The Transnational State and the Infrastructure Push

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Abstract

In 2010 the G20 in cooperation with major international organizations launched a comprehensive effort - here labelled the infrastructure push – to promote infrastructure investments around the world. Using selected transnationalised elements from historical materialism, this is explained as a transnational state initiative to secure general material conditions for capitalist growth in a manner that is profoundly shaped by power relations. The infrastructure problem was allowed to grow during neoliberalism because of the hegemony of finance; the push is a result of and reflects a weakening of finance and strengthening of industrial interests in the transnational power bloc, as well as a strengthening of the emerging economies. This potential hegemonic project has gained the support of the global labour movement, while also been subject to serious criticism from civil society organizations, speaking for the most vulnerable subaltern social forces. The empirical analysis also shows that the transnational state in this policy area works as a flexible, networked cooperation of G20 states and leading international organizations in ongoing dialogue with non-state actors, especially transnational business. In this cooperation, the international organizations have a relatively autonomous role in line with a historical materialist understanding of state apparatuses.

Keywords

G20, global governance, historical materialism, state theory, transnationalism, international organizations, infrastructure, power.
The Transnational State and the Infrastructure Push*

Infrastructure has risen considerably on global political agendas in recent years. Both Donald Trump and Theresa May had a major infrastructure push on their political platforms, but before that China’s launch of the Asian Infrastructure Investment Bank (AIIB) in 2014 (GBTimes 2014) caught much attention as did the later launch of the massive One Belt – One Road initiative. This later development, however, is not included in this paper which is based on events up to the end of 2015. Even earlier than these Chinese initiatives, the BRICS countries’ (Brazil, Russia, India, China, and South Africa) had agreed to create the ‘New Development Bank’ (BRICS 2013) with a focus on infrastructure projects and before that, in 2010 at the Seoul Summit, the Heads of State and Governments (Leaders for short) of the G20 countries had launched a comprehensive project on infrastructure. This has, inter alia, led to the announcement of a Global Infrastructure Initiative (G20 Australia 2014a) as well as the World Bank’s New Global Infrastructure Facility (World Bank 2014), seconded by the IMF which devoted a full chapter of the World Economic Outlook to the question “Is It Time for an Infrastructure Push?” (IMF 2014: 75).

This G20 track, henceforth referred to as the infrastructure push, is in essence an effort to fill a large gap in expected investments in infrastructure, a gap that is considered a

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major impediment to global economic growth. This push is politically significant because of the scale of the effort and because of the importance of the G20. In 2009 the members of this forum designated it ‘to be the premier forum for our international economic cooperation’ (G20 2009, emphasis added) and these 20 countries account collectively for roughly 85% of gross world product and two-thirds of world population. Infrastructure clearly is high on the agenda of global economic policymaking, in stark contrast to the situation before the financial crisis as will be shown later. Something new is afoot and the purpose of this paper is to analyse this.

The analysis draws on historical materialism (HM) understood as a *research program* based on a set of interlinked concepts and propositions that are open to development and amendment and can serve as a framework for empirical research (Lakatos 1978; see also Anderson 1983: 86). HM is a large body of theory with internal discussions and it is not possible to do justice to all of this in the present context. Therefore the analysis will only use some elements from this tradition, selected because they in combination can provide an explanation for the rise of the infrastructure push as well as an assessment of its potential implications. In addition, by examining the processes that developed the infrastructure push, the analysis adds empirical flesh to the abstract conceptual bones and contributes to knowledge about how global governance has changed after the financial crisis.

The selected theoretical elements are 1) theory on economic state functions or state interventions; 2) the relative autonomy of state apparatuses; 3) that state interventions are shaped by power relations, thereby bringing in the notions of power bloc, conflicts, and hegemony within the power bloc; and 4) a historical perspective that locates new developments in the succession of growth models and hegemonic projects and their crises.
Importantly, however, these theoretical elements are used in a transnationalised version as indicated by the paper’s title. Therefore the first section elaborates on this, especially on the notion of the transnational state.

The next section gives a brief account of the history of the infrastructure gap, thereby documenting the existence of the gap and showing that it went inadequately addressed before the financial crisis. The third section applies the theory to explain both the rise of infrastructure as a major concern and the relative neglect of this during neoliberalism.

The fourth section gives a detailed account of the political processes of the infrastructure push and its policy content. The purpose is twofold: to provide an empirical basis for the following section’s explanation of the push, and to move beyond abstract and generalizing understandings of the transnational state by providing a more fine-grained description of how it works in a specific policy area.

The fifth section then offers an explanation of the push and an assessment of its implications, combining the perspectives of state functions, power relations and the role of IOs, and situating the push in the trajectory of hegemonic projects and growth models. The concluding section sums up the key arguments and offers some final comments.

The findings and conclusions presented in this way result from a retductive research process (Jessop 1982: 217-18; Lawson 1998: 156 ff.). Iteratively a new phenomenon, the infrastructure push, was observed and related to selected abstract concepts from state theory, leading to hunches about how the theory could further be specified and developed to account for the new phenomenon, and to further empirical investigations to test and where appropriate reformulate the hunches.
The infrastructure push could also be analysed from other theoretical perspectives, for instance as a constructivist narrative of the rise of certain ideas and their translation into policy prescriptions, exemplified by e.g. Mark Blyth (2002, 2013) and Matthew Hoffmann (2005). What differentiates HM from such approaches is not a denial of the importance of ideas – indeed all social practices are informed by ideas in HM theory – but the rather the insistence on relating ideas to material interests and relations of power and their embodiment in political institutions. This leads, I argue, to a fuller and more satisfactory analysis.

