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Enduring Structural Power? Assessing the Dominance of the Anglosphere in Global Finance Before the Trump Turn

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Summary

Historically, the US exerted dominant structural power in global finance – especially via its integration in the wider Anglosphere. We analyze granular data for 10 segments – from portfolio and foreign direct investment to foreign exchange reserves – to assess the power positions of the Anglosphere, the EU, China, and Japan. On balance, the structural power of the Anglosphere in global finance has endured and even increased between 2008 and 2023. China's financial power has risen slightly, albeit from a very low level, whereas the structural power of the EU in global finance has decreased. One important aspect of the Anglosphere's structural power is to be found in its large share of global foreign exchange reserves. An additional feature is a positive feedback loop between the large profits generated by Forbes 2000 corporations based in the Anglosphere (primarily large and dominant US technology firms) and the persistent structural power that their host countries exert in global finance. To substantiate our argument, we provide a unique calculation of Forbes 2000 share of profits generated by MNCs based in the Anglosphere, China, the EU, and Japan. Moreover, three novel network visualizations show the enduring centrality of the US-led Anglosphere in key segments of global finance until 2022. Finally, we discuss challenges to the Anglosphere's structural power caused by the second Trump Administration.

Keywords: Anglosphere, Euro Area, China, Japan, Global Finance, Structural Power, US Dollar

1. Introduction

Great power conflict is back in international political economy. The global financial order is undergoing significant stress amid growing geopolitical rivalry and economic nationalism. A new bipolar global order could be emerging centered around the geopolitical rivalry between the United States (US) and China. While China has risen as a major productive and technological power, the US, along with its close allies, continues to dominate the structure of global finance. Still, cross-border integration in foreign direct investment and finance is generally high by historical standards – recent bipartisan initiatives by the US and the European Union (EU) aimed at 'decoupling' or 'strategic autonomy' notwithstanding. China is certainly rising, but so far it has arguably risen within the liberal international order shaped by the US and its Western allies (de Graaff *et al*., 2020). Indications are emerging that Beijing is increasingly seeking to alter this order or at least complement it with new financial infrastructures that are much less susceptible to influence by Washington. It has moved in that direction by launching the Cross-Border Interbank Payment System aimed at substituting SWIFT (Nölke, 2022), by internationalizing its 'state-capitalist capital markets' (Petry, 2021; 2024), by launching the digital yuan (Caudevilla and Kim, 2023), and by setting up the New Development Bank (Hofman and Srinavas, 2024). Interestingly, those institutions and initiatives exist alongside, overlap or layer onto the existing institutions of global finance (Stephen, 2024). Although China has made strides in enhancing its financial power, it still falls short when compared to the financial dominance of the US. Nevertheless, the return of the 'America First' approach, spearheaded by the second Trump Administration, brings about a break from multilateralism. This raises critical questions whether US-led financial hegemony, with the remaining Anglo-Saxon countries as its natural extension, persists or enters a period of gradual erosion, marking a major power shift in global political economy.

This paper investigates whether the Anglosphere – a network of historically allied, financially integrated English-speaking countries – continues to exercise structural power in global finance. In order to empirically assess this claim we adopt the structural power approach developed by the late Susan Strange, who argued that there are four primary power structures in the global political economy: security, production, finance, and knowledge. She defined structural power as 'the power to choose and to shape the structures of the global political economy within which other states, their political institutions, their economic enterprises, and (not least) their professional people have to operate' (Strange, 1988). To use an apt analogy, one can compare structural power with the design of a board game. Initial rule-setting power confers a great advantage and those that wield this power do not have to play every move to win, as they have already tilted the odds of winning. Unlike relational power, which primarily refers to the ability of one actor to actively influence the behavior or choices of another, or to ultimately force them to adopt their position, structural power defines how the system operates by limiting the range of possible options, especially to potential challengers. It works in a way that accrues benefits to the powerful parties, while simultaneously constraining structurally weaker parties, who often deem the idea of structural change as too difficult. Some of the most prominent difficulties relate to limited agency, cognitive or material dependency on the system, and obstacles to coalition-building aimed at altering the existing power configuration.

At this critical historical juncture, there are diverging analyses concerning the structural power positions of the US *vis-à-vis* China that give different weight to specific power structures and prioritize some over others. While it is clear that all four structures are closely interrelated, we still do not know how predominance in one structure is exactly influencing power in the others. Malkin (2022) argues that China's undeniably growing 'productive power' in manufacturing is likely increasing its structural power also in other spheres, for instance in knowledge via more advanced technology and standard-setting capability. Similarly, Baldwin (2024) claims that China is now the world's sole manufacturing superpower, whose production exceeds that of the next nine largest manufacturers combined, with its gross and value-added industrial production surpassing 35% and 29% of the global total, respectively.

On the other hand, the US is still the biggest military power, spending on its military more than the next 10 countries combined. Winecoff (2020) shows how the US wields power in the security domain through its deep embeddedness within defense agreement networks. This allows it to grant or revoke a nuclear umbrella, deploy counterterrorism operations, and exert pressure via extensive diplomatic networks. The latter was put on full display when the US recently adopted a strict export controls regime on trade in advanced computer chips, and cajoled Japan and the Netherlands into limiting their exports of cutting-edge semiconductor manufacturing equipment to China (Malkin and He, 2023).

In terms of 'knowledge power', the US sustains its structural power by specializing in high value-added tasks within global value chains. It keeps the record with the highest number of active patents, leads in global exports of services and revenues derived from intellectual property rights (IPR) (Schwartz, 2019a). In spite of China's remarkable technological progress and convergence with US-led technological frontier, the US still has an advantage in the development of new technologies and their dissemination, as shown by the dynamic analysis of global IPR knowledge network growth mechanisms. Those mechanisms point to the "rich-get-richer" effect in new patent recognitions. Hence, structural power is reinforced over time, with individual country capabilities still playing a lesser role compared to the power compounded by being able to control network properties (Vázquez Rojo and Visintin, 2024). Beaumier and Cartwright (2024) also find that the US leverages key supply chains in the global seminconductor industry network, which constitutes the most technologically complex industry worldwide.

Finally, there is structural power in finance. Control over credit determines production as the upstream part of the production cycle, security by bankrolling militaries and, finally, knowledge acquisition and diffusion, which is ultimately impossible without strong financial capabilities. Control over credit is amplified by currency dominance, which frees the issuer of the key global reserve currrency from resource contraints and gives it geopolitical leverage via the possibility to impose financial sanctions. In the domain of finance, the existing research shows that the global financial system is not a flat, multipolar network, but rather a hierarchical one with the US at the apex (Oatley *et al*., 2013). Winecoff (2020) also finds that the US still enjoys significant structural prominence in the network of global finance. Earlier accounts of power structures in global finance, such as those of Starrs (2013), stressed that national indicators such as GDP have become less meaningful in a globalized economy and one has to take into account the financial aspect of power. From this perspective, the extent of power in the international political economy is not in the share of manufacturing capacity at a given location, but in the share of global output that is under the direction of executives of particular companies, which does not necessarily overlap with the location of production. He also highlighted that US multinational corporations still dominated most sectors and made by far the largest profits. Similarly, Schwartz (2019a; 2019b) shows that a mutually reinforcing relationship between dollar centrality and the global dominance of US corporations via their control over global value chains and intellectual property is underpinning US power. In short, structural power in finance is assumed to be of critical importance and previous studies have found that US financial power has been remarkably enduring (Fichtner, 2017; Starrs, 2013; Schwartz, 2019a; 2019b; Winecoff, 2020).

To sum up, once occupying a core position within a financial network structure, this position is reinforced over time through endogenous feedback. Countries with strong political and financial institutions, effective regulatory arrangements, and investor-friendly reputations attract more financial investment, further solidifying their central position. Indeed, positive feedback loops have a strong effect in complex networks. However, the advent of the second Trump Administration and the drastic tariffs announced in April 2025 mark a juncture and indeed constitute a far-reaching historical experiment concerning structural power in two respects. Firstly, the role of the US in the global trading system could potentially be impaired very significantly. Structural power in finance arguably needs to be anchored – at least to some extent – in the realm of trade. Secondly, many authors have argued that an important element of US structural power in finance (and in security and knowledge) was the fact that the US had close Anglo-Saxon allies – a constellation referred to as Anglo-America or the Anglosphere (Fichtner, 2017; Green, 2016; Vucetic, 2011). The Trump turn could potentially also damage these, historically, extremely close relations. In a nutshell, our key research questions are: to what extent does the Anglosphere dominate key segments of global finance? How resilient is this dominance in the face of geopolitical shifts and domestic political upheavals?

Our methodological approach uses a combination of descriptive statistics, network visualizations, and cross-national comparisons across ten financial dimensions to assess the centrality and dominance of the Anglosphere relative to the Euro area, China, and Japan. It is important to note that our empirical analysis largely focuses on the structure of finance before the Trump turn. As such, it requires to be followed up in about five years with a similar study to assess whether Trump's policies will have caused a breakdown of structural power in finance – and a disintegration of the Anglosphere – or not.

The paper contributes to the existing literature in three ways. Firstly, it extends Strange's structural power framework by incorporating network-based and institutional perspectives. Secondly, it operationalizes financial power through ten key financial indicators, offering a comprehensive empirical mapping of dominance. Thirdly, it conceptualizes the Anglosphere as a transnational power bloc whose internal cohesion may be tested in an era of renewed economic unilateralism.

The paper is structured as follows. The second section critically reassesses the arguments in favor of using concepts such as Anglo-America or Anglosphere in International Relations (IR) and International Political Economy (IPE). Subsequently, the third section explains the logic of structural power stemming from the Anglosphere's dominance of global financial structures. It outlines our methodology and data sources. The fourth section analyzes 10 different financial segments as proxies for structural power in global finance to primarily shed new light on the power positions of the Anglosphere and China. Moreover, we offer three novel and unique visualizations that show the persistent centrality of the US-led Anglosphere in global finance before the second Trump Administration. Finally, the fifth section puts forward our conclusions.

