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How Financialization is Reproduced Politically

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Introduction

While most analyses of financialization in the literature have focused on primarily the economic and social dimensions of this phenomenon, it is increasingly recognized that financialization is also a political phenomenon. Recent scholarship has investigated the multiple political roots that explain the rise of finance, such as the structural crises of the 1970s, and the associated deregulation of financial services across many jurisdictions in recent years (Johnson and Kwak, 2010; Krippner, 2011; Hopkin and Alexander Shaw, 2016; Witko, 2016). Scholars have come to recognize that financialization is a political phenomenon not only for its roots in political decisions and processes, but also for its consequences over the political processes and the design of public policies. The central contention explored in this contribution is that financialization is creating the conditions for its own deepening by conditioning the regulatory environment in which it is situated.

Focusing on the financial regulatory politics in particular, this review of the literature on the political implications of the financialization of the economy will highlight how this process can be understood as creating the conditions for its own reproduction by influencing the political power and preferences of four sets of domestic actors identified in the literature as influencing the design of regulatory policies: the financial industry, the state, non-financial corporates, and households and individuals. From this perspective, the financialization of the economy can be understood as creating the conditions for its own reproduction not only by strengthening the power of the financial industry but also by broadening the pro-finance clientele among public officials, the rest of the business community, and society at large.

How has the literature explored empirically this claim regarding the political consequences of financialization? We focus on the challenges associated with empirically examining how the

conditions supporting financialization are reproduced politically. We will highlight how existing scholarship has approached this topic from a methodologically pluralist orientation, relying on and benefiting from a variety of different methods. The analytical eclecticism (Sil and Katzenstein, 2010) that characterizes much of this literature and the diversity of approaches have been functional to bring to the surface and highlight a number of different important cases and mechanisms through which financialization is reproduced politically.

At the same time, only few studies have explored the political consequences of different facets of financialization and the implications for its political reproduction in a systematic way. In general single case studies designed to generate hypotheses and thick description regarding institutional detail and political processes associated with financialization tend to dominate within this literature. On the contrary, instances of empirical hypothesis testing remain limited and few larger-N works have examined the implications of financialization over the political process. Studies are broadly conversant with one another, but together often have different directional results. As a result, we argue that the evidence in support of the political reproduction of financialization is still limited.

In what follows below, we describe the recent research on how or whether financialization has affected the policy-shaping power of the financial industry itself, the preferences and engagement of both state actors and non-financial corporates as well as individuals. Finally, the contribution reflects upon the methodological strengths and limitations of this literature.

Financialization and the Power of the Financial Industry

The literature that has investigated the political origins of financialization has acknowledged how the financial industry has not been a passive bystander in the design of the policies that have contributed to the financialization of the economy. The focus of this scholarship has predominantly been on the US. Since the 1970s, different segments of the financial industry have thrown their weight behind the removal of existing regulatory constraints introduced in previous decades in the US and other key jurisdictions which constrained the scope of financial intermediation (Krippner, 2011). In more recent decades, financial industry groups have been pushing for deregulatory policies that have enabled the growth of financial innovations that contributed significantly to the Global Financial Crisis of 2008–2009 (Johnson and Kwak, 2010). These changes in the financial regulatory environment have played a key role in

enabling the growth in size and profit share of the financial industry vis-à-vis other economic sectors in the economy of many industrial countries (Epstein and Power, 2002).

There are two main competing perspectives to explain how the power of the financial industry may have expanded in parallel with the role of finance in the economy. First, the growth in the size of the financial industry in the economy has broadened the financial resources that financial firms and associations can deploy to lobby policymakers in the design and implementation of financial regulatory policies (Hacker and Pierson, 2010; Johnson and Kwak, 2010). As the financial sector gets richer it is better able to advocate for more of its preferences to be realized, and thus to defend its privileged position. For instance, the financial contributions by the financial industry to fund US elections increased by more than 13 times between 1990 and 2016, outpacing the growth in lobbying expenditures by numerous other sectors.[1]

Second, the active deployment of financial resources to lobby policymakers is not the only channel through which the financial industry has been theorized as capable of shaping regulatory policies. Building upon a long-standing body of work on "structural power" within political economy (Lindblom, 1977; Culpepper, 2015), different scholars have claimed that the structural dependence of the state on the financial industry for controlling access to credit as well as purchasing government debt enables these actors to influence the agenda of policymakers even in the absence of active lobbying (Strange, 1988). As Bell and Hindmoor have argued "governments typically need to anticipate and seriously consider the demands of banks because bank lending is a critical determinant of overall levels of investment and economic performance" (Bell and Hindmoor, 2014: 3).