Theorizing the transnational state and infrastructure

Strictly speaking there is no transnational state holding a global monopoly on the legitimate use of violence or other defining state features. There is however, a multi-scalar and poly-centred system of governance (Scholte 2005: 185 - 213), a system of networked interactions of states and international organisations that lead to policy outcomes with some authority (see also Cox 1987: 253 on 'internationalizing of the state'; Slaughter 2004 on 'government networks'; Ruggie 2004 on the 'global public domain'; and Cerny 2010: 175 on global governmentality). This system has state-like features and therefore it is important that ‘the state’ is an umbrella concept that covers state functions, state power, and state apparatuses (Ougaard 2004: 63 - 64; referring to Poulantzazas 1973). Thus there are several aspects of statehood and the notion of the ‘transnational state’ in this paper refers to the unevenly and partially globalized aspects of statehood (Ougaard 2004: 66; see also Shaw 2000: 213 for the parallel notion of 'the global layer of state').
One partially globalized state function is, in William Robinson’s words, ‘to create and maintain the preconditions for the valorization and accumulation of capital in the global economy’ (Robinson 2004: 101). In a similar vein Poulantzas (2000:173) argued that economic state interventions essentially are about countering the profit rate’s long term tendency to decline (see also Ougaard 2014). In short, in HM state theory, economic state interventions are theorized as efforts to promote economic growth.

Infrastructure belongs in the category of general material preconditions for growth (Altvater 1972), defined as facilities that are essential for the on-going operation of the economy so that their failure would impede the expanded reproduction of capitalism (Hirsch 1974: 65, 2005: 45). Obvious examples are transportation and communication networks and energy supply. State theory further argues that if such preconditions cannot be provided by private capital the state will tendentially intervene to secure their provision. This applies for instance if the initial capital outlay is too large or the time horizon too long for any individual capital, and more generally if for some reason the expected rate of profit is too low compared to the prevailing average rate of profit (Altvater 1972: 18-19).

It follows that it is historically contingent whether certain infrastructures are provided by the state or not, depending both on the capacity of private capital to provide them and on the needs of total capital for their provision. It further follows that if conditions change, for instance because of technological developments, material preconditions that hitherto have been provided by the state can be privatized and conversely, privately provided infrastructures can be taken over by the state if they no longer generate a sufficient rate of profit.
These arguments have some analytical traction but they are very general and do have a flavour of economic determinism. State theory, however, combines this with explicit attention to political agency and relations of power. At a high level of abstraction, the state is conceived as a condensation of power relations between social forces which therefore profoundly shape economic state interventions (Altvater 1972; Hirsch 1974; Poulantzas 1978, 2000: 173). This pertains both to nation states and to the transnational state (Robinson 2002; Ougaard 2004; Brand et al. 2011).

In the analysis of these relations, a distinction is made between on one hand relations between the power bloc and dominated and subaltern forces, and on the other hand relations within the power bloc. Both sets of relations are important and they are not independent of each other, but it is useful to treat them separately, as shown by Poulantzas (1975, 1978) and Hirsch (2005) in empirical analyses.

Furthermore, the state is institutionalized in state apparatuses imbued with relative autonomy. Although situated in the context of power relations, the bureaucracies that staff state apparatuses have an agency of their own, shaped by the societal determination of state functions and the state personnel’s interpretation of their role. This Weberian element in state theory was especially developed by Hirsch (2005: 30) and Poulantzas (1973: 351-359, 2000: 131-137) and it resonates with more recent scholarship on international organizations (Barnett and Finnemore 2004; Seabrooke 2012; Grabel 2014).

Finally, temporality is important. Capitalist society is in constant development and change, and power relations change over time. So do the ideas and discourses that shape state bureaucracies’ interpretations of their tasks and duties. Regulation theory and similar strands have developed the idea that capitalist societies develop in distinct stages,
each marked by a specific configuration of the power bloc around a hegemonic project and an associated growth model (Lipietz 1987; Gill 1995; Aglietta 2000; Boyer and Saillard 2002; Jessop 2002; Overbeek 2004, 2013; McDonough 2010; Atzmüller et al. 2013.; See also Ougaard 2016: 460 for a brief summarizing discussion). Therefore, the present push for infrastructure should be analysed in the context of the trajectory of the neoliberal hegemonic project, the crisis it led to, and the ensuing struggles over the post-crisis growth model.

In sum, the infrastructure push is to be analysed as a globalized state function, shaped by power relations, and with attention to IOs’ potential for playing a relatively autonomous role. But first a brief history of the infrastructure gap is called for.

