

# Capital Choices

## Sectoral Politics and the Variation of Sovereign Wealth Revised Edition

Sovereign wealth funds are state-controlled pools of capital that hold financial and real assets, including shares of state enterprises, and manage them to grow the nation's base of sovereign wealth. The dramatic rise of sovereign wealth funds (SWFs) in both number and size—this group is now larger than the size of global private equity and hedge funds, combined—and the fact that most are located in non-OECD countries, has raised concern about the direction of capitalism. Yet SWFs are not a homogenous group of actors. Why do some countries with large current account surpluses, notably China, create SWFs while others, such as Switzerland and Germany, do not? Why do other countries with no macroeconomic justification, such as Senegal and Turkey, create SWFs? And why do countries with similar macroeconomic features, such as Kuwait and Qatar or Singapore and Hong Kong, choose different types of SWFs?

*Capital Choices* analyzes the creation of different SWFs from a comparative political economy perspective, arguing that different state-society structures at the sectoral level are the drivers for SWF variation. Juergen Braunstein focuses on the early formation period of SWFs, a critical but little understood area given the high levels of political sensitivity and lack of transparency that surround SWF creation. Braunstein's novel analytical framework provides practical lessons for the business and finance organizations and policymakers of countries that have created, or are planning to create, SWFs.

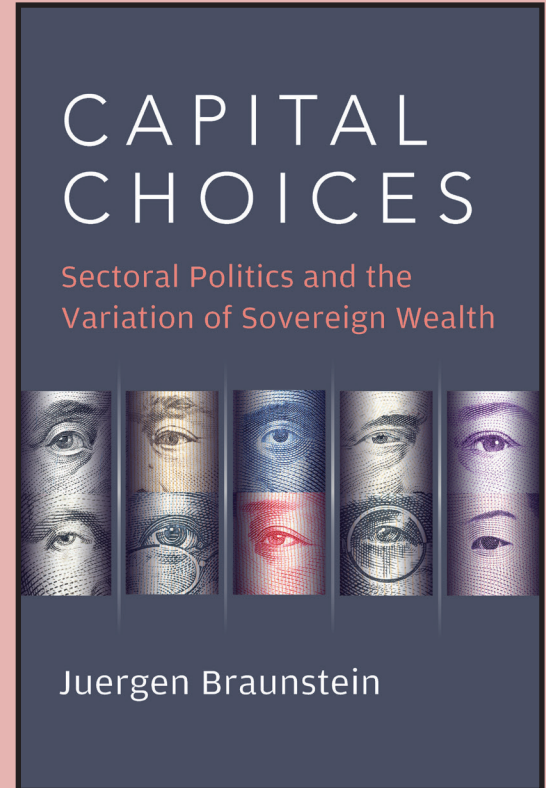
**Juergen Braunstein** is a Fellow at Harvard Kennedy School.

"... Post COVID, governments' role in the private economy is going to be ever more important. Sovereign wealth funds are an important aspect, and this book is the best study of their complex politics..."

—Lawrence H. Summers, former U.S. Secretary of the Treasury

"Braunstein provides fresh account for the creation of sovereign funds in particular but the state's relations with capital more broadly. This book shows that capital choices are not driven by a too-much-money problem, but through the dynamic interactions and competing interests of domestic policy networks."

—Dr. Adam D. Dixon, Maastricht University



Juergen Braunstein

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