2. The Anglosphere in IR and in IPE

It makes a big difference for the power position of a country if it has close allies or not. In the structure of security this is quite obvious (e.g., the role of still US-led NATO). In the structures of knowledge and finance, however, the nature and effect of having close allies can be much less apparent. Various authors argued in the past that the Anglophone countries have uniquely deep bilateral and transnational ties. Gamble (2003) used the term Anglo-America and argued that this formation constitutes an 'imagined community' shaped by long-standing and deep economic, political, ideological and cultural ties between Australia, Canada, New Zealand, the UK (including its offshore dependent territories, such as Bermuda and the Cayman Islands) and the US (see also Katzenstein, 2012). Buzan and Cox (2022, p. 83) see Anglo-America 'as being both a composite actor within global international society (GIS), and a hegemonic structure within it'. Vucetic (2011, p. 7) argued that the core of the Anglosphere community of the English-speaking countries is formed by a racialised Anglo-Saxon identity – or, in other words, 'a social kind that exists because people believe it exists'. Via a number of insightful historical case studies in the field of national security, the sphere often assumed to be the least-likely case for cooperation between sovereign countries, Vucetic (2011) showed that cooperation within the Anglosphere is remarkably profound and enduring. Indeed, this unique cooperation is facilitated by a multitude of interlocking and mutually supporting networks in the domain of security (Vucetic, 2019). Immediately after Brexit, some commentators in the UK called for 'CANZUK', a more formal union of Canada, Australia, New Zealand, and the UK (Bell and Vucetic, 2019). However, this misses the fact that what makes the Anglosphere unique and tightly integrated are often not formal treaties between states (let alone fully fledged unions between countries), but a myriad of transnational networks in politics, knowledge, finance – and of course, most prominently, in security.

There are nearly 40 transgovernmental networks woven by countries comprising the Anglosphere, e.g., the Five Eyes Alliance, the Quintet of Attorneys-General, the Five Country Ministerial, and the Five Country Conference. Their prominent goal has also been to apply both economic and political pressure on rival states (first and foremost China and Russia) and to bolster the Western-led global political order (Legrand, 2021). There are several clear examples of the Anglosphere's cooperation at the intersection of national security and finance. The Five Eyes Alliance is one of the most visible cases of a very tight and close relationship between the respective countries' security establishments. One also has to mention the recently formed trilateral security and defense partnership between Australia, the UK and the US, or AUKUS (Parmar and Ledwidge, 2023). The formation of AUKUS showed that cooperation between Anglosphere countries in security matters is durable. This deep and persistent cooperation in security can be seen as the foundation of the Anglosphere, but arguably it has been spilling over into other key global structures of power, including knowledge and finance. Recent research on the linkage between security and international financial architecture shows that the more political the alignment with the US and the higher the ownership share of US assets, the greater the likelihood of a country receiving a swap line liquidity by the US Federal Reserve in moments of acute crisis in 2008 and 2020. Military alliances or defense treaties constituted a significant variable for explaining swap line selectivity. On that count, all Anglosphere countries belong to an inner circle of trust when it comes to liquidity provision by the US Federal Reserve (Casetta, 2022).

On balance, we find that the Anglosphere is a very cogent and insightful concept for research in IR and IPE. It remains to be seen whether the Trump turn will lead to a disintegration of the Anglosphere. Even though current US policies might seem drastic, the Anglosphere has endured extreme episodes, such as the Suez Crisis of 1956 when the US theatened the UK with severe financial actions if London would not abort the invasion of Egypt. Hence, we argue that the political and economic ties within the Anglosphere are so long-lived and deep that continuation is much more likely than collapse. This is, arguably, especially true in the structure of finance as all Anglosphere countries are among the most financially open countries in the world.

3. Anglosphere and Structural Power in Global Finance

As opposed to traditional accounts of power, which start from the assumption that political authority, economic activity and geographical territory are closely intertwined, and power is exercised in relational terms, primarily by states, Susan Strange postulated that structural power is a far more realistic description of how power operates in a globalized economy (Strange, 1989). The exercise of structural power is not only visible in 'state-state' relations, but also in 'firm-firm' and 'state-firm' relations.

A complementary argument was made by Slaughter (2012) who stated that the greatest global change since the end of the Cold War is not the rise of China or the bilateral shift of power in international relations, but the rise of ubiquitous and dense global networks, whether commercial, financial, or informational. The position of a country within such networks determines its power position. This puts central actors in a position to potentially enable or deny network access to counterparties who are asymmetrically dependent on it for their prosperity and security, as well as to obtain positional advantage by closely tracking information flows across the network (Farrell and Newman, 2019). Overall, the argument goes that too much emphasis has been put on the dimension of interstate competition and the relative capabilities of states, which inevitably constitute an important part of every hegemonic order, but too often neglects the structural changes at the global level and the role of powerful corporations and private authorities (Petry *et al*., 2021).

This statement is put on full display in the financial structure. Strange (1988) first defined structural power in finance as 'the sum of all the arrangements governing the availability of credit plus all the factors determining the terms on which currencies are exchanged for one another'. This view relies strongly on the endogenous nature of credit creation, whereby credit creation acts as the ultimate source of financial power, and is shared by both states and private banks. Although this definition has become too narrow as global finance has dramatically expanded and evolved towards more complex structures, it is a valuable starting point for our analysis.

In a similar vein, Binder (2024) stresses how the role of offshore finance has transformed the nature of money and power, leading to a more complex and distributed power structure. This system has divided the power to create money between states and financial intermediaries, operating predominantly in Anglosphere financial centers. While a large share of global liquidity is created onshore, in a regulated setting and within the borders of a given state subject to its laws, the bigger share is created in offshore financial centers (OFCs) with lax regulations, lower taxes, and greater secrecy. Since the biggest OFCs (such as the Cayman Islands) are part of the Anglosphere, this translates into its enhanced structural power in global finance, as global financial intermediaries operating in OFCs enjoy significant power to determine who gets access to liquidity and what conditions are attached to it.

On the other side of the ledger, the US Federal Reserve wields direct power to regulate onshore activities and implement monetary policy in this globe-spanning hub and spoke network. Schwartz (2024) claims that the US dollar plays the role of 'global quasi-state money' as it functions as state money for the major parts of the global economy despite of the fact that there is no global Leviathan to back it. However, it is backstopped by the Federal Reserve which acts as the *de facto* world central bank. Complementarily, together with other central banks, primarily in the Anglosphere, the Federal Reserve maintains indirect influence via international cooperation and crisis response mechanisms (e.g., swap lines creation), which was essential in crisis containment both in 2008-2010 and 2020-2021 (Bertraut *et al.*, 2023). This complex and interdependent structure represents a delicate balance of power with none of the two sides having total control, neither central banks as state institutions nor private financial institutions. Nevertheless, their interaction overwhelmingly shapes the playing field of global finance to the advantage of various public and private actors based in the Anglosphere. This comes in the form of network effects, information control, standard-setting and liquidity provision control, with the latter constituting probably the most visible face of power.

Since the global financial crisis (GFC) much has been written with the goal of contesting or rejecting the notion of continued US structural power in global finance. While some scholars claim that there is more and more evidence of the decay of US structural power in both ideational and material terms (Kirshner, 2014), or that the world is increasingly without a center of gravity (Kupchan, 2012), other scholars talk of the 'dollar trap' (Prasad, 2015) or provide explanations for the extant American monetary hegemony (Schwartz, 2019a; 2019b). We contribute to this debate via two linked arguments. Firstly, we argue that this debate has to be broadened and conceived in terms of the Anglosphere. While US dominance has declined in some segments of global finance, it has been compensated by the rise of its Anglo-Saxon brethren and *vice versa*. Secondly, we argue that, somewhat paradoxically, Anglosphere countries have retained firm control over global finance, notwithstanding two major shocks over the last 15 years (GFC and COVID-19), which many expected would have acted as critical junctures. It is left to open debate whether this structural power can be exercised to the same extent as in the heyday of US-led financial globalization, especially in light of the political earthquakes caused by the second Trump Adminstration. However, our findings show that creating fundamental change in the power structure of global finance would face very high obstacles, given the Anglosphere's entrenched financial dominance.

In order to assess the state of both US and broader Anglosphere structural power over global finance, this paper focuses on 10 key segments that cover the entire breadth of global finance. We thus critically revisit the study by Fichtner (2017), but go beyond it *inter alia* by showing the role of influential private corporations for individual segments of global finance.[1] These 10 segments include: (1) global share in OTC (over-the-counter) interest rate derivatives market turnover; (2) global share in OTC foreign exchange market turnover; (3) currency composition of foreign exchange reserves; (4) global share in cross-border banking claims; (5) global share in cross-border banking liabilities; (6) global equity market share; (7) global share in total portfolio investment assets; (8) global share in total portfolio investment liabilities; (9) global share in inward FDI; (10) global share in outward FDI. We compare relative shares of the Anglosphere, the Euro area, China, and Japan across all segments. Generally, we trace the period from 2008 until 2023, right before the Trump turn.[2]

4. Anglosphere's Dominance in Key Segments of Global Finance

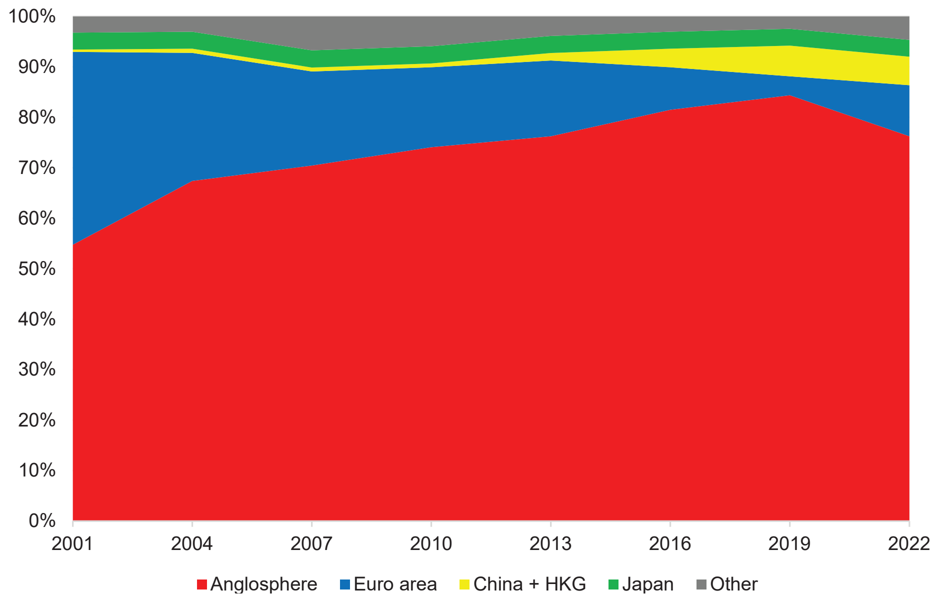
4.1. Geographical Distribution of OTC Derivatives Trading

In general, financial derivatives can be used to hedge against movements in interest rates and other factors, but they can also be used to speculate from anticipated

[1] Some authors have included Ireland in the Anglosphere based on shared language and close economic ties, e.g., many big US technology and pharmaceutical companies have their overseas domicile in Ireland (Fichtner, 2017). However, Ireland is neither part of NATO nor of AUKUS or the Five Eyes Alliance. Therefore, we do not include Ireland in our analysis.

