

China in global shareholding networks: Challenging to US global hegemony

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Abstract

I would like to introduce our recent paper, “Mizuno, Doi, and Kurizaki (2019)”. The aid relationships are mainly used to measure influence on developing countries. On the other hand, in this study, the influence on developed countries is measured by shareholding relationships. The influence of the U.S. and Chinese governments, companies, and individuals will be clarified by analyzing worldwide shareholding networks with about 49 million companies and their 69 million shareholders from 2007 to 2016. Firstly, we extend the Shapley-Shubik power index to the complex networks to quantify the influence not only of direct shareholders but also of indirect shareholders at the general meeting. Chinese government has the strongest influence among shareholders worldwide. By handling the network's features well, Chinese shareholders are increasing their influence on tax havens and France, which connects to Africa. Especially, in Europe, Chinese influence on mining and finance industries is strong. The Western countries lost their influence due to the Lehman shock and the global recession. On the other hand, China has continuously increased its influence. For the influence on the United Kingdom, China surpassed France, Germany, and Japan, and got the second highest position after America in 2016. Secondly, we demonstrate that stock trading, for example M&A, changes the influence of non-related third parties unexpectedly through the network. By virtually replacing the linkages in the actual shareholding networks, we numerically simulate that the influence of Saudi Arabia and Korea is dramatically changed through the transferring shareholders of the companies in region for the Belt and Road Initiative from the Western countries to China. Finally, we will discuss the U.S. and China dynamical shareholding strategies, and find strategically importance nodes to control the shareholding network.