From this perspective, the process of financialization can be understood as having reinforced the structural power of the business community and constrained the capacity for states to regulate financial markets and institutions, because the state itself has become dependent on continued financial sector expansion (Baker, 2010; Culpepper and Reinke, 2014). Bell and Hindmoor have argued that the fact that before the global financial crisis the financial sector in the comprised 8.3% of the GDP, employed more than 300,000 people in, and accounted for 25% of Corporation Tax Revenue contributed to its political clout vis-à-vis British authorities and the emergence of a "light-touch" regulatory regime (Bell and Hindmoor, 2017). Moreover, this structural prominence of finance in the UK and US has been described by these authors as

[1] https://www.opensecrets.org/industries/totals.php?cycle=2018&ind=F

contributing to the reproduction of financialization after the crisis. To Bell and Hindmoor, "[t]his state–finance nexus in the US and UK now inhibits fundamental reform of finance" (Bell and Hindmoor, 2015: 26) and the structural power of business groups can explain "government's caution about capital regulation in the immediate aftermath of the 2008 crisis" (Bell and Hindmoor, 2017: 104), as major banks made the case that more stringent capital rules would result in lower levels of lending to the real economy and therefore lower growth.

At the same time, some recent literature in the aftermath of the crisis has challenged the notion of finance's structural prominence in the economy necessarily leading to a regulatory policy environment favorable to the financial industry; for example, contrary to the hypothesis that countries with a highly financialized economy would be less likely to engage in strong regulatory reforms following the crisis because of the power of the financial industry to block reform initiatives, Young and Park's (2013) analysis of 30 advanced capitalist countries finds regulatory authorities from highly financialized countries have been the most proactive in re-regulating their banking sectors in the immediate aftermath of the crisis, as they sought to exploit a window of opportunity for banking reforms.

Other explanations have been provided in the post-crisis literature to explain why even in countries with dominant financial sectors, financial industry groups have not been able to consistently stall reforms in the aftermath of the global financial crisis. For instance, the perceptions of government policymakers (Bell and Hindmoor, 2014), the institutional configuration of the financial sector and the level of competition that banks face from other financial intermediaries in providing credit to businesses (Howarth and Quaglia, 2013) are considered critical for translating structural prominence into structural power. So too is the salience of financial regulatory issues, which is understood to influence the incentives for policymakers to challenge the policy preferences of banks (Bell and Hindmoor, 2017; for a different perspective see Keller, 2018). For example, the prominence of an industry is not necessarily automatically understood as options are being considered by policymakers.

In sum, while the process of financialization may be associated with an increase in the prominence the financial industry, the capacity of financial firms to leverage this position is not automatic but rather contingent on a number of factors.

Financialization of the State and Financial Regulation

While theories of financial power discussed in the previous section have placed the emphasis squarely on the influence of the financial industry over the design of regulatory policies, a

central theme in the literature of financialization concerns how states agencies themselves have been central actors in promoting the expansion of financial markets for reasons that cannot be subsumed to the interests of finance (DeRuytter and Möller, this volume; Wang, this volume). For instance, Krippner (2011) has discussed how the origins of the current age of financialization in the US can be traced to the decision of the US government to respond to the stagnation of the US economy and fiscal pressures in the late 1970s by lifting the interest rate ceiling and later abandoning it in order to reinvigorate the economy while avoiding unpopular redistributive policies.

At the same time, the mechanisms though which public authorities have facilitated the expansion of finance have not been limited to their traditional role as regulators. On the contrary, the literature on financialization has detailed a wide range of cases where other types of public actors themselves have become key participants in financial markets. For instance, in numerous cases public entities have encouraged the expansion of financial intermediation by providing legal and economic guarantees of new kinds of financial instruments (Pacewicz, 2013), such as in the case of the government-sponsored enterprises which played a key role in the development of mortgage-backed securities in the US (Quinn, 2017).

