The granularity of the political economic regimes

The case of public finances as a laboratory of political society

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Tracing back my research trajectory, I open up avenues for connecting international political economy to political sociology of financial administration and science and technology studies (STS). I argue for an approach that wields granularity as a banner without forsaking the analysis of macro-structural transformations: by following the contested and reversible sedimentation of instruments through which financialization of the state is accomplished – and might be otherwise. In this sense, it is an approach to inquiry that takes seriously the articulation between levels of reality, macro and micro, which lies at the heart of the methodological and theoretical stakes between political economy and political sociology (Beckert 2023).

Taking public finance, and sovereign debt in particular, as a privileged site for deploying a granular analysis of a "laboratory" of political society, I argue that financial instruments do not merely reflect but actively co-produce social orders and modes of political legitimacy. Drawing on archival research, field observations and extensive interviews with public and private financial elites conducted over two decades, I trace how sovereign debt contracts and innovations inscribe specific visions of political society into ostensibly technical devices.

Public finances belong to a class of sociological objects that are widely perceived as technically opaque and inherently unengaging. In everyday public discourse, budget laws, statistics such as debt ratios, and treasury bonds are typically framed either as dry administrative matters, obscure contractual arrangements, or as exogeneous constraints that leave little room for political choice. For the sociologist, however, this very opacity is productive. Opening up the black box not only advances scientific understanding but also contributes to democratic life by revealing how these instruments play a decisive role in shaping our collective futures.

Here, the notion of laboratory is understood not simply as a bounded and physical site of scientific experimentation, but as an analytical operator designating spaces in which realities are actively constructed, tested, and rendered durable (Boltanski 2009). In this perspective, laboratories are sites of inscription (Latour 1987) where classifications, metrics, and forms of evidence are assembled and endowed with authority, thereby contributing to the production of what counts as reality and comes to be taken for granted. Indeed, public and private financial administrations function as laboratories in this broader sense. They do not simply record economic phenomena that would exist independently of these devices; they also participate in bringing them into being. Through calculative devices such as debt ratios, sovereign bond contracts, and credit ratings, that is, standardized and commensurable forms, these organizations convey and maintain a particular social and political order (Jasanoff 2004). At the level of state financing, rather than responding only to demands for efficiency or the optimal use of public funds, technological choices acquire a degree of irreversibility as they become embedded in routines and legal frameworks, effectively locking in particular configurations of state, market, and democracy while foreclosing alternative articulations.

I further show how this sociotechnical transformation is articulated across scales: from the circumscribed spaces of bureaucratic contestation within ministries, through national political fields and media

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arenas, to the transnational architecture of sovereign debt law and litigation.

I will first outline how my engagement with political sociology, and with an approach grounded in bottom-up inquiry into the practices of actors and organizations, has made it possible to introduce more granularity into macroeconomics and political economy.

I develop these arguments through the case of public debt, showing how financial departments of the state can be understood as laboratories, first at the national level, then on a global scale, with particular attention to the legal dimension. I highlight the interplay between the categories public and private and the internal struggles within the state.

I. The scale problem and the granularity of political economy

My approach is situated at the intersection of political economy – attentive to macro-structural transformations, state–market relations, class dynamics, and historical forms of capitalism – and the political sociology of science and technology, which focuses on material artifacts and the translation of interests into technical forms. It seeks neither to reify pre-constituted entities (such as classes, the state, or markets) nor to dissolve them into pure interaction or networks. Rather, it pursues simultaneously an inquiry into the construction of macro-institutions, and into the very processes through which they are realized and made durable.

Methodologically, I combine archival genealogy – tracing how instruments came into being – with sustained fieldwork among senior civil servants and "money professionals" (Mangset and Seabrooke, 2026), and with the analysis of public controversies, tracking how problems emerge and- are framed across media, parliamentary, and financial arenas. This empirical circulation across social sites provides the granularity needed to observe how order is constituted – and where it remains solid or fragile.

One of the central theoretical challenges I confront is the problem of scale. The objects of inquiry may appear, at first glance, as micro-level phenomena – a specific bond instrument or an internal Treasury debate – yet they contribute to macro-processes such as the emergence of a global sovereign debt market and the reconfiguration of democratic sovereignty. The key analytical difficulty is to avoid treating such micro-scenes as merely illustrative of already established macro-structural tendencies. The objective, instead, is to move from situated controversies to macro-transformations without reduction. Macro-processes are not to be taken for granted, nor treated as explanatory causes; they are themselves what must be explained, through their sites of friction, their operative mechanisms, and their potential reversibility.

