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The finance sector in transition: A motor for economic reform?

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Abstract

Finance used to be the cornerstone of the coordinated model of German capitalism. Restricted competition within the banking sector and stable network relations between industry, banks and also regional governments were seen as preconditions for longer term investment strategies and regional industrial policy. Since the early 1990s, a substantial restructuring has taken place leading to the commodification and re-regulation of financial relations. Despite this overall trend, elements of the stakeholder model are either being sustained or remodelled thus leading to a greater variety of organisational models within the national system of capitalism. It is argued that domestic change is mostly a response to exogenous forces, such as European competition policy, financial globalisation and the re-regulation of finance on different political levels. Exogenous forces are not necessarily constraining domestic actors, but turn into ‘opportunity structures’ for those willing to push reforms through.

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