

West European Politics >

Volume 34, 2011 - [Issue 4](#)

1,525 32

Views | CrossRef citations to date | Altmetric 0

Original Articles

The 'Old' and 'New' Political Economy of Hedge Fund Regulation in the European Union

Lucia Quaglia 

Pages 665-682 | Published online: 24 Jun 2011

 Cite this article  <https://doi.org/10.1080/01402382.2011.572383>

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

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

[Read this article](#)

[Share](#)

Abstract

This article assesses the 'old' and 'new' political economy of hedge fund regulation in the EU, explaining why the EU has decided to regulate hedge fund managers in the aftermath of the global financial crisis. A Franco-German alliance, with the support of Italy, other Mediterranean countries and some quarters of the European Parliament, has driven the EU's attempt to regulate hedge funds. The new EU rules are explained by institutionally-shaped economic interests rooted in national varieties of financial capitalism – the 'old' political economy of hedge fund regulation. However, 'ideas', in the form of competing regulatory paradigms, are instrumental in explaining why one coalition of actors has prevailed over the other in EU rule-making – the 'new' political economy of hedge fund regulation.

Acknowledgements

I wish to thank the European Research Council for the financial support provided for this research (Grant 204398 FINGOVEU) and the policy-makers who made themselves available for interviews. I also wish to thank the participants to the UACES conference in Angers in September 2009, the participants to the conference 'The European Union and the Financial Crisis', University of Edinburgh, 4 December 2009, James Buckley and two anonymous reviewers for their perceptive comments on earlier drafts of this article. Usual disclaimers apply.

The paper was completed and revised while the author was visiting fellow at the Robert Schuman Centre for Advanced Studies, European University Institute, Florence and at the Max Planck Institute for the Study of Societies, Cologne.

Notes

1. In examining the AIFM draft directive, the focus will be on its implications for hedge funds and fund managers, not for managers of private equities funds and real estate funds, which are also covered by the directive.
2. The literature on varieties of capitalism in Europe is extensive; for a comprehensive analysis, see Schmidt ([2002](#)), Hall and Soskice ([2001](#)), and Hancké et al. ([2007](#)).
3. I wish to thank one of the anonymous reviewers for pointing this out to me.
4. Previously, in July 2005, the then-Chancellor of Germany, Gerhard Schröder (Social Democrat) had pressed for tighter controls on hedge funds at the G7 Summit in Britain, where it was blocked – as Schröder himself revealed in 'Wall Street and London' (The Independent, 16 June 2005).
5. <http://www.diplo.de/diplo/en/WillkommeninD/D-Informationen/Nachrichten/090224-1.html> (accessed May 2009).
6. For example, the French MEP Jean-Paul Gauzes, who was the rapporteur for the AIFM directive, inserted an amendment that required depositories to be in the same country

as the AIF – which is the French stance in Council and also happens to be the business model of the French industry – e.g., onshore depositories.

7. This expression was used very frequently in the policy documents produced by the British Treasury, the FSA and the Bank of England.

8. I wish to thank one of the anonymous reviewers for pointing this out.

Related Research Data

[National Filters: Europeanisation, Institutions, and Discourse in the Case of Banking Regulation](#)

Source: West European Politics

[Governing Financial Services in the European Union](#)

Source: Unknown Repository

[Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain](#)

Source: Comparative Politics

[Die Krise but not La Crise? The Financial Crisis and the Transformation of German and French Banking Systems](#)

Source: JCMS Journal of Common Market Studies

[The Making of the European Financial Area: Global Market Integration and the EU Single Market for Financial Services](#)

Source: Unknown Repository

[Social Forces in the Making of the New European Economy: The Case of Financial](#)

Related research

People also read

Recommended articles

Cited by
32

[Capitalist diversity and the international regulation of hedge funds](#) >

Orfeo Fioretos

Review of International Political Economy

Published online: 4 Oct 2010

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG



Taylor & Francis
by informa