**A brief history of the infrastructure gap**

The World Bank has long history of supporting infrastructure projects, generally accounting for more than two thirds of its commitments in the 1950s and 1960s. But from a peak in the mid-sixties infrastructure declined relatively (Besant-Jones et al. 1994: 149 Table A3) and from 1993 also absolutely (discerned from World Bank 2003: 2, table). At the same time, however, a policy shift took place. Having realized the insufficiency of public funds, the Bank turned to market oriented approaches (Besant-Jones et al. 1994: 7-8), using bank lending to leverage private flows (World Bank 2003: 2). This seemed to work for some years (Torres de Mästle and Izaguirre 2008: Figure 1), but then a new decline set in, mainly due to a fall in private contributions. This led the Bank to step up its efforts at least from 2002 (World Bank 2002: 70) leading to a new *Infrastructure Action Plan in 2003* (World Bank 2003: 2) and in ensuing years commitments
grew again. But private participation, although also growing, was disappointing so that ‘the public sector – together with the international financial institutions – remains the main source of investment funding’ (Torres de Mästle and Izaguirre 2008: 1). Having observed that in its ‘investment climate surveys’ a significant number of companies identified infrastructure deficiencies as ‘major’ or ‘severe’ constraints (World Bank 2004: 1, 5, 124), the WB prepared a ‘strategy update’ leading to the 2008 Sustainable Infrastructure Action Plan (World Bank Group 2008). At this point, however, events were overtaken by the financial crisis and post-crisis developments are discussed below.

In a parallel development the OECD in 2003 began a ‘Futures project on Global Infrastructure Needs’ because ‘The world’s infrastructure needs are huge, and growing’ (OECD 2004). This led to an in-depth study of infrastructure needs in four sectors (road and rail transport, telecoms, electricity transmission and distribution and water), concluding that if electricity generation and related infrastructures also were included, total needs for the period through 2030 would amount to USD 71 trillion (tn), corresponding to around 3.5% of global GDP annually (Stevens et al. 2006: 29). A ‘gap is opening up’ the organization warned, ‘between the infrastructure investments required for the future, and the capacity of the public sector to meet those requirements from traditional sources’ (OECD 2007: 20).

This assessment of the severity of the problem was echoed elsewhere. In 2007 the Asian Development Bank (2007: 7) wrote that ‘Across developing Asia, complaints about poor infrastructure are heard time and again’ and an UNCTAD publication (2008: 13) observed ‘huge unmet investment needs for infrastructure in developing countries’. Private organizations joined the chorus, for example the World Economic Forum (2010: 5) and the McKinsey Global Institute (2013: 9). Business20 (B20) - the international
business community’s dialogue partner with the G20 process (on B20 see B20 Coalition 2016) – created an Infrastructure Task Force which estimated the infrastructure investment shortfall, i.e. the difference between estimated needs and the total of expected public and private investments. The estimate was based on the ‘consensus of BCG, McKinsey, and WEF forecasts to 2030’ which in turn were based on more detailed estimates from the OECD and other IOs (B20 Australia 2014: 21 n 23). In a 2015 revision, the shortfall was estimated to be in the 15 – 20 tn range (B20 Turkey 2015a).

Closing the investment gap would accordingly require on average an additional annual investment of 1 to 1.3 tn USD over the next 15 years.

On this basis, there is no reason to question neither the existence of the infrastructure gap and its estimated order of magnitude, nor its importance as a severe impediment to global growth. But whereas the leading IOs had seen and addressed the gap, the WB from the mid-1990s and the OECD from 2003, it received very little high level political attention before the financial crisis.

This is clear from an examination of Leaders’ declarations from the G7/G8 summits, until the financial crisis the premier forum for international economic cooperation (available at University of Toronto G7 and G8 Research Group, 2016). From 1980 to 1989 there was no mention of infrastructure; infrastructure in Eastern Europe was discussed in 1990; there was some discussion of infrastructure in 1991 and 1992 and none in 1993 and 1994. It was referred to almost in passing in 1995, 1996, 1997, but not in 1998, 1999 or 2000. There was short mention in 2001 and none in 2002, 2003 and 2004. In 2005 there were supporting documents about infrastructure in Africa but nothing in the Chair’s summary, and there was nothing in the 2006 Summit. At the June 2007 Summit the Leaders did not mention infrastructure and they noted - a statement worth
remembering given the proximity to the financial crisis - “that the world economy is in good condition” (G8 Heiligendamm Summit 2007: 1). The G8 meeting in July 2008, too, had no mention of infrastructure. This pattern contrasts sharply with the post-crisis rise of the G20 infrastructure track.

**Theoretical implications**

Relating now this account of the history of the infrastructure gap to the theoretical framework, several observations can be made. Firstly, the account fits the general proposition that the transnational state tendentially intervenes to secure the provision of general material conditions for the expanded reproduction of capitalism on a global scale. It is, after all, quite plausible that a future historian will summarize this episode as one where the global political system responded to a rising impediment to global growth.

Secondly the account also shows the relevance of the notion of the relatively autonomous role of transnational state apparatuses by showing the IOs’ role in identifying the issue, analysing it, and calling attention to it. But thirdly, the disjunction between the IO response and the almost lacking high-level attention at global summits calls for more discussion. If adequate infrastructure is in the interest of global capitalism and the transnational state works in the interests of transnational capital, why was the gap allowed to develop in the first place, and why did it take so long before it achieved high level political attention?

We can point to several reasons for this. One is that to some extent such a delay is not surprising. It takes time for new issues to enter the political agenda, and problems have to reach a certain level of criticality before they receive serious attention. This certainly
is part of the explanation, but still, the problem was registered as a serious one at the latest in 2004 by the OECD, and it took about six years before the Leaders’ level even began to mention it in public statements. The answer to this puzzle can arguably be found in the nature of the problem combined with the prevailing power relations under neoliberalism.

