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Banks' Structural Power and States' Choices on What Structurally Matters: The Geo-Economic Foundations of State Priority toward Banking in France, Germany, and Spain*

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Abstract

Since the 2008 financial crisis, Europe's largest banks have largely remained unchallenged. Is this because of the structural power banks continue to hold over states? This article challenges the view that states are sheer hostages of banks' capacity to provide credit to the real economy—the conventional definition of structural power. Instead, it sheds light on the geo-economic dimension of banks' power: key public officials conceive the position of "their own" banks in global financial markets as a crucial dimension of state power. State priority toward banking thus results from political choices as to what structurally matters most for the state. Based on a discourse analysis of parliamentary debates in France, Germany, and Spain, as well as on a comparative analysis of the implementation of a special tax on banks, this article shows that power dynamics within states largely shape political priorities toward banking at both domestic and international levels.

Keywords

structural power, states, banks, geo-economics, institutions

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*This special issue of *Politics & Society* titled "The Structural Power of Finance Meets Financialization" features an introduction by Florence Dafe, Sandy Brian Hager, Natalya Naqvi, and Leon Wansleben and five articles that were presented as part of the workshop series held at and funded by the Department of International Relations, London School of Economics, November 2019, organized by Natalya Naqvi and Florence Dafe, and at the Max Planck Institute, Cologne, June 2021, organized by Florence Dafe, Sandy Brian Hager, Natalya Naqvi, and Leon Wansleben.

In the immediate aftermath of the global financial crisis, most politicians and policymakers claimed to be on the same page as the chief economist of the European Central Bank, who declared in 2009 that "the simple statement that 'if banks are too big to fail, they are too big to exist' is a reasonable rule."[1] Twelve years later, the size and business models of Europe's largest banks have largely remained unchallenged. Notably, nine Eurozone banks are still listed as globally systemic banks according to the Bank for International Settlements. Those banks have, for the most part, maintained or even expanded their market operations on a global scale, and the trend is moving toward further banking consolidation. Clearly, reducing the size and complexity of the largest European banks has *not* been a political priority. Is that because banks continue to hold structural power over states?

Banks could be considered collectively as the poster child of structural power as it is traditionally conceived: governments are *structurally* dependent on banks because the health of the whole economy depends on their very capacity to provide credit to firms.[2] Banks thus typically occupy a "privileged position" in capitalist societies.[3] The 2008 financial crisis and subsequent bank bailouts have renewed scholarly interest in the study of structural power. Postcrash literature in international and comparative political economy has stressed the continuation of banks' structural power, while also tackling the criticism that the original accounts of structural power developed in the 1970s were too deterministic. Scholars have thus pointed to actors' strategic intent, varieties in banks' and governments' organization, political salience, or even policymakers' perceptions to explain the observed variations in the mechanisms and outcomes of banks' structural power across times and spaces.[4]

There is one point though where the recent literature on structural power has not differed from the original corpus: scholars continue to assume that the source of banks' structural power lies in its unique capability to provide credit to the real economy. This article challenges the idea that state actors' motivation to promote their large banks lies in the "functional" role of those banks in facilitating productive investments. European banks' business models have changed dramatically. Most notably, they had significantly developed their market-based activities before the crisis, giving rise to what Hardie et al. have called "market-based banking."[5] Yet, evidence that the development of market-based banking has increased the provision of credit to nonfinancial firms (esp. small and medium enterprises [SMEs]) or more generally has fostered economic growth is, at best, very scarce. In fact, we have accumulating evidence about the undesirable social and economic implications of the growing marketization of banking.[6] Meanwhile, nonfinancial firms (NFCs) have further developed access to sources of funding other than bank credit.[7] Ultimately, because they have become dependent on the markets for their own funding, banks that were formerly autonomous in their lending decisions have undermined their financial power in lending to firms. The fact that large globalized banks still provide some credit to the real economy does not per se justify the benevolent position of states toward them.

This article thus tackles the crucial question posed by Dafe et al. in the introduction of this special issue. If the power of banks is no longer (or at least less) predicated on the activity of facilitating real economic investment, what then is the basis for their continuing structural power?

A firm or an economic sector is deemed structurally powerful when, due purely to their position in the economy, weakening them would also result in weakening an essential dimension of the whole political economy. Consequently, structurally powerful actors can be considered "powerful" on two counts: first, the state will not spontaneously pass legislation that could weaken such actors, because this would equate to weakening an essential dimension of the whole political economy; and, second, structurally powerful actors can leverage their structural advantage to push their preferences in multiple domains of the policymaking process, by threatening to withhold a function deemed essential to the political economy.

This article shifts the focus toward the geo-economic foundations of large banks' structural power. Today, large globalized banks are, above all, global liquidity providers. In particular, they play the role of repo intermediaries and occupy key positions within global USD supply channels.[8] This article argues that because of their central position in the global financial system, key state actors perceive the weakening (or strengthening) of "their" large banks as causing the weakening (or strengthening) of state power in the global political economy. The fate of large domestic banks is linked to the future prospects of the state's geo-economic position.[9] Thus, large banks still have structural power because they are understood as a crucial tool of statecraft. In short, while the power of traditional banks is built on their capacity to grant credit to firms, for market-based banks such power is based on their (potential) geo-economic reach.

What state actors believe needs to be done in order to preserve bank credit (which is the traditional source of structural power) sometimes conflicts with what they believe needs to be done to promote the position of their banks in global financial markets (which refers to the geo-economic source of structural power). The second claim of this article is that the state's banking priorities largely derive from *political* conflicts *within the state* over what structurally matters most. The executive branch of a state (especially the finance ministry) will prioritize geo-economic considerations over investment in the real economy, while parliaments would rather prioritize investment and credit. Power dynamics *within the state* thus largely determine national banking priorities and policies.

To support this claim, this article examines the priorities with respect to banking in three Eurozone countries—France, Spain, and Germany—after the global financial crisis of 2008. The chosen countries have different economic and political structures; the size of their economy, their growth model, and their geopolitical position in the international arena all differ too. But all three do have large universal banks operating in global financial markets: Spain and Germany have one each (Santander and Deutsche Bank), while France has four (BNP-Paribas, Société Générale, BPCE, Crédit Agricole). In these countries, national banking priorities and policies have been largely shaped by the geo-economic dimension of their largest domestic banks' structural power.

Examining how finance ministers and members of parliament (MPs) justify their positions on banking policies at the national and European levels provides some valuable insight into what they perceive to be structurally most important in banking. This article presents a discourse analysis of parliamentary debates between 2010 and 2020

in France, Spain, and Germany. It shows that finance ministers justify their positions toward banking based on considerations of geo-economic state power (this is true in the three countries across all parties). In contrast, MPs justify their positions based on considerations regarding credit provision to the real economy to a much larger extent (and here we find more variation across countries and parties).

A comparative case study of the design and implementation of a special tax on banks in France and Germany during the early 2010s illustrates how, when political conflicts occur over what structurally matters most, finance ministries readily sacrifice worries over SME funding in favor of market-banking development. In this case, the ministries of finance opted to implement a tax, the design of which penalized credit activities for SMEs rather than the market activities of their globalized banks. Whether the ministries of finance were in the end able to implement their priorities largely depended on the capacity of other actors (most prominently parliament) to weigh in on the policymaking process. In France, the Ministry of Finance is more autonomous than in the German institutional setting. While the French Ministry of Finance was able to implement its preferred (pro-market-based banking) tax, the German parliament was able to change the initial design of the tax—which ended up being more favorable for traditional credit activities.