Most importantly, recent decades have witnessed an expansion in the range of public actors directly involved in the financial markets. For instance, government agencies tasked with managing have come to rely increasingly on financial market techniques and instruments that mirror the operations of private funds (Fastenrath, Schwan, and Trampusch, 2017), including a greater use of derivatives to manage and in some cases hide the official debt levels (Lagna, 2016). Different countries have created state asset management bodies (Wang, 2015; Helleiner and Lundblad, 2008) to invest a large amount of financial assets in the financial markets. The way central banks pursue their monetary policy objectives has come to rely on financial institutions borrowing against collateral, as well as on financial practices from the private sector, notably mark-to-market techniques, margin calls and hair-cuts (Gabor and Ban, 2016; Braun, 2018; Braun and Gabor, this volume). Moreover, at the municipal level, local authorities in numerous US cities have also begun to create bonds similar to structured asset-backed securities to finance local development projects (Pacewicz, 2013).

Overall, these examples of public actors relying on financial markets, financial indicators and financial instruments have been interpreted in the literature as amounting to a deep transformation in the relationship between the state and finance, which different scholars have labeled as "financialization of the state" (Wang, 2015; Braun, 2018; Wang, this volume). Most importantly, some of these works have started to theorize how these transformations in the

relationship between public actors and finance may have implications for the design of public policies and the reproduction of the financialization of the economy.

First, Braun has theorized how the greater market-based agency of state actors has created new forms of dependencies of the state on the financial markets which have enhanced the political power of finance. Braun labels this form of power "infrastructural power" arguing that "whereas structural power operates via policymakers' expectation that harming business will harm economic performance, infrastructural power operates via policymakers' expectation that curtailing markets will curtail the effectiveness of their own, market-based policy instruments" (Braun, 2018: 16). This form of infrastructural power was evident in the aftermath of the global financial crisis when the European Commission tried to tax repo markets and rein in securitization. These regulatory proposals were opposed not only by different interests within the financial industry but also by the European Central Bank, which remained dependent on these financial infrastructures for the implementation and transmission of monetary policy (Braun, 2018).

Second, the financialization of the state might be understood as enhancing the influence of those public actors most closely related to finance. In particular, the analysis of the financialization of urban development by Pacewicz (2013) shows that the greater reliance on exotic municipal bonds to finance local development projects elevated the status of those development professionals who engineered this transformation. These individuals in turn had an incentive to promote further reliance on financial tools and practices to maintain their professional status, even if these were not necessarily aligned with the interest of the state. Meanwhile DeRuytter and Möller in this volume show that financialization has changed how public administrators and local policymakers operate at the local municipal level. They argue that government behavior has transformed from traditions of risk-averse conservative financial administration of local affairs into a process of active debt management.

Third, the financialization of the state can be regarded as shaping future policies by changing the mindset and operational culture of different public actors. In his analysis of Norwegian municipal owners of hydroelectric utilities, Løding (2018: 2) argues that the "modeling of organizational solutions on securities markets has become embedded in the municipal toolkit as a commonsense policy option to resolve core policy issues". As more public entities embrace financial solutions as rational ways to conduct statecraft, the public sector management therefore takes on a financialized rationality that facilitates the further integration of the state into financial markets (Løding, 2018). Municipal governments have been active participants in

this process, though not under conditions of their own choosing – a point shown in Peck and Whiteside's (2016) study of Detroit, and as DeRuytter and Möller (this volume) argue in the case of the overall rationalities and technologies of city-level financing.

In sum, these works have suggested how the state's greater reliance on financial practices and instruments can contribute to the reproduction of financialization by generating new dependencies on financial markets, shifting the bureaucratic incentives of key public authorities, as well as influencing the mindset of public officials. As Pacewicz succinctly puts it, "public policies have transformed financial markets, but reliance on financial markets can also transform political institutions in ways that promote further financialization" (Pacewicz, 2013: 413). Similarly to the literature on financial power, it is worth noting that the vast majority of the studies investigating the impact of financialization in shaping the incentives and preferences of state actors has focused on illustrative case studies, and these claims have not been tested more systematically.