[2] Large majority of indicators is available for the 2008-2023 period, apart from the global share in OTC interest rate derivatives market turnover and the global share in OTC foreign exchange market turnover, which are published within the latest available BIS Triennial Central Bank Survey (2008-2022), and indicators for inward and outward FDI are available for the 2009-2023 period.

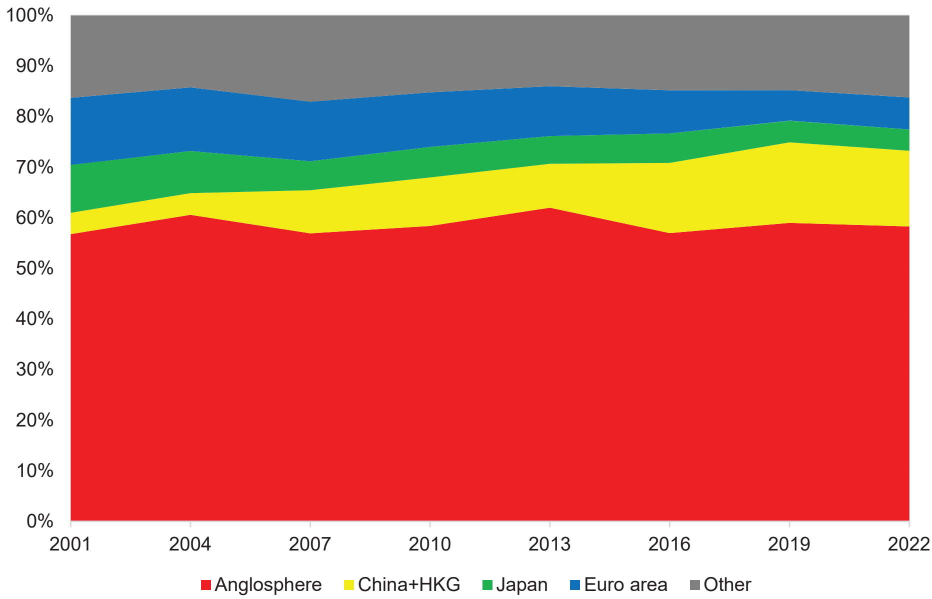
Figure 1. Turnover of OTC Interest Rate Derivatives



Source: authors' calculation based on BIS Triennial Central Bank Survey (2022).

future price movements. From the standpoint of structural power, they allow for key global hubs to shape counterparts' risk-management strategies, to affect liquidity conditions, and to create systemic dependencies. OTC ('over-the-counter' or private trading, which is opposed to trading on public exchanges) derivatives are dominated by large banking groups, such as JPMorgan Chase, Goldman Sachs and Morgan Stanley. As much as 79.3% of global OTC derivatives with notional value of US$729.8 trillion in Q2 2024 referred to interest rate derivatives, while 17.8% made up foreign exchange (FX) derivatives. The remaining sliver of 2.9% covered equity, commodities and credit derivatives (ISDA, 2024). Fichtner (2017) found that OTC derivatives trading was heavily concentrated in the UK and the US. Figure 1 shows that from 2009 to 2022 the UK and the US lost a few percentage points of market share, while the Euro area (primarily Germany) gained a bit. This is likely due to relocation of some euro-related derivatives trading to the Euro area after Brexit. China is virtually absent in this segment of global finance, but Hong Kong (HKG) plays a noticeable, albeit small role. Overall, the Anglosphere still dominates OTC derivatives trading.

Figure 2. Foreign Exchange Turnover by Country



Source: authors' calculation based on BIS Triennial Central Bank Survey (2022).

4.2. Geographical Distribution of OTC Foreign Exchange Trading

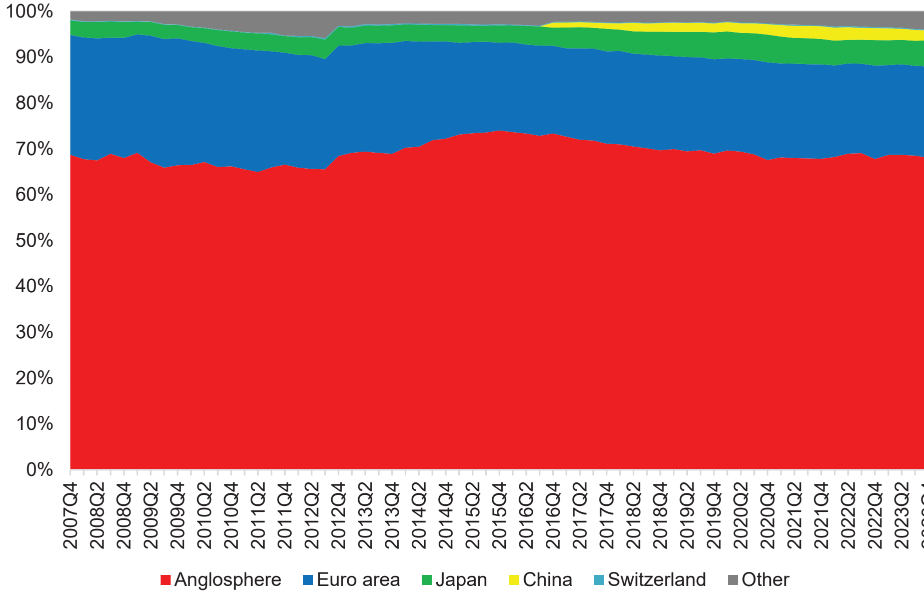
The exchange rate of most currencies is determined by the trading of private market actors (with the Chinese renminbi being a prominent exception). Most of this FX trading is not done on public exchanges but OTC. Trade is largely dominated by world's largest banks operating in the Anglosphere. According to BIS (2022), trading in OTC FX markets reached US$7.5 trillion per day in April 2022, up 14% from US$6.6 trillion in 2019 (*ibid*.). The US dollar was by far the most traded currency globally, occupying an absolutely pivotal position in FX trading, being on one side of 88% of all trades. This centrality in the global FX trading network has significant positive effects for US power in other segments, such as FX reserves and global equity market – and it makes it very difficult for any contending currency to displace the US dollar. The euro is the second most traded currency with 31%. The Japanese yen and the British pound sterling remained unchanged since 2019 at 17% and 13%, respectively. The renminbi's share rose from 4% in 2019 to 7% in 2022, to become the fifth most traded currency. The largest center for FX trading is the UK (i.e. the City of London), accounting for 38% of global turnover. The US (mainly New York) has a share of 19%. The Euro area and Japan have significant small shares, but overall the Anglosphere dominates global OTC FX trading (Figure 2).

4.3. Currency Composition of Foreign Exchange Reserves

This segment of global finance is based on data from the COFER (Currency Composition of Official Foreign Exchange Reserves) database, maintained by the International Monetary Fund (IMF). COFER offers the most comprehensive data on the composition of global foreign exchange reserves. If we look at the combined share of Anglosphere currencies in the global composition of FX reserves, it has remained constant from 67.98% in 2008 to 68.03% in 2023. While the US dollar share of global FX reserves has declined by 5.34% since 2008, this has been offset by increased reserves diversification into currencies such as the pound sterling, Australian dollar and Canadian dollar. On the other hand, the main contenders of the US dollar, the renminbi and the euro, remain way behind. The share of the euro dropped from 26.21% to 19.94% while the share of the renminbi started from zero but has not been able to rise above 3% (Figure 3). Furthermore, our analysis of the dataset on the currency composition of foreign exchange reserves constructed by Ito and McCauley (2021) shows that a large majority of developed and developing countries increased the share of the US dollar in their FX reserves in the period from 2008 to 2020. There were only a handful of countries working actively on de-dollarization, such as Turkey, Kazakhstan and Russia. While it is very difficult to assess the precise share of the US dollar in China's FX reserves due to their opacity, newer research points out that China as the Anglosphere's main rival has shifted its US dollar reserves from treasuries to agencies (securities issued by government-sponsored enterprises or by a government department other than the US Treasury), and made increased use of offshore custodians (Setser, 2023). Hence, the structural logic of Chinese trade surpluses and capital account closedness still works as a roadblock to China's declared ambitions to shift away from the US dollar or dollar bonds. Outside of the dollar-based pool of liquid assets there is hardly any other currency capable of absorbing large capital outflows from countries which made their economies reliant on exports to the Anglosphere for growth.

Countries such as Russia, China, Turkey or Iran have all attempted to reduce their level of exposure to US financial sanctions, for instance by purchasing large volumes of gold reserves, as well as by establishing alternative payment channels immune to financial sanctions (McDowell, 2021). However, the reality is still such that there are simply not enough alternative financial assets to substitute for the role of assets issued by Anglosphere countries. If we briefly recap some of the most prominent alternatives, we will see how the system is sticky or resistant to change. Firstly, there is not enough physical gold for everyone who would like to buy it in larger quantities, which is especially pertinent for the central banks of major emerging markets willing to diversify away their FX reserves.

Figure 3. Global Currency Composition of Official Currency Reserves



Source: IMF (2024); authors' calculation.

Secondly, cryptocurrencies like bitcoin are of limited use because they are constrained in their scalability and accompanied by extremely high volatility, which goes against the idea of acting as a reliable store of value.

Thirdly, the renminbi is a tightly controlled currency without full convertibility on its capital account. The internationalization of the renminbi has undershot relative to expectations. Namely, China does not meet three key prerequisites for successfully internationalizing its currency: openness, availability, and trust (Zenglein and Gunter, 2023). Keeping tight control over the domestic financial system through financial repression is a feature and not a bug in China's political economy, which makes it hardly reconcilable with the goal of displacing the US dollar any time soon.