Peter Hall's (1993) work on British economic policy offers a first theoretical resource. His analysis shows how major transformations, such as the shift from Keynesianism to monetarism, are enacted through incremental institutional adjustments embedded in administrative routines, producing path dependency: Instruments progressively foreclose certain futures while naturalizing others. The sociology of quantification, particularly Alain Desrosières's work, provides a second resource. Metrological devices do not merely measure a pre-existing reality; they actively constitute it – producing the very entities, such as unemployment, GDP, or the public deficit (Lemoine 2016), that subsequently become objects of political action. Rather than confining itself to the production of numbers, this approach examines how figures circulate across sites, enabling us to grasp, within a single continuum, how sovereign debt is measured, publicized, dramatized, and contested. Finally, I build on the legacy of regulation theory which accounts for regimes of accumulation, institutional configurations of capitalism, and the mechanisms of their transition (Boyer, Chanteau, Labrousse, Lamarche, 2023). Regulation school describes the interdependence of historically specific social relations: capital–labor relations (the wage relation), market relations (competition), debt–credit relations (money and finance), relations to coercion and law (the state), and international relations. However, this characterization operates at a high level of abstraction, where actors and the instruments they use tend to disappear, replaced by homogeneous classes of "representative agents," forming objective blocs and reduced to supports of structures (a state conceived as unified and not bureaucratically differentiated; firms, markets, and other entities treated in the same way).

Political sociology completes the picture by examining organizational struggles, attending to technical devices, identifying points of reversibility, and taking seriously economists' own social representations as part of the reality under study. I propose to open up these aggregates by showing their composition and their sociological and political embodiment; and, second, to replace a descriptive regime that lists levels of macroeconomic reality with one that captures processes of articulation and disarticulation of economic policies, for instance the shift from coordinated monetary and financial policymaking within the administration to their compartmentalization into segmented public policies. Engagement with political sociology and STS re-embeds economic problems within institutional orders, regimes of collective action, social representations ordering the legitimate from the illegitimate, and concrete instruments of public action. I consider it a way to bridge the gap between political sociology and political economy. Where the latter tends toward systemic overview, the former reintroduces actors, instruments, and struggles, making it possible to specify how macroeconomic orders are practically assembled and contested within the state. The aim is thus to describe institutions and macro-social regulations in the making and unmaking, and to foreground the persistence of opposition and social conflict at the macroeconomic level. Rather than opposing "macro" and "micro," the analysis focuses on sites and activities where aggregates are assembled, collectives instituted, and structures made tangible. Macroeconomic reality can thus be described as the outcome of practices and "living" institutions, embedded in and shaped by struggles, through which it is contingently produced and objectified.

Description moves across scales, much like the instruments themselves: from the confined spaces of the Treasury to the media arena, from national archives to transnational legal institutions, from bureaucratic memos to constitutional texts. Treasury officials who design new bond instruments are simultaneously, whether consciously or not, constructing forms of secure financing for the state, a just social and economic order, articulating a vision of the "good saver," and shaping connections from the national financial center to a transnational financial architecture. Likewise, a parliamentary deputy who questions the distribution conveyed by the indexation of bonds to inflation is contesting a class compromise crystallized in a technical device and a higher imperative of state finance (credit based on the global financial order) presented as unquestionable. These are moments in which micro-history and macro-transformation become a single analytical object.

This analytical wager opens onto a renewed set of questions as inquiries in the sociology of economic policies unfold. Examining how public administrations, senior civil servants, technical experts, and financial market actors relate to one another and give shape to the social and economic order makes it possible to identify which specific components of monetary, financial, and economic assemblages are problematized and made into crises – while others are stabilized and made unquestionable.

With Bruno Théret (2017) I have mobilized the concept of assemblage to capture the variation and conditions of transformation of economic regimes: how the components of the financial state are articulated or disarticulated, which elements hold and which fracture, which are criticized from within or outside the administration, and how they are reorganized, consolidated, or weakened.