Financialization of Non-financial Firms and Financial Regulation

Non-financial firms are another set of actors whose relationship with finance has been presented within the literature on financialization as facing significant transformations in recent decades. During this period, non-financial firms have increasingly become dependent on finance beyond the simple provision of credit to include a wider range of financial services and resources, such as derivatives to hedge commercial risks and exchange rate volatility (Carroll and Fennema, 2002; Carroll, Fennema and Heemskerk, 2010; Mizruchi, 2013). Even more significant transformations concerning the relationship between finance and non-financial firms occurred on the other side of the balance sheet. In this respect, empirical research has uncovered a systematic growth of financial assets on the balance sheets of non-financial corporations (Crotty, 2002; Stockhammer, 2004), a rise in the provision of financial services to the customers of non-financial corporations (Baud and Durand, 2012), and the growing tendency of non-financial corporations to generate profits through financial channels rather than through the production of goods and services (Krippner, 2005). Moreover, the literature has detailed how financial metrics and imperatives have come to play in the evaluation of corporate performance, such as the emphasis on maximizing shareholder value at the expense of other stakeholders such as employees (Lazonick and O'Sullivan, 2000; Fligstein and Shin, 2007; Cutler and Waine, 2010). In sum, the literature on financialization has claimed that the lines between financial and non-financial firms have become progressively blurred. As

Krippner argues, “Non-financial corporations are beginning to resemble financial corporations – in some cases, closely” (Krippner, 2005: 202).

To what extent have these trends also influenced the politics of financial reforms? One claim is that the preferences of NFCs have changed. For instance, Van der Zwan (forthcoming) identifies the position of different business groups in the financialized political economy as a key factor informing their policy preferences regarding occupational pensions’ reforms. Her analysis of the mobilization of business groups around pension reforms in the Netherlands and the US shows that despite the long-standing differences between these two, the predominance of capital funding as the main method of financing for occupational pensions shifted the policy preferences of business groups from the reduction of “social risks” associated with old age to the reduction of “financial risk” deriving from capital funding. These changes have in some cases heightened the conflict between non-financial and financial business groups, as demonstrated by the business opposition in both the Netherlands and the US to legislative proposals to increase corporate disclosure of their pension liabilities and to the harmonization of determining how pension liabilities should appear on corporate accounts.

Other works instead have highlighted how in recent years the preferences of non-financial firms have often converged with those of finance. When engaging in financial regulatory debates in the aftermath of the global financial crisis, non-financial corporates often expressed positions aligned with the financial industry; for instance, a variety of retail, energy, medical research, manufacturing firms, as well as firms and industry associations from different sectors have mobilized around parts of Dodd-Frank such as the provision in the US legislation limiting the proprietary trading activities in the federally insured banking institutions (so-called Volcker Rule), regulation of derivatives markets, the creation of a Consumer Financial Protection Agency, or the regulation of money market funds (Pagliari and Young, 2014; Baines, 2017). Going beyond these examples, Young and Pagliari have mapped the policy preferences of non-financial and financial firms across a variety of regulatory issues in the US, EU, and other industrialized countries and found that the financial sector has received significant support from the rest of the business community, and that this business solidarity is stronger in finance than for other sectors (Young and Pagliari, 2017).

An argument advanced in the existing literature is that the financialization of non-financial companies has broadened the support of pro-finance positions within the business community. For instance, Baines (2017) argues that the financialization of the agri-food industry in the US has expanded the range of forces opposing far-reaching regulatory reforms to counter the financialization of these markets. The fact that large-scale farmers in the US have come to

integrate extensively financial derivatives into their day-to-day operations might explain the fact that these groups have often joined forces with major banks that dominate the derivatives markets in calling for a more limited regulatory intervention (Baines, 2017).

Another mechanism through which the financialization of non-financial firms can be understood as influencing the political process has been theorized by Callaghan (2015). In her analysis of corporate governance reforms in the UK, Callaghan has argued that the introduction of reforms expanding markets makes it more difficult for those companies that stand to lose from this process to mobilize "because issue salience declined after the implementation of rules and because market-enabling rules enhance the capacity of market forces to penalize those who attempt to contravene them". As Callaghan puts it, "market-enabling arrangements endured not only because beneficiaries grew stronger. Marketization also engendered decreasing opposition" (Callaghan, 2015: 15).

Overall, the literature reviewed in this section presents compelling arguments for why the greater penetration of the financial sector in the non-financial corporate world has influenced the politics of financial reforms by broadening the pro-finance clientele within the business community and weakening the capacity of those firms that stand to lose from financialization to mobilize. It is noticeable, however, how while the economic consequences of the financialization of non-financial companies have been investigated in a systematic way by a number of studies (for instance, see Tori and Onaran, 2018), existing empirical analyses of claims reviewed in this section regarding the political consequences of the same phenomenon have mostly focused on individual sectors and policies in a single country.