The next section of this article presents the puzzle of the continuing structural power held by large banks in Europe. The article then distinguishes between different sources of structural power: it shows that the transformations in banking have fostered new geo-economic foundations of banks' structural power. Next, it discusses why ministries of finance are more sensitive to geo-economic sources of banks' power than parliaments, and it also discusses why the Europeanization of banking does not contradict the geo-economic foundations of banks' power. It then discusses insights from the literature on growth models and on instrumental power, followed by a discourse analysis of parliamentary debates in France, Germany, and Spain. The article then presents a comparative case study on the implementation of a special tax on banks in France and Germany in the early 2010s. Finally, it discusses the lessons to be learned from the geo-economic dimension of banks' structural power for the democratic steering of banking in an age of global and financialized capitalism.

Large Eurozone Banks' Expansion and the Traditional Foundations of Banks' Structural Power: A Puzzle

In the aftermath of the global financial crisis and the massive bank bailouts, politicians all over the world pledged that they would make "too big to fail" banks a relic of the past. The subsequent decade or so has brought a multiplicity of new standards, reforms, and complex regulations at different levels of governance. However, these reforms have not hindered the marketization of banking, the financialization of the economy, or even the capacity to prevent future financial crises.[10] Many authors have observed that postcrisis financial regulation has brought no radical change to the workings of finance.[11] In particular, the idea of "downsizing and simplifying finance" has not materialized.[12] Most authors point to the growth of the nonbank financial sector (so-called

shadow banking) in particular. However, a decade after the global financial crisis, the largest Eurozone banks have also continued to grow. Figure 1 shows the evolution of the seven largest Eurozone banks' balance sheets. Except for Deutsche Bank and ING, the balance sheets have either remained stable or grown. In particular, the three largest French banks (SocGen, BNP-Paribas, and CASA) as well as the largest Spanish bank (Santander) have continued to grow over this period. With the exception of one bank (Commerzbank), all of the European banks listed by the BIS as "globally systematically important" are still on this list.

A variety of market and nonmarket factors may explain the evolution of the largest Eurozone banks. In particular, the European Central Bank's so-called unconventional monetary policies, which amount to massive liquidity injections, have largely shaped the capacity of Eurozone banks to maintain both their lending and market activities.[13]

However, this evolution could *not* have happened if there had been a political agenda to resist the expansion of large banks. Since the crisis, the main regulatory focus has been on banks' capital requirements under the Basel III agreement. How Basel III has impacted large banks is debatable, but evidence has shown that capital requirements do not prevent large banks from growing—and to some extent they promote the complexification of balance sheets. There is also evidence that their implementation has been watered down by national regulators, especially through an accommodating implementation of internal models of asset risk weighting.[14] The initiation of the European banking union (EBU) also marked another major step in European banking reform. Its first pillar is the Single Supervisory Mechanism (SSM), which brought the largest Eurozone banks under the supervision of the European Central Bank. The main objective of this mechanism is to take the supervision of banks' balance sheets out of the responsibility of national regulators in order to break up the so-called doom-loop between banks and sovereign bonds. The second pillar of the EBU is the Single Resolution Mechanism (SRM), which has harmonized banks' resolution rules across Europe in favor of "bail-in" procedures. The SRM is supposed to prevent further banking bailouts at the expense of taxpayers. The EBU's degree of completion, its multiple political and economic implications, and its actual effectiveness are all much debated issues.[15] While such debates are beyond the scope of this article, what is pertinent to the present discussion is that the EBU framework is accommodating of the business models of large European market-based banks. It has never been discussed within the EBU to promote another type of (smaller and simpler) banking. On the contrary, since the establishment of the SSM in 2014, the European Central Bank has been actively promoting national and cross-border bank mergers on behalf of European competitiveness and sovereignty.[16]

However, the passing of regulations capable of challenging the size and business models of large banks would have been possible—including at the national level (policies as crucial as bank taxation or the regulation of savings are still decided upon at the national level). Regulations at the EU level are also largely decided upon by member states. Ambitious reforms could have been passed if the political priority of national governments had been to downsize and simplify banking. The point here is that it was *not* their priority. A case in point to support this claim is the failure of the banking structural reform in Europe. Based on the Liikanen Report, the European

Commission proposed in 2013 to separate retail from market activities in banking, which would have resulted in smaller and simpler banks.[17] Multiple articles have shown how European national governments actively opposed this proposal and ultimately prevented it from passing.[18]

This situation raises a particular puzzle. Specifically, large Eurozone banks are obviously powerful and have managed to continue growing despite a widespread consensus in the wake of the financial crisis that they should be broken up. An obvious explanation here would be the structural power of those banks: bankers are able to block any ambitious reform because they can (threaten to) reduce access to credit on which the economy is dependent. However, the banks' evolution is *not* coherent with the source of structural power traditionally prominent in banking: banks' unique capacity to provide credit to the economy. As developed in the next section, the process of financialization did not spare the banking sector and was, as a matter of fact, largely fostered by changes within banks' business models with respect to market-based banking. However, there is no evidence that larger global market-based banks foster productive investment. If anything, the evidence seems to point in the opposite direction.

There is a long tradition of linking banks and growth and development in international and comparative political economy (IPE/CPE).[19] Recent contributions have also discussed the changing political and economic role of banks through the lens of their diminishing capacity to provide loans to the economy.[20] But this traditional vision

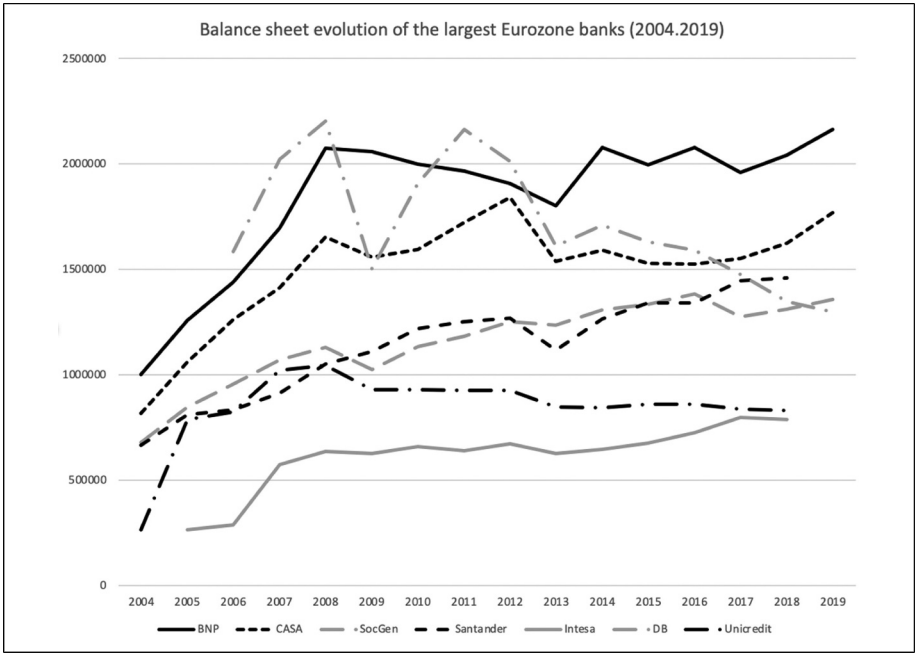


Figure 1. Balance sheet evolution of the seven largest Eurozone banks (in million euros) between 2004 and 2019. (Banks' annual reports, author's compilation.)

gives us an overly restrictive notion of structural power. Traditionally, banks drew power from providing credit to the real economy. In contrast, this article argues that large market-based banks draw their power from their geo-economic reach. The next section expands upon this argument.

