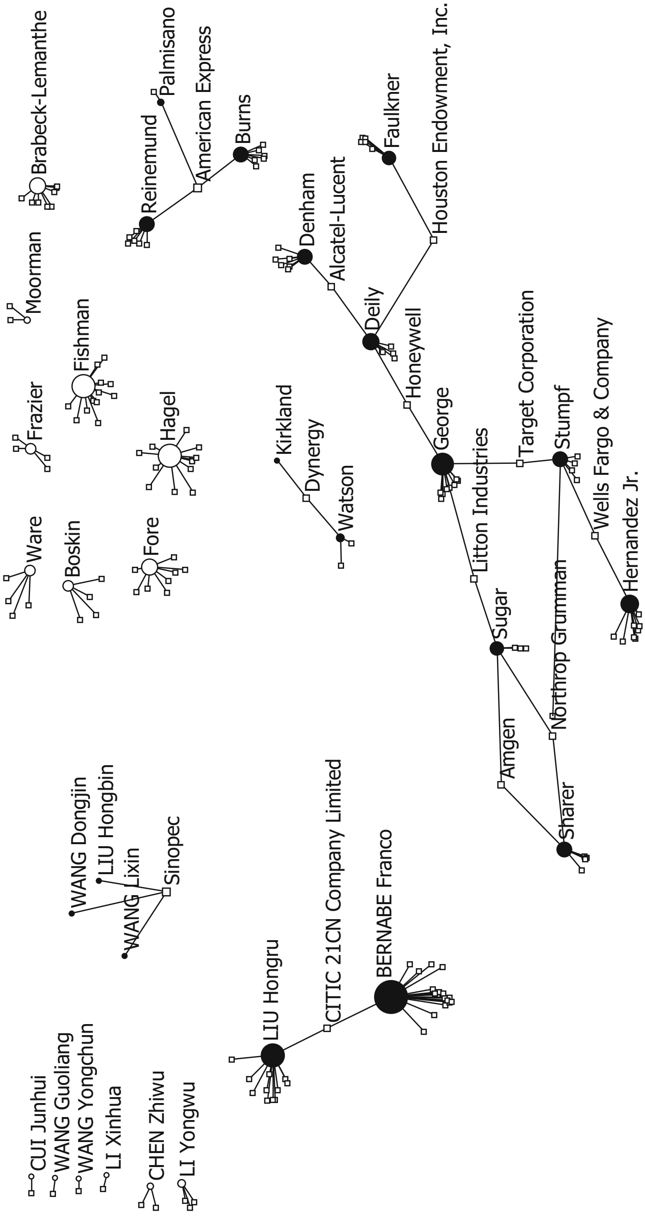

Fig. 2 American and Chinese oil directors corporate affiliations. *Sources*: own data collection (see method section)

