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Consolidating US Hegemony: A neo-Gramscian Synthesis of Pantich and Gindin, and Konings

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Introduction

US hegemonic decline has been debated for over several decades and theorizing its particular configuration have kept scholars busy in the past and present. Conventional wisdom suggests that the US lost its hegemonic position after the fall of the Bretton Woods System (BWS), at least since Hegemonic Stability Theory (HST) influenced the debate. HST suggests that a hegemon must provide the public good in order to overcome collective action problems (Kindelberger, 1973; Gilpin 1987). However, when the US did not seem to disintegrate in the 1970s, neorealist/neoliberal institutionalists tried to overcome the concept of hegemony and explained how self-interest is enough to establish economic interdependence amongst leading capitalist countries (Keohane and Nye, 1977). With very similar conclusions, but from a different viewpoint, the Marxist tradition argues that the decline of the US economy in terms of manufacturing in the late 1960s (Brenner, 2004) and the rise of an unsustainable financial system are inextricably linked (Arrighi, 1994, Brenner, 2002).

However, many contest this declinist view and argue that the US possesses *structural power*, which focuses more on the material and normative dimensions of power and domination (Panitch and Konings, 2008a). In fact, state power is not defined by a national interest but through a deeper understanding of the class, socio-economic and institutional capacities and resources (Gill and Law, 1988; Strange, 1994). The fact that the US manufacturing sector crumbled and the BWS fell, says not so much about the diffused influence of US' economic and political structures that were kept in place after the BWS. As such, this essay argues that it is essential to analyse US power not as defined by national boundaries *per se*, but within a wider spatial domain beyond reductionist empirical observation. Nonetheless, these structural-power approaches tend to perceive financial globalisation as undermining states' autonomy and therefore US' state autonomy in the long run, too.

In this respect, other scholars gave renewed impetus by problematizing the previous forms of US power analyses (Gindin and Panitch, 2012; Panitch and Konings 2008a; Konings 2009, 2010).[1] They looked much more closely at the financial institutions that the US has historically been able to craft. In doing so, they give financial globalization a locus: the power of global financial markets must be seen as linked and not separate from the institutional framework of the US state. Their methodological rigour gives the insight that it is not some sort of market *logic* that create the financial pressures, but it is the US through their empire that drives and sustains them. Thus, financial pressures do not undermine US state autonomy but "what we should try to understand is how our financial interaction came

[1] Even though I wish to respect their intellectual capacity individually, for convenience, this essay will abbreviate Panitch and Gindin, and Koning's view on US declinism as PGK.

to be organized in such a way as to make available to the American state the extraordinary room for manoeuvre it enjoys and the awesome leverage it commands" (Konings 2010, p. 57). I intend to agree with this point and argue that we must see financial globalization and US state power not as two analytical concepts, but as one. Having said that, this essay will contribute to this framework by showing US hegemony through the more 'structural' transnational-historical power it possesses. Transnational Historical Materialism (THM) seems indispensible in providing the normative and ideological dimensions for sustaining US' empire. Accordingly, this essay will show that PGK underestimate the historical lineage of THM in sustaining US hegemony. Hence, by fusing the *antithesis* of structural power with the *thesis* of PGK, I believe the new synthesis, by emphasizing THM, must rectify our understanding of the power and resilience of US hegemony.

This essay shall be split up into four main parts. First, this essay shall analyse the literature that surrounds the US decline debate. Second, the theoretical framework of THM shall be developed. Then, I will elaborate in the third part how the post-war reconstruction with the BWS is the start of a corporate-liberal paradigm. It will show how the US has shaped the institutional and ideological dynamics on which it rests. Subsequently, the fall of the BWS and the further development of the 1970s shall be explained to prove this essay's thesis. Fourth, the conclusion will draw the necessary implications for our understanding of US hegemony.

Problematizing US declinism

This part should be seen as split in two. The first part puts forward the US decline thesis, while the second seeks to challenge it. To understand the direction of this essay better, we first need to understand the previous (US decline thesis) before proceeding with the critique.

