

Rethinking economic sovereignty

Leon Wansleben 

Max Planck Institute for the Study of Societies, Cologne, Germany

Correspondence

Leon Wansleben, Max Planck Institute for the Study of Societies, Cologne, Germany
Email: lw@mpifg.de

Article by an MPIFG researcher

Leon Wansleben: Rethinking Economic Sovereignty. In: *Economic Anthropology* 11(1), 148-149 (2024). Wiley-Blackwell
The original publication is available at the publisher's web site: <https://doi.org/10.1002/sea2.12302>

In his broad and compelling essay “The Rise and Fall of National Capitalism,” Keith Hart offers an alternative interpretation and periodization of global capitalist order that diverges from standard distinctions into prewar, postwar (Keynesian/progressive), and neoliberal eras. Hart’s core claim is that, in the Second Industrial Revolution, a strong nexus between mass industrial capitalism and state power was forged. This nexus gradually loosened and now dissolves. Sovereign all-purpose money—money that links the financial sector with public debt and taxation, as well as national payment infrastructures—has been an important building block of “national capitalisms,” and its diminishing role indicates the latter’s demise. The essay does not present one concise explanation of this development but rather engages with diverse themes, from neoliberal policies and ideology to “lawless global money circuits” to the power of transnational corporations to the digital revolution to secular stagnation in advanced economies (with a concomitant shift from productivist to rent-extracting capital accumulation). I have difficulties at times following Hart’s precise argument with regard to each of the causal drivers. In many cases, the essay relies on explanations developed in more depth elsewhere in the author’s work. For these reasons, I take the liberty to focus solely on the main descriptive claim, namely, that we have been living in national capitalisms that are about to disappear, with potentially catastrophic consequences.

A significant first question left unanswered by this essay concerns the linkage between national capitalisms, to the extent that they have come into existence, and the global order. Clearly, Hart sees this order as imperialist, with the United States as the hegemon since the turn of the 20th century. Indeed, as other authors have stressed, global monetary and financial structures, even more so than military and security structures, support this empire. The dollar is by far the globally dominant currency, used not only in most trade but even more so in financial transactions. The collapse of Bretton Woods institutions, and again the financial crisis of 2008, have not challenged but rather reinforced this hegemony. But if we have been living in imperialist global orders all the way through, this raises interesting questions about national capitalism. Clearly American imperialism has supported such capitalisms in some regions and some periods. In particular, dollar hegemony has facilitated the reemergence of national capitalisms in Europe after the Second World War by generating the institutions, necessary demand, and liquidity for capital formation and sustained growth. However, the very same dollar hegemony has undermined or inhibited attempts to build national capitalisms in most of South America and Africa, exposing these countries to resource-extraction logics and to financial cycles that destabilize exchange rates, purchasing power, and sovereign debt. Precisely because these countries could not develop monetary sovereignty within the larger imperialist context, mature industrializations have by and large failed.

On the other hand, even in the advanced economies of the West, the relationship between national capitalisms and dollar hegemony has been tenuous, and since 1970, these tensions have come to the fore. If it had been difficult to square the interests between surplus and deficit countries in the Bretton Woods system to start with, solutions became impossible to achieve under reinvigorated financial globalization, which was itself enabled chiefly by dollar hegemony. European monetary integration, perhaps the most striking turn away from national “monetary communities,” is Europe’s (particularly France’s) answer to these predicaments, with new monetary hierarchies (Northern vs. Southern Europe) and frictions of its own. More generally, the rise and fall of mass industrial production, associated forms of social organization (urbanization, unionization, party formation, etc.), and the attendant bureaucratization of public sectors and companies are only one part of the story in the

This is an open access article under the terms of the [Creative Commons Attribution-NonCommercial-NoDerivs](https://creativecommons.org/licenses/by-nc-nd/4.0/) License, which permits use and distribution in any medium, provided the original work is properly cited, the use is non-commercial and no modifications or adaptations are made.