The Changing Foundations of Banks' Structural Power

An actor can be said to be structurally powerful when, because of its sheer position in the economy, weakening (or strengthening) this actor would result in weakening (or strengthening) an essential dimension of the whole political economy. In order to understand the source of banks' structural power, we need to answer two questions. First, what is the essential part of the political economy for which banks are crucial? Second, who within the state has the power to define what is essential in a given political economy?

My argument here is twofold. First, I argue that in traditional bank-based models, banks' structural power has almost exclusively resided in their unique capacity to provide credit to the economy. This unique capacity has significantly decreased with the marketization of European banks' business models. However, the marketization of banking has fostered another source of structural power for large banks. Specifically, their unique position in global financial markets gives them a geo-economic reach that states consider an essential component of state power. Second, I argue in the next section that different state actors (executive branches and parliaments) have divergent visions about the essential dimensions of the political economy—and thus have different degrees of sensitivity to the various sources of banks' structural power.

The Traditional Source of Banks' Structural Power: Provision of Credit to the Real Economy

In capitalism, the question of who decides to allocate capital (and to whom) is key. Traditionally, banks have been described as key actors of development in Europe because of their unique capacity to provide long-term capital in the form of bank credit. Banks have been able to do that because of their intermediation business models. Traditional banks draw their funds from deposits, and as a result they have ready access to the funds they need for lending. Meanwhile, they keep the loans on their balance sheets. This means that they are, alone, responsible for the risk associated with these loans. Because they are funded through stable (guaranteed) deposits and keep the loans on their balance sheets, banks are central to credit allocation decisions. Crucially, they are able "not to pay much attention to market or price signals."[21] Such bank-based systems were thoroughly analyzed by John Zysman in 1983.[22]

However, at the time Zysman was publishing his book, disruption began of the very institutional arrangements that he described. For several reasons (on which authors widely disagree) in the 1980s,[23] the project of European integration became primarily one of economic integration. Among other reforms, the lifting of capital controls and

interest rate deregulation affected domestic banks, which now had to compete for deposits, leading to funding difficulties and diminishing returns. In the 1980s and early 1990s, European member states established the principle of mutual recognition of banking licenses and home country control. The opening-up to foreign competition coincided with the promotion of internal competition through the privatization of banks and desegmentation between different business lines and different types of banks (such as mutual, cooperative, and commercial banks). Banks also sensed new profit opportunities because of the development of the technologies and successive flows of abundant money in search of profitable investment, first coming from the United States and then from within Europe (with privatization of British and Dutch pensions and the adoption of the single currency in the 1990s).

However, these new challenges and opportunities did not transform bank-based financial systems into market-based systems such as had been defined by Zysman. It is true that stock and equity markets soared everywhere (although in different proportions), but the size of banks in terms of total financial assets skyrocketed. In the growth of the European financial sector, *banks* led the way. Assets of the top twelve European banks rose from €1,400 billion in 1990 to over €17,000 billion in 2011—a remarkable increase of approximately 1,114 percent in eleven years. Banks not only grew but they radically changed their business models and turned to market-based banking.

Hardie et al. depicted the shift of European banks from traditional intermediation activities to market-based banking as involving the following: (a) banks starting to engage in nonintermediation activities (such as investment banking and wealth management); (b) the increase of securitization of loans (which is a financial technique through which financial institutions convert assets [e.g., mortgages or other loans] into tradable instruments [such as ABS or asset-backed commercial paper] that institutions can sell off to raise financing); and (c) banks beginning to finance themselves from borrowing on financial markets rather than from deposits. As noted by Hardie and Howarth, the globalization of banks is narrowly linked to their shift to nontraditional financial activities.[24]

However, the question of the consequences of these evolutions for the nature of banks' political power has been largely overlooked in the CPE/IPE literature. Banks' power is still conceived from building on their capacity to provide credit. However, there are several reasons why changes in banks' business models must have altered the sources of this traditional conception of structural power. Pertinently, market-based banks have lost their autonomy in credit allocation decisions. Far from not "pay[ing] much attention to market or price signals," they are now largely dependent on markets for their own funding.[25] As a consequence, formerly strong European banks "have undermined their financial power in lending to NFCs."[26]

The Geo-Economic Source of Power of Marketized Banks

This section argues that states seek for their national banks to gain entry into the club of a "happy few" global banks because some actors within the state—more precisely, the executive branches of the state—perceive the position of those banks as affecting state power and national sovereignty. This is what I call the geo-economic foundation of banks' structural power. Importantly, the geo-economic sources of banks' power

explain the *ambitions* of state actors to promote their banks at the global level, but they say nothing about their *success* in doing so. For example, European governments seek to promote their banks as hubs of liquidity on global repo markets, but it is not clear whether European banks have been or ever will be successful in challenging the dominant position of US banks in these markets.

We need to understand what global banks do now in order to better comprehend the changing sources of their political power. In particular, scholars have stressed the growth of market finance and the rise of shadow banks after the crisis.[27] These trends are sometimes described as the "death of banking" or as processes of banking disintermediation—but they are not. On the contrary, some of the largest banks have done very well in coping with the financialization of the economy and the marketization of banking. Banks are growing in importance yet apparently losing in terms of (traditional bank-based) power.[28] Market-based banks still perform intermediation, but of a kind different than the traditional bank transformation from short-term deposits to long-term loans. "Disintermediated" global financial systems depend upon the intermediation of market-based banks as providers of global liquidity.[29] Only very large banks with expertise in complex finance are able to become hubs for global liquidity.[30]

In a private interview, a global investment fund manager vividly described the importance of large banks' intermediation in global financial markets as follows:

> Today, banks are platforms. The products we deal with are listed derivatives, forex and things like that. . . . We do everything on banking platforms. . . . Except that the banks don't keep them on their balance sheet. It just goes through. The banks only record a commission, or a flow, but they don't put it on the balance sheet. So when we talk about banking disintermediation, we have to be clear. It doesn't mean that the banks have a diminishing role. This does not mean that banks are less important. On the contrary. It's even more important to have players that provide liquidity. I only ask for one thing, to have more banks. Because having more banks means having more liquidity. And in the long run, one of the major performance factors for fund management is liquidity. Banks that can provide satisfactory services for what we do are not many. They are very large banks. As soon as you leave that club, it's over. The big sources of liquidity are a few large bank names.[31]

As emphasized by Knafo, the new workings of global finance have challenged traditional conceptions of banks' power that rely on the role of financiers as creditors or lenders.[32] In an era no longer defined by the scarcity of financial means, power has now shifted away from lenders to those financial actors capable of turning themselves into large *borrowers*. On the liabilities side of their balance sheet, banks no longer rely (exclusively or heavily) on deposits. Through practices of so-called liability management, they borrow funds from other financial institutions. Those able to borrow more (and thus more cheaply and quickly) find themselves advantaged. Importantly, large global banks have retained their decision-making power over capital allocation. This contrasts with new financial giants, such as asset managers, which control an immense volume of assets but are not in control of capital allocation, and for which an exit strategy is not an option.[33]

As indicated by the total number of globally systemic important banks in Table 1 and the aggregate assets by nationality of the world's largest thirty banks in Table 2, the club of large banks playing a central role on global financial markets is very small, and those banks are headquartered in a small number of countries.