To start, the mainstream approach that began to grapple with US power after the BWS was the neorealist theory of Hegemonic Stability. This approach suggested that a hegemon is needed to provide stability to an international economic system (Kindleberger, 1973; Gilpin 87). Theoretically, this approach argues that power is an attribute of the state (behavioural norm of power) and, as such, the international system's structure does not precede any form of power (Knafo, 2010, p. 496). This amounts to a concept of power that was not able to explain the post-BWS' situation. As the US lost its (state-centric) dominance in terms of international trade statistics, this theory was not equipped to explain how the economic and political structures were held in place after the fall of the Bretton Woods. In other words, US power had been undermined by financial globalization and hence started its decline since Nixon unpegged the dollar from gold (Konings, 2005, p. 196).

However, a notable exception of this school of thought comes from neorealist/liberal institutionalists Keohane and Nye who attempted to problematize this form of power (Knafo, 2010, p. 496). They argue that a hegemon is not needed to establish and maintain an international and liberal world. Instead, Keohane and Nye believe that economic self-interest is sufficient to motivate actors to cooperate and create a regime of interdependence *after hegemony* (Tétreault, 1987). Nonetheless, as much as this new conception of interdependence alleviates theoretically that we can do without a hegemon, I argue, Keohane and Nye fail to come to grips with power. The fact that they hold on to a utilitarian state-centred worldview reduces the concept of US power to a very narrow understanding of the historical, institutional and social dynamics that underlie US power relations. In fact, the economic theory that they use to describe the international dynamics, as Gourevitch (1978) explains, puts the domestic (that is, the political) exogenously. To put it differently, the theoretical notions that define this theory – such as, the ontological centrality of the state and methodological individualism – does not allow looking closer at the social and political dynamics that lie at the core of the institutional constitution of the world economy (Guzzini, 1993, p. 8-9; Panitch and Konings, 2008b, p. 5).

Remarkably, the Marxist tradition fits well with the mainstream literature on the US decline thesis (Kiely, 2010, p. 224; Konings, 2005, p. 196). Although we cannot conflate this Marxist tradition as holistic, they seem to hold on to a similar 'mainstream' problem. They perceive US decline as inevitable by holding on to an ontological primacy of economic structures that somewhat resemble the nomological abstractions of HST and neoliberal institutionalists (Konings 2005, p. 207). To understand this point, Brenner's argument on US hegemonic decline can situate this well. In his book *Global Turbulence* Brenner argues that the growing international economic competition within the manufacturing sector undermined the economic position of the US since the late 1960s. He argues that the 'productive' part of the US economy is exhausted and has reached its limits. A corollary of his argument is the rise to finance, perceived as something precarious and ultimately unsustainable (Brenner, 2002; Arrighi, 1994). To be sure, this view of finance is not necessarily counterintuitive, as other Marxists have written extensively about how the rise to finance and crises has ramifications to a stable geo-political world (Callinicos, 2013). Nonetheless, I argue that such an economistic reading is established *apriori* and that we cannot analyse capitalism as a pre-ordained system. This is true insofar as such an economistic ontology reduces history to a transcendental logic of social development (Knafo and Teschke, 2014, p. 25). It forgets to look closer at the very construction of US' institutional power through finance (Panitch and Konings, 2008b). In other words, the mainstream and Marxist tradition seem to both deduce from abstract logics (the 'logic of anarchy' and the 'logic of capital', respectively), without actually engaging in historicizing its social construction.

Having said that, the more critical approaches draw the conclusion that US is *not* in decline by refocusing attention to more indirect material and normative dimensions of power and domination (Konings, 2010, p. 60) referred to as 'structural power'. Indeed, state power is not defined by a national interest but by a deeper understanding of the class, socio-economic and institutional capacities and resources (Gill and Law 1988; Strange 1994). To simplify this point, Chomsky (2013, p. 8) argues that the 'national interest' is in a large part mythology.

