

5/13 Benjamin BRAUN

Princes and bankers: A theory of wealth regimes

This paper argues that the emergence of a sophisticated, global asset management sector has ushered in a new wealth regime. I theorize that wealth owners seek to preserve their wealth, and that wealth preservation consists of two components. First, wealth owners seek to maximize the diversification of their portfolio in order to achieve wealth protection. This dimension captures the ‘upstream’ services provided by asset managers. Second, wealth owners seek control over the underlying economic activity in order to secure a steady flow of financial payouts, and thus wealth accumulation. This captures the degree of asset managers’ ‘downstream’ involvement in organizing, planning, or controlling economic activity in the non-financial sector. I apply this framework to compare four historical wealth regimes—commercial capitalism, landed capitalism, empire, and finance capital. The comparison shows that despite the gradually increasing sophistication of financial and non-financial institutions, none of these historical wealth regimes allowed wealth owners to enjoy the benefits of both diversification and control. Squaring this circle is precisely what asset manager capitalism achieves—a win for wealth owners without precedent in the history of capitalism.