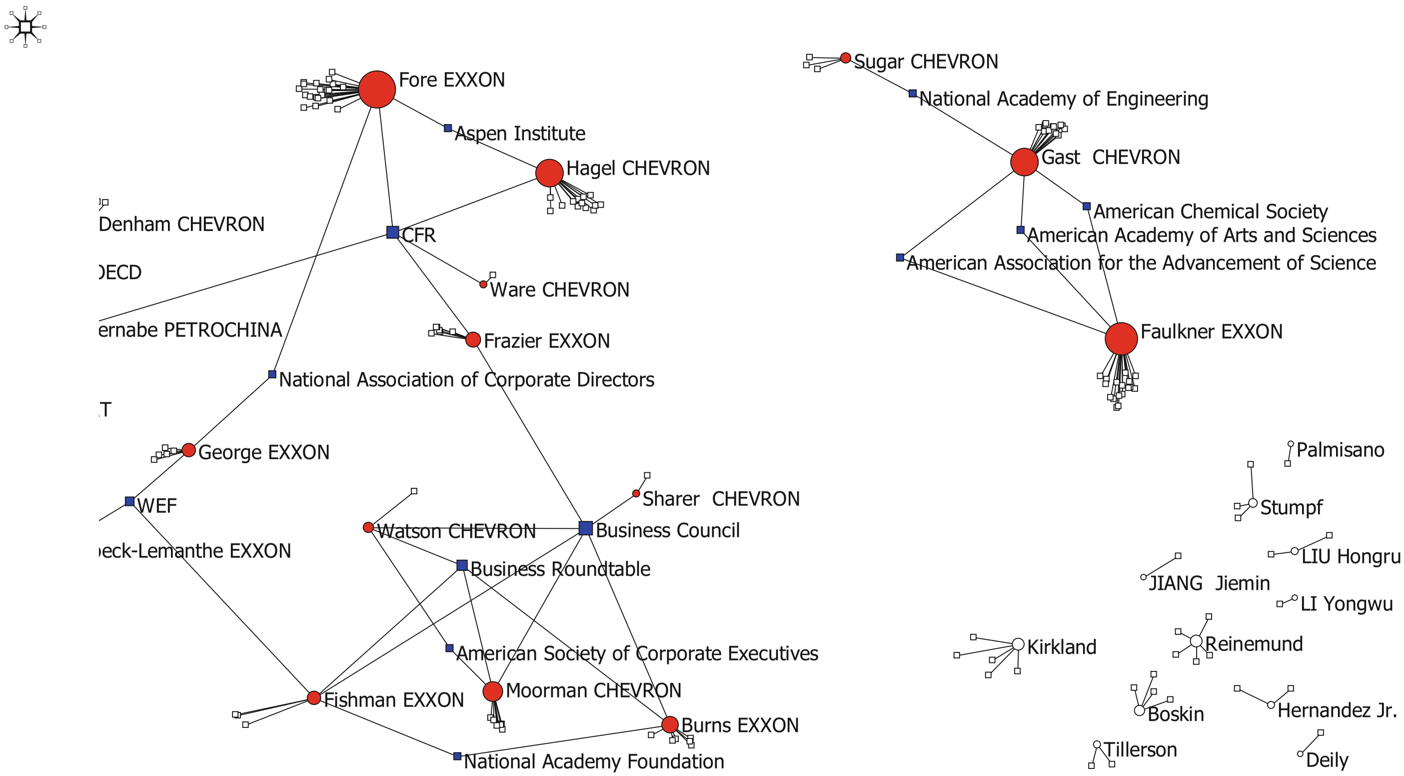

Fig. 3 American and Chinese oil companies' directors in policy planning bodies. *Sources*: own data collection (see method section)

Relations (CFR), the quintessential US foreign policy think tank, and the Aspen Institute, another central but globally networked and transnationally oriented American think tank that is also connected to many US foreign policy makers (see Van Apeldoorn and De Graaff 2016). A second part of this cluster is concentrated around business associations such as the Business Roundtable and the Business Council, in which Chevron director Charles Moorman has a very central position. Finally, this cluster contains a more transnationally constituted part, with the World Economic Forum (WEF), the European Round Table (ERT) and the OECD,[7] to which Exxon directors Brabeck-Letmathe—Austrian executive chairman and e.g. former CEO of Nestle—and William George, former CEO of Medtronic and Goldman Sachs director, are connected. The most significant finding in the context of our research question is, however, that we only find *one* director from the Chinese oil firms with such transnational policy planning affiliations, which is again Franco Bernabe.

These platforms being essential channels for elite consensus formation and translation into policy planning, it is significant—though not surprising—to find so many of the oil elites connected to these bodies, the latter which in turn are tightly related to the corporate world, in terms of both funding and of their own directors' interlocks with big corporations (see Van Apeldoorn and de Graaff 2016, chapter 3). Perhaps even more significant is that Chinese oil elites are not connected to these policy planning bodies. While this might be logical in the case of purely American organizations (but note that Italian Bernabe is member of the CFR), it is not as evident in the case of the more transnationally oriented platforms such as WEF, OECD, and Aspen, and it is telling in this respect that the only Western director of CNPC/PetroChina *is* indeed connected to this network. While Bernabe performs a potentially influential bridging role here, the Chinese oil elites are thus rather disconnected from these Western platforms of corporate elite socialization and planning. We now turn from the policy planning ties of the oil elites to their policy-*making* ties, analysing the state affiliations of the Chinese and American oil company directors.