Luttwak talked about "geo-economics" in reference to states increasingly practicing power politics by economic means.[34] He argued that, as the relevance of military threats and military alliances waned, geo-economic priorities and modalities were becoming dominant in state actions. He warned that transnational economic exchanges should be read through the logics of conflict, in the sense that even if they play out transnationally, the objective is to maximize some sort of outcome that is defined nationally. More recent scholarly contributions have argued that mechanisms of economic patriotism should not be reduced to protectionism. They have stressed that liberalization policies might be an effective national strategy from a geo-political (rather than strictly economic) point of view.[35]

Following a similar insight, Farrell and Newman wrote that "states increasingly 'weaponize interdependence' by leveraging global networks of informational and financial exchange for strategic advantage. . . . Specifically, states with political authority over the central nodes in the international networked structures through which money, goods, and information travel are uniquely positioned to impose costs on others."[36] These authors underlined the importance of the "chokepoint effect," which describes the capacity of some states to limit or penalize the use of hubs by third parties (e.g., other states or private actors). Economic statecraft resides in the manipulation of access to markets as well as in the capacity to interrupt business activities and access to funding. Because hubs offer extraordinary efficiency benefits, and because it is extremely difficult to circumvent them, states that can control hubs have considerable coercive power, and states or other actors that are denied access to hubs can suffer substantial consequences. This is especially salient when it comes to financial exchanges as described in the previous section and where large banks play a central role.

The geo-economic importance of different types of financial hub (like securities exchanges) or financial institution (like sovereign wealth funds) has already been underlined in the IPE literature.[37] When the new battleground is described as "the interconnected infrastructure of the global economy,"[38] European banks may also use their financial power to disrupt liquidity provision in the interest of geo-economic considerations. Their very position within the network may suffice to signal power. As a consequence of the central position of their firms, some countries are able to obtain significant concessions without taking visible coercive measures.[39] Large banks must thus be seen as signaling devices of potential practices of state power.

The geo-economic foundations of banks' power has been strengthened in the context of the US making explicit use of the central position of its banks in the global financial system. US banks benefit from a privileged position in the global system for several reasons. One of them is their unlimited access to US dollars—the currency in which most financial transactions are still denominated (this access has been referred to as an "exorbitant privilege").[40] A second reason is their central position in the most important segments of global financial markets such as OTC

derivatives trading, repo markets, foreign exchange trading, or international portfolio investment.[41] In all of these markets, US banks are crucial nodes in global financial fluxes. Recently, the US government has very explicitly leveraged this central position to force foreign financial actors to abide by US geopolitical objectives—even though those financial actors were headquartered in jurisdictions that did not share the same geopolitical objectives.

The most obvious example occurred when the US government unilaterally withdrew from the Iran nuclear deal in 2018. Although the European governments were willing to uphold the deal, the US government threatened to cut European banks from their access to US dollars and to impose fines on them, on the grounds that an important part of their market activities is denominated in US currency. The threat was taken seriously, as by that point European banks had already paid over US $18.5 billion since the beginning of the twenty-first century for violations of sanctions imposed by the United States on other countries. When, following US pressure, the SWIFT global payment system excluded Iranian banks from its networks, it became more obvious than ever that, if they were to maintain their part of the deal, European governments would need banks that were capable of developing an alternative payment system denominated in euros, were big enough to absorb potentially huge US sanctions, or had the capacity to retaliate on financial global markets. The position of a state's banks in global markets became a pivotal dimension of its geopolitical autonomy.

Another source of banks' geo-economic structural power pertains to their involvement in development finance in the Global South. Large banks are actively involved in development finance in a variety of ways such as lending, debt servicing, private-public partnerships, financial advice, and the provision of insurance products. The mapping of global payment flows reveals a clear pattern of core-periphery structures across the globe, whereby some of the largest Western banks function as core nodal points to peripheral territories.[42] The presence of domestic banks in foreign markets can be perceived as a way to monitor, or even sometimes influence, development strategies abroad. Meanwhile, development finance literature has shown that the search for foreign direct investment largely shapes governments' policies in emerging markets.[43] Furthermore, control over foreign direct investment through domestic banks can be

Table 1. Number of Globally Systemic Important Banks, by Country.

Country	Number of Banks	Country	Number of Banks
United States	9	Spain	1
China	4	Canada	1
France	4	Italy	1
United Kingdom	3	Germany	1
Switzerland	2		
Japan	3		
The Netherlands	1		

Source: FSB 2019.

Table 2. Aggregate Assets of World's Thirty Largest Banks, by Nationality.

Country	Aggregate Assets (in billion USD)
China	18,776
United States	9,993
Japan	9,718
France	7,710
United Kingdom	5,330
Canada	2,218
Spain	1,703
Germany	1,456
Italy	1,058
The Netherlands	1,001
Total	58,962

Source: https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/the-world-s-100-largest-banks-2020-57854079.

considered a geo-economic tool. Banks have also played a role in postcolonial practices. Although they now play a lesser role, French banks, for example, were central in the perpetuation of the African franc zones.[44]

Finally, the geo-economic foundation of banks' power also has more subjective, or less tangible, grounds. Qualitative evidence demonstrates that the prestige linked with having a global bank is important to state officials. Although this is not necessarily rational, such officials hold the idea that for a nation to have geopolitical power it must have a global bank. This became obvious to the author in the course of interviewing politicians and bankers for another project in 2015–16. In particular, a German Treasury official said bluntly in an interview (which revolved around regulatory issues) that "it is normal for a powerful nation like Germany to have a global bank."[45] Politicians often use the vocabulary of war when it comes to banking; this stance is not necessarily rationally supported, but many perceive a global bank as a token of state power in the international arena.

Different Sensitivities of State Agencies toward Banks' Structural Power and Their Resulting Priorities toward Banking

The executive branches of governments traditionally dominate matters related to foreign policy, diplomacy, and war.[46] Their function of protecting the sovereign nation from foreign enemies and their concern with state power abroad make it more likely that executive branches will be sensitive to the geo-economic power of banks. In contrast, parliaments are directly elected and more directly accountable to constituents and their concerns with their ability to work and live in good conditions on a daily basis.[47] Complaints about the lack of credit for local firms may thus impact MPs more easily than ministers of finance. That would make them generally

more sensitive to the "credit" foundations of banks' structural power. The analysis below shows that these assumptions have been verified empirically.