Fourthly, speaking about the political prerequisites for successful internationalization of the euro, the Euro area could be said to be facing the problem of 'too little state', contrary to the 'too much state' problem facing China (Eichengreen, 2011). It does not have a common defense and foreign policy that is able to increase the level of technological progress and to signal to investors the security of their claims expressed in euros. The absence of a geopolitically strong euro area that provides enhanced security to foreign holders of public debt generally reduces the degree of motivation to invest in financial instruments denominated in euros. It takes a very long journey from ReArm Europe and revoking German constitutional debt-brake to allow for higher defense expenditures on the one hand, to a greater military readiness underpinned by a strong defense industrial base on the other hand. Trust in the currency is also conditioned by the strength of political institutions that serve to manage the economy in crisis situations and resolve political conflicts (Cohen, 2015). Even though the second Trump Adminstration stretches the fabric of the Republic thin with a steady stream of assaults on the system of checks-and-balances, the EU's fragmented polity does not allow it to truly rival the US. However, while the Euro area has reinforced its architecture since the Euro Crisis, there is still no credible mechanism for rotating aggregate demand between the core and the periphery, and no institutions to ensure the fiscal stance appropriate for the Euro area. In addition, stronger internationalization of the euro implies the creation of a fiscal union (issuance of common debt and harmonization of tax policies) because the world's reserve currency requires deep, integrated and liquid financial markets that attract global investors. At the moment, this is not the case in the EU, which unites 20 different countries with separate fiscal policies.

Fifthly, the common currency of the BRICS+ countries, as another alternative, implies several obstacles. First of all, there is an obstacle of coordination among countries with such heterogeneous geopolitical preferences (China vs. India). So far, their coordination efforts have only made very modest progress in establishing an alternative financial architecture that could shield them from the Anglosphere's structural power in global finance and allowing them to 'change the rules of the game' (Zongyuan and Papa, 2022, p. 65; Duggan *et al*., 2022). In addition, the idea of a common currency based on raw materials collides with elementary economic logic. Namely, most of the BRICS+ countries, as well as those flirting with joining the group, like Saudi Arabia, are exporters of raw materials. In that case, they would buy raw materials in the boom phase of the business cycle when their prices are high and rising and sell them in the bust phase when their prices are falling. Finally, China and India are major importers of commodities, while the rest of BRICS+ play the role of exporters, leading to differential growth rates across the BRICS+ and putting strains on coordination of their monetary policies, let alone on the future task of managing a common currency (Duckenfield, 2025). Moreover, almost all important global private financial infrastructures are dominated by companies from the Anglosphere, which occupy entrenched market positions and are thus very diificult to dislodge (Nölke, 2024).

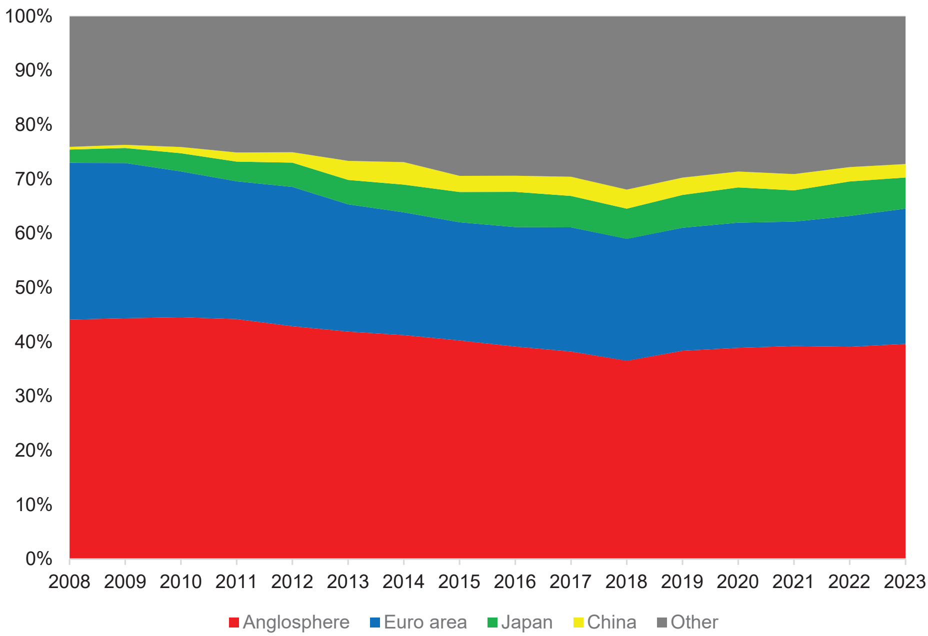
4.4. Global Cross-Border Banking

There are three main segments which capture cross-border financial activities (and thus do not include domestic finance): international banking claims and liabilities, portfolio investment, and FDI. Portfolio investment is still the largest segment of cross-border finance with a total size of US$68.2 trillion, followed by FDI (US$38.9 trillion in 2023). In comparison to the period a decade ago, banking claims no longer represent by far the smallest of the three segments (US$37.9 trillion). The volume of banking claims is nowadays almost at par with the global stock of FDI. These three segments are tightly interwoven and together comprise the vast majority of cross-border financial holdings (roughly US$145 trillion), which by now is approximately US$50 trillion larger than the volume identified in Fichtner's original study (2017).

A high share in cross-border banking allows a country that acts as a global financial hub for lending and deposits to create financial dependencies by influencing interest rates and credit access. To analyze cross-border banking activities we rely on the Bank for International Settlements (BIS, 2023) Locational banking statistics (LBS). The LBS captures around 95% of all cross-border banking activity in more than 200 jurisdictions. The Anglosphere's share in cross-border banking claims has increased since the GFC from 43.5% to 46% in 2023. On the other hand, there was a recorded decline in terms of liabilities share from 43.7% to 39.4%. Those figures are in line with figures at the turn of this century, before credit activities dramatically shot up before the GFC (Figures 4 and 5 on pp. 26 and 27). International banking is still extremely concentrated in the Anglosphere as the core of the global banking network. Apart from China and HKG doubling their respective share in claims from 2.4% to 5.1% (a similar trend can also be observed for liabilities share from 4.7% to 7.2%), there have been no major changes with regard to this segment of global finance. However, the extent of China's rise has not been properly incorporated into international banking statistics due to opacity in reporting numbers. Newer studies find that 50% of China's official lending to developing countries is not reported in the most widely used official debt statistics (Horn *et al.*, 2021). China's overseas lending should be watched carefully in order to better understand issues of debt sustainability and of new emerging nodes in the global web of cross-border banking claims and liabilities.

In the next step, we used bilateral data for Q3 2023 on consolidated foreign claims by domestically owned reporting banks by the BIS to visualize Anglosphere dominance in cross-border banking activities (Figure 6 on p. 28). The size of each node represents the sum of cross-border assets and liabilities for every financial center, while the edges are weighted and directed, and their thickness represents the size of cross-border financial stocks. The Anglosphere is depicted in red, Euro

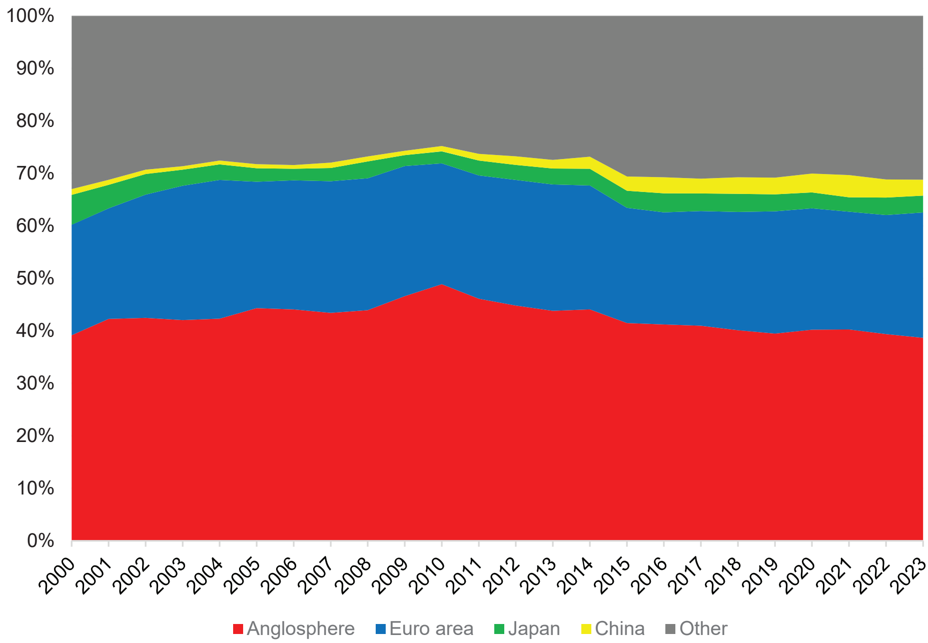
Figure 4. Global Distribution of Cross-Border Banking Claims in 2023



Source: BIS (2023); authors' calculation.

area countries in blue, Japan in green, China in yellow, and other nodes are colored gray. Our visualization accounts for the 300 biggest ties, comprising US$30.1 trillion in cross-border banking claims or 79.4% of the outstanding amount. The configuration of this network of banking activities exhibits a strong concentration in just a handful of country pairs. The first and largest is the UK-US dyad with US$2.7 trillion in bilateral cross-border banking claims. The US-Japan pair comes second with US$2.1 trillion worth of claims. The third and fourth pairs are UK-Germany and UK-France, with US$1.9 and US$1.6 trillion of cross-border banking claims, respectively. Finally, it is noteworthy to mention the role of bank branches in the Cayman Islands, which is often used by Japanese and US lenders for secured financing, making up almost US$1.4 trillion. China is playing only a minor role due to strict capital controls. Our findings show that the international banking network is not flat, but hierarchical, with the UK and the US representing the key global hubs, confirming the findings by Oatley *et al*. (2013).