The contribution of a political sociology of the economy lies in bringing back into inquiry economic phenomena that have often been neglected or actively depoliticized, treated as "cooled down" issues or as "buried knowledges" no longer open to questioning. It asks how economic orders endure through their embodiment in social actors, their sedimentation in routinized practices within stable and weakly contested institutions, and their operationalization in instruments of economic, monetary, and financial policy. The notion of assemblage makes it possible to grasp "structural effects" produced by the embedding and alignment of dispositifs of power within the financial state, while remaining attentive to how already reified institutions weigh on situations, are destabilized or contested, and at what social cost processes of "de-reification" unfold.

Three analytical postulates follow. First, actors – political, institutional, and financial – are embedded in ongoing processes of ordering and crisis-making within financial and monetary assemblages. By reforming institutions, reorganizing circuits, and redefining regulations, they actively produce and interpret crises; the distinction between endogenous and exogenous shocks – invoked to explain and justify change – is itself an outcome of these struggles over causality and policy responses. Second, transitions between orders are uneven and asynchronous: Not all components of an assemblage shift simultaneously. Partial transformations generate spillover effects and temporal displacements that can progressively undermine systemic coherence and make way for broader crises. Third, the forms taken by the state, bureaucracy, and the margins of maneuver of governing actors depend on the specific alignment of monetary, financial, and economic dispositifs. This alignment produces concrete forms of sovereignty and modes of existence of the state, defining the tasks assigned to public authorities and political representatives. Operationalizing these postulates in the realm of debt, I conducted an empirical investigation into how the financialization of sovereign debt – that is, its transformation into standardized and tradable instruments within a global market – reconfigures social groups and their capacities for action.

II. The Treasury as state laboratory: Instruments and social orders

The Treasury department can be observed as the social site in which these categorizations and instruments are tested and stabilized. The rise of market-based public debt does not signify a withdrawal of the state but its redeployment and alignment with the interests of capital markets. At the very moment when a global market for sovereign debt emerges, the valuation of states shifts from public authorities to private actors – financial markets, which price debt, and rating agencies, which define the "fundamentals" of public finances and sovereign risk. This gradual installation of a market configuration for issuing, trading, and evaluating public debt redefines what counts as "sound" public policy, now indexed to the defense of state creditworthiness as validated by private creditors, and stabilizes new modes of attributing value (moral, financial, and political) to the state. The core of my empirical research has been an investigation within the offices of the French Direction du Trésor and its bond issuance agency, the Agence France Trésor (AFT), which was established in 2001. This institution constitute a laboratory of financialization – a setting in which technical innovations in debt management co-produce financial environments, shape forms of citizen-investor subjectivity, and define the very criteria by which these innovations are evaluated.

The concept of *obligation* (bond) can serve both as an empirical tracer and a conceptual one. It refers first to sovereign bonds – the name given to state loan contracts issued on the bond market. Etymologically, the "Treasury Bond," refers explicitly to the ties that bind and constrain. In issuing a bond, the Treasury commits itself to creditors who become owners of a security and holders of a claim that in turn obliges the public administration as a whole. Honoring this promise, and perpetuating the state's credit, obliges it to make "debt service" – the repayment of principal and the regular payment of interest – a priority. Such sanctification of loan contracts implies, particularly in conditions of fiscal crisis, a hierarchization of commitments that configures public policies and the bonds of political society well beyond the strict "empirical site" where this credit is manufactured: the Treasury department and the market auctions sessions in which this credit is enacted.

Pierre Bourdieu distinguishes two forms of the state. "State 1" is the state in the narrow sense – the administration, its bureaucratic institutions, its government. "State 2" is the state in the broad sense, encompassing society in its political unity: territory, citizens, shared language, nation. Bourdieu reverses a commonly accepted causality: Rather than State 1 flowing from and serving a pre-existing national community, it is the bureaucratic apparatus that produces and shapes the nation-state. Through its monopoly of legitimate physical and symbolic violence, State 1 holds a "power of Institution" (Lordon 2008) – naming, arbitrating, legislating, officializing, and naturalizing the divisions and categories of the social world, what is also referred to as its power of Nomos (Bourdieu 2012; Théret 1998). Sovereign bonds situate sociological observation at the articulation of "State 1" and "State 2." In the case of debt management, this involves grasping how the senior administration of the Treasury department aligns itself with specific fractions of the social and political body and represents them within the state apparatus as a whole.

