

[German Politics](#) >

Volume 14, 2005 - Issue 2: The Politics of Economic Reform in Germany: Global, Rhineland or Hybrid Capitalism?

245 Views | 22 CrossRef citations to date | 1 Altmetric

Original Articles

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

Susanne Lütz

Pages 140-156 | Published online: 05 Aug 2006

[Download citation](#) <https://doi.org/10.1080/09644000500154029>

Sample our
Politics & International
Relations Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

[Full Article](#)[Figures & data](#)[Citations](#)[Metrics](#)[Reprints & Permissions](#)[Get access](#)

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.

Notes

1. J. Zysman, *Governments, Markets and Growth. Financial Systems and the Politics of Industrial Change* (Ithaca/London: Cornell University Press, 1983).

2. R. Deeg, *Finance Capitalism Unveiled. Banks and the German Political Economy* (Ann Arbor: University of Michigan Press, 1999).

3. P.A. Hall, *Governing the Economy. The Politics of State Intervention in Britain and France* (Cambridge: Polity Press, 1986).

4. S. Lütz, *Der Staat und die Globalisierung von Finanzmärkten. Regulative Politik in Deutschland, Großbritannien und den USA* (Frankfurt am Main: Campus, 2002).

5. W. Arnold, 'Zur Wettbewerbsdiskussion in der deutschen Kreditwirtschaft', *Die Bank. Zeitschrift für Bankpolitik und Bankpraxis* 8 (2003), pp.516–18.

6. *Frankfurter Allgemeine Zeitung (FAZ)*, 22 Sept. 2004, p.13; 21 Oct. 2004, p.15; 3 Dec. 2004, p.12.

7. 'Banking: Draft Communication to Tighten Controls on German Bank Subsidies', *European Report* of 27 May 1998.

8. International Monetary Fund (IMF), *Germany: 2003 Article IV Consultation-Staff Report, Staff Supplement and Public Information Notice on the Executive Board Discussion*. IMF Country Report No. 03/341 (Washington DC, 2003), pp.32–4.

9. *Süddeutsche Zeitung (SZ)*, 23 Aug. 2003, p.25.

10. *FAZ*, 3 March 2004, p.13.

11. *FAZ*, 20 Jan. 2004, p.10.

12. Basel Committee on Banking Supervision, 'Overview of the New Basel Capital Accord. A Consultative Paper issued by the Basel Committee on Banking Supervision' (Basel: Basel Committee, Jan. 2001).

13. S. Lütz, 'Convergence within National Diversity: The Regulatory State in Finance', *Journal of Public Policy* 24/2 (2004), pp.169–97.

14. S. Lütz, 'The Revival of the Nation-State? Stock Exchange Regulation in an Era of Globalised Financial Markets', *Journal of European Public Policy* 5/1 (1998), pp.157–61.

15. E. Posner, 'Globalization or European Union Politics? Harmonizing Accounting Standards Across Borders'. Paper presented at the American Political Science Association Annual Meeting in Chicago, 2-5 Sept. 2004, pp.28-9; T. Porter, 'Private Authority, Technical Authority, and the Globalization of Accounting Standards'. Paper presented at the inaugural workshop of ARCCGOR, 17-18 Dec. 2004, Vrije Universiteit Amsterdam, p.10.

16. Kommission der Europäischen Gemeinschaften, Vorschlag für eine Richtlinie des Europäischen Parlaments und des Rates über die Prüfung des Jahresabschlusses und des konsolidierten Abschlusses und zur Änderung der Richtlinien 78/660/EWG und 83/349/EWG des Rates. KOM/2004/177 endg. (Brüssel: Kommission der Europäischen Gemeinschaften, 2004).

17. F. Bolkestein, 'Ensuring a Robust International Audit'. Address at business breakfast on 'Accountability in the Age of Global Markets' organised by the European Policy Centre, Brussels, 25 March 2004.

18. Kommission der Europäischen Gemeinschaften, Modernisierung des Gesellschaftsrechts und Verbesserung der Corporate Governance in der Europäischen Union - Aktionsplan. Mitteilung der Kommission an den Rat und das Europäische Parlament. KOM/2003/284 endg. (Brüssel: Kommission der Europäischen Gemeinschaften 2003), p.17.

19. H. Callaghan and M. Höpner, 'Parties or Nations? Political Cleavages over EU Efforts to Create a Single European Market for Corporate Control'. Paper presented at the 2004 Meeting of the DVPW-Sektion 'Politik und Ökonomie', 3-4 Dec. 2004, Cologne.