There is no linear relationship, but sensitivity to a certain type of power is likely to shape state actors' priorities toward banking. Sensitivity to the provision of credit to the real economy is more likely to translate into a preference for smaller and simpler banks. Meanwhile, sensitivity to geo-economic power is more likely to translate into a preference for larger and more complex banks. Table 3 summarizes these claims.

President Ursula von der Leyen has pledged to lead a "geopolitical" European Commission, and thus discussions about the renewal of European "sovereignty," especially *economic* sovereignty, have become more salient.[48] These discussions happen in a context where Europeans feel generally worried about China using finance, investment, and trade as means to build alliances and gain influence around the world.[49] The EU had long been seen as ill-at-ease with issues of sovereignty, but this has changed.[50]

When it comes to sovereignty, is there a contradiction between the fact that national governments are sensitive to the geo-economic power of "their" banks, when their banks are actually European banks? On the contrary, I would argue that banking integration in the EU should largely be understood as the result of geo-economic considerations of its member states, concerned with promoting their own domestic banks globally.

Worries over the preservation of national sovereignty do not necessarily go against further integration. Indeed, Nicolas Jabko has emphasized the changing practices of sovereignty in the EU. For example, he interprets the adoption of the single currency—typically seen as a surrender of sovereignty—as the result of new practices of sovereignty: by the 1980s, national currencies had become independent only in name as they were in fact constrained by the deutsche mark. The launch of the single currency was a strategic move to recover some practical sovereignty over national currencies through integrated governance.[51]

In banking matters, states' inclination to promote their banks supports further market integration. Crucially, banks' global competitiveness would fade within strictly national borders. The EBU—even in its most ambitious form (which would entail fiscal solidarity in the event of bank crises)—does not contradict states' promotion of their own banks on behalf of geo-economic considerations. On the contrary, recent concerns over "European sovereignty" and the pushes toward further integration could be seen both as a result of and an opportunity for national governments to promote their own banks.

Insights from Growth Models and Instrumental Power

Growth Models and States' Priorities with Respect to Banking

France, Germany, and Spain belong to the Eurozone and share a common institutional framework regarding monetary policy and banking supervision, but they differ on important dimensions usually underlined in the CPE literature. They actually belong to different varieties of capitalism and growth models. Germany is the poster child of coordinated market economies (CMEs) or export-led model growth.[52] Spain is more ambiguously classified as having a Mediterranean variety of capitalism or as following a weak export-led growth model.[53] France is also loosely described as practicing a former

Table 3. Different Sources of Banks' Structural Power.

Source of Structural Power	Nature of the Existential Threat	Type of Bank	Public Actor Most Sensitive to Power	Banking Strategy Most Likely to Be Advocated
Bank credit to real economy	Stop economic growth	Traditional "bank-based" banks	Parliaments (especially with regard to SMEs)	Promoting "smaller and simpler" banks
Geo-economics	Weaken state power in the international arena	Large "market-based" banks	Executive branches (especially ministries of finance)	Promoting the development of global market-based banks

state-led variety of capitalism (moving toward liberal market coordination) or as following a domestic demand-led growth model.[54] In terms of their overall banking sectors, the three countries are also quite different. Germany is still characterized by its three-pillar system, in which cooperative and public-sector banks dominate domestic retail markets to the detriment of private commercial banks.[55] Meanwhile, Spain's banking market has been divided between cooperative banks and commercial banks,[56] and the French banking market is characterized by the exclusive domination of its five largest commercial banks.[57] The three countries also differ with regard to the impact of the 2008 financial crisis and sovereign crisis on their banking systems.[58]

Based on these different growth models, we would naturally expect the political priorities toward their domestic banks to be different as well. In a specific growth model, large globalized banks sometimes matter more, but sometimes matter less (because other institutions may fulfill core functions such as credit provision to SMEs). However, the isomorphism among the largest European banks is striking: the business model of those banks is never a derivative of a given growth model. Notably, the priorities of executive branches toward their large domestic banks do *not* depend on the growth model of their political economy.

Germany is a good example here to substantiate this claim. It is not because Germany has public and cooperative banks that it is in its national interest to defend them. If the German federal government often ends up protecting local banks, it is only because those banks have political allies (i.e., state governments), with the political capacity to defend them at home.[59] If there happened to be an institutional reform according to which local governments would lose power, the Federal Ministry of Finance would have more leeway to promote large banks to the detriment of smaller ones. There are no guarantees that public and cooperative banks would survive, just because they perform a useful function in the German growth model. The same idea could be applied with regard to the politics of banking at the EU level. The future of European banking will be largely determined not by the EU's growth model (which is very heterogeneous), but by the different capacities that political actors, who have different priorities toward banking, have in shaping policymaking processes.

What Role Does Instrumental Power Play in Explaining a State's Banking Strategy?

MPs often make the claim that ministers of finance tend to defend the country's largest domestic banks. Those MPs who are more critical of large banks often interpret the positions of their ministers (including from their own majority) toward banking as the result of banks' instrumental power.[60] It is true that bankers' access to finance ministries is especially high—a fact that holds across different political economies.[61] When they meet with ministers and their teams, there is little doubt that bankers highlight the geo-economic dimension of their structural power. Deutsche Bank CEO Christian Sewing recently stressed the "geopolitical importance of banks,"[62] while French bankers are always very keen to underline that any reform would weaken them vis-à-vis their US counterparts.

However, it would be erroneous to think of state actors as purely "captured."[63] They make autonomous choices over what structurally matters most in banking. In their lobbying strategies, bankers underline all sources of their structural power. It is not rare to hear Deutsche Bank, Santander, or BNP-Paribas arguing about how hurting them would damage credit provision to the real economy. The choice over what structurally matters most in banking is, eventually, a *political* choice, which results from conflicts between different state actors. As the comparative case study of the implementation of the bank tax in France and Germany presented below will show, banks used their instrumental power to try and avoid the tax completely. However, not only was the tax implemented in both countries but the design of the tax reflected the balance of power between the executive branch and parliament in the two countries.

What Structurally Matters in Banking for Different State Actors: Discourse Analysis of Parliamentary Debates in France, Spain, and Germany (2010–20)

This article argues that the geo-economic dimension of large banks' structural power—and not (only) their structural capacity to provide credit to firms—shapes state actors' policies and priorities toward banking. More specifically, I argue that because of their position in the state apparatus, ministries of economics and finance are more sensitive to the geo-economic structural power of large banks independent of whatever party, growth model, or variety of capitalism predominates. In contrast, parliaments remain more sensitive to the traditional structural power of banks (and to the types of bank that bear this structural power, which may differ across political economies).

To support this claim empirically, I performed a discourse analysis of parliamentary debates concerning banking issues in France, Spain, and Germany between 2010 and 2020. The objective of this section is to break down the sources of banks' structural power and to provide some measurement of the different sensitivities of policymakers to the different types of structural power. Structural power refers to the capacity of actors to link an essential dimension of the political economy to their own prosperity. It is thus crucial to examine what politicians perceive as an essential dimension of the political economy. In this regard, the words that they use when they defend their political positions reveal what matters most to them.

This analysis confirms that, across the three countries under investigation, ministers are concerned with the geo-economic power of their large banks to a much greater extent than the MPs, who are more sensitive to the more traditional forms of structural power (i.e., banks providing credit to the real economy).