> There are a few common interests, like we do not want to be destroyed. But, for the most part, people within a nation have very different interests. The interests of the CEO of General Electric and the janitor who cleans the floor are not the same.

In other words, the way in which dominant interests translate into the material and normative dimensions of institutions should not be underestimated and cannot be captured by just a holistic state interest. At any rate, the importance is that these approaches critique the dimensions of power by showing its social construction and the way in which these structures cannot be seen as neutral or apolitical (Knafo 2010, p. 496-7). Even though structural-power approaches widened the scope in important ways by stressing its social construction, it ultimately fails to analytically take the next step. It overlooks how the power of capital and the market on one hand and the institutional linkages of US state power on the other must be seen as one analytical concept. As a result, they maintain that the American state will eventually have to bow for the power of globalizing financial markets. In fact, we need to reconsider the ways in which the US played a leading role in historically institutionalizing a framework on which its privileged relationship to global finance rests (Panitch and Konings 2008b, p. 6-7). The following part seeks to remedy this by presenting an alternative, agentive approach.

Martijn Konings (2009) and Gindin and Panitch (2012) seek to rectify the deficiencies of the previous approaches by showing that the US' state is much more salient in shaping the dynamics of *financial* globalisation than is commonly believed. They do so, by rethinking the concept of power with a methodological rigour that eclipses the previous explanations into mere anachronisms. As such, the unique US informal empire is analysed, not by holding apart, *but by linking the power of global financial markets with the institutional framework of the US state*. They suggest that US financial capacities are connected in a 'web-like' structure of institutional linkages. This allows them to understand that international economic imperatives do not have an inherent unfolding *logic* of any sort, but are driven by the historical institutionalisation of US financial power capacities (Panitch and Konings, 2008b). In other words, the rise of finance does not undermine, but buttresses US power.

Interestingly, this account is able to invert the notion (which seems to strangle the previous accounts) that the US suffered from the transformation from a creditor to debtor nation. Panitch and Gindin explain (2004, p. 23) that the gigantic amount of debt is, in effect, the stabilizing factor for the world economy; and the attempt to correct it will pose a deflationary and destabilizing threat. This is exactly because America's debt became an indispensable component of the infrastructure of the US-led international financial system (Panitch and Konings, 2008b, p. 3). Likewise, core instabilities and crises should not be viewed as a sign of decline: "the systemic complexity of global capitalism", Panitch and Gindin (2004, p. 26, emphasis added) suggest, "includes at its core instabilities and even crises. Yet this needs to be seen not so much in terms of the old structural crisis tendencies and their outcomes but as quotidian dimensions of contemporary capitalisms functioning and indeed as *we argue even of its success*."

For PGK (2004, p. 25), the US constitutes a unique empire that was formed through the economic interpenetration of and close institutional linkages with the other advanced states (Europe and Japan). This concept is theoretically inspired by Poulantzas, who uses the term, the internationalization of the state to describe "how nation states started to manage a domestic capitalist order that contributed to managing the international capitalist order" (ibid, p. 17). In other words, the US is taking a leading role, albeit a contingent and historical specific one, in shaping the hegemonic dynamics of the post-BWS through a concept of interdependence amongst other capitalist states. Hitherto, this essay contends to agree with this view, and therefore argues that the US played a decisive role in further shaping and continuing financial globalisation through a construction of interdependence with other advanced nations. However, I intend to question the extent to which PGK have worked out the material and normative dimensions of power relations that underpin the financial imperial framework they talk about. That is, by showing how this interdependence amongst capitalist nations is created and reproduced in the first place. This will be done through showing how THM has been a dominant force, albeit contingent in its formation, in the making and consolidation of US hegemony.[2]

[2] To be sure, it goes beyond the time and scale of this paper to account for all the historical ins and outs regarding the construction of US hegemony. Particularly, the inclusion of Europe within this

Towards a Neo-Gramscian synthesis

"[Transnational Historical Materialism] identifies state formation and inter-state politics as moments of the transnational dynamics of capital accumulation and class formation" (Overbeek, 2000, p. 163). In broad terms, this quote identifies how THM insights can contribute to the debate; it includes the wider questions of political culture, identity an ideology. How this will look like must first be unpacked by explaining four themes that are pertinent to the approach.