The state-corporate nexus of American and Chinese oil elites

We mapped the prior and current (2012) state affiliations of all our 40 directors in order to get a first impression of the extent of direct state ties. Of course, it should be kept in mind that in the case of the Chinese directors, there is an implicit relation because of their board membership in a state-owned oil company. Yet, as Table 1 shows, 10 out of 16 directors—i.e. 62%—have (had) *additional* direct ties with the state, in a few cases quite extensively (a total of 40). When looking at the actual positions (not shown here for lack of space), these are ranging from high-level positions in provincial state bureaus to very high-level state positions. Such as, for

[7] Although the OECD is an international organization and thus not a private planning body, it is certainly a key policy planning institute, especially since key corporate directors are involved as advisers and members for this institute forming a crucial link to policy making. We have therefore included it here.

Table 1 State affiliations Chinese and American oil company directors

Name director Chinese companies	# state	Name director US companies	# state
LI Yongwu PetroChina	8	Hagel, Chuck Chevron	6
CUI Junhui PetroChina	7	Fore, Henrietta ExxonMobil	5
LIU Hongru PetroChina	6	Deily, Linnet Chevron	3
JIANG Jiemin PetroChina (Chairman)	7	Boskin, Michael ExxonMobil	3
CHEN Zhiwu PetroChina	3	Burns,Ursula ExxonMobil	3
YU Baocai CNPC & PetroChina	2	Hernandez Jr., Enrique Chevron	2
LIAO Yongyuan CNPC & PetroChina	2	George,William ExxonMobil	2
LI Xinhua CNPC & PetroChina	2	Gast, Alice Chevron	1
WANG Yongchun CNPC	2	Sugar, Ronald Chevron	1
BERNABE Franco PetroChina	1		

Sources: own data collection (see method section)

instance, former PetroChina Chairman and CNPC General Manager) Jiang Jiemin having been alternate member in the 17th and full member in the 18th CCP Central Committee and being director and former chairman of the very influential State-owned Assets Supervision and Administration Commission of the State Council (SASAC).[8] Or independent PetroChina director Liu Hongru—as we have earlier seen, also a big corporate linker—who has been alternate member of the 12th and 13th CCP Central Committee as well as Chairman of China Securities Regulatory Commission and Vice Governor of People's Bank of China.

In the case of the American oil company directors, 9 out of the 24 (37%) have (had) state affiliations. While much less than the Chinese, this is still extensive and confirms the quite particular state-capital nexus that characterizes the USA, with its intimate relation between state managers and the corporate elite, often belonging to the same networks or even being the same people (see Van Apeldoorn and De Graaff 2016). Although generally these affiliations might not be as highly placed in the state apparatus as is the case with the Chinese directors, we do also find high-level functions here. Such as, Chuck Hagel having been US Senator (and in 2013 became Secretary of Defense); Chevron's Linnet Deily having been deputy US Trade Representative and US Ambassador to the WTO; and ExxonMobil's director Henrietta Fore having held the positions of Undersecretary of State for Management and Chief Operating Officer at the State Department.[9]

Still there are important differences in these state-business relations. Whereas in the USA we find a strong 'revolving door' pattern, with many high-level foreign policymakers having affiliations with the corporate world before and/or after their government service (Van Apeldoorn and De Graaff 2016), in China the primacy lies with the state. Not only are key strategic sectors in China (such as in this case oil)

[8] Jiang Jiemin was removed as SASAC Chairman in 2013 on the basis of charges of corruption and has been expelled from the CPC in 2014.