The problem is that infrastructure investments are a special category. They are often large scale with long time horizons, some are public goods such as roads where it is difficult to charge for the benefits they create, they often are ‘complex and involve a large number of parties’ and therefore require complex legal arrangements (Ehlers 2014). In addition, infrastructure investments in developing countries can be fraught with legal uncertainties and political risks. For such reasons infrastructure investment ‘in many cases cannot be realized without some form of public support’ (Ehlers 2014: 4). In other words, some level of state intervention is required for private capital to increase its contribution to closing the infrastructure gap.

For this reason, the lacking high-level attention to infrastructure was in line with dominant ideology and policy orientations under neoliberalism. Firstly because, as is evident from the large literature on neoliberalism (e.g. Harvey 2005; McNally 2009; Peck 2010; Duménil and Lévy 2011; Demirovic and Sablowski 2013), policy emphasis was on liberalization, deregulation, privatization, and generally leaving as much as possible to ‘the magic of the marketplace,’ as US President Ronald Reagan put it when ushering in the neoliberal agenda in global institutions (Reagan 1981).

Secondly, physical infrastructure is a precondition for the expansion of productive capital and power relations during neoliberalism were marked by the rise of finance in the
power bloc; to the extent that this fraction became hegemonic (Duménil and Lévy 2011; Demirovic and Sablowski 2013; Ougaard 2016). In other words, the leading force in the global business community had little material interest in addressing the issue, none the least because plenty of money could be made in financial transactions, enabled by lax regulation and innovative creation of new financial instruments. And while the sector eagerly pursued this kind of innovation, it had little or no interest in the kind of public policy innovation required to steer capital into physical infrastructure investments.

Power relations within the transnational power bloc were, in other words, a key reason for the relative neglect of the infrastructure gap. But relations between the power bloc and popular forces also played a role. This had to do with the impact of a people and poverty oriented coalition of Northern NGOs and Southern popular movements (rural populations, small scale farmers, and indigenous people) which had led to what Lawrence Summers later called ‘pervasive restrictions on infrastructure projects financed through existing development banks’ (Summers 2015). Fox and Brown gave a more positive view of these restrictions:

‘For more than a decade, nongovernmental environmental and development organizations (NGOs) have formed diverse transnational advocacy coalitions […] These campaigns have had an impact, most notably by pressuring donor governments to encourage the WB to adopt more rigorous environmental and social policies’ (Fox and Brown 1998: 1-2).

A similar assessment is that ‘civil society organisations have achieved some notable successes in improving the accountability of the WB to those who are affected by its operations’ (Ebrahim and Herz 2011: 76). This sustained and fairly successful cam-
campaign thus made large scale infrastructure projects politically costly and difficult to pursue. Relations between the power bloc and dominated social forces are in other words a factor contributing to the relative neglect of the infrastructure gap under neoliberalism.

**The post-crisis infrastructure push**

In this section I examine first the process through which the infrastructure push was developed, and then the content of the initiatives. The process is worth examining in some detail because it sheds useful light on the transnational state’s mode of operation. It shows that the G20 is much more than annual summits; it is an ongoing policy-making process involving decision-makers, bureaucrats, and experts from the G20 states and major IOs, and it includes dialogue with non-state actors, none the least business.

**The Process**

When preparing for the November 2010 Summit in Seoul, the Korean Chair ‘invited the Korean business community to host a gathering of top business executives from around the world’ to ‘enable G20 leaders to exchange views with the private sector on the state of the global economy’ (Seoul G20 Business Summit 2010b: 3). In response ‘12 business leaders have convened working groups involving over 100 global chairmen and CEOs’ and each of these groups ‘prepared a memorandum highlighting their key findings and recommendations.’ These were presented as a *Joint Statement by Participating Companies* to the Leaders (Seoul G20 Business Summit 2010a), who in turn welcomed the effort, looking forward to a continued dialogue ‘in upcoming Summits’ (G20 Seoul Summit 2010a: 4).
Working Group VI on ‘Closing the gap in infrastructure and natural resource funding’ had as members CEOs or chairmen from TNCs in the financial, transport, construction, energy, and water and waste management industries, headquartered in Japan, Korea, Taiwan, France, Italy, Spain, Sweden, UK/Netherlands and the US (Seoul G20 Business Summit 2010b: 89). The group’s key message was to call for ‘steps to be taken to overcome an estimated annual shortfall in infrastructure and natural resource (energy, water) investment of up to $600 billion’ (Seoul G20 Business Summit 2010a: 3-4).

The Leaders got the message. They listed infrastructure as the first of ‘nine areas […] where action and reform are most critical to ensure inclusive and sustainable economic growth’ and they committed to ‘facilitate increased investment from public, semi-public and private sources’ (G20 Seoul Summit 2010b: 12). They further decided to establish ‘a High-Level Panel (HLP) to recommend measures to mobilize infrastructure financing and review MDBs’ policy frameworks’ (G20 Seoul Summit 2010b: 12).

The composition of the HLP was announced in February 2011. A few of the 17 members were from the construction and physical asset management industries, the majority from private and public financial institutions. Eight were from emerging and developing countries (HLP 2011: Appendix 1). Following its mandate, the HLP developed its Recommendations to G20 in close consultation with the MDB Working Group’s work on the Infrastructure Action Plan and both documents were submitted to the G20 Cannes Summit in November 2011.