First, the social relations of production are crucial to understand the subordination of labour to capital (Cox, 1987, p. 1-2), and how this process of commodification and socialization brings ever more lives into the capitalist process. Thus, the commodification and the deepening of capitalist relations of production show us a different way to look at power dimensions within and across nations. Second, the concept fractions of capital (money, commodity and productive capital) was deployed by Marx to understand how economic fractions operated behind the political parties (Pijl, 1998, p. 3). This was to understand how capital creates historically specific, albeit contingent, combinations that crystallize in class formations. In other words, Overbeek (2000, p. 167) suggests that classes share common interests and orientations, which give the foundation for a coalition of interest that aspire to represent the general interest.

Third, this theory involves the role of the state. Instead of analysing the state through reductionist state-centric notions, the form a state takes in THM terms rests on the 'state-society complex'—a more integral approach to understand the state. Where the rule of *historic blocs* through consent is typical for highly developed capitalist countries (*e.g.* UK), in societies where power is not as deep, power is centralized in the state (*e.g.* Soviet Union). In essence, the notion of a historic bloc is used to widen the theory of the state to include relations with 'civil society' and the way in which leading social forces within a national context establish a relation with contending social forces (IGS, 2003). In other words, the nature of the state is not defined by a formal state apparatus, but through its class structure. This however does not mean that the dominant class fraction(s) own the state of any sort, but state actions are "constrained by knowledge on the part of the state agents of what the class structure makes possible and what it preclude" (Cox, 1987, p. 6).

Fourth, it deals with how these 'hegemonic blocs' transcend to and become embedded in a wider context of social relations. In this respect it is crucial to understand the concept of the internationalization of the state. With this is meant that states became integrated into a larger political inter-state structure where there is a general consensus among these states to engage with the goals of a transnational dominant class fraction. The material basis for such a class formation in the post-war world lies mainly in the internationalization of global production under the auspices of transnational corporations (Overbeek, 2000, p. 169-70).

What should be clear is that these THM concepts are running through the case study, sometimes explicitly, sometimes implicitly. While the theoretical framework of THM has similar and overlapping points of departure with PGK, this essay contends that the concept of power formation is not fleshed out with the same consistency. Hence, a combination of both should be seen, *ex-hypothesi*, as the ideal explanation to understand US hegemony. To be sure, where THM sheds light on the importance of ideas and institutions and notably the

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hegemonic framework might be downplayed and deserves a more agentive perspective to come to terms with counter tendencies and the like.

frameworks of thought (Gill, 1986, p. 209), PGK emphasize in this regard much more the institutional dynamics that underlie US financial power.

Consolidating US power

The post-war period was the start of a new beginning. There was no traditional balance of power anymore, but bipolarity between the US on one side and the Soviet Union on the other. As this bifurcation became the dominant pattern in world politics, the US took on a leading role that changed the world fundamentally; more and more societies were dragged into a capitalist mode of production. This had all to do with the role of the new hegemon in reconstructing a global free-trade network (Cox, 1987, p. 211-2). In order to do so, the US devised a liberal system to make sure that their Allies and former enemies maintained the infrastructure to import US goods and services. What they realized was that they needed an international framework of institutions capable of organizing and administering the anticipated growth in post-war debt needed to finance these purchases—culminating in the BWS (Hudson 2003, p. 137-8).

