Money Power and Financial Capital from a Decolonial Perspective

By:

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This is an exciting book that develops a multi-disciplinary perspective on cross-border financial flows, grounded in Marxist political economy. While the book certainly speaks to a diverse set of literatures, in this brief review I'd like to relate this work to broader debates about dependency theory and decolonizing economics.

In my own work I have made efforts to define the process of decolonizing economics (Kvangraven and Kesar, 2021) as well as to define broader research agendas that take critical, non-Eurocentric approaches to economics seriously, such as dependency theory (Kvangraven, 2021). This is of fundamental importance in a moment when critical approaches have been more or less eliminated from departments of economics, and to outsiders, heterodox approaches often seem fragmented and disorganized. Moreover, heterodox approaches are often, themselves, Eurocentric. Although Alami does not frame it as such, in my view, his book contributes to both the dependency research agenda and to decolonizing economics. In some cases, he pushes boundaries of

these research agendas, whereas in other cases, his research could perhaps go further and benefit from drawing more deeply on these approaches. In any case, the book opens the door for very interesting further research on how to approach cross-border financial flows from a decolonized perspective.

Decolonizing economics entails unpacking how the mainstream of the field itself generates and perpetuates Eurocentrism (Kayatekin, 2009), exploring non-Eurocentric ways of understanding the world (Santos, 2014), and to center colonialism, empire and racism as important forces that need to be grappled with in order to understand how the contemporary global economy is shaped (Quijano, 2007; Kvangraven and Kesar, 2021). Thus, dependency theories, given their explicit challenge to Eurocentric theories, commitment to theorising from the South, and centering of imperialism, by and large lend themselves to exploring economic phenomena from a decolonized lens. In short, a dependency research program, as I define it, is one that 1) takes a global historical approach, 2) that theorizes about the unevenness of global capitalism, 3) that focuses on the specific constraints faced by peripheral economies, and 4) that centers structures of production and the social relations that underpin them (Kvangraven, 2021). While Alami does not engage with any strands of dependency theory, I would argue that the book contributes constructively to the dependency research program.

A Global Historical Approach to Financial Capital

A historical approach to global capitalism was an important element of dependency theories, as they are all in one way or another center the role of colonialism and imperialism in shaping peripheral economies (e.g. Furtado, 1970; Amin, 1972). Given the scope of Alami's book, going back to the 1930s in Brazil and South Africa offers a useful perspective for tracing how colonial relations shaped the integration of these countries into the international monetary system, and how it has evolved over time. Nonetheless, Alami's work could perhaps have gone even further back in history to understand the ways in which contemporary structures originated. Extending the work in this way would put it in conversation with the emerging literature in International Political Economy (IPE), which explores the ways in which colonial hierarchies and modes of capitalist development remain embedded in the global financial system and its infrastructures (e.g. Tilley 2020, Koddenbrock 2020), building on

a much older, but often forgotten, political economy tradition developed by authors in or adjacent to the dependency traditions, such as Naoroji (1901), Williams (1944), Amin (1972) and Pouemi (1980). Exploring in more detail how institutions that are relevant for cross-border financial flows were shaped during the slave trade and colonialism may therefore provide a fruitful extension to the work in this book, and it could further enrich the findings about the different meanings cross-border finance management hold in Brazil and South Africa, based on the differences in the countries' *longue durée* capitalist histories of these social formations.

Theorising Uneven Development through the Geographies of Money-power

The book is centered on a theoretical framework that lends itself to studying the unevenness of global capitalism from a non-Eurocentric lens. Alami's work is particularly innovative here, as it constitutes one of the first attempts to systematically characterise the subordinate position of emerging markets in the geographies of money-power. His theoretical framework is openly multi-disciplinary, yet firmly grounded in a Marxist critique of political economy, as it develops a conception of cross-border finance management based on a systematic examination of the state, money, and financial capital. A key feature of this theoretical framework is the focus on capitalist class relations as inherently global and on capital accumulation operating on a world scale. While I argue that this is key for a dependency research program, it also leans against a common critique of dependency theory for being too focused on the nation state, rather than capitalism as a global structure (Blaney, 1996). Alami's approach, drawing on Open Marxist traditions that consider states as variegated modes of existence of global class relations, allows him to explore how domestic accumulation is subordinated to the conditions imposed by capital reproduction and class struggle on a global scale. The book then scrutinises the many aspects of the state's contradictory relationship with money and finance capital.

In keeping with the Marxist critique of political economy, the book centers the insight that money is not neutral in capitalist societies, but rather a social relation of power and inequality. In terms of cross-border finance, Alami sees the state as manipulating the class content of monetary flows for the purpose

of managing class relations and fostering capital accumulation. Recognising that the disciplinary power of capital shapes the ways in which the state can politically contain and integrate labour goes against the idea that the relation to global capital is one of exteriority. As such, the book provides a much-needed problematised view of the relation between the state and private capital flows.

