



## Southern Public Administration Education Foundation



### States, Markets, and Sovereign Wealth Funds

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The rapid growth of sovereign wealth funds (SWFs) in the last few years has important theoretical implications for scholarly debates concerning the political economy of global finance. It signals a reassertion of state authority in global finance, but in a manner that scholars did not anticipate in debates that dominated this field of study during the 1990s. Those earlier debates assumed that states mattered only insofar as they could regulate global financial markets or respond to their imperatives. But the growth of SWFs has increasingly placed states in the position of becoming part of the very structure of “capital mobility” from which they were analytically distinguished in earlier analyses. This phenomenon calls attention to the problematic nature of the “states vs. market” dichotomy that drove earlier debates, while at the same time highlighting the transformative capacity of the state in the context of globalization as well as the potential agency of powerful actors – both public and private – in influencing the imperatives of “capital mobility”.

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