Discourse Analysis of Parliamentary Debates: Research Process

I analyzed the minutes of parliamentary debates in France, Spain, and Germany between 2010 and 2020. There are several good reasons for building on parliamentary debates to study the issue at hand. First, parliamentary debates are similar across the three countries. They include presentations of law projects by relevant government

members, the positioning of political groups regarding said projects, and amendments proposed by MPs and the discussion thereof. They also contain MPs' questions to governments and ministers' answers. Parliamentary debates give access to homogeneous discourses of both MPs and finance ministers as well. All types of banking policies and matters are addressed, which avoids bias with regard to the selection of policies or in issue salience. Parliamentary interventions are essentially an exercise to justify a policy position in front of opponents, in a context where speeches can (usually) be delivered comfortably. Actors thus present their rationales in more detail and to a larger extent than they would in other contexts.

On the public websites of the French, Spanish, and German parliaments, I searched the minutes of the plenary parliamentary debates between 2010 and 2020 to return debates containing the keyword "bank" in the three national languages. Based on these samples, I constructed a database composed of all paragraphs containing the word "bank." I took out paragraphs with expressions in which the word "bank" typically did not refer to the financial institutions (e.g., bank of data), as well as when used in reference to the central bank. Table 4 presents the number of paragraphs and the total number of words in the databases for each of the three countries.

The words that politicians used when defending their political positions toward banking during the debates revealed what dimension of banking mattered most to them. Based on an initial reading of subsamples of the parliamentary debates, I distinguished between the following four different sources of structural power that lawmakers utilize to justify their positions on any given policy: (1) banking credit to the economy (bank credit); (2) employment in the banking industry (employment); (3) financial instability caused by banks (systemic risk); and (4) banks' competitiveness on global markets and national sovereignty (geo-economics). Different keywords correspond to different sources of structural power. Table 5 presents these keywords in the three national languages, as well as their translation in English and illustrative quotes for each category.

Note that the aim of the discourse analysis is *not* to study the substance of the policy advocated or opposed, but rather the type of rationale, building on different sources of structural power that politicians deploy to justify their position.

Simple word counts allowed me to compare the frequency with which politicians in different state agencies build on arguments that call on different sources of structural power when they justify their positions regarding banking matters. Moreover, I compared speeches by MPs with speeches by ministers. Most of the time, the minister implicated in the debates related to banking issues in Germany is the minister of finance, and the same is true in France, while in Spain it is the minister of economy. However, other ministers also answer questions posed by MPs. The second most often implicated minister in

Table 4. Database Composed of Paragraphs in Parliamentary Debates Containing the Word "Bank."

	Number of Paragraphs Containing the Word "Bank"	Number of Words
France	2,184	159,432
Spain	1,916	151,234
Germany	1,650	155,873

Germany is the minister of economy, and the same applies in France, while in Spain it is the prime minister. I also broke down speeches by political affiliation (roughly summarized as "left," "center," and "right," following a conventional codification).

Results

In the three countries, ministers showed significantly more concern for the geo-economic dimension of banks' structural power than MPs did. In parliamentary debates, ministers speak less than MPs, so a word's occurrence needs to be weighted according to the number of interventions made by ministers and MPs. Table 6 shows that the proportion of keywords pertaining to the geo-economic power of banks, in relation to the total number of interventions, is much higher among ministers than MPs. In France, MPs invoked the geo-economic dimension of banking 3.8 percent of the time, whereas ministers referred to it 11.3 percent of the time. This means that ministers build their argumentation on the geo-economic power of banks in roughly the same proportion as they present arguments related to credit or systemic risk. In Spain, both MPs and ministers build on the credit provision dimension of banking more than in France and Germany. However, MPs referred to the geo-economic dimension of banking 3 percent of the time, whereas ministers invoked it 13.5 percent of the time. In Germany, MPs mobilized the geo-economic dimension of banking 2.5 percent of the time, while ministers invoked it 11.1 percent of the time (roughly to the same extent as they mobilized the "credit" dimension of banking).

Figures 2–4 convey the same information as Table 6 through simple bar charts. The proportions of MPs' interventions related to each source of structural power are presented in the left columns with dots. Meanwhile, the proportions of ministers' interventions related to each source of structural power are pictured in the right columns with horizontal lines.

There are some variations in terms of which source of structural power matters most to politicians in each country. Yet, there is one constant: ministers are significantly more sensitive to the geo-economic power of banks than MPs.

Another interesting result is that a partisan divide between the left and the right is visible among MPs: compared with left MPs, right MPs were more concerned with banks' competitiveness (but still less so than ministers). In France and Spain between 2010 and 2020, there were governments with right and left majorities. In Germany, coalitions over this period varied and there were ministers of finance from the right and from the left. However, in contrast with MPs, in none of the selected countries was there a partisan divide demonstrated among ministers. Ministers are more sensitive to the geo-economic power of banks regardless of their party affiliation.

Political Conflicts over What Structurally Matters: The Case of the Special Tax on Banks in France and Germany

The previous section showed how different state actors (ministers and MPs) are sensitive to different sources of banks' structural power. This division matters when it

Table 5. Keywords Used to Illustrate Each Type of Structural Power, with Examples.

Source of Structural Power	Keywords in French	Keywords in Spanish	Keywords in German	Examples of Coded Interventions
Bank credit	Crédit, investissement, entreprises, prêts, PME	Crédito, inversion, empresas, pymes	Kredit, Investition, Firmen, Unternehmen, Mittelstand	*SMEs suffer from restrictions in access to credit, because banks are too cautious* (FR, 11/7/2012) *Banks must be able to continue to grant loans!* (FR, 11/30/2014)
Employment	Emploi, travail, activité	Empleo, empleos, trabajadores	Arbeit, Beschäftigung, Stellen, Arbeitsplätze	*Banks represent 400,000 jobs and remain the only ones to hire about 30,000 people per year, half of whom are young people, even though our industry is in serious difficulty* (FR, 2/14/2013)
Systemic risk	Crise, stabilité, épargnants, contribuables, systémique	crisis, stabilidad, sistemico, ahorradores, contribuyente	Krise, Stabilität, Sparer, Steuerzahler, systematisch	*The wording serves as a reminder that banks are not commercial establishments like others when they take deposits from savers* (FR, 2/14/2013)
Geo-economics	Compétitivité, compétition, concurrence, souveraineté, international	competitividad, soberanía, competidores, competición, internacional	Konkurrenzgeist, Leistungsfähigkeit, Wettbewerbsfähigkeit, Souveränität, international, Konkurrenz, Unabhängigkeit	*Today, you are being asked to ensure the competitiveness of French banks. It is in the interest of the country!* (FR, 2/13/2013) *Hedge funds, as has also been said, will easily find other competing banks to deal with. We would therefore be faced with a double perverse effect: the loss of sovereignty and the risk of serving the interests of certain clients*

(continued)

Table 5. (continued)

Source of Structural Power	Keywords in French	Keywords in Spanish	Keywords in German	Examples of Coded Interventions
				(FR, 2/13/2013) *That is why our financial system, our banks in particular, is not only robust but also has one of the highest levels of international competitiveness and efficiency in the world, a level of competitiveness and efficiency that effectively translates into the fact that they have been able to show significant profits in the last fiscal year* (ES, 10/31/2010) *I think it's sensible that we don't throw out the baby with the bathwater when it comes to regulating banks, but always remember that the competitiveness of our banks depends to a large extent on their success on global markets* (DE, 3/15/2013)

comes to policymaking. States' priorities toward banking are largely shaped by conflicts within the state, and policy outcomes result from the institutional capacity of state agencies with different priorities toward banking to weigh in on the policymaking process.