Through their very materiality, the property rights they confer on creditors, and the moral obligations that follow for the state, Treasury debt securities inextricably embed a social and political order. Senior civil servants define the duties incumbent upon the state and the obligations that society is called upon to uphold – promising, before audiences of financial investors during road shows, to act so that political society conforms to the hierarchies laid down by the financial administration. Yet the public administration also commits itself to other categories of the population: by issuing social rights, guaranteeing civil service statutes, or accounting for the promises made during electoral campaigns. Sovereign bonds are therefore objects of competition between different social categories, and public bureaucracies are the seat of an ongoing struggle over the hierarchization of the obligations the state has taken on in its totality. In the French case, this tension is reproduced at the organizational scale. A subdued but consequential struggle unfolds between the Treasury and the Ministry of Finance on one side and the sectoral 'spending' ministries on the other – all branches of the state that fall outside the financial administration proper. At stake is the definition of the general interest: whether it consists in defending state creditworthiness in the eyes of investors, at whatever social cost – pension reforms, defunding of public services, erosion of welfare provisions – or in maintaining precisely those public bureaucracies and welfare provisions that spending ministries are charged with delivering. This is simultaneously a contest over representation: over which social figure legitimately embodies the public to whom the state owes its primary obligation – the saver and the investor, whose confidence must be maintained and whose returns protected, or the citizen-beneficiary of social and public expenditure, whose claims are perpetually cast as financially unsustainable.

I have traced the progressive substitution, beginning in the mid-1960s, of *administered finance* by *market finance* as the exclusive technology of state funding. Under the post-war "circuit du Trésor," the state operated as its own banker: Financial institutions were obliged to hold Treasury deposits and short-term bills at administered rates, providing what amounted to automatic liquidity. The state did not "live on credit" in the market sense; rather, it was the non-state sector (public and private banking and credit system) that was plugged to a centralized public financial circuit. This arrangement, which emerged during the Second World War and extended through the Reconstruction, was neither an anomaly nor a temporary expedient. It corresponded to a coherent sociotechnical configuration of public finance, associated with a specific political economy: dirigiste in orientation, and geared toward full employment, economic growth, and the expansion of social protection. To be sure, this configuration was, from an early stage, shaped by reformist and modernizing tendencies. Yet emphasizing the coherence of the instruments and rationalities at work helps resist the view that it was merely a parenthesis destined to close under the teleology of marketization. The displacement of this administered world by market finance did not take the form of a sudden rupture, but rather unfolded through a series of experiments (from controlled and regulatory subscriptions of bills to auctions), revealing the inherently political dimension of technological choices (Winner 1980). Treasury officials seeking to innovate turned to the British model of auctions, arguing that sound public financing required abandoning the "facilities" of the administered circuit in favor of market discipline as the organizing principle of monetary regulation. At the same time, the development of the bond market and the standardization of French government securities – particularly in terms of maturities and the primary dealer system – were closely inspired by, and aligned with, US practices. The deployment of these instruments thus became a public policy project: a deliberate state-led construction of a financial market, grounded in specific representations of the social good and of what counts as a legitimate – or "good" – state.

In the words of Akrich, Callon, and Latour (1988, p. 211), what was at stake was "the co-production of the object and its society." The new Treasury bonds were expected to transform society by fostering the development of private finance, using sovereign bonds as collateral for a wide range of operations, while reconfiguring savings, protecting them against inflation, and turning the small saver and the prudent breadwinner into a new basis of political legitimacy. At the same time, they would transform the state itself, which would henceforth be required to demonstrate its creditworthiness in order to obtain financing, rather than simply decreeing it.

During the 1980s, this dynamic could verge on what I have called a technocratic financial utopia. Pierre Bérégovoy, Minister of Finance from 1984 to 1986, embodied this project especially clearly: He built his political identity around the democratization and popularization of finance, where competition was meant to lower the cost of money and benefit the "ordinary Frenchman" rather than the speculator, while protecting small savings and opening up a large-scale financial market to global investors as the only "healthy" and non-inflationary way of financing the French state's structural deficits. The fact that market reforms, such as the dismantling of credit controls, the liberalization of capital movements, and the professionalization of bond issuance, were carried out by a socialist minister from a working-class background is not anecdotal. It is precisely here that the projected ideal society takes shape: Financialization, originally a class-specific project, was recast in the universal language of social protection and democratic access to finance.

