

States, markets – and technocrats: A theory of financial globalization

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International political economy (IPE) has explained financial globalization as the result not of structural forces such as technological progress or world trade but as the result of active promotion by states. By refuting the view that states merely gave in to market pressures, IPE made an important step but failed to go all the way – it has not challenged the conventional understanding of liberalization as states removing barriers to capital flows and market forces. This paper argues that financial globalization after the end of the Bretton Woods regime was the result not of the liberalization of markets but of infrastructural entanglement between private actors and a narrow and identifiable group of technocratic actors – primarily national central bank experts, the IMF, and the BIS. We conceptualize these transnational technocrats as intermediaries between the public and the private spheres whose activities cut right through the state-market dichotomy that has bedeviled IPE. Drawing on archival material and on new historical research, we trace the emergence of infrastructural entanglement in the context of the rise and transformation of the Eurodollar market during the 1970s.