[9] After 2012, of course, Exxon Mobil's longtime CEO Rex Tillerson has been appointed US Secretary of State in the Trump administration.

still firmly state-owned and state controlled (see also McNally 2012), also in private business the state still plays a much more important and directive role than is the case in the West (see Van Apeldoorn et al. 2012).[10]

Although, in the case of CNPC, top managers are formally appointed by the board of directors, the de facto power to appoint top positions rests with the CCP Organization Department, to be ratified the Politburo Standing Committee (Downs 2008: 123). This implies that NOC managers must balance corporate and party-state interests if they want to advance their careers, because their evaluation by the CCP is based not only on general performance but also on their commitment to party-state interests (ibid.: 123–124). 'CNPC leadership is a governmental position first and foremost' Jiang (2012: 416) therefore argues. On the other hand, Downs describes how increasingly, NOCs top managers/executives are being recruited to the CCP top because of their credentials as leaders of globally competitive (partly listed) firms. This points to the strong dual commitment that Chinese directors of state-owned firms have and is fundamentally different from the state-firm relations of the US oil elites.

Elsewhere this has been dubbed the 'two faces' of Chinese oil elites (De Graaff 2013, 2014). On the one hand, they are directing an expansionist, transnationalizing corporate strategy with concomitant commercial values and interests, yet on the other hand, they remain firmly tied to the state apparatus and its different set of values and priorities. This duality is mirrored by the role of Chinese NOCs.[11] With their overseas expansion, they adopt the role of IOCs, are driven mostly by commercial motives and try to adhere to the market logic of corporate governance and as dictated by private capital(ists). Yet, 'at home' they play the role of NOC, firmly tied to a distinctive form of governance, which is closely connected to the state's interests and priorities, such as domestic social development, stability, and energy (supply) security.[12] These dual roles are an indication of the 'hybridization' of the Chinese NOCs (De Graaff 2013, 2014). The distinctiveness of this hybridization lies in the fact that although liberalization and privatization takes place, it remains *partial* and develops alongside continued state ownership and control.[13] This complex and dialectical relation is arguably reinforced by the oil elites, who have to keep up the balancing act between the 'two faces': their (transnationalizing) corporate identities and interests, on the one hand, and their commitment to the state and the values and interests of the CCP on the other. On the basis of our findings with regard to the Chinese oil company directors, we suggest that it is this distinctive *duality* that is an important reason for the lack of integration within Western corporate elite networks.

[10] Although our findings elicit the need for a more systematic and in-depth analysis comparing different forms of state capitalism—or state-led development—both in the West and in Asia more broadly (see e.g. McNally 2012), this falls outside the scope of the present article which is primarily concerned with an empirical analysis of the impact of transnationalizing Chinese SOEs on US elite power structures.

[11] Telephone interview, Xiaojie Xu, CNPC consultant and former director overseas investments, 21 January 2010. Email interview, CNPC's Director Petroleum Market Study, 14 June 2011. Interview, Professor Weihan Wang, 26 February 2010, Houston, USA.

[12] Ibid.

[13] A development that is also indicated by CNPC's (and other Chinese NOCs) current organizational structure with PetroChina as a listed private entity within the state-owned CNPC.

Conclusion

From the perspective of the American (and European) corporate and political establishment, it is the distinctive 'statist' aspect of the state-society model of China, as briefly touched upon above, that is oftentimes been perceived as a threat (Kagan 2006; Rachman 2008). The growing presence of state-directed regimes, such as China, here is often presented as a 'return of state capitalism' which could imply the 'end of the free market' (Bremmer 2009). For instance, in 2012 *The Economist* devoted a special report to 'state capitalism,' referring to state enterprises as the 'new masters of the universe' (The Economist 2012a), warning investors in emerging markets to 'watch out' (The Economist 2012b, p. 3). For, as *The Economist*, writes: '[e]nsuring that trade is fair [sic] is harder when some companies enjoy the support, overt or covert, of a national government' (ibid.).