This section substantiates this claim with a brief case study of the elaboration and implementation of a special tax on banks in France and Germany, which is relevant for several reasons. First, the given tax was decided upon at the national level. Then, the design of the tax represented a clear arbitrage between different banks' activities (lending to SMEs or market activities).

The comparative case study shows that although the two countries have different growth models and extremely different banking systems, both the French and German ministries of finance were initially in favor of a tax design that would penalize the global market activities of their banks to a *lesser* extent than their traditional lending activities. In France, the central executive branch of government is dominant in the policymaking process, and the tax passed in its initial design. In Germany, local governments and politicians are more powerful and have many formal and informal, parliamentary, and party channels through which to veto policies.[64] Here, representatives of state governments opposed the initial design of the tax and subsequently managed to impose a design that would be more favorable to local banks. In short, Germany ended up with a tax that penalized its large banking groups more than it did in France.[65] A comparative case study shows that the different versions of the tax stemmed from conflicts between ministries of finance and parliament.

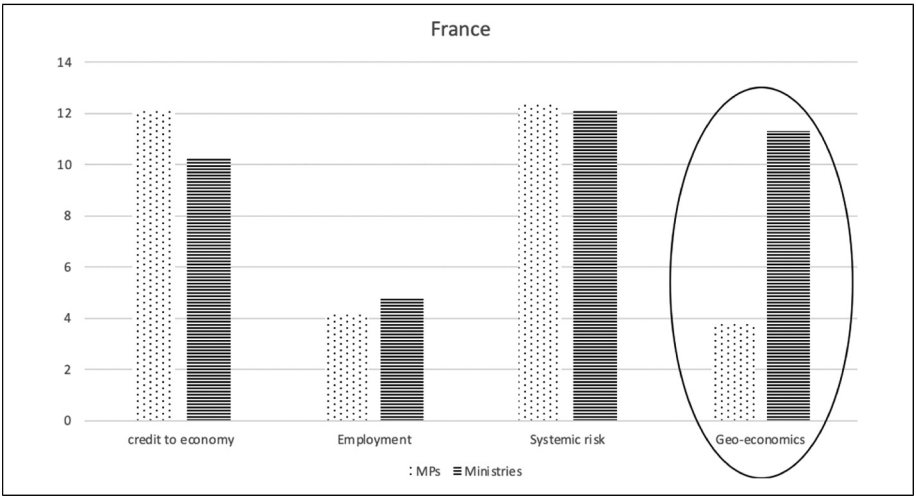


Figure 2. Graphic visualization of the proportion of typical keywords related to different sources of structural power weighted by total number of interventions: France.

Table 6. Number and Proportion of Occurrences of Typical Keywords in Speeches, by MPs and Ministers.

Source of Structural Power	MPs: Occurrences of Typical Keywords	MPs: Number of Interventions	MPs: Proportion Keywords/ Interventions (%)	Ministers: Occurrences of Typical Keywords	Ministers: Number of Interventions	Ministers: Proportion Keywords/Interventions (%)
France						
Credit	172	1,704	12.1	48	420	10.3
Employment	72	1,704	4.2	20	420	4.8
Systemic risk	211	1,704	12.4	51	420	12.14
Geo-economics	99	1,704	**3.8**	47	420	**11.3**
Spain						
Credit	298	1,412	21.1	186	504	37
Employment	126	1,412	8.9	42	504	8.3
Systemic risk	278	1,412	19.7	128	504	25.4
Geo-economics	42	1,412	**3**	68	504	**13.5**
Germany						
Credit	194	1,488	13	16	162	9.8
Employment	176	1,488	11.9	24	162	14.8
Systemic risk	450	1,488	30	49	162	30
Geo-economics	38	1,488	**2.5**	18	162	**11.1**

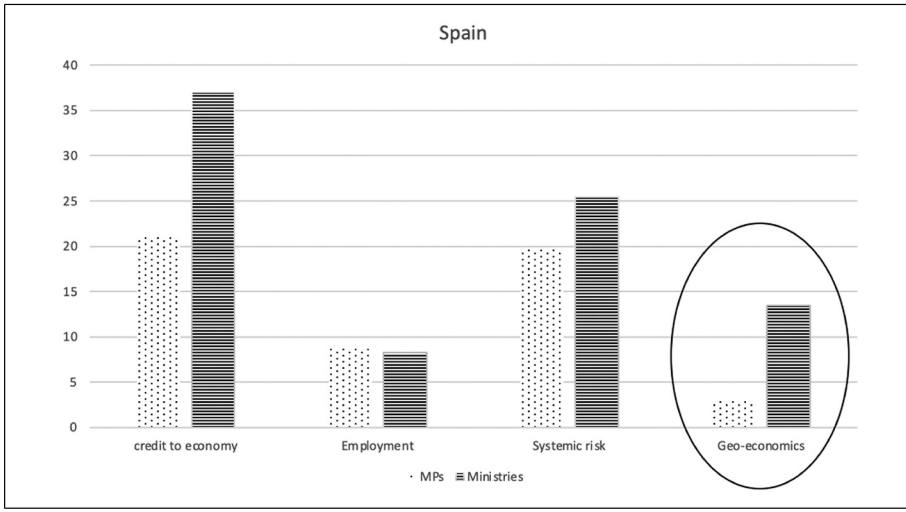


Figure 3. Graphic visualization of the proportion of typical keywords related to different sources of structural power weighted by total number of interventions: Spain.

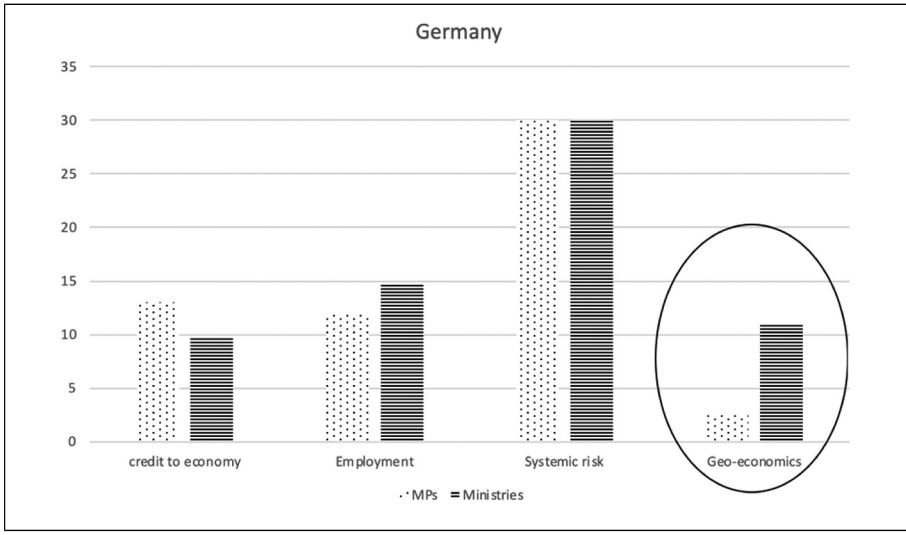


Figure 4. Graphic visualization of the proportion of typical keywords related to different sources of structural power weighted by total number of interventions: Germany.

