



The Long Arm of Finance. Exploring the Unlikely Financialization of  
Governments and Public Institutions

*R.P. Hendrikse*

It is often claimed that the power of finance is pervasive and omnipresent, yet the delicate ways in which financialization exerts its will across space remain little explored. In fact, such claims obscure the fact that financial development constitutes a profoundly uneven process – both across and within national political economies, regions or localities. Put differently, some institutional domains appear less hospitable to the forces of financialization than others.

This thesis advances four case studies, which are to varying degrees considered least likely to fall prey to financial seduction, logics and authority. The cases explore the financial activities of four European institutions in various ways tied to the state: a Dutch public university, two local governments in Germany and Ireland, and a German regional public bank. The expectations defining their least likely nature are informed by theory, including the literatures on financialization and comparative institutionalism.

The cases reveal that despite expectations, the long arm of finance has managed to penetrate these domains, necessitating a number of advances in the foregrounded literatures. Despite variations in state structures, financial systems, organizational templates, functions and capacities, incessant neoliberalization of state policy has gradually lured if not ‘forced’ these governments and public institutions to adopt financial products and logics. As such, binary depictions of liberal and corporatist states or national bank- and market-based financial systems do not do justice to the ways in which these ideal type ‘containers’ have evaporated or hybridized.

Although the cases indicate how financialization is pervasive, the literature is in need of more empirical detail, particularly cases outside the Anglo-American heartland. Only by generating more theoretically grounded empirical accounts on the ways in which state institutions become subject to financial power can the literature start to unmask and theorize the encroaching financialization of the state itself.