Figure 5. Global Distribution of Cross-Border Banking Liabilities in 2023

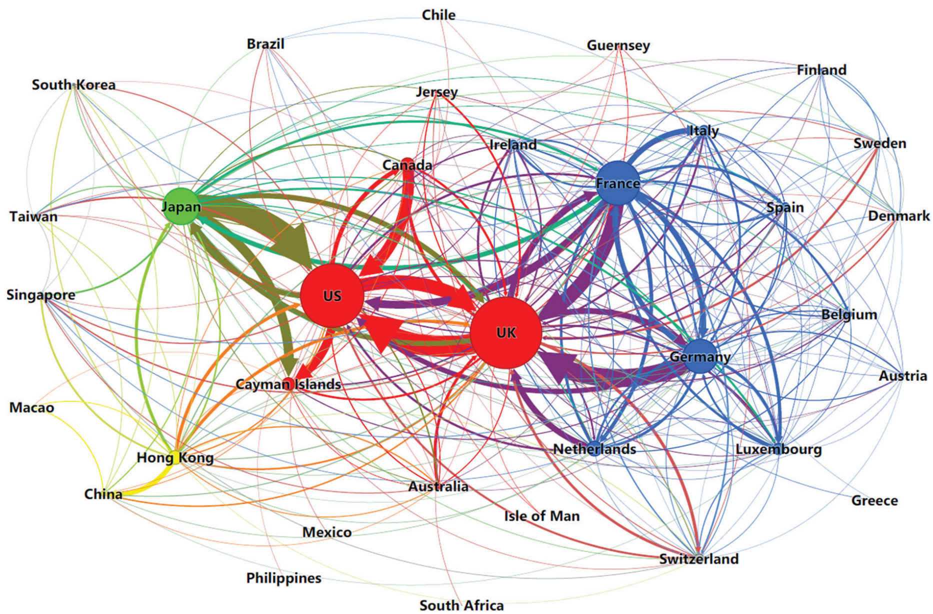


Source: BIS (2023); authors' calculation.

4.5. Global Equity Market Share and the Dominance of US Corporations

Stock markets represent the fulcrum of global finance. The market capitalization of individual corporations (and thus in turn also of entire countries) is primarily determined by future profitability as estimated by investors. This anticipation of rapidly growing future profits is the reason why the market capitalization of the largest US technology companies, such as Microsoft, Apple, NVIDIA, Alphabet (Google), and Amazon, has soared in recent years. The cumulative share of the Anglosphere's global equity markets amounted to 46.9% in 2008. In the wake of the GFC, the share of UK, Canadian and Australian markets fell from 11.1% in 2008 to 8.1% in 2023, but the US market has overcompensated this reduction with a rise from 35.7% to 50.8%, which is often termed as US exceptionalism. In sum, the Anglosphere's share bounced from 46.9% in 2008 to a staggering 59% in 2023 (Figure 7 on p. 29). This trajectory has been propelled by the significantly higher real annualized returns on equities versus bonds for Anglosphere countries as compared to other developed financial markets (Dimson *et al*., 2023). The US equity markets remain the undisputed

Figure 6. Global Distribution of Cross-Border Banking Claims in Q3 2023

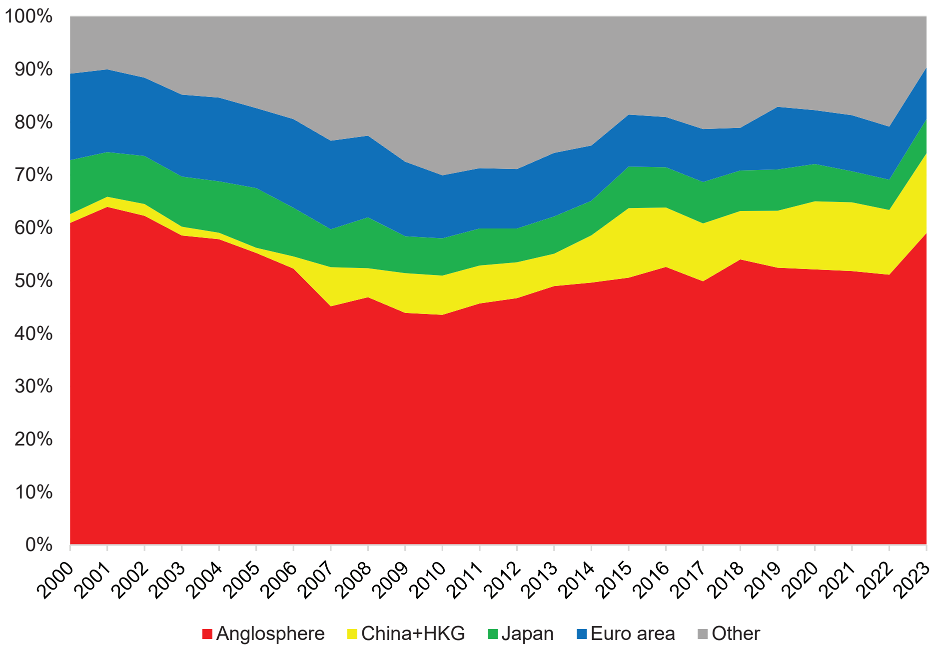


Source: BIS (2023); authors' illustration.

center of gravity globally, increasing their differential returns versus other countries. Nitzan and Bichler (2009) argued that relative market capitalization represents power and that increases in relative capitalization represent augmentation of power. There are some headwinds currently for US equity markets stemming from the policies of the second Trump Administration, but the outflow of investment funds into EU equity markets is of limited scope so far. Meanwhile, the market capitalization of the Euro area stood at only 9.8% globally in 2023, down from about 15.5% in 2008. The main reason for this decreasing share is probably the absence of leading European firms in burgeoning market segments such as cloud computing, digital platforms, and artificial intelligence (AI) technology and services.

China also has some large technology and digital platform companies, such as Tencent and Alibaba, but they tend to be concentrated on the domestic Chinese market and are susceptible to state influence in what Rolf and Schindler (2023) call 'state platform capitalism'. China is leading in photovoltaics, batteries, and electric vehicles, but despite being crucial for decarbonization, these technologies do not seem to be overly profitable. China (incl. HKG) closed 2023 with a mo-

Figure 7. Evolution of Global Equity Market Share per Country



Source: World Development Indicators, Macro Micro for stock market capitalization in 2023; authors' calculation.

dest 15.07% of global equity market share. This share has additionally decreased in 2024 and the value of China and HKG stocks lost nearly US$5 trillion since 2021 (Sanyal, 2024), which led to an unprecedented difference in US versus China and HKG's stock market capitalization to the tune of US$38 trillion (Vishnoi, 2024). Arguably, the underlying reasons include lackluster growth, unresolved property sector crisis, and strong regulatory crackdown on domestic and foreign businesses alike (Lockett and Cotterill, 2024). The latter is driven by rising securitization of Chinese economic policy, which means China's leadership increasingly assesses all economic issues as security issues. Chinese financial centers have gotten more important as locations for initial public offerings (IPOs). Over the course of the last 10 years, Mainland China served as a location for 4867 IPOs versus 3448 IPOs held in the US (Statista, 2024a; 2024b). Still, in 2023 NYSE and NASDAQ managed to host 30% of global IPOs in value, while in the first quarter of 2024 they raked in 41.5% of total global IPOs. Regardless of the fact that the London stock exchange star started to fade significantly after Brexit, New York retained its pull for investors

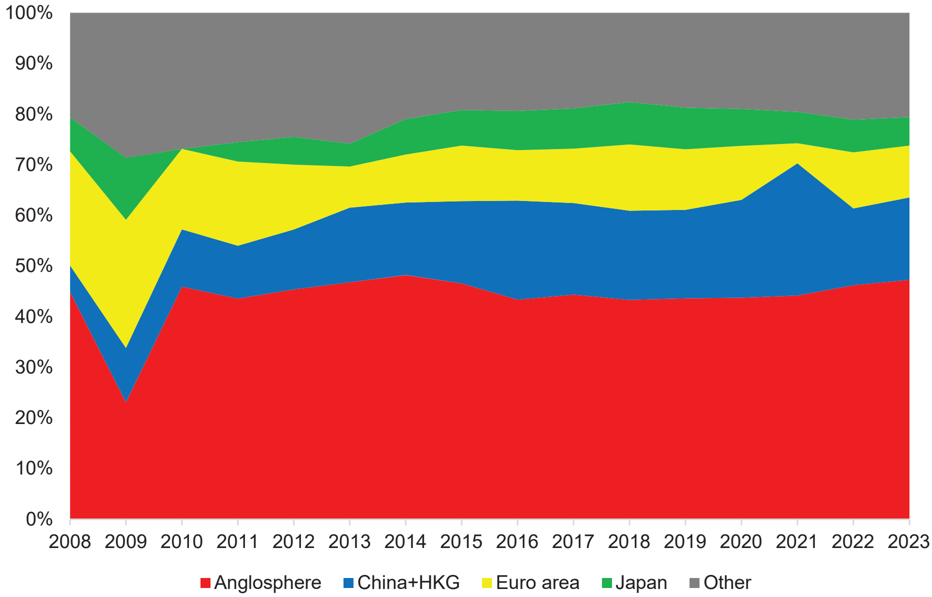
(O'Boyle, 2024). While China's position has improved according to the aforementioned metrics, Anglosphere structural power (or more precisely on that count, US power) has increased too.

The Anglosphere enjoys clear global corporate dominance, which is tightly interwoven with its network centrality in global finance. We argue that there is a positive-feedback loop between high corporate profitability and structural power in global finance. In essence, the above-average corporate growth and profitability attracts foreign investors whose portfolio and direct investment participate in the financing of the Anglosphere's current account deficits, which totaled 59% of global current account deficits for the 1993-2022 period (Kotarski, 2023). In order to illustrate our claim we have collected and systematized Forbes Global 2000 data for the period from 2008 to 2023. Our analysis shows that after a sharp drop in the share of Anglosphere multinationals' profitability induced by the GFC, they collectively returned even more powerful and profitable in the coming years and posted a share of 47.28% in 2023. This statement applies especially to the US, which more than compensated for the gradual reduction in the profitability share on the part of the UK, Australia, Canada, and New Zealand (Figure 8). US multinationals collected as much as 37.6% of global profits in 2023, while the US produced only about 25% of global GDP. In comparison, the profit share of Chinese multinationals (incl. HKG) increased gradually from 5.21% in 2008 to record-high 26.12% in 2021, only to fall to 16.28%, signaling economic slowdown. At the same time, the Euro area's share of Forbes Global 2000 profits more than halved from 22.55% in 2008 to 10.23% in 2023.