The Financialization of Everyday Life and its Political Consequences

A final side of financialization that has attracted significant attention in the literature concerns the ways in which the rise of finance in the economy has come to have a direct effect on individuals and households, in what has been described in the literature as the "financialization of everyday life" (Martin, 2002; Langley, 2008; Langley, this volume). Financial developments such as the diffusion of credit cards and expansion of other securitized products bundling together of stream of future repayments from car loans and credit card debt have expanded the access of households to credit, as well as linked household borrowing with global capital markets (Erturk, Froud, Johal, Leaver, and Williams, 2007; Montgomerie, 2009; Montgomerie, this volume). Moreover, a series of transformations such as tax breaks for investment into mutual funds and changes in the retirement system in many countries have increased the extent

to which individuals and households come to rely on tradable financial securities to secure their future position (Clark, Thrift and Tickell, 2004). While in the early post-war period only four percent of American adults owned stocks, by 2005 about one half of US households and one third of individual adults owned stock market equities either directly or indirectly (Harrington, 2008; Richardson, 2010).

To what extent have these transformations detailed in the literature on the "financialization of everyday life" also affected the policymaking process and design of financial regulatory policies? One important perspective within the existing literature has described the financialization of the economy as transformative for the identity and preferences of the individuals that find themselves increasingly exposed to the vagaries of financial markets. Fligstein and Goldstein for example depict the emergence of a "finance culture", where households not only become more fluent in financial language but also shift their orientation towards financial activities and become "more willing to take financial risks, including increasing indebtedness as a means to support their lifestyle" (Fligstein and Goldstein, 2015: 576). Along the same lines, Langley has argued that the process of financialization entails a transformation in the perception of individuals towards financial risk and the "summoning up of the investor subjects" (Langley, 2006: 929; Aitken, this volume).

From this perspective, this shift in the identity of financialized individuals has been presented as reshaping their policy attitudes and creating the perception of a growing link with the interests of finance capital. More specifically, Harmes hypothesizes that "by transforming tens of millions from passive savers into 'active' investors" whose personal wealth is tied to financial markets, the financialization of the economy is vastly expanding the constituency in favour of neoliberal policies "such as capital mobility, price stability, low capital-gains tax and shareholder value" (Harmes, 2001a: 122). Along the same lines, Watson has argued that the way that pensions have transformed has contributed to the emergence of an important constituency backing the continuation of financialization (Watson, 2008). The enmeshment of financial asset ownership by households is also seen, by some, to affect the relative power of particular kinds of financial institutional forms – such as mutual funds (Harmes, 2001b), and, for example, by virtue of the way they manifest in diffuse forms of social control within the marketplace (Davis, 2008; Fichtner, Heemskerk and Garcia-Bernardo, 2017; Fichtner, this volume). This more direct exposure of individuals to financial activities creates a potential for a "split personality" dilemma for political subjectivity under conditions of financialization. In terms of policy preferences, those policies that may benefit an individual or household as

investors – such as policies to promote shareholder value maximization in the management of companies – may affect them adversely as workers (Harmes, 2001b).

But what is the empirical evidence that the greater engagement of households and individuals with the financial markets has effectively influenced the attitude of individuals over economic policies? Here the literature to date has relied heavily on survey data, to systematically test hypotheses. For instance, Cotton Nessler and Davis (2012) analyse survey data to investigate the link between stock ownership, political beliefs and party affiliation in the US, between 2000 and 2008 and find a conditional and small effect of stock ownership on identification with the Republican Party. Through another analysis of US survey data, Fligstein and Goldstein likewise find the greater use of financial services has brought a shift in cultural norms and attitudes towards risk and debt. In particular they find that middle and upper middle class households "have responded to income inequality by more actively managing their financial situations and adopting a more thoroughly financial mindset," taking on a more aggressive attitude towards risk-taking and engaging more financial activities (Fligstein and Goldstein, 2015: 577). Yet Fligstein and Goldstein also find that working-class individuals have not become more willing to accept high levels of risk or to rely on debt to support their lifestyles. Pagliari, Phillips and Young (2018) have similarly examined the extent to which the holding of financial securities has shaped the preferences of individuals towards different financial policies and fostered a convergence with the preferences of the financial industry. Their analysis shows how in the aftermath of the financial crisis US households owning financial assets expressed less support for the Dodd-Frank reforms than those who do not report financial asset ownership, and that these patterns persisted years after the crisis as well. Again, the overall effect is concentrated mostly among higher-income households.

