

New Political Economy >

Volume 17, 2012 - [Issue 4](#)

3,339 59

Views | CrossRef citations to date | Altmetric

27

Original Articles

The 'Old' and 'New' Politics of Financial Services Regulation in the European Union

Lucia Quaglia 

Pages 515-535 | Published online: 06 Mar 2012

🗨️ Cite this article <https://doi.org/10.1080/13563467.2012.622360>

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 research examines the regulatory response of the European Union to the global financial crisis, addressing the questions of whether, how and why the global financial crisis has changed the 'old' politics of financial services regulation in the EU and resulted in the emergence of a 'new' politics. It is argued that, with a good dose of political opportunism and 'anti-free market' rhetoric, a continental advocacy coalition sponsoring a 'market-shaping' regulatory approach has capitalised on the crisis, tipping the balance of regulatory power in the EU in its favour, as compared to the pre-crisis situation.

Keywords:

financial regulation

financial crisis

European Union

financial markets

regulatory response

Notes

Financial support from the European Research Council (204398 FINGOVEU) is gratefully acknowledged. This article was written while I was a visiting fellow at the Robert Schuman Centre for Advanced Studies, European University Institute, Florence and later at the Max Planck Institute, Cologne. I wish to thank Jean-Pierre Casey, Michelle Cini, Adrienne Heritier, Dermot Hodson, Madeleine Hosli, Zdenek Kudrna, Harold James, Nieves Perez-Solorzano Borragan, Uwe Puetter and the anonymous reviewers for their perceptive comments on an earlier draft of this article. This article was presented at the conference on 'Regulatory and Supervisory Responses to the Global Financial Crisis' at the College of Europe in Bruges, the ECPR joint sessions in Muenster, and three research seminars, at the EUI, the University of Bristol and the Max Planck Institute respectively. I wish to thank all the participants at these events for their insightful comments. Finally, I am grateful to all the practitioners who made themselves available for interview. All interpretation, errors and omissions are mine.

Policy-makers refer to it as 'groupthink', whereby 'banks and regulators are in constant discussion and negotiation and tend to develop shared views and shared misjudgments, as they did on structured credit and wholesale funding' (Gieve [2009b](#): 11).

A policy paradigm can be defined as a shared body of causal ideas concerning a certain policy area. A useful distinction can be made between the most normative part of the paradigm, and ideas about the main policy objectives, instruments and strategies (Hall [1993](#)). To a large extent this resembles the tripartite division of beliefs used in the advocacy coalition framework, examined below.

Shortly before the Bank of England took over banking supervision, Governor Mervyn King controversially called for the breaking up of the big banks (The Economist, 30 October 2010). He also remarked that '... if a bank is too big to fail ... it is simply too big' (The Guardian, 17 June 2009).

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

This paragraph and the following paragraph are based on interviews carried out in Frankfurt, Paris, and Brussels in July 2011.

Lord Turner in an interview for Prospect Magazine in August 2009 warned that a 'swollen' financial sector paying excessive salaries had grown too big for society (Financial Times, 27 August 2009).

http://ec.europa.eu/unitedkingdom/press/press_releases/2010/10123_en.htm accessed in February 2011.

http://ec.europa.eu/internal_market/smn/smn56/docs/derivatives_en.pdf

EUobserver, 26 September 2008, <http://euobserver.com/9/26814>.

Related Research Data

[The New World Order in International Finance](#)

Source: Unknown Repository

[The Lamfalussy Reform in the EU Securities Markets: Fiduciary Relationships, Policy Effectiveness and Balance of Power](#)

Source: Journal of Public Policy

[Exogenous Shocks or Endogenous Constructions? The Meanings of Wars and Crises](#)

Source: International Studies Quarterly

[Much Ado About Ideas: The Cognitive Factor in Economic Policy](#)

Source: World Politics

[The role of knowledge in the policy process](#)

Source: Journal of European Public Policy

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

Source: Comparative Politics

[The accommodation of diversity in European policy-making and its outcomes:](#)

Related research

People also read

Recommended articles

Cited by
59

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