It is, however, not state support—covert or overt—that is the real or biggest problem, since that is practiced in liberal countries as well. As, for instance, forcefully illustrated with US congress blocking the take-over of oil major Unocal by the Chinese state-owned oil company CNOOC in 2005 and sharpening overview and control of foreign acquisitions of such strategic sectors ever since. Neither is it the case—as this research has again illustrated—that American corporate elites have no personal connections to the state, quite the contrary. The crux of the matter, we suggest, is the continued and pervasive influence of the state apparatus and the CCP via Chinese statist corporate elites. The latter is often reinforced by the dual commitment of the corporate managers that are directing China's transnationalizing capital to commercial values on the one hand, and the values and interests of the state on the other. In the Chinese state-capital nexus, the primacy ultimately lies with the state and the *state class* organized around the Chinese Communist Party—which is still the dominant source of power in Chinese society, whereas in the USA the interdependence between state and capital is ultimately determined by a class structure with an autonomous capitalist class (or its oligarchic top segment) in charge, albeit necessarily governing through the state. Here our findings thus seem in line with the conceptualization of the earlier discussed 'state-permeated' variant of capitalism (Nölke et al. 2015), while adding to this literature some first insights into *how* these mechanisms work in terms of elite power structures in the oil sector.

Returning to our original question on the transnationalization of China's leading SOEs and their impact on American elite power structures, our findings have shown that although Chinese state-owned oil companies in their overseas expansion increasingly collaborate with Western oil companies and integrate into the top of the global oil market, the directors leading these firms hardly integrate into the much more extensive and more transnationally oriented corporate elite networks established by the American oil elites. A key source for this lack of integration, we argue, must be located in the different state-corporate relations of the Chinese oil elites compared to the Americans. More in-depth research would have to be carried out for other sectors, but preliminary research indicates that this 'statist' character does not apply exclusively to the oil sector, but at least equally to other strategic sectors such as for instance technology and finance.

Although it is likely that more integration has taken place in less strategic sectors, in which state power and control is less prominent, as well as at lower tiers of the organizations—propositions that will have to be established by future research—it is telling that at the commanding heights of the economy and its underpinning corporate elite structures, we find such divide between the American and Chinese directors. In particular given the fact that Chinese SOEs seem to be increasingly collaborating with Western firms. While, on the basis of this case study, one could conclude that corporate elite power structures at the core of the US-led liberal order are not yet challenged, or even much affected, by rising China, it is still an open question how long this will remain to be the case and what will happen in the light of the persistent transnationalization and growth of China. Moreover, it also indicates that in terms of elite power structures, the liberal strategy of incorporating China into a US-centred liberal order seems not to have materialized yet either.

This gets us back to the broader question of China's rise and whether it will form a distinctive alternative (together with other emerging powers) and challenge the existing order and its rules of the game as some authors suggest (e.g. Nölke et al. 2015); or whether they will be integrated into the global liberal order, as others contend (Breslin 2013). Our argument here is that China will follow a hybrid or dual trajectory, in which it increasingly adapts to the rules of the game as defined within the liberal order (primarily by the USA), yet retains its commitment to state control and partial ownership (see also McNally 2012; Stephens 2014). On this basis, China will aim to participate as much as possible in the global political economy, yet without sacrificing for instance state ownership in strategic sectors such as energy and infrastructure, nor embarking on radical political reforms. At the same time, China will, where possible, and as long as American dominance persists, try to form solid alternative networks. An institutional example of such an alternative is the recently established Asian International Infrastructure Bank (AIIB), set up as an alternative to the World Bank. The AIIB has in a short time span in fact become very successful in enlisting membership from European key countries, such as the UK, as well regional US-allies, such as Australia—developments that were heavily opposed by the USA. At least in a symbolic sense, this seems to signal the potential for alternative (regional) initiatives led by China, circumventing US resistance and dominance.

If the recently elected president Trump indeed will follow up his stated intentions to follow a less globalist foreign policy and trade policy than what characterized his predecessors—illustrated by for instance his announcement to withdraw from the Transpacific Partnership Agreement (TPP)—this will only further aid and accelerate China's development of alternative institutions, alliances and initiatives, including regional free trade agreements (such as the Regional Comprehensive Economic Partnership Agreement, RCEP and the 'One Belt One Road' project). To what extent and how this will be countered by the USA highly depends, of course, on how under a Trump presidency the comprehensive elite-driven attempt to manage the rise of China and its hybrid growth trajectory—in a way that preserves US elite power and its concomitant the worldview and interests (see also our and Layne's contribution in this special issue)—will be maintained or perhaps disintegrate.

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