For the sake of elaborating our argument, we focus on US multinational corporations since they form the core of the global corporate network and dominate the technological frontier. Our analysis of the sectoral profitability of US multinationals shows that in 2023 the US held the lead in as many as 19 of the 26 sectors highlighted by Forbes Global 2000. Compared to a similar analysis conducted more than a decade ago, we can conclude that there is no significant change in terms of the number of sectors dominated by US-based corporations (Starrs, 2013). It should be emphasized that US multinationals also enjoy a greater degree of oligopolistic market power than corporations based in other countries, often due to a rapid capture of promising market segments and frequent large mergers and acquisitions (Philippon, 2021).

Additionally, the explanation for this outcome should be sought in the successful establishment of a global intellectual property protection regime under the auspices of the US (Schwartz, 2019a; 2019b). The protection of patents, copyrights, and algorithms is covered by TRIPS (Agreement on Trade Aspects of Intellectual Property Rights), and has been an integral part of the WTO (World Trade Organization) since 1995. This has also been a standard feature of the new generation of

Figure 8. Share of Forbes Global 2000 MNC Profits by Nationality



Source: Forbes Global 2000; authors' calculation.

regional trade agreements. For example, since 2015, 33 out of 35 new regional trade agreements had strong provisions covering the protection of intellectual property rights (Santacreu and LaBelle, 2021). Strong protection of intellectual property rights underpins continuous profit streams in the IPRs-rich sectors of information and communications technologies, and pharmaceuticals. Furthermore, our calculation based on the UNCTAD Investment Dispute Settlement Navigator data shows that the US, the UK, Australia and Canada are respondent states in only 4.8% of the cases initiated by MNCs, while they are at the same time home states for claimants in 28.7% of the cases (UNCTAD, 2024). This would have been impossible without IPRs constituting the central element of the new generation of trade agreements.

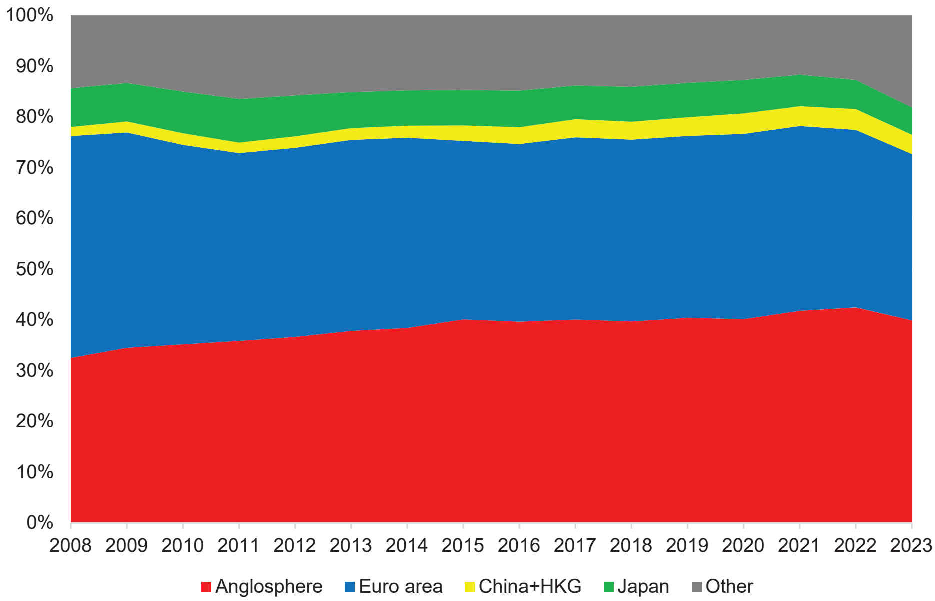
A complementary explanation of US corporate profitability, apart from the establishment of a global regime of intellectual property which favors the US, should also be sought in the extraordinarily high expenditures for research and development (R&D) of Anglosphere, especially US, multinationals. Thus, the protection of intellectual property rights in combination with elevated expenditures for R&D lead to the effective appropriation of returns on investment. Our analysis of the 2023 EU Industrial R&D Investment Scoreboard shows that Anglosphere-based corporations were responsible for almost 46% of R&D expenditures on behalf of the top 2500 global R&D investors (European Commission, 2023). This can largely explain why changes in the current global financial system are glacial, even in the face of more pronounced developments in the productive and knowledge power structure of the global economy, spearheaded by China (Malkin and He, 2023; Vázquez Rojo and Visintin, 2024).

High profitability and thus large market capitalization of US corporations constitute central factors for persistent structural power in global finance. However, the (changing) structure of corporate ownership arguably also increases the structural power of the US-led Anglosphere. A study by Vitali *et al*. (2011) showed that the global ownership of multinational corporations formed a giant bow-tie structure and that a large portion of control flows to a small tightly-knit core of financial institutions. This core can be seen as an economic 'super entity' mainly composed of large US asset managers and banks. In the current age of passive investing via index funds, the division between core and periphery of the global equity market has been further reinforced (Petry *et al*., 2021). While the disciplinary effect based on the threat of exit or stocks sell-off has weakened, the power based on proxy voting and horizontal ownership has increased (Braun, 2022). US finance owns almost 60% of US-listed firms and 28% of the equity of all globally listed firms (Gibadullina, 2023). Among them, the Big Three asset managers (Vanguard, Blackrock, and State Street), all US-controlled entities, appear as shareholders in 20% of non-US listed companies (Fichtner *et al*., 2017; Gibadullina, 2023). The Big Three constitute the three largest shareholders worldwide and are among the 10 largest shareholders in Europe and East Asia, rendering them influential actors in corporate governance matters (Voss, 2024). This extent of ownership concentration in the global corporate network provides Anglosphere actors with significant structural power. The global dominance of primarily US corporations and the increased concentration of corporate ownership is also reflected in statistics on international portfolio investment.

4.6. Global Portfolio Investments Landscape

Portfolio investment comprises positions involving debt or equity securities, other than those included in direct investment or reserve assets, only if the stake is not more than 10%, otherwise it is classified as FDI. The characteristic feature of securities is their tradeability. In end-2023, (private) global cross-border portfolio investment amounted to US$68.2 trillion. In this segment, Anglosphere financial markets have become even more central since the GFC, in line with the 'status quo crisis' view of the GFC's ramifications (Helleiner, 2014). In 2008, the share of the Anglosphere in the global stock of portfolio assets was 32.5%, and it grew to 39.9% in 2023 (Figure 9). Similarly, the Anglosphere also increased its share of global portfolio liabilities from 39.85% to 47.9%. At the same time, China made some

Figure 9. Global Distribution of Portfolio Investment (Assets)

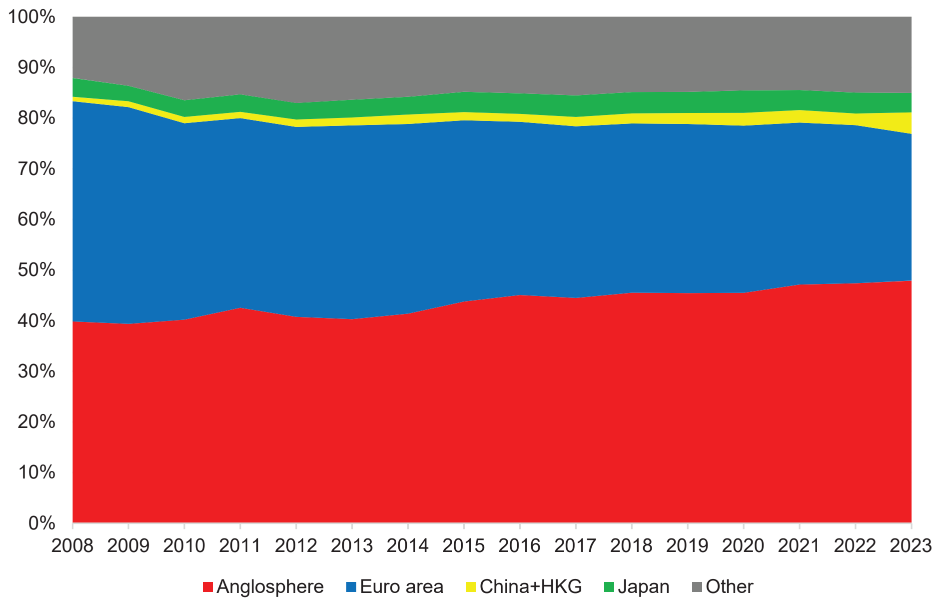


Source: IMF CPIS; authors' calculation.

small steps forward, but it is still significantly lagging behind the Euro area in both segments, while remaining marginal *vis-à-vis* the Anglosphere.