The German Special Tax on Banks

In March 2010, the Ministry of Finance made a proposal to set up a bank levy to make sure that banks would bear some of the costs caused by the financial crisis. The amount raised by the levy was to be used to set up a fund that could be used either to stabilize

struggling banks or to prevent insolvencies. According to the initial design of the tax, savings banks and cooperative banks would pay the tax. Second, a cap of 15 percent of earnings was calculated according to the German commercial code (*Handelsgesetzbuch*). The consensus among observers and within the German specialized economic press was that the design of the tax was generally quite accommodating for Deutsche Bank's market-oriented business model.[66] This proposal triggered strong opposition from the German cooperative and local public-sector banks.[67] Their main argument was that the levy may impair the supply of credit to SMEs.[68] In fact, the mobilization of political actors against the initial design of the tax proposed by the Ministry of Finance came from two fronts. First, the Bundesrat—the legislative body that represents the sixteen *Länder* (federated states) of Germany at the federal level—stated in its comment to the German government's draft of the law that the beneficiaries of the resolution fund would be institutions that take systemic risks because of their size or interconnectedness.[69] The Bundesrat required that savings banks and cooperative banks be exempted from the tax. Second, opposition MPs from the Green Party and the Social Democratic Party wanted to increase the contributions made by Deutsche Bank. Accordingly, they demanded that the bank levy be based on International Financial Reporting Standards rather than on the German commercial code's earnings. They also required that derivatives be charged more heavily and that the cap be raised from 15 percent to 20 percent of earnings.[70]

In the beginning, the federal government stood firm on its preferred version of the tax.[71] However, the coalition led by the German conservative party (CDU) did not have a majority in the Bundesrat: they were dependent on the votes of states in which Social Democrats or Greens were co-governors. The tax law was a so-called consent bill, which needed to be approved by the Bundesrat to be passed.[72] The ministry, thus, not only needed to accommodate state politicians but also Green and Social Democratic MPs in the first chamber of parliament (Bundestag), who had the support of their political allies in the Bundesrat. The German government had no other choice but to accommodate the MPs' preferences if it wanted to pass any version of the law at all. Ultimately, banks with liabilities of up to €300 million were exempted from the tax and an upper limit of 20 percent of the annual profit was stipulated.[73]

Journalists from the *Stuttgarter Zeitung* described the conflicts between the federal government, the MPs, and state governments regarding the banking tax as a "tug-of-war" (*Tauziehen*). The final design of the tax was more favorable to local "bank-based" banks than to large market-oriented banks. However, this outcome was not due to the federal government's willingness to accommodate local banks because of their contribution to the real economy. Instead, it was due to the institutional capacity of political actors with different banking priorities to weigh in on the policymaking process.

The French Special Tax on Banks

The French government had strong incentives to establish a special tax on banking. First, there were international incentives to do so;[74] second, the state needed fiscal revenues; and third, public opinion was largely in favor of seeing the government "make banks pay" for the crisis. However, in France, there is only a handful of large universal

banks. The Ministry of Finance designed a tax that would penalize their market activities less than their lending activities.

Different dimensions of the tax influenced its potential impact on the banks' governance. Significantly for the argument developed in this article, the base used to calculate the tax is important in determining the objectives that the tax was supposed to fulfill.[75] Taxing "asset-weighted capital ratio" entails calculating the tax based on the risk profile of the bank. This design, which France has used to calculate the tax, tends to favor market-based banking because lending activities are more heavily weighted than bond trading. The design signaled a relatively permissive stance toward the expansion of banks' trading activities, compared to "relevant liabilities" or "potentially illiquid assets" (which constitute the tax base in Germany). The design of the French tax makes it "less painful" for global banks.[76]

It is important here to stress that banks did not want this tax at all (in any form). Banks mobilized *all* of their sources of power to prevent the tax. They threatened that the tax would prevent them from lending to SMEs in France. Indeed, one bank CEO stated, "I see it not as a bank tax but as a tax on the economy."[77] Bankers also explained that the tax would hurt employment in banking: "It should come as no surprise that hiring in French banks is also slowing down."[78] Finally, they warned that French banks' competitiveness with foreign banks would decline: "A barrage of taxes that confiscate the proceeds of banks' business will make them uncompetitive with their foreign competitors."[79] However, the banks did not decide on the design of the tax; the Ministry of Finance had the final say.

A defining characteristic of state power in France is its extreme centralization in the executive branch. Although the formal system of government in France is semipresidential, many authors and observers of French politics have noted the prevalence of the executive in the making of law.[80] The Parliament is noticeably weak and often acts only as a "registration room" because majority MPs cannot afford to upset members of government. In a majoritarian system, executive and legislative majorities are always aligned and parliamentarian *frondeurs* are never rewarded in French politics. Unsurprisingly, the bank tax passed through the Parliament in its original design with no particular obstacles.

Conclusion

Despite repeated promises to impede the expansion of the largest Eurozone banks after the 2008 financial crisis, European policymakers have not done so. If anything, these banks have become bigger and more complex. For many observers, this does not come as a surprise: banks are, after all, structurally very powerful. And yet, large banks' recent evolution toward market-based banking (an evolution that states have ended up promoting) is *not* coherent with the source of structural power that is traditionally underlined by the CPE/IPE literature (i.e., the banks' unique capacity to provide credit to the economy).

To explain the postcrash banking strategies of major European states, this article has shed light on the geo-economic dimension of banks' structural power. Because of their central position in the global financial system as providers of global liquidity, the

weakening (or strengthening) of large domestic banks may cause the weakening (or strengthening) of state power in the global political economy. Thus, the structural power of large banks also derives from the fact that they are perceived as a crucial tool of statecraft. The second claim of this article is that banking strategies largely result from *political* conflicts over what structurally matters most for the state. The executive branch (especially finance ministries) prioritize geo-economic considerations over investment in the real economy, while parliaments prioritize investment and credit. Policy outcomes largely depend on the balance of power between those two political actors.

This article contributes to two important discussions. First, it addresses the democratic debates about the role of finance in society. Because politicians and social activists see it as the most important aspect of finance, these debates tend to focus exclusively on the productive investment (or lack thereof) of banks and other financial actors. Those activists may be right that this should be the case, but they miss an important point: key policymakers have other considerations in mind when they think about finance. Debates often fall on deaf ears because the participants are not actually talking about the same thing. To weigh in more effectively, social actors need to address and discuss the geo-economic dimension of global banks' structural power.

The second contribution of this article is to show how politics matters, even when the fate of structurally very powerful actors is at stake. The responsibility for detrimental policy choices is often attributed to powerful economic actors and to the incapacity of state actors to resist them. Yet, this article has shown that banking strategies largely depend on power dynamics *within* the state. Without underestimating the importance of the structural power of finance, this article thus underlines that important policy choices depend on the power checks and balances of political institutions.

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