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# The financialization of the state

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## Abstract

*This article theorizes the incipient notion ‘the financialization of the state’. It is argued that states worldwide have generally albeit unevenly financialized on the back of neoliberalization and mounting public debts, setting in motion reconfigurations of centralized state functions which augment the power of global finance. This article distinguishes between three ideal-typical dimensions: (i) internalized financialization of the state, largely focused on the downscaling, outsourcing and reworking of welfare state functions; (ii) externalized financialization of the state, broadly centered on the upscaling and outsourcing of regulatory state functions, and (iii) executive financialization of the state, referring to the reworking of remaining centralized functions, including the expansion of offshore legislation written on the back of sovereign states. In all three domains, financial players have effectively come to dominate policy formulation and execution, including lawmaking. In conclusion, it is argued that global finance has not merely gained authority vis-a-vis or over the state, but that its capabilities and command and control functions might in and of themselves be taken as modes of government, sovereign and state power.*

**Keywords:** finance, financialization, neoliberalization, sovereignty, state

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