© 2024 The Authors. *Economic Anthropology* published by Wiley Periodicals LLC on behalf of American Anthropological Association.

development of national capitalisms. If these factors were all that mattered, you would wonder why so few countries have ever achieved economic sovereignty. A key reason for this, I believe, is that the few powerful countries at the apex of the system have ensured that global conditions support their own (Fordist and post-Fordist) national capitalist projects, often at the cost of blocking the rise of national capitalisms elsewhere and also increasingly leading to conflicts among those who pursue competing geoeconomic and geopolitical projects (especially after China entered the game).

A second intriguing question concerns the relationships between corporate, market, and state power in an increasingly fractured, imperialist world. The conventional story that Hart partly endorses is that the dominant corporations, and/or their CEOs and owners, essentially dominate today, with ideological protection from US-promoted market fundamentalism. But Hart's essay also allows for another interpretation that I deem more interesting and accurate. In this second version, we assume that not only do multinational corporations and banks exploit the opportunities of fragmented globalization; so do political actors, especially (authoritarian) governments. Rather than perceiving of themselves as actors in a strictly international system composed of nation-states, political elites as much as their private peers observe, leverage, and exploit the complex structures of financial markets, value chains, currency hierarchies, energy systems, the internet, and patterns of political loyalty and adversary. Those in control of certain hubs can exercise coercive and infrastructural power over and with others. Farrell and Newman (2019), concentrating on the coercive side, have theorized this situation as “weaponized interdependence,” in which controllers of hubs can coerce others, for example, by withdrawing vital resources from them (think of Putin's geopolitics of gas). My own work demonstrates that central banks in the key financial centers (the United States, Britain) have leveraged globalized money and capital markets to pursue domestic/in-group-focused monetary, macroeconomic, and financial stability policies (e.g., the Federal Reserve's quantitative easing, enabled by global dollar liquidity), often to the detriment of other countries (e.g., through the devastating global liquidity cycles) (Wansleben, 2023).

Under the (sometimes misleading) labels of “postcolonialism” and “political ecology,” scholars in recent years have increasingly rendered visible the enabling, often exploitative conditions of capitalist modernity of which “all-purpose money” is one aspect. Following this path, such money has never been a pure social convention or expression of collective trust among members of a national community. Instead, every national currency is nested in an international stratified order and is predicated on natural resource–exploiting growth that allows the fulfillment of debt promises whose issuance creates money in the first place. As Geoffrey Ingham has aptly put it, modern money is capitalist credit money and as such deeply entangled with exploitative, unsustainable global-political and ecological conditions. The dilemma that is at the heart of Hart's article, and reflected in his own ambiguous stance, is that we have a hard time imagining any other formula for coordinating, if not harmonizing, the demands for democracy and welfare with the forces of capitalism. No other significant political project of the past decades, springing from this crisis of Western national capitalisms, gives much hope. China's authoritarian, growth-focused control state does not, nor do Bitcoin or global social movements that, instead of building robust foundations of their own, are parasitic to the very institutions and infrastructures of capitalist democracies, whose crises give them force. I therefore fully understand Hart's pessimism that many of us share. Perhaps it is inevitable that things get worse before they can get better. The alternative to that is, I fear, to remain an enlightened reformist who tries to create more sustainable, equitable foundations for national capitalism.

ORCID

Leon Wansleben  <https://orcid.org/0000-0003-0807-420X>

REFERENCES

- Farrell, Henry, and Abraham L. Newman. 2019. “Weaponized Interdependence: How Global Economic Networks Shape State Coercion.” *International Security* 44(1): 42–79. https://doi.org/10.1162/isec_a_00351.
- Wansleben, Leon. 2023. *The Rise of Central Banks: State Power in Financial Capitalism*. Cambridge, MA: Harvard University Press. <https://doi.org/10.2307/j.ctv32nxzdq>.

How to cite this article: Wansleben, Leon. 2024. “Rethinking Economic Sovereignty.” *Economic Anthropology* 11(1): 148–149. <https://doi.org/10.1002/sea2.12302>