If the more widespread ownership of financial asset can be associated with the emergence of new constituencies backing the expansion of the financial markets as theorized by the financialization literature, the magnitude of this change is so far modest and varies significantly across different socio-economic classes (Fligstein and Goldstein, 2015). Only recently have such survey analyses engaged with questions of actual support or opposition to financial regulatory reform (e.g. see Young and Yagci, 2018). All such survey studies to date have examined patterns within the US, reflecting data availability and the strengths of survey methodology in that country. In general there is enormous potential in assessing how financialization may be conditioning the attitudes of the public. While nationally representative samples of a given population, whether inside or outside the US and UK, are often costly, there is every opportunity to examine hypotheses related to attitudinal orientations toward

financialization through a variety of methods. For instance, Stanley (2014) departs from survey analysis and uses focus groups of UK citizens to examine how elite-driven narratives of austerity translate into shared popular subjectivity surrounding the financial crisis, its causes, and its aftermath.

Conclusion

Any large-scale socioeconomic transformation will have elements of self-reinforcement if it is to be durable across time and changing circumstances. Increasingly, scholars have made the point that financialization creates the conditions for its own reproduction by altering the political landscape. It is only very recently that scholars have begun to explore empirically the ways in which this occurs, and which of the manifold aspects of financialization's dynamics relate to its political reproduction.

In this chapter we have discussed the ways in which the financialization process may be building its own constituencies of political support. How financialization is reproduced politically is a complex question, and we have broken this down into four mechanisms. As a macro-structural phenomenon financialization conditions its own regulatory environment by strengthening the resources that the financial industry can deploy, it draws in both public authorities and non-financial corporates as strategic supporters, and the financialization of "everyday life" alters political subjectivity in ways conducive to political support. Overall, these four mechanisms suggest that the financialization of the economy can be understood as a process creating the political conditions for its own reproduction.

Yet despite an analytically eclectic orientation and an array of new empirical studies, the literature on financialization has yet to fully mature. As Krippner has argued in the case of the broader literature on financialization, "enthusiasm for the concept of financialization has run far ahead of serious attempts to establish evidence for this phenomenon" (Krippner, 2011: 23). Along the same lines, while the literature has focused mostly on seeking to theorize how financialization may plant the seeds for its own continuation and advancement, only a few studies have opened these claims to empirical scrutiny. This can perhaps be explained by the methodological challenges of researching financialization's political reproduction, which are considerable. It is worthwhile commenting on this in light of future efforts to better understand these processes.

In particular, two main methodological traits of this literature are worth noting. First, the majority of claims regarding financialization's political consequences, as documented above,

are single case studies seeking to illustrate how dynamics associated with financialization have expanded to new domains and reshaped the policymaking process. This is a natural starting point in the presence of new developments that have yet to be properly theorized. However, the prevalence of case studies providing a thick description of a particular event or phenomenon and developing new hypotheses from its analysis has rarely been followed by attempts to empirically *test* a particular hypothesis or set of hypotheses against new data.

A second important characteristic of this literature concerns its geographical focus. The literature on financialization has highlighted how this phenomenon operates differently in different locales, even while some contend that it is a quintessentially global phenomenon (Christophers, 2012). Yet, the majority of the literature has been focused on the political economy of the United States and a few more advanced capitalist countries. While financialization per se is often subject to quantitative measurement (Epstein and Jayadev, 2005; Tomaskovic-Devey and Lin, 2011; Maxfield, Winecoff and Young, 2017), only few works have to date adopted a large- or medium-N approach to study financialization's political reproduction across different institutional contexts.

As a result, there is a lot that is still unknown about how financialization proceeds, and in particular how much of its political reproduction is due to institutional inertia versus the active agency of stakeholders seeking to buttress its continuation. While the literature reviewed in this contribution has suggested a number of important avenues for further research, the state of the existing empirical literature suggests that claims concerning the political consequences of financialization over the design of regulatory policies should not be overstated. The more that is learned about how this process works, the more that the process appears to be multifaceted, complex and highly conditional on an array of institutional conditions not under the complete control of the financial industry.

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