While Alami does not frame this as a decolonised understanding, it can contribute to such debates in two key ways. The first is through its exposition of how mainstream theories, as well as many heterodox theories, fall short of recognising the political nature of the management of cross-border flows. As such, the book's critiques of both the mainstream and heterodox literature could be strengthened by pointing out that their often 'technical' view of cross-border financial flows is founded on an ahistorical and apolitical way of understanding economics principles, which ultimately builds on European positivists assumptions of one universal, objective truth (Kayatekin, 2009). The second is through its development of an alternative approach that attempts to incorporate imperialism in its analysis of the dynamics that shape cross-border finance.

Peripheral Constraints and Financial Subordination

Another defining feature of the dependency programme is the attention to specific constraints that peripheral economies face, and the relationship between these constraints and the domestic social relations of production. While, dependency theorists' key focus in terms of specific constraints faced by countries in the periphery tended to be issues related to technology and production, rather than financial aspects, there is relevant work within the tradition that could be put in conversation with Alami's book as well, especially work emerging from Brazil, given Alami's empirical orientation. For example, Tavares (1985) wrote extensively about the limits of monetary policy and counter-cyclical policies in the periphery (see also Prebisch 1939; Suter, 1989).

As Alami himself writes, his book is a modest step in the direction towards developing a theoretical framework that can grasp how the relationship between money and imperialism impacts the relationship between the state and financial capital in emerging markets. Alami's book certainly provides conceptual and empirical material that is fruitful for exploring how peripheral

economies are subordinated in the international financial system, that has inspired further exploration of the constraints this imposes (e.g. Alami et al. 2021). Again, while Alami does not frame his work in this way, his arguments form an implicit critique of dominant economic theorising that is founded on a Eurocentric understanding of the world that evaluates realities outside the center as deviations or aberrations from the European experience, rather than taking the particular experiences of the periphery as the starting point.

Centering Social Relations of Production and Incorporating Race

Finally, the centering of structures of production and the social relations that underpin them was key for dependency theorists, with the Marxist dependency theorists, especially, centering class relations. This is a particularly strong aspect of Alami's book, as he goes beyond simply looking at how elite policy-making impacts cross-border financial flows, to investigate and expose how the struggles of the Brazilian and South African working classes shaped cross-border finance management, resulting in geographical differentiation. Examples of this include the multiple cases where periods of intense social unrest, and longer-term changes in prospects of labour exploitation have had a profound impact on the financial reputation of Brazil and South Africa as investment destinations, patterns of capital flows, and exchange rate dynamics. Alami also points to instances where such labour struggles have had more direct impact on cross-border finance policy-making, such as when direct struggles over fiscal policy have prevented states from building up high fiscal surpluses. As Alami (2019: 6) himself puts it, "a focus on class allows conceiving of the social relations of capitalist production and the limits set by the dynamic process of capital valorisation as crucial determinants of cross-border financial policy processes and outcomes." Indeed, this may well be the first attempt at developing a conceptualisation of the political nature and class character of cross-border finance management in the periphery grounded in the social relations of capitalist production.

The book also pushes the boundaries of scholarship on global inequalities by bringing in race. This has been a glaring gap in not only mainstream scholarship, but heterodox scholarship as well, and even within the dependency research program (Kvangraven, 2021). As Alami's interviews demonstrate, Afro-pessimism has implications for how international investors relate to South

Africa, even in comparison with Brazil and many other emerging markets. Appropriately drawing on Grosfoguel's (2016) work, Alami's empirical work elucidates how South Africa is positioned further down the global hierarchy of superiority and inferiority that characterises coloniality and global race relations, and how this matters for understanding how capital relation impinge upon the state in South Africa. While the book does well to integrate critical race theory from IPE into its analysis, it could, however, have gone further in terms of integrating Marxist scholarship on how racial relations impact the character of the capitalist class and labor relations, by for example drawing on seminal contributions from the Black Radical Tradition (BRT) that see race as an organizing principle of the political economy (see Edwards 2020 for ways to integrate BRT and dependency analyses).

This is crucially important for both Brazil and South Africa, where the social formations have produced very different political economy situations. As Alami writes, lifting capital controls on non-residents during the democratic transition period in South Africa played an important role in reassuring global capital that South African (Black) state managers – a lot of them former trade unionists, liberation fighters, and overt socialists – would abide by its norms and disciplines. This, in turn, had implications for the longer-term cross-border finance management trajectory. The findings thus offer scope for fruitful conversations with the BRT.

To conclude, Alami's book brilliantly demonstrates how patters of financial flows, and the ways in which state power manifests itself in the relational geographies of money-power, reproduce global core-periphery relations. While not explicitly, its theorising and empirical exploration speaks to both a dependency research program as well as to efforts to decolonize economics. While Alami's line of research might benefit from a deeper engagement with decolonial approaches to the operation of global capitalism, the relative neglect of finance by both dependency and decolonial scholarship suggests those traditions can also fruitfully learn from Alami's work. The intersection between these lines of research thus opens up scope for very interesting transdisciplinary conversations.

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