About the same time, at the behest of the G20, the OECD launched a project on ‘Institutional Investors and Long Term Investment.’ This project involved several OECD bodies, G20 member countries, FSB, APEC, the IMF, and the World Bank and led to the
so-called High Level Principles of Long-Term Investment by Institutional Investors (not to be confused with the High Level Panel) that was submitted to the St. Petersburg Summit in 2013 (OECD Task Force on Institutional Investors and Long-Term Financing 2013).

The 2012 Summit decided to implement the HLP’s recommendations but apparently more input was needed, because the G20 Finance Ministers and Central Bank Governors (FMCBG) in November 2012 asked ‘that the World Bank, IMF, OECD, FSB, UN and relevant IOs undertake further diagnostic work to assess factors affecting long-term investment financing’ (G20 FMCBG 2012). At their next meeting in February 2013 the FMCBG welcomed the ‘Diagnostic Umbrella Report from IOs’ and decided to create a G20 Study Group on Infrastructure (G20 FMCBG 2013). This group submitted its Workplan to the St. Petersburg Summit in 2013 where it was endorsed along with the G20/OECD High Level Principles.

The Workplan (G20 Study Group on Financing for Investment 2013) shows the complexity of the endeavor – a package of upwards of 30 separate tasks and work streams - and the transnational state’s networked way of working, involving both country submissions and multiple contributions from IOs, in most cases cooperating with each other. The pattern is for instance described as ‘IMF (lead) with input from WBG, OECD, FSB’ or ‘OECD (lead) with input from WBG, FSB, and UN DESA’. Of the various taskforces listed, the OECD had the lead in 11, the World Bank in eight, the IMF in three, and UNCTAD and the Financial Stability Board in two each.

From 2014, these efforts began to result in concrete policy measure such as the World Bank’s Global Infrastructure Facility and the G20’s Global Infrastructure Initiative, a
part of the Brisbane Action Plan. The September 2015 FMCBG meeting in Ankara received more than a dozen documents from IOs relating to infrastructure (G20 FMCBG 2015: Annex) and at the Leaders’ summit in Antalya in November 2015 the emphasis began to shift towards implementation, as summarized in the Antalya Action Plan (G20 Turkey 2015a).

Policy Content

The purpose of these efforts is to promote investment in infrastructure along the lines first suggested by Working Group VI at the Seoul Business Summit and the HLP. They can be summarized in four main complementary streams. The first is to develop a ‘pipeline of bankable projects’ because, as the HLP put it, ‘the constraint is less one of funding than an insufficient pipeline of bankable projects’ (HLP 2011: i). In other words, under current conditions infrastructure investments were not sufficiently profitable. The second is to mobilize additional sources of funding, the third to ‘help match potential investors with projects’ (G20 Australia 2014b: 4); and the fourth to promote implementation of the first three.

There are two components in the effort to develop the pipeline. The first is to create and agree upon a set of standards for ‘bankable projects’. As a first step towards this end the HLP asked the MDBs ‘to collectively identify exemplary regional projects, illustrating the bottlenecks and challenges raised in their Action Plan’ (HLP, 2011: iv) and the resulting list was attached to the HLP report (2011: Appendix 2) – and became a target for criticism from NGOs as discussed below.

On the basis of this list, much additional analytical work, and extensive consultations with member states and other IOs, the above mentioned G20/OECD High-Level Princi-
amples were produced and endorsed. They are designed to ‘assist OECD, G20 and any other interested countries to facilitate and promote long-term investment by institutional investors’ (OECD Task Force on Institutional Investors and Long-Term Financing 2013: 3). Later work has further specified the standards, for instance in the WBG/OECD *Project Checklist for Public-Private Partnerships* which lists close to 140 boxes to be ticked when preparing an infrastructure project, under the headings of Politics, Law and Institutions, Economics and Finance, and Execution (World Bank Group and the OECD 2015).

The second element in developing the pipeline is to encourage member states to develop ‘long-term investment plans’ and initiate ‘quality infrastructure projects’, i.e. projects that meet the standards, and to attract funding for these including from foreign investors (OECD Task Force on Institutional Investors and Long-Term Financing 2013: 6). The suggestion to develop long-term investment plans deserves emphasis because in effect it is a renunciation of the belief in the market efficiency idea, so powerful in the neoliberal stage. The private sector needs investment guidance and support from governments in order to achieve long-term growth.

Developing the pipeline should by itself, presumably, mobilize additional funding by making infrastructure more attractive for investors, especially pension funds but also life insurers, sovereign wealth funds, and state-owned investment funds (OECD Task Force on Institutional Investors and Long-Term Financing 2013: p. 4). To grow this source of financing further, governments are encouraged to ‘promote the development of long-term savings and of institutional investors’ (OECD Task Force on Institutional Investors and Long-Term Financing 2013: 7), in other words to mobilize national savings for infrastructure investments.
Additional funding is also provided by increased lending from the MDBs. In 2010 the WB ‘positioned support for infrastructure as a strategic priority’ (World Bank Group 2011: 1) and WB lending to key infrastructure sectors grew from an average of 12.4 billion USD annually in the 2006-2010 period, to an average of 15.4 in the 2011 to 2015 five year period (Calculated from World Bank 2011 Table 1; and World Bank 2015 Table 20). The Chinese announcement of the plans for the AIIB added impetus to this.

