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

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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 th ... ained by institutio ... ncial capitalis ... 'ideas', in the form ... why one coali ... ' political econom

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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 Indepen

5. http:/ n/090224-1.html (a

6. Fo or the AIFM directive me country as the A e business model o

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.