Distributional machines: Class, debt, and the social order of finance

State financial instruments also represent *distributional machines* – devices that allocate resources unequally across social categories while simultaneously legitimating those allocations by naturalizing them as technical necessities. This connects the sociology of instruments to the Marxist tradition (particularly O'Connor's explaining that class struggle has shifted to the state and its budget). The case of French inflation-indexed bonds illustrates this with particular clarity. Introduced in 1999 by Minister of Finance Dominique Strauss-Kahn, the Obligation Assimilable du Trésor indexed on inflation (OAT*i*) was presented as a sophisticated financial innovation. What this instrument simultaneously accomplished was the indexation of creditors' income to inflation, while the refusal of the same protection to wage income was accomplished during the 1980s. The innovation consecrated the new settlement: The Treasury now placed bets on disinflation, wagering that the independent European Central Bank would guarantee medium-to-long-term price stability (Lemoine 2016).

The disinflation policy stance was gradually naturalized, making any reversal of inflation indexation extremely costly – and eventually unthinkable – both for taxpayers and for the servicing of public debt. In the United Kingdom, index-linked gilts, known as "linkers," had been introduced a decade earlier, in the early 1980s under Margaret Thatcher (Rutherford and Oliver 2007), giving rise to intense debates within the British Treasury. At the time, the Secretary of State for Trade asked bluntly how the government could justify indexing payments to its creditors while refusing the same protection to its employees – invoking what he called a "scissors effect." The discordance was resolved not through democratic deliberation but through an expert report that argued for the "special category" status of public debt instruments: a privilege extended to the "meritorious saver" and presented as a virtuous social signal, inviting the rest of the population to join the creditor class through thrift and labor.

In France, the controversy resurfaced in 2023, as society was relearning to live with inflation. Members of parliament criticized the fiscal cost of the inflation protection extended to bondholders at the very moment when left political forces and trade unions were demanding wage indexation. The asymmetry was stark: The same state that had indexed the returns of its creditors refused to extend equivalent protection to workers' incomes. This episode brought the distributional stakes of this financial instrument back into democratic visibility, pushing into the open what ordinarily remains concealed: the bondholding class – the social fraction whose interests are structurally protected by the state's financial architecture – and the silent hierarchy of obligations that sovereign debt instruments encode.

Throughout this genealogy, I consider the state as a differentiated social space traversed by struggles between bureaucratic fractions, where projects for society are incarnated in technical instruments and where irreversibilities accumulate through incremental institutional work. It exists empirically as a series of partially autonomous, partially interdependent arenas – the Treasury directorate, the Budget office, national statistical institutes, European surveillance bodies, federal courts – whose competing logics of action continuously redefine what "the public interest" concretely means.

In the same vein, I dedicated important work to opening the black box of the political philosophy concept of sovereignty. I considered it not as an ontological attribute of the state but a practical achievement, claimed, negotiated, and sometimes forfeited in specific configurations. It is what certain actors assert on behalf of the state in particular arenas – bond markets, courtrooms and arbitral tribunals where claims are asserted and defended, European fiscal councils – and its value varies accordingly. The state is the site; sovereignty is the stake. I thus re-approach what Foucault (2004) called in *Birth of Biopolitics* "indigestible" entities by treating the state not as a unified actor but as a battlefield of political society and of its ordering, and sovereignty as what is at stake within it. The systematic starting point is how private and public organizations, on the ground, mobilize, manipulate, reify, and make use of notions such as sovereignty. The aim is to submit sovereignty to the "grid of governmental practices." It thereby ceases to be a factor that explains social phenomena and becomes, in itself, the thing to be explained. To operationalize this approach, I have turned to law, not as a secondary constraint but as a central arena in which limits of sovereignty are made explicit, stabilized, and contested. Legal forums crystallize the boundaries between states, commercial entities, and forms of property that may or may not be subject to seizure; they render visible the hierarchies that organize access to credit and the conditions under which sovereign commitments can be enforced. Law is not external to financial practices but constitutes one of their privileged sites of intelligibility.

III. The transnational laboratory: The legal construction of creditor protection in sovereign debt

My empirical inquiry then took place in New York, as a dominant terrain where these dynamics are concentrated. New York law, backed by Wall Street capital and federal court jurisdiction, has become the preferred instrument of creditors in their dealings with sovereigns.