The Asian Development Bank (ADB), faced with the new competition, began ‘boosting its own firepower’ (Addison 2015), receiving support from Japan’s government which pledged $110 billion for Asian Infrastructure, thus topping the expected $ 100 billion dollar capitalization of the AIIB (Kihara and Sieg 2015).

To facilitate matchmaking between investors and projects, one step is to admonish governments to publish their long-term investment plans in a transparent manner (OECD Task Force on Institutional Investors and Long-Term Financing 2013: 6). Another is to make the MDBs more active in the pursuit of private co-investors. To achieve this, the banks should introduce ‘incentives for staff to focus also on mobilizing and leveraging additional resources, rather than only on preparing and committing the institution’s lending resources’ (MDB Working Group on Infrastructure 2011: 6). Furthermore, the World Bank created the new Global Infrastructure Facility, fully operational from April 2015 (Global Infrastructure Facility nd: 8), to help governments develop ‘infrastructure projects or programs that will be structured to attract substantial private capital’ (World Bank 2016). Finally, the Brisbane Summit pointed to the need to ‘address data gaps and improve information on project pipelines’ and decided to establish a Global Infrastructure Hub to help solve this problem (G20 Australia 2014b: 4). One element in the Hub’s
four year mandate is ‘to ensure that there is a comprehensive, open source project pipeline database’ (Global Infrastructure Hub 2015: 9).

Much of the implementation of these efforts is done by the G20 member states. The G20 is not based on a formal treaty and the commitments made by members are non-binding and voluntary. In this environment a key compliance mechanism is mutual surveillance and peer review and the G20 has adopted a systematic approach to this, providing a basis for the ongoing application of peer pressure among members. The first Accountability Assessment Report was submitted to the 2015 Summit, and the exercise is to be repeated (G20 Framework Working Group 2015: 1). On infrastructure the report noted that ‘Members have made reasonable progress on the implementation of investment commitments over the past year, with about one-third of the key commitments in this area now fully implemented,’ and the report goes on to specify how individual countries have lived up to their commitments. Thus there is evidence of both peer pressure and of some compliance, an assessment that resonates with recent more general discussions of the G20 Process (Butler 2012; Derviş and Drysdale 2014; Drezner 2014).

Impact

This, however, does not tell us anything about impact, i.e. whether the infrastructure push is successful in lifting the level of infrastructure investments. Up to the end of 2015 this seemed not to have been the case. IJGlobal, an organisation that tracks contracts on infrastructure projects globally, reported that compared to previous years the trend remained rather flat around 300 billion USD (IJGlobal 2016: 2). This must, however, be seen in the context of the newness of the infrastructure initiative. Referring to the standard sequencing of policy cycles, the issue has been identified and framed, overall policy has been formulated and adopted, key instruments have been designed,
and implementation has begun, but only barely. It is simply too soon to expect a major impact.

This is not to say that the intended impact is a certain thing. On the contrary, whether it eventually materializes will depend on the ability of the forces behind the policy to maintain momentum and remain in a position of strength. Therefore I now turn to a discussion of the power implications of these first steps in the policy cycle: which constellation of transnational power relations is signalled by these completed first stages of the policy cycle?

The infrastructure push and transnational power relations

*Industrial hegemony*

As mentioned in the theory section, state theory distinguishes between relations *within* the power bloc and relations *between* this bloc and subaltern or dominated social forces. Focusing first on relations *within* the transnational power bloc, an important line of conflict is the one between industrial and financial interests (Poulantzas 1978: 133; Ougaard 2016).

Concerning this, there are strong arguments to suggest that the infrastructure push signals a strengthening of the industrial fraction of capital. Most important is the very nature of the push. Physical infrastructure is a precondition for production and transportation of physical goods and the push is essentially about literally and figuratively paving the way for the expansion of industry and mechanized agriculture. Another argument is the business support for the push. This is for obvious reasons particularly strong from businesses that build and/or operate physical infrastructure, and this sector was, as al-
ready shown, represented in the B20 at the Seoul Summit, and in the HLP. In the B20 format an *Infrastructure and Investment Taskforce* provided input to the Brisbane Summit in 2014 (B20 Australia 2014) and again to the Antalya Summit in 2015 where it reiterated its dedication to the ‘promotion of policies beneficial to the advancement of infrastructure as an asset class’. Six of the eight chairs and co-chairs of the taskforce were from infrastructure related industries (B20 Turkey 2015a: 1-2).

But infrastructure also received broader business support. The *International Chambers of Commerce* (ICC), which claims to be ‘the largest, most representative business organization in the world’ with a network comprising 6 million companies in more than 130 countries’ (ICC G20 2014), had created the ICC G20 CEO Advisory Group consisting of ca 35 CEOs as ‘a platform for global business to provide input to the work of the G20 on an ongoing basis’ (ICC G20 2014). To support this work, the ICC conducted a *Global Survey of Business Policy Priorities for G20 Leaders* which elicited 2000 responses from 103 countries, including all G20 countries. It found that ‘Among the policy priorities, multilateral trade, as well as investment and infrastructure, are the most important issues for businesses worldwide, small and large’ (ICC G20 2014).