20. J. Wouters, 'European Company Law: Quo Vadis?', Common Market Law Review 37 (2000), pp.261 ff.

21. Financial Times Deutschland (FTD), 4 July 2003, p.19.

22. FAZ, 5 Nov. 2003, p.14.

23. FAZ, 3 Dec. 2003, p.13; 17 Nov. 2003, p.139.

24. FAZ, 28 Aug. 2003, p.12.

25. FAZ, 7 Oct. 2004, p.13.
26. FAZ, 3 Feb. 2004, p.14, SZ, 28 May 2004, p.24.
27. FAZ, 16 Dec. 2003, p.4; E. Wiesel, 'Sparkassen und Landesbanken auf dem Prüfstand des europäischen Wettbewerbsrechts', Zeitschrift für Bankrecht und Bankwirtschaft 14/4 (2002), pp.288-99.
28. H.C. Sherman and F.R. Kaen, 'Die deutschen Banken und ihr Einfluß auf Unternehmensentscheidungen', IFO-Schnelldienst 23 (1997), p.10.
29. J. Beyer and M. Höpner, 'The Disintegration of Organised Capitalism: German Corporate Governance in the 1990s', West European Politics 26/4 (2003), p.184.
30. R. Deeg, 'Institutional Change and the Uses and Limits of Path Dependency: The Case of German Finance'. MPIfG Discussion Paper 01/6 (Cologne: Max Planck Institute for the Study of Societies, 2001); T. Marshall, 'A Splattering of Public Bank Mergers', Euromoney (March 2003), p.60.
31. The Economist, 28 Aug. 2004, pp.65-6.
32. G. Jackson, 'Corporate Governance in Germany and Japan: Liberalizing Pressures and Responses during the 1990s', in K. Yamamura and W. Streeck (eds.), The End of Diversity? Prospects for German and Japanese Capitalism (Ithaca/London: Cornell University Press, 2003), p.282.
33. Beyer and Höpner, 'The Disintegration of Organised Capitalism', p.185.
34. Deutsche Bundesbank, 'Die Beziehung zwischen Bankkrediten und Anleihemarkt in Deutschland', Monatsbericht (Jan. 2000), p.39.
35. Sherman and Kaen, 'Die deutschen Banken und ihr Einfluss auf Unternehmensentscheidungen', p.8.
36. Jackson, 'Corporate Governance in Germany and Japan', p.277.
37. Deeg, Finance Capitalism Unveiled.
38. Deutsche Bundesbank, 'The Development of Bank Lending to the Private Sector', Monthly Report (Oct. 2002), p.34.
39. FAZ, 18 March 2004, p.11.

40. Deutsche Bundesbank, 'The Development of Bank Lending to the Private Sector', pp.44-5.
41. FAZ, 13 Oct. 2003, p.22; 28 June 2004, p.18.
42. FAZ, 13 Oct. 2003, p.22.
43. SZ, 1 Dec. 2003, p.23.
44. FAZ, 24 Nov. 2003, p.13.
45. The Federal Ministry of Finance played a similar role in the early 1990s, when Finance Minister Waigel announced further promotion of the 'Finanzplatz Deutschland' (Lütz, 'The Revival of the Nation-State', p.163).
46. FAZ, 16 June 2004, p.13.
47. Bundesministerium der Finanzen (BMF), 'Eckpunktepapier: Der Finanzmarktförderplan 2006' (Ms, 5 March 2003, Berlin: BMF).
48. FAZ, 30 April 2004, p.21.
49. Lütz, 'The Revival of the Nation-State', pp.159-60.
50. Lütz, 'Convergence within National Diversity', pp.183-4.
51. Bundesministerium der Justiz (BMJ), 'Bilanzrechtsreform und Bilanzkontrolle stärken Unternehmensintegrität und Anlegerschutz', Pressemitteilung (BMJ, 2004).
52. C. Berrar, Die Entwicklung der Corporate Governance in Deutschland im internationalen Vergleich (Baden-Baden: Nomos, 2001), pp.57ff.
53. Beyer and Höpner, 'The Disintegration of Organised Capitalism', p.191.
54. J.N. Ziegler, 'Corporate Governance and the Politics of Property Rights in Germany', *Politics and Society* 28/2 (2000), p.204.
55. S. Vitols, 'From Banks to Markets: The Political Economy of Liberalization of the German and Japanese Financial Systems', in K. Yamamura and W. Streeck (eds.), *The End of Diversity? Prospects for German and Japanese Capitalism* (Ithaca/London: Cornell University Press), p.253.
56. J.W. Cioffi and M. Höpner, 'The Political Paradox of Finance Capitalism: Interests, Preferences, and Center-Left Party Politics in Corporate Governance Reform'. Paper

presented at the 2004 Conference of Europeanists, Council for European Studies, 11-13 March 2004, Chicago.

57. Beyer and Höpner, 'The Disintegration of Organised Capitalism', p.192.

58. See among others Jackson, 'Corporate Governance in Germany and Japan', and R. Deeg, 'Governance and the Nation-State in a Global Era', in S. Lütz (ed.), Governance in der politischen Ökonomie, in S. Lütz (ed.), Governance in der politischen Ökonomie (Wiesbaden: VS-Verlag, forthcoming 2006).

59. K. Thelen, 'Timing and Temporality in the Analysis of Institutional Evolution and Change', Studies in American Political Development 14 (2000), pp.101-8.

Related research

People also read

Recommended articles

Cited by
22

[From managed to market capitalism? German finance in transition >](#)

Susanne Lütz

German Politics

Published online: 28 Sep 2007

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



[Copyright © 2023 Informa UK Limited](#) [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)



Taylor & Francis Group
an **informa** business

Registered in England & Wales No. 3099067
5 Howick Place | London | SW1P 1WG