In order to borrow, remain "credible," and secure access to global liquidity, treasuries of the Global South progressively pledged fragments of their sovereignty. From the 1970s onward, sovereign borrowing was increasingly denominated in foreign currencies – primarily US dollars – and governed by foreign jurisdictions, chiefly the Southern District of New York. By submitting to foreign law and waiving sovereign immunity through contractual clauses, debtor states accepted the classificatory power of another sovereign, the United States, and exposed their own definitions of state acts to external judicial scrutiny. As Wall Street consolidated its position as the central marketplace of global finance, New York courts became the global chamber for sovereign debt litigation and claims enforcement. Today, most sovereign bonds issued by emerging economies are governed either by New York or English law (Schumacher et al. 2021; IMF 2020).

Since the 1990s, when sovereign debts became "unsustainable," restructurings have increasingly been accompanied by litigation. The probability of legal action during restructurings rose from less than 10 percent in the 1980s to more than 50 percent in recent decades. Litigation is punitive insofar as sovereigns targeted by attachment attempts in London or New York are effectively excluded from these financial centers. Between 2000 and 2010, no government simultaneously facing attachment proceedings in these jurisdictions succeeded in issuing sovereign bonds there. So-called vulture funds openly assume this disciplinary role, presenting themselves as guardians of financial contracts in last resort. These sanctions are performative because sovereign states remain structurally dependent on continued access to dominant capital markets.

Assisted by financial lawyers, mainly US law firms, governments of the South divide their sovereignty, partially renounce immunity, and objectify these commitments in waiver clauses targeting specific categories of assets. A portion of sovereignty is thus rendered measurable, priced through sovereign spreads, and traded on secondary markets (Choi, Gulati, and Posner 2012).

The dollar or the law: Competing "raisons d'état" within the American state

I examined this process through the making of transnational architecture of sovereign debt law. If the French Treasury operated as a laboratory for the financialization of domestic society, the US State Department and federal courts became laboratories for the financialization of interstate economic relations. The central object is the US Foreign Sovereign Immunities Act of 1976 (FSIA) and its subsequent judicial elaboration – a statute that depoliticized what had previously been a diplomatic prerogative by transferring immunity determinations from executive discretion to judicial adjudication, while simultaneously expanding legal protections for private creditors against states.

The FSIA was not a technical rationalization. It emerged from a struggle within the American state apparatus between two competing conceptions of *raison d'état*. The Treasury Department sought to preserve the long-term global power of the dollar and maintain discretionary capacity for foreign policy intervention, including financial sanctions. The State Department, increasingly occupied by lawyers from the private bar, sought instead to stabilize predictable legal rules, reduce executive discretion, and transfer sovereign immunity disputes to the judiciary. Treasury opposition softened only after the end of dollar convertibility into gold, and once the State Department agreed to preserve absolute immunity for official foreign reserves held at the Federal Reserve – a concession that revealed the underlying tension within American financial hegemony: The international role of the dollar constituted an "exorbitant privilege" (Eichengreen 2011), but preserving it sometimes required sacrificing the interests of particular US firms expropriated abroad.

These competing visions crystallized in the context of decolonization and the Cold War. Newly independent states asserted permanent sovereignty over natural resources (UNGA 1962) and nationalized strategic sectors – oil, mining, electricity. Foreign asset takeovers rose from 0.8 percent annually between 1946 and 1960 to 28.5 percent in 1972-73 (Lipson 1985). The Cuban Revolution transformed expropriation into a combustible issue in US domestic politics. Successive administrations faced mounting pressure from expropriated corporations, while the Cold War raised the geopolitical cost of retaliation: Cutting development aid risked pushing newly independent states toward the Soviet bloc, as Cuba had done.

The decisive turning point was the Supreme Court's 1964 Sabbatino decision, which was perceived as unfavorable to private corporations and provoked the formation of the Rule of Law Committee – a lobbying structure bringing together the core members of what was then known as the Seven Sisters cartel, among them Mobil, Exxon, Texaco, and Standard Oil. Its leading figure, Cecil Olmstead – a Yale-trained lawyer, former State Department official, and later Texaco executive – organized an intense campaign in Washington. Congress eventually adopted the Sabbatino Amendment, preventing expropriated goods from being traded in the United States without compensation. Beyond Cuba, the broader ambition was to codify and depoliticize sovereign immunity by removing it from the discretionary realm of foreign policy and embedding it within a stable judicial framework. By the mid-1970s, figures associated with the Committee had moved directly into positions of state authority: Monroe Leigh, one of its leaders, became Legal Adviser to the State Department while the FSIA legislation was being finalized.