For a better understanding of the global network of bilateral portfolio investment ties, we created a visualization (Figure 11 on p. 35). The size of each node represents the sum of the inward and outward stock of portfolio investment for every financial center. The edges are weighted and directed, and their thickness represents the size of financial stocks connecting other nodes. The Anglosphere is shown in red, Euro area countries in blue, Japan in green, China and HKG in yellow, and other nodes are displayed in gray. Our illustration accounts for the 450 biggest ties comprising US$55.45 trillion of the global stock of portfolio investment. The largest ties in the network connect Anglosphere jurisdictions, with the US being the unrivaled center of global portfolio investment. We highlight the cluster comprising: US-Cayman Islands, US-Canada, US-UK, making up US$9.9 trillion in global portfolio investment. This US-UK-Cayman triangle appears as highly central in all important segments of global finance: cross-border banking, direct and portfolio investment. Its significance is especially prominent in the latter segment since the Cayman Islands are the global domicile of choice for the hedge fund industry,

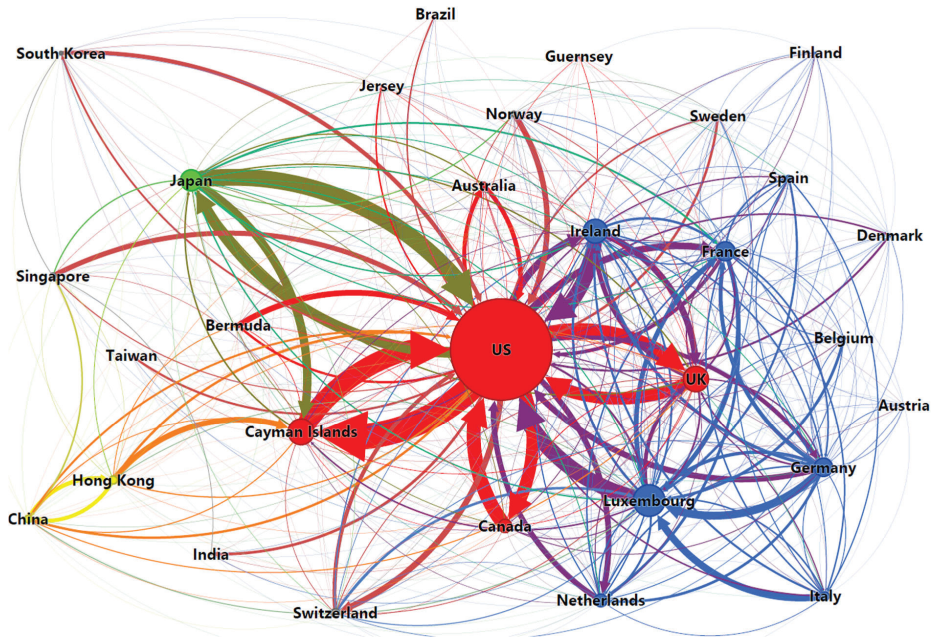
Figure 10. Global Distribution of Portfolio Investment (Liabilities)



Source: IMF CPIS; authors' calculation.

enabled by a legal system based on British common law and political stability due to its status of a British Overseas Territory (Fichtner, 2016). The primary goal of this particular concentration of financial activities in the Cayman Islands seems to be to function as a conduit for hedge funds and large international financial institutions, enabling them to reduce taxes as well as to evade onshore regulation. The combined inward and outward stock comprising portfolio investment between the US and the Cayman Islands climbed to US$4.5 trillion in 2022. A similar pattern can be identified by looking at the second strongest tie in this particular network, the one connecting the US and Japan, with bilateral portfolio stock surpassing the US$2.8 trillion mark. The Cayman Islands connect financial markets of the Anglosphere and Japan, as well as of the Anglosphere and China and Hong Kong. Those connections are then followed by US-Ireland and US-Luxembourg ties, with the total stock of portfolio investment amounting to US$2.3 and US$1.8 trillion respectively. The vast majority of countries in Europe and Asia have their largest portfolio investment tie with the US, which reflects the massive market capitalization of US corporations. Due to its relatively closed equity markets, China is very small in this visualization of portfolio investment, which is different in the segment of FDI.

Figure 11. Global Distribution of Portfolio Investment in 2022

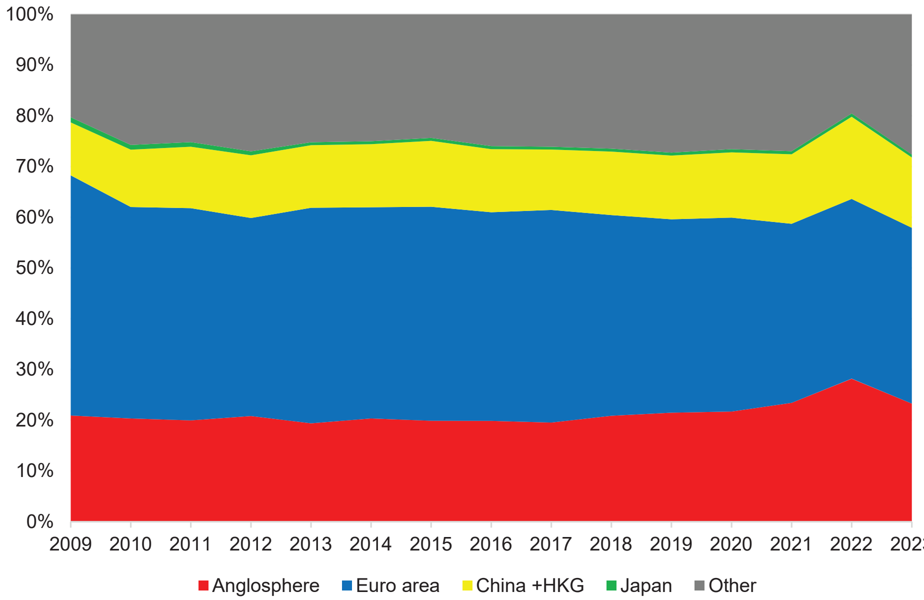


Source: CPIS IMF; authors' illustration.

4.7. Global Foreign Direct Investment Landscape

The IMF defines FDI as a category of international investment made by a resident entity in one economy (direct investor) with the objective of establishing a lasting interest in an enterprise resident in an economy other than that of the investor (direct investment enterprise). 'Lasting interest' implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the direct investor on the management (IMF, 2024). The cutoff point is 10% of the voting rights of an enterprise. A strong position in this segment of finance can translate into the ability to shape global production networks and corporate governance. We use IMF's CDIS data on both inward and outward direct investment to assess the position of countries comprising the Anglosphere in this important segment of global finance. Since 2009, when the IMF started collecting and publishing data, the volume of global stock of FDI has more than doubled from US$20 to US$41.2 trillion in 2023. In terms of being a target of FDI, the Anglosphere's global share rose from 20.5% in 2009 to 24.05% in 2023. When it comes

Figure 12. Global Distribution of Global Stock of Direct Investment (Inward)



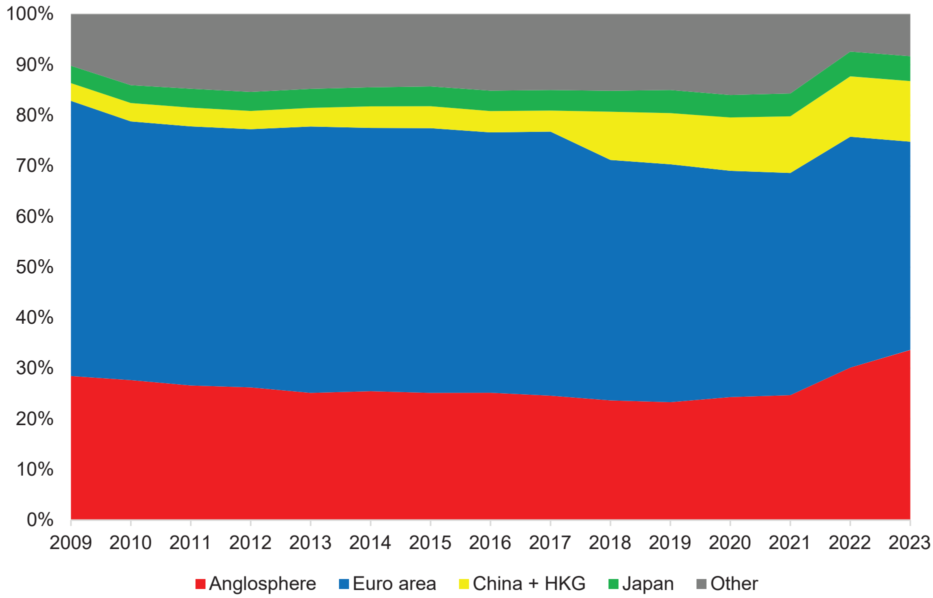
Source: IMF CDIS; authors' calculation.

to sources of global FDI, the share of the Anglosphere rose by almost 4% over the same period to over 30%.

This stark discrepancy between the Anglosphere's inward and outward shares of global FDI stock represents what Schwartz (2009) has called 'global financial arbitrage' by America. This is also corroborated by new research by Kotarski (2023); in the period from 2005 to 2021, the sum of all US current account deficits amounted to US$8.9 trillion, which also increased US foreign indebtedness (a negative net investment position). However, during the same period the US achieved a cumulative net primary income surplus to the tune of US$2.8 trillion. In contrast, China posted a cumulative current account surplus of US$3.7 trillion, while Chinese investments and loans abroad came with a loss of US$0.7 trillion. In short, US income from interest, dividends, patents, rents and royalties received from investments and businesses abroad far exceeded the income of foreign entities earned by investing in the US market.

The biggest change in the observed period is definitely China's ascent. Its combined share with HKG in the segment of inward direct investment has risen from 10.23% in 2009 to 13.87% in 2023. Albeit with a lag, their role as a source of FDI

Figure 13. Global Distribution of Global Stock of Direct Investment (Outward)

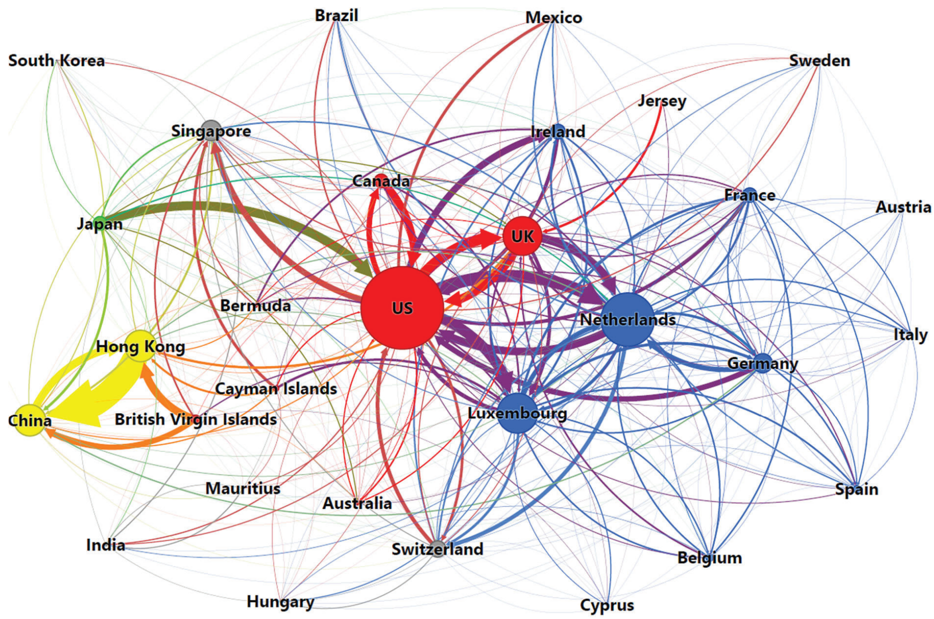


Source: IMF CDIS; authors' calculation.

has become more pronounced, with a spike from 3.62% to 11.98% in the segment of outward direct investment. Meanwhile, Japan remained traditionally closed to FDI inflows, but increased its role as a source of FDI from 3.56% to 4.91% of global outward FDI stock. France and Germany, as the EU's largest economies, suffered a significant drop in both inward and outward global share of FDI stock in the period 2009-2023, which is inevitably reflected in the position of the Euro area. The latter's share declined from 46.43% to 34.64% for inward direct investment and from 52.5% to 41.15% for outward direct investment. However, the share of the EU looks much larger than it actually is due to the role of the Netherlands and Luxembourg as global FDI conduits, which we discuss below.

