‘Today, there are no more worlds to find. Upon us is the responsibility never laid before on a people – building the world’s capital for all time to come.’

(Wall Street lawyer and Congressman John DeWitt Warner, 1898)1

‘Remember the song, “We Are the World?” In matters of finance and politics, if not culture, we are becoming the world and much of the world wants to become us.’

(Chairman of the New York Stock Exchange Richard Grasso, 1997)2

‘I do believe New York is the financial capital of the world, that the strongest capital markets in the world are in New York, and they benefit our whole country. But I also believe that having strong capital markets in London benefits us all.’

(Secretary of the Treasury Henry M. Paulson, 2007)3

Despite the hubris that has attended the global ambitions of American financiers for over a century, the actual rise to world dominance of American finance was far from smooth or inevitable. The goal of ‘building the world’s capital for all time to come’ in New York, already articulated in the late nineteenth century, looked set to be realized by the end of the First World War. Yet it was only a decade later that the Wall Street crash triggered the Great Depression and the breakdown of the international financial order. And while New York took its place as the world’s principal financial centre at the end of the Second World War, this seemed much less important when the new Bretton Woods order had supposedly marginalized finance relative to production and trade. As the story of twentieth-century capitalism is usually told today, only the neoliberal ‘revolution’ of the 1980s and 1990s finally
unleashed the forces that made Wall Street the central location of the world economy. But far from this marking the end of history, the scandal that enveloped Richard Grasso in 2003 over his $150 million salary not only epitomized the venality of New York as the capital of global finance, but it also appeared to symbolize its fragility. And Hank Paulson’s bold statement of confidence in New York as the financial capital of the world – expressed in the midst of the global credit crisis that had its roots in the collapse of the US domestic subprime mortgage market (with Paulson’s own Wall Street firm Goldman Sachs having played a large role in making that market) – could be taken as yet another example of whistling in the dark (Stein 2007).

From this perspective, it is perhaps not surprising that puncturing the hubris of New York’s financial elite and its political representatives has become a favourite game of critical political economists. Playing this game may be dangerous, however, insofar as it underestimates the material significance as well as the obvious salience of global finance in the American empire. With this in mind, this chapter tries to come to a deeper understanding, first, of the actual historical process that led to the realization by the end of the twentieth century of a global financial order with New York as its operational centre, and with the American imperial state as its political carapace; and, second, of the way in which finance and empire have reinforced each other.

We begin in section 1 with the unique position of the American state at the time of the reconstruction of capitalism after the Second World War. We argue that this did not allow for the repression of finance, as many believe the Bretton Woods arrangements accomplished, but rather that the seeds planted at that time for a new liberal trading order both reflected and contributed to the influence and power of financial capital. Section 2 examines the two-decade-long period of confusion and hesitation about whether, and if so how, the American state could manage the emerging global capitalist economy in the context of the inflationary pressures and class conflicts of the 1960s and 1970s. Section 3 addresses the central moment in the neoliberal reconstitution of the global capitalist order: the domestic economic discipline introduced by the US Federal Reserve under Paul Volcker (the ‘Volcker shock’) at the beginning of the 1980s – which built upon the privatization and internationalization of financial markets that had already occurred, and carried them further still. We show that at each of the turning points in the evolution of the international capitalist economy, the American state both registered and extended the power and depth of financial capital at home as well as abroad.

Section 4 examines the crises and contradictions as well as synergies in the relationship between finance, production and American empire after the early 1980s. It makes three central points. First, the expansion of finance was not something apart from, but rather integral to the deepening of accumulation, as seen in both the continued internationalization of production networks and – as part and parcel of this – the relative strength of the