The argument advanced was framed in universalistic terms: Ordinary American citizens should not be deprived of normal legal remedies against foreign states engaged in commercial activity. The resulting statute institutionalized a separation between foreign policy and international commercial litigation, placing private investment under judicial rather than diplomatic protection. At the end of this process, sovereignty was progressively confined to a narrower core domain – foreign affairs, defense, war, policing – while commercial activities carried out by states became subject to private law remedies. This legal reconstruction of the boundary between economy and sovereignty delegitimized state-led economic models associated with postcolonial developmentalism and non-aligned projects for a "Keynesianism at the world scale" (Slobodian 2018).

What emerged was an ordo-financial conception of the general interest: the Rule of Law, understood as the primacy of enforceable contracts, subordinating political discretion to the protection of creditor rights. Yet this agenda competed with another strategic imperative – preserving the United States as the central hub of global liquidity and reserve accumulation. New York occupied a structurally ambivalent position: simultaneously disciplining foreign sovereigns through market and legal sanctions, while remaining sufficiently accommodating to continue attracting their capital and reserves. Following Saskia Sassen's (1996) analysis of a differentiated sovereignty composed of overlapping rights, territories, and authorities, the Southern District of New York emerged as a quasi-autonomous juridical zone within the federal state – nicknamed the "sovereign district" – progressively consolidating its independence from Washington. Lower federal courts in New York became strategic resources for financial lawyers, while higher courts and the Supreme Court remained more attentive to executive foreign policy concerns. Once sovereign immunity law had been codified – capital invested in sovereigns acquiring its legal infrastructure (Pistor 2019) – and institutionally detached from diplomacy, executive interventions through amicus briefs no longer systematically shaped judicial outcomes. The domestication of foreign sovereignty thus simultaneously entailed the domestication of the American executive itself: In disciplining other sovereigns, the State Department had also constrained its own room for maneuver.

Sovereign immunity law thus emerged as part of a broader effort to insulate global capitalism from executive – and especially diplomatic – discretionary powers within the domestic country of creditors, that is, the United States itself, while simultaneously shielding private property rights from the redistributive claims asserted by newly independent states through the weapon of law. This undertaking in the United States extended and reinforced a parallel international construction: bilateral investment treaties, international arbitration mechanisms, and investor protections promoted through organizations such as the OECD – all converging toward the same objective of placing private capital beyond the reach of sovereign redistribution.

Dualisms at work: A sociology of operative fictions

What remained unresolved after the FSIA was the extent to which the public assets of condemned sovereigns could ultimately be seized in satisfaction of judicial rulings. Foreign state assets, protected domestically by sovereign prerogatives, became increasingly exposed to creditor enforcement once circulating beyond national borders – a question that would return with full force in the Argentine litigation of the 2000s, and that continues to structure the contested terrain of sovereign debt enforcement today.

Scholarship in international political economy (Gabor 2020; Panitch and Gindin 2012) has demonstrated the entanglement of state and market practices, showing how financial architectures are co-produced through the joint action of public institutions and private actors. While this literature often treats the state–market divide as a socially constructed formal and artificial dualism, for a sociological program, the distinction between public and private, or "commercial" versus "sovereign assets," nevertheless persists as a practical problem (Gieryn 1983) and as a tactical resource mobilized by lawyers, bankers, and litigating creditors.

In the field of sovereign debt recovery, financial professionals instrumentalize these institutional categories to consolidate leverage over debtor states. Their interventions contribute to a continuous requalification of state assets, shifting the boundary between what may be construed as attachable commercial property and what remains protected as sovereign, diplomatic, or regal activity. These operations are not merely descriptive but performative: Through legal arguments, precedents, and strategic uses of judicial forums, creditors actively participate in redefining what the state is and what it can legitimately do under global financial law (Bourdieu 2015).

In the eyes of litigating investors, the sovereign appears less as a transcendent political entity than as a discretionary actor reluctant to honor its obligations. Plaintiff lawyers seek to crack the façade of sovereignty by tracing the circulation of public money, identifying private uses embedded within public institutions, and retranslating diplomatic or monetary functions into commercial activities subject to enforcement. This disenchanted reading of the state – mapping financial flows, identifying chokepoints, and reconstructing links between officials, institutions, and assets – resembles a form of sociological inquiry, but one entirely oriented toward financial action. To "see the state like" a litigating creditor (Scott 1998) means above all to treat the state as a cash-generating apparatus whose resources must be captured, prioritized, or redirected toward repayment claims.