The reconstruction of the world economy was an intentional development and must be seen as a planned, albeit a contingent and indeterminate, process to create a liberal landscape conducive to the reproduction of American capitalism. This is expressed by how Panitch and Gindin (Hudson 2003, cited in Panitch and Gindin, 2005, p. 20) write "at the time of the entry of the US into WWII there was a broad consensus in American capitalist and state circles that a top priority for the post-war world would be the reconstruction of a global free-trade system" and likewise "the US government would now conquer its allies in a more enlightened manner by demanding economic concessions of a legal and political nature instead of futilely seeking repayment of its wartime loans". In order to do so, America *interpenetrated* as a capitalist class force inside the European social formations. The American investing firm as such diffused its capitalist normative and cultural habits into the European continent, where it broadened its own social relations. In other words, the interpenetration of American firms and banks in Europe translated in securing the reproduction of capitalism in general and expansion of American power in particular (Panitch and Gindin, 2004, p. 31)

While there was a broad consensus within state circles that a top priority was to create a global liberal world, we cannot understand the interpenetration in Europe as solely an imposition by the US. Indeed, Lundstad (2004, p. 1-3) suggests that the corporate-liberal dominance of the US diffused especially through Western Europe but was hardly established by coercion only. Their way to dominate was based on American values, but their interpenetration was often 'by invitation' as the interests of Western Europe frequently coincided with the Americans. Precisely, also Ikenberry concludes that the post-war era clearly expressed US dominance, but found itself in a flow of ideas and influence with Europe (Ikenberry, 1989, p. 399). In other words, the fact that the US firms were directed towards Western Europe should not be seen as just the expression of US power but tells more about the underlying harmony of interest.

Without a doubt, the fact that the US wanted to create a corporate-liberal world within Western Europe must be understood in a wider historical context, already expressed during *Pax Britannica*. In fact, the rising US-EU capitalist class has overlapping interests which configured into a concept of control established initially between the US and Great Britain. Even though liberal-corporate and transnational integration has shown to be precarious between the Lockean Heartland and Hobbesian constellation there have been several forums for transnational consultation through which the capitalist class could formulate and express their interests.[3] One of such bodies spreading the gospel of free trade was the International Chamber of Commerce established in Paris 1923. Around that time, the Steel Cartel was a similar body that clearly expressed a meeting ground for Anglo-Saxon and continental European capitalist interest (Pijl, 1998, p. 118). Also, private cooperation agreements between European and the US businesses (IG Farben and Rockefellers Standard Oil) and direct investments (General Motors in Opel, General Electric in AEG) already connected and created additional strata of liberal-corporative interest. To proceed, the most important planning body that deserves mentioning is the Bilderberg group that held their first conference in the Netherlands in 1954. This was the first North-Atlantic planning group that expressed a corporate-liberalist spirit. This still existing group consists of representatives from the Right and Left, which seek long-term planning on an international plateau. The magnitude of these groups should not be underestimated, as one of the minutes of the 1955 meeting galvanized those present to encourage to "pass these views on to public opinion in their own spheres of influence"(Pijl, p. 122) In sum, while more such groups exist, the angle is that there already were transatlantic networks early in the 20th century that expressed a clear desire for capitalist free-trade governance; and thus, against this light, the subsequent interdependence between the US and Western Europe was an already existing seed waiting to get fertilized. In this respect, it is important to recognize, as the Neo-Gramscian's do, that the formation of interest is historically being formed in a wider transnational field (ibid).

Having said that, by juxtaposing the inter-war period with post-war reconstruction, we can argue that the latter era was a major reorganization of the balance between economics and politics. This balance became institutionalized through the BWS, which buttressed multilateralism and left room for domestic intervention (Keynesianism). However, pace Ruggie, we should not see this reconstruction as an 'embedded' form of liberalism as this would confuse our understanding of what America's *rationale* was. As Lacher suggest, we should not obfuscate the dynamics of the post-war reconstruction as democratic socialism, but as liberal-democratic or welfare capitalism. In other words, we should re-focus our attention to the corporate-liberal dynamics that turned the post-war period into the *trente glorieuses* rather than referring to the post-war era as the years where the market was epiphenomenal to capitalist development (Lacher 1999). As such, the central role of the US, through its immense size and depth of domestic financial markets, was able to shape the reconstruction of Western Europe towards a corporate-liberal order.

