

This thesis aims to identify the effect of state-financialisation on economic growth in the member states of the European Union (EU). In doing so, this thesis tackles one of the most empirically contested areas of research in contemporary international and comparative political economy - the process of state financialisation (Amable et al., 2019). To develop an analytically clear and concise framework, the concept of financialisation of the state and its effect on economic growth includes two dimensions: (i) the reliance on the market as a governance mechanism, and (ii) the adoption of a sense-making framework grounded in financial economics and the shareholder value model. This definition is well equipped to analyse the relationship between states and markets, because it allows to make a distinction between financial accumulation and financial logics used by governments (Schwan et al., 2021). To analyse the relationship between economic growth and state financialisation on 26 EU countries between 1995 and 2021 this thesis identifies four indicators of state financialisation which affect economic growth (marketable debt, the share of public debt, funded pensions, use of swaps, financial assets, FDI); and three control variables (the inflation rate, the degree of trade openness and the education level of the population). The results show a the relation is ambiguous and more research is necessary.