Although New York global jurisdiction is massively deployed by capital owners of the North – investors, hedge funds, major banking houses – against Southern states, the analytical challenge is to avoid treating North and South, core and periphery, as two impermeable blocks. Following the economic historians Nicolas Barreyre and Claire Lemercier (2021), the aim is to abandon a way of thinking in terms of gradients – of more or less state, stronger or weaker sovereignty – in favor of tracing common processes and common social struggles across configurations that differ in degree but not in kind. The inquiry therefore follows financialization across scales, from the French and European financial administration to sovereign debt crises in the Global South.

The French case revealed how financialization operates from within the state: through the construction of liquidity as a political imperative, through struggles between state fractions over the definition of public creditworthiness, and through the progressive alignment of the administrative apparatus with the expectations of global bond markets. The cases of peripheral sovereigns reveal the other face of the same system – what international political economy has described as "financial subordination": the structural asymmetries that constrain access to capital, impose debt issuance under foreign law, and expose states to the jurisdictional power of creditors. In both configurations, what is ultimately at stake is the same: which social fractions the state is made to serve, and through which instruments that choice is stabilized and placed beyond contestation.

Financial hegemony rests, in part, on what Yannis Varoufakis (2023) has called its dark face: the enrollment of dominant classes within peripheral countries themselves – those very fractions that define what the general interest consists of, namely the preservation of savings in a trusted currency and the placement of private wealth in a reliable, often dollar-denominated store of value, have a direct social interest in maintaining the asymmetries that subordinate their own states. This dynamic is in no way specific to the Global South: financial domination translates everywhere into a domestic hegemony of financial classes with a stake in the mechanisms of global finance, in the labeling of transactions in a non-national currency, and sometimes in the outright abandonment of the local monetary sign in favor of a globally trusted substitute. The "dark, tacit, and implicit pact between the American ruling class and foreign capitalists and rentiers," as Varoufakis details, means that "dollar supremacy has served the interests of American rentiers just as much as those of German, Argentine, Nigerian, Korean, and Chinese capitalists." The power of these social classes rests on the perpetuation of asymmetries between financial sovereignty and popular sovereignty, and on the structural defeat of the left hand of the state vis-à-vis its right hand in interministerial arbitrations – in the Global South as in the North.

Conclusion: Investigation and reversibility

Sovereignty, then, should not be understood as corrupted or diminished by financial globalization. It is instead reformatted and reaffirmed under its conditions. States are not mere victims of financialized configurations. Just as the French Treasury gradually dismantled the *circuit du Trésor* and marketized public debt in the name of competitiveness and a renewed conception of state grandeur, financial officials in the Global South engage in these same practices in the name of defending the sovereign general interest: securing access to liquidity and borrowing at the lowest possible cost within a global financial order whose coordinates remain largely unquestioned. Sovereignty itself becomes an object of speculation, calculation, and exchange – sold through road shows, contracts, prospectuses, and forms of "promise engineering" (Gilbert 2020). Financial actors speculate not only on repayment capacity but on the effective degree of sovereign submission: What are the chances that a sovereign will honor its commitment to New York jurisdiction and comply with contractual waivers of immunity? What degree of renunciation corresponds to which interest rate and political risk premium?

Sociologically, the state emerges across all these cases as a field of struggle between bureaucratic and social fractions competing over the legitimate representation of political society and the definition of the general interest. Financial departments – especially those managing debt and currency – work in close coordination with investors, banks, and transnational economic elites, seeking to make the state speak "as a whole" in favor of global capital and financial credibility. Adopting a horizontal analytical framework attentive to transactions between strategic sectors of the state (Dobry 2002; Gayon 2022), this research has traced conflicting arrangements within the American executive – between a creditor-oriented State Department and a Treasury Department concerned with preserving the dollar's attractiveness through the accommodation of foreign capital holders – as well as within dependent states, internally connected to different and competing social fractions.

The processes described by political sociology – which may appear to focus on mediating levels, capturing entities and dynamics in the course of their realization – are not simply details added to a broader picture: a taste for pointillism within the impressionistic macroeconomic canvas that political economy paints. By inquiring into different pieces at the articulation of the larger puzzle, and by demonstrating their historicity and contingency, the aim is to understand how economic and social reality is made, and how it can be unmade.

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