The Demise of the Bretton Woods System

Initially, as explained in the previous section, the glut of dollars invested overseas stimulated economic growth in Europe and elsewhere. However, the Marshall Plan and increasing military expenditures created the foundation for a swelling US deficit (Cox, 1987, p. 211). This started to be worrisome during the late 1960s when highly expansionist fiscal and monetary policy in the US financed social programmes and the Vietnam War. As this translated in high inflation and a soaring budget deficit, the European countries became increasingly reluctant to import US inflation by buying dollars to keep the dollar exchange rate fixed (IMF). While the US could not devalue their currency under their own fixed dollar,

[3] The *Lockean Heartland* is meant to denote the most advanced capitalist nations, which was Great Britain for a long time. But later was meant to describe the close relationship between Great Britain and the US at large. The *Hobbesian contender states* (constellation) are those who try to catch up with the Lockean Heartland through a centralized (authoritarian) state. Initially, it meant to describe the continental European countries trying to catch up with England (Cassiodorus, 2007).

the US sought to regain control over their economy by decoupling it from gold—in 1971, known as the Nixon Shock. While the traditional reading of what follows from this stresses that the 'globalizing markets' undermined state autonomy, this part inverts that notion and argues that the collapse of the BWS revolves much more around the institutional and structural power that US inhabits. Although the role of other nations (notably Germany) should not be underestimated in the demise of the BWS (Germann, 2014), the role of and the consequences for US financial power were gigantic. Through some key qualitative developments, the following will explain why so.

A first nodal point was how the concerns over the Euromarket during the 1950-60s turned after the fall of the fixed exchange rates into the capacity of the US to exercise unlimited seigniorage privileges. Together with further financial liberalization during the 1970s the importance of the dollar increased substantially. Gowan (1999, cited in Konings, 2005, p. 200) illustrates this by noting: "with the dominant position of the dollar, the great majority of states actually wanted to hold the bulk of foreign currency reserves in dollars." Moreover, the existence of the Euromarket facilitated the drive to financial innovation and the circumvention of traditional financial intermediaries. As a result, this led to an extension of US financial relations abroad and the deepening of its financial market domestically (ibid, p. 200).

Likewise, as Seabrooke (2001, p. 9) suggests, the structural power of the US rises to the surface when we consider how they shape other states financial systems towards *direct financing*. Through the expansion of private dollar denominated credit and the sale of US government debt, the US is essentially able to 'tax' its trading partners with virtually no costs to itself. Hence, the US has been very successful in furthering its structural power to access and create credit. In addition, Seabrooke elucidates how this access to 'easy' credit has been *institutionalized* through the participation of ordinary people in financial activities. He argues that these financial institutional linkages are at the core of financial globalisation and hence that neoliberal globalisation must be seen as part and parcel of this historical development. In other words, after Bretton Woods, the US was able to bolster its power relations in financial markets through financially institutionalized 'web-like' linkages (Konings, 2009, p. 72).

More concretely, we should not perceive the fall of the BWS in relation to the decline of the American manufacturing sector but instead as a strategic way of the US state to bypass the disciplinary pressures of international finance (Konings, 2005). This in return created a new role of the dollar that had the effect of reinforcing the role of the US financial markets. The fact that states wanted to hold the majority of foreign currency reserves in dollars was because of the scale and liquidity of US financial markets and therefore the international competition in manufacturing is just simply unsuitable to explain the superiority of the US economy (Grahl 2004, cited in Kiely, p. 229-30). To be sure, the influx of capital into the US did not just cover its deficit, as would be imagined by state-centric approaches. Investors were predominantly attracted by 'the relative safety, liquidity and high returns that come with participating in American financial markets' (Panitch and Gindin, 2005, p. 42).