For the sake of better understanding of the global network of bilateral investment stocks, we visualized it (Figure 14). The size of each node represents the sum of the inward and outward stocks of direct investment for every financial center. The edges are weighted and directed, and their thickness represents the size of cross-border financial stocks connecting multiple nodes. The Anglosphere is displayed in red, Euro area countries in blue, Japan in green, China in yellow, and other nodes are colored gray. Our illustration covers the 350 biggest ties which account for US$31.2

Figure 14. Global Distribution of FDI in 2022



Source: CDIS IMF; authors' illustration.

trillion of outstanding global stock of FDI. The US is the epicenter of the global FDI network, with large bilateral investment ties with Japan, the UK, the Netherlands, Luxembourg, Ireland, and Singapore. However, the single largest bilateral FDI tie connects China and HKG, amounting to a staggering sum of US$2 trillion, which could be inflated due to round-tripping for tax purposes (the British Virgin Islands play a similar role). The role of this connection is too often misunderstood or neglected. Although China has no effective guarantee of private property and completely market-based finance, there are good arguments presented as to the 'outsourcing' of those functions to HKG after Deng Xiaoping launched China's 'reform and open up' era (Huang, 2023). This argument stresses that China put significantly less emphasis on creating its own property-rights-enhancing institutions, as opposed to providing access to similar institutions to a selected group of both domestic and foreign investors elsewhere, i.e. using HKG as a gateway to China. It has to be seen what are the far-reaching consequences of the National Security Law of Hong Kong in 2019, which effectively repealed the 'one country, two systems' model, ceded power to Beijing, and caused uncertainty in the investment community.

Finally, when it comes to other big nodes in the global network of bilateral FDI, one has to mention the Netherlands and Luxembourg, the two globally dominant 'conduits' of cross-border FDI (Garcia-Bernardo *et al.*, 2017). These key investment conduits are frequently used by large corporations from the Anglosphere and the EU when they invest globally. The result can be labeled 'phantom' capital, designed to minimize companies' tax liabilities rather than finance productive activity. A study by Damgaard *et al.* (2019) showed that the growth of phantom FDI has outpaced growth in genuine FDI and that it makes up almost 40% of global FDI. On balance, this visualization shows that the global FDI network is dominated by the quadrangle US-UK-Netherlands-Luxembourg, in which the Euro area is deeply integrated; China and HKG are somewhat separated from this core.

5. Conclusion

This paper has demonstrated that the Anglosphere has significantly bolstered its structural power in global finance between 2008 and 2023, a period marked by financial crises, geopolitical realignments, and technological shifts. Historical advantages in combination with adaptive strategies since 2008 have maintained the Anglosphere as the gravitational center of global financial flows. Our analysis of 10 key segments of global finance has found empirical evidence that the Anglosphere still enjoys almost full-spectrum dominance in the structure of finance (Table 1). Despite having only 5.9% of the global population and accounting for 32.3% of global GDP, the Anglosphere had a staggering share of 59% of global equity markets in 2023 (up from 46.9% in 2008), while over 68.53% of all global currency reserves were held in Anglosphere currencies (slightly up from 67.98% in 2008).

Furthermore, we argue that there is a positive feedback loop between the rapidly growing profits generated by corporations based in the Anglosphere (primarily large dominant US technology firms) and the persistent structural power these countries exert in global finance. Put differently, global corporate dominance of the Anglosphere is tightly interwoven with network centrality in global finance. In most segments of global finance, the Euro area and Japan hold significant shares, but nowhere do they have truly dominant positions. China, the only conceivable challenger to the predominance of the Anglosphere, has increased its share in some segments significantly (global equity market share), but remains small in others (cross-border banking claims and global currency reserves). However, rapid growth has stalled in many segments and even turned negative recently; moreover, in many segments the gaining of market share by China has been at the expense of the Euro area and Japan rather than taking it away from the Anglosphere.

Our analysis has shown complementarity between the concept of Anglosphere and structural power as a form of 'silent governance', whereby political authority is exercised not through explicit commands but through dependence on dollar-based institutions. We find that, during the last decade, the broad and deep cooperation between Anglosphere countries has proved to be remarkably persistent, validating previous research by Fichtner (2017) and Vucetic (2011). There are several reasons for viewing global finance through the lens of the Anglosphere: shared legal and institutional networks, dominance of English as the language of finance, common historical legacy of New York and London as, hitherto, two key hubs in global finance, path dependency and network effects, as well as deep institutional interconnectedness, which has found its outlet in new security arrangements such as the AUKUS.

However, the Anglosphere is not a monolithic block and there are still diff-ences in economic policies, regulatory frameworks, and political orientations, as has became obvious from the first months of the second Trump Administration. In spite of the US-led Anglosphere's financial power, there is one key antinomy (internal contradiction) that shapes its durability (Schwartz, 2024). This refers to the contradiction between the economic growth of the US as the global financial center and the validation of externally created credit. Put simply, it posits that the US has to keep running current account deficits to sustain global demand. In turn, these deficits and corresponding external debts weaken Anglosphere economies via deindustrialization. In the long run they also erode international trust in the currency and create domestic political instability due to industrial decline. Hence, the dominant structural power in the realm of finance exerted by the US-led Anglosphere arguably needs to be anchored in the structure of production at least to a certain degree. Anglosphere power in manufacturing has certainly declined substantially in the last two decades. Recent US initiatives under the Biden Administration, such as the Inflation Reduction Act and the CHIPS and Science Act, attempted to reverse this decline in productive power. Certain forms of knowledge also seem crucial for enduring structural power of the Anglosphere in finance, especially dominance of large US corporations in frontier technologies such as AI and cloud computing, both of which have high barriers to entry and vast economies of scale, and are therefore potentially more profitable than Chinese decarbonization technologies.

Contrary to the Biden Administration's approach, the second Trump Administration allegedly wants to achieve the goal of reindustrialization via coercive statecraft (tariffs). Given limited fiscal capacity and rising US public debt, the goal is to force foreign producers to 'pay for US reindustrialization'. Furthermore, the US Secretary of Treasury Scott Bessent envisions a new international monetary architecture that tries to reconcile hardly compatible goals of both dollar devaluation (to boost industrial production and exports) and continued dollar centrality, via forced purchase of US Treasuries in the form of perpetual bonds (Miran, 2024); 'noncooperative countries' are threatened with tariffs and cancellations of security arrangements.

All of this suggests a paradox: recent actions by the US such as the 'America First' tariff policy, a potential surge in financial sanctions, and open disdain for multilateralism could strengthen the Anglosphere's financial might in the short term, but at the cost of close political cooperation, as evidenced by recent tariff spats between the US and Canada. The Anglosphere's future power will hinge on navigating this tension – balancing US dominance with allied unity – amid a global backlash against continued US financial hegemony. Paradoxically, the Anglosphere could get stronger in several segments of global finance, such as FDI flows, while retaining the lead in other segments, but as a less tightly-knit political club of countries. However, this really depends on the second Trump Adminstration not enacting truly drastic policies that destroy global trust in US financial markets and the US dollar. Finally, there is one important prerequisite for persistent structural power of the US-led Anglosphere in global finance: financial openness. Financial power requires that other countries are open for cross-border financial flows in banking and investment. The Euro area and Japan are so deeply integrated in global finance that a separation seems out of the question. China, Russia and other states have tried to build financial infrastructures that allow them some degree of autonomy from the private infrastructures of global finance dominated by the Anglosphere. However, current private global finance is several orders of magnitude larger than any state-led financial infrastructure. Unparalleled breadth and liquidity of US markets for corporate equities and treasuries still exert a massive pull effect on private and state actors from the rest of the world. Therefore, barring armed conflict between the US and China, which still seems highly unlikely at the moment, the Anglosphere in all probability will continue to exert dominant structural power in global finance in the next decade.

Table 1. Financial Hegemony of the US and the Anglosphere

	Anglosphere share (2023)	**US share (2023)**	**Anglosphere share (2008)**	**US share (2008)**	**Anglosphere trajectory in ppt (2008-2023)**	**US trajectory in ppt (2008-2023)**	**Anglosphere financial hegemony**	**US financial hegemony**
1. OTC Interest Rate Derivatives Market Turnover	74.81%	29.27%	72.06%	24.16%	2.75%	5.11%	Increasing	Increasing
2. OTC Foreign Exchange Market Turnover	60.96%	19.42%	57.95%	17.40%	3.01%	2.02%	Increasing	Increasing
3. Currency Composition of Foreign Exchange Reserves	68.53%	58.42%	67.98%	63.77%	0.55%	-5.35%	Increasing	Decreasing
4. Share of Cross-Border Banking Claims	39.64%	16.29%	44.12%	16.40%	-4.48%	-0.11%	Decreasing	Decreasing
5. Share of Cross-Border Banking Liabilities	39.36%	14.43%	43.94%	15.44%	-4.58%	-1.01%	Decreasing	Decreasing
6. Equity Market Share	59.03%	50.90%	46.89%	35.72%	12.14%	15.18%	Increasing	Increasing
7. Total Portfolio Investment Assets	39.90%	20.77%	32.51%	13.73%	7.39%	7.04%	Increasing	Increasing
8. Total Portfolio Investment Liabilities	47.91%	29.29%	39.86%	20.62%	2.61%	8.67%	Increasing	Increasing
9. Inward Direct Investment	24.28%	13.12%	20.52%	10.16%	3.76%	2.96%	Increasing	Increasing
10. Outward Direct Investment	29.92%	16.09%	29.52%	17.14%	0.40%	-1.05%	Increasing	Increasing

Source: authors' calculation.

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