Together these are compelling arguments to conclude that the infrastructure push is catering to the long term interest of industrial capital. As such it represents a clear shift from the pre-crisis situation where finance was hegemonic. This argument is amplified by the fact that in parallel with the infrastructure push, there is continued political momentum behind the drive to regulate finance. Thus an OECD study has concluded that ‘reform to make finance sounder is likely to boost long-term economic growth and reduce income inequality’ (OECD 2015: 4) and the G20 Leaders keep emphasizing both
the need for and their commitment to carrying on with financial reform (G20 Turkey 2015b: 3).

*Old and new powers*

Another major line of conflict in the transnational power bloc is between the rising business communities of the emerging economies and those from the old industrialised countries (Ougaard 2016). The creation of the G20 and its designation as their ‘premier forum’ for international economic cooperation clearly testifies to the increased standing of the former group in global economic politics (see also Stephen 2014). So does the fact that the infrastructure push is much concerned with infrastructure in emerging and developing countries, although infrastructure deficiencies in the old powers also are seen as part of the problem. But importantly, there is both an aspect of rivalry and one of shared interests and both need to be addressed.

The initiation of the New Development Bank by the BRICS countries and even more so China’s creation of the AIIB show that these countries found existing institutions insufficient, wanted a greater say in lending policies, and had the will and capacity to take action on their own. The fact that Japan promptly countered the AIIB with a large dose of new capital to the ADB, keeping its lending capacity superior to the AIIB, also testifies to this element of rivalry. Furthermore, there is also direct commercial rivalry because Southern companies have become a major competitor for infrastructure projects in Africa and elsewhere in the global South. If Southern companies’ infrastructure investments in their own countries are added to their investments in other developing countries, they surpassed infrastructure investments from the developed world in the
middle of the first decade of the century (Schur et al. 2008: 2). Indeed, it is not farfetched to see the insistence on ‘quality infrastructure’, i.e. projects that meet technical, environmental and social standards, as partly reflecting a Northern effort to limit Southern competition, considering the often voiced criticism of Chinese projects for inferior quality. Project quality is likely to be one place where the North-South rivalry will play out in the infrastructure push.

This rivalry, however, is set in the context of a more fundamental shared interest, namely the interest in a growing world economy and especially in growth in the global South which also will benefit Northern capital. This is clearly articulated in the G20 discourse in the Seoul Development Consensus for Shared Growth which explains ‘Why Growth Must be Shared’: ‘for the world to enjoy continuing levels of prosperity it must find new drivers of aggregate demand and more enduring sources of global growth.’ And, ‘because the rest of the global economy, in its quest for diversifying the sources of global demand and destinations for investing surpluses, needs the developing countries and LICs to become new poles of global growth – just as fast growing emerging markets have become in the recent past’ (G20 Seoul Summit 2010c: 1).

On balance, the G20’s infrastructure initiative reflects the strengthening of the Southern section of the transnational power bloc, but also the strength and growing importance of an underlying shared interest between North and South. In this composite picture, nothing suggests that the Southern section is not still in a secondary position.

_Sustainability_
Thirdly, a comment on sustainability is warranted because the conflict between green and black capital is also a major line of conflict in the transnational power bloc (Newell and Paterson 2011; Ougaard 2016). On this the best to say is that the infrastructure initiative is neutral. Infrastructure per se is colour blind since transportation networks and energy production can be built in more or less green or black ways. Sustainability is mentioned in several policy documents but they do not go much beyond for instance stating that lack of ‘a credible social and environmental impact assessment ’ can be a ‘potential deal breaker’ (World Bank Group and the OECD 2015: 5, 8). Furthermore, environmental concerns are absent in the B20 input (B20 Turkey 2015a, 2015b) and members of the taskforce include both companies that have a green and clean profile, and companies from the oil and gas industries. The green agenda is pursued elsewhere, especially in global climate talks, so the infrastructure initiatives are better seen as one of the fields where the struggle between green and black is played out.

Support from Labour

Turning to relations between the power bloc and dominated social forces it is important that these, like the power bloc, are not a homogenous group. This is evident from the fact that labour and civil society organizations have taken different positions towards the infrastructure push.

Labour is in this context represented by Labour 20 (L20) which is ‘convened by the International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC)’ and works to represent ‘the voice of workers through their trade unions to the G20’ (L20 2015). L20 has formally been recognized in the G20
process since 2011 (G20 Turkey 2015c). Among L20’s ‘Priority Recommendations’ to the G20 in 2015 were these:

‘Raise and set targets for public, social and physical infrastructure investment by at least 1% of GDP across the G20 as the primary route to growth and employment recovery. Link investment plans to the creation of clean energy and green jobs. Ensure that institutional investors are long-term driven and observe responsible investment standards’ (L20 2015: 3).

Labour, in other words, supports the infrastructure push, albeit with an emphasis on green growth absent in the input from business. Indeed, labour has joined forces with business in supporting the push, stressing in a joint statement ‘the urgent need for governments to reinvigorate infrastructure investment and private investment in the real economy through their national investment plans’ (B20 L20 Turkey 2015 2015).