However, the structural power of the US was not enough to create international monetary stability. Although unpegging the dollar in 1971 meant that on one hand the US had more autonomy in international affairs and on the other the avoidance of austerity policies at home, it was unable to 'overcome the contradictions between the American states imperial and domestic roles' (Panitch and Gindin, 2005, p. 29). Indeed, the problem was exactly that the US was not able to maintain and control the value of the dollar as the international currency. The reason for this was enduring domestic inflation and chaos in the international financial markets. What was needed was a disciplinary mechanism that aligns 'the national economies to the rhythms of international accumulation'. In this light, the turmoil of the 1970s accelerated the qualitative financial transformations, which then more than ever were obstructed by the old banking regulations (ibid, p. 29).

It is exactly against this background that we must see the liberalization of the banks in the 1970s as another important nodal point. It brought about a shift to an international credit economy that enhanced the role of bankers and finance capitalists, culminating in a new capitalist *monetarist* fraction. Bank capital moved to the centre of the world economy during the 1970s and got into the 'productive' industrial stratum as well. Indeed, it was not just the rise of a new bank-capital formation that led to the dominance of financial capital, but industrial firms got integrated in the same bank-capital interest. This because these firms made use of banking techniques more consistently. As bank-capital traditionally opposes currency devaluations, a new class fraction emerged that transpired into a concept of control (Pijl, 1984, p. 262-71). In this light, Gill (1990, p. 90-5) argues that there is evidence that indicates that there is indeed a developing transnational capitalist class fraction within a wider trilateral establishment (North America, Western Europe and Japan). While van der Pijl sees this conjunction as "[culminating] in US banks dominating the Atlantic network of interlocking directorates (IP Morgan, Chase Manhattan and Chemical Bank)" but maintains that "its position is much owed to the international position of American hegemony rather than their own international activities" (1984, p. 270). As such, this shows that PGK seem to leave undeveloped how the formation of these class interests are formed and moulded through qualitative changes within the global political economy.

Ultimately, this development gave a renewed dynamic to the transnationalization of the state. This results in transnational fractions of capital conditioning and changing state policies and institutional arrangements. As Gill (1976, p. 95) argues, the acceptance of these ideas and policies in line with the transnational class have resulted in governments paying much more attention to the economic and financial part of governance. It is exactly against this background that we should read the Volcker Shock starting from 1979 as a political decision and not, as a technical one. By controlling the growth in the money supply, Volcker abandoned Keynesian policies of full employment in favour of macroeconomic stability that fights inflation at any cost. This was a decision that 'depoliticized governance' in favour of, as Gowan calls it, the 'Dollar-Wall Street Regime' (Konings, 2005).

Conclusion

First, (1) the post-war reconstruction tells us that the corporate-liberal roots of the US fare well with the interest of, initially, Western Europe, and that these roots have an historical lineage. As such, it should not come as a surprise that the interdependence between the US and Europe (later Japan, too) was created on a corporate-liberal free-trade alliance. Also, (2) the post-war period should be seen as the moment where the US laid down its corporate-liberal infrastructure to further capitalist reproduction. Then, (3) the fall of the BWS must be perceived as a way to take back control of its currency both domestically and internationally. However, the decline of the manufacturing sector and the turmoil in the 1970s proved it hard to sustain a stable international currency. Nevertheless, (4) the unfolding of a highly institutionalized financial sector and its subsequent liberalization brought about the ascendency of a new capitalist bank-capital fraction. In neo-Gramscian terms, this fraction clearly exhibited its interest over the developed capitalist world. In this light, the macroeconomic turn with the Volcker Shock must be seen in two respects: on one hand, the new capitalist bank-capital fraction that transpired its interest over a wide transnationalized area (and its desire for stable inflation), while on the other hand it was the US state that contemplated strategic decisions to bypass the pressures of the 1970s, to create a landscape conducive to furthering capitalist accumulation strategies.

The point where this essay stops, possible subsequent research on the power of US hegemony can analyse more extensively the period starting from the Volcker Shock. US hegemony is surely not omnipotent and new challenges (such as, security challenges) must be analysed with due care. But, what it should not do is ruling US power out on the basis of some state-centric axioms or economistic *nomos*.

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