Decline of NGO influence

The civil society coalition that had gained some influence on the WB in the pre-crisis years was in a different position because there is strong evidence that its influence was weakened in the turn to infrastructure. At decisive moments in the policy shift, the CSOs found themselves cut out of the loop. Thus a coalition of 73 NGOs protested ‘the lack of transparency and consultation in the HLP’s process of formulating the report’ (AIPP et al. 2011) and the Bretton Woods Project complained that the World Bank’s strategy update was created ‘with minimal involvement by the governments and stakeholders of affected low-income countries much less any democratic debate or process’ (Bretton Woods Project 2012).
CSOs were also critical of the policy content. The just mentioned coalition explained that ‘Undertaken correctly, infrastructure projects can promote the well-being of current and future generations of people while protecting the environment. Undertaken incorrectly, large infrastructure projects can benefit primarily the elites in developing and developed countries’ (AIPP et al. 2011). Another NGO wrote that ‘the focus is very much on infrastructure investment as key to economic growth rather than to poverty reduction’ (Bretton Woods Project 2012), and similar opinions were voiced by other NGOs (Bond for International Development 2011; Ballesteros and Leung 2012; International Rivers 2012).

This critique was repeated at the 2015 Summit. Here the C20 – Civil Society 20, representing close to 500 civil society organizations from 91 countries – in the Communiqué ‘A World Economy that Includes All’ insisted that ‘Growth must target poverty and inequality and benefit the whole of society including the most-excluded groups’ (C20 Turkey 2015: 3) and that ‘Investment in megaprojects is counterproductive and unsustainable when economic gains are privatised, and social and environmental costs and damages are socialized’. Therefore the C20 urged the G20 to ‘Shift investments from unsustainable mega projects to decentralized, local infrastructure projects’ (C20 Turkey 2015: 8). In addition to criticizing the policy content, the NGO also expressed their sense of diminished access by appealing to the G20 that it should ‘Strengthen the opportunity for civil society to contribute to G20 processes by providing a permanent seat for C20 at G20 Working Groups’ (C20 Turkey 2015: 3).

Concluding comments
To summarize the preceding analysis, the infrastructure push is an effort by the transnational state to remedy the infrastructure gap, a major impediment to economic growth, by inducing a massive surge in infrastructure investments, potentially, according to Nancy Alexander (2015), ‘the biggest investment boom in human history’. This fits HM state theory’s claim that states tendentially intervene to provide general material conditions for capitalist production if such conditions cannot be provided by private capital and market forces. At the same time, however, the infrastructure gap was allowed to grow during neoliberalism due to the hegemony of finance, thereby showing that the functional theory of state interventions needs to be combined with the co-determination by relations of power, another central tenet of state theory. Not until after the financial crisis did infrastructure rise to the top of the global political agenda, and this reflects shifts in power relations, both within the power bloc and between the power bloc and subaltern forces.

Within the power bloc, the push signals a weakening of finance and a strengthening of the industrial fraction, to the point that the latter is hegemonic, while also showing a notable strengthening of the emerging southern section of the power bloc, although this section still is secondary to the dominant social forces those from the old industrialized economies. Concerning relations between the power bloc and subaltern social forces, in global infrastructure politics the power bloc has gained the support of organized labour, interested in ‘jobs and decent work’, whereas those speaking for the poorest and most vulnerable, the coalition of NGOs and Southern popular movements, have been weakened compared to the pre-financial crisis situation.

The analysis also demonstrated the relatively autonomous role of IOs, perhaps especially in issue identification and framing, but also that political leaders can mobilize and
orchestrate essential and extensive support from the IOs and that decisive actions requires this kind of leadership.

Thus the analysis has shown that the combination of transnationalised versions of the three elements of HM theory can explain the rise of the push and why it came after the financial crisis, situating it in the context of successive hegemonic projects and growth models, as well as allowing an assessment of the potential implications of the push.

Furthermore, the empirical analysis provided a fine-grained picture of the transnational state, shown to be a flexible networked cooperation of national state apparatuses and international organizations in an ongoing engagement with non-state actors, especially business.

As to the potential implications, the infrastructure push suggests a hegemonic project and associated growth model centred on the global expansion of industrial capital and modern agriculture. This can entail a long period of growth and transformation of the world economy. Inherent in such a transformation will be the expansion of employment and wage labour in the growing capitalist economy, and possibly also raising material living standards. But as always capitalist development will come with human costs, especially for the already weak groups who are threatened by mega-projects and large scale industrialization.

But on a (perhaps overly) optimistic note, popular forces can to some extent influence the growth model. To the extent that they are able to pressure it towards a sustainable and socially inclusive pattern, it is a possibility that we will see on a global scale a replication, mutatis mutandis, the post-World War Two Fordist/Keynesian Welfare State growth model of the old capitalist powers of Europe and North America. This model
was, after all, also based on industrial hegemony and labour support, it engendered massive transformations of these societies, and it was highly successful on many accounts until, that is, it met its limits in the crisis of the 1970s.

At this point it is important to recall the caveats to these conclusions. The analysis, covering the push to the end of 2015, is based on the initial stages of the policy cycle where implementation still was merely beginning and impact assessment would be premature. The success of the infrastructure push depends on the durability of the power relations behind these first stages in the process. Furthermore, the conflicts within the power bloc between black and green capital, and between the Northern and Southern sections are also important, and much will depend on how these conflicts play out. Finally, important questions have not been touched upon in this analysis. For instance there has been no attention to disagreements, conflicts, bargaining and compromising between Leaders and FMCBGs in the process. This observation underscores the need for more empirical research into the transnational state.
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