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Widen the market, narrow the competition : the emergence of supranational governance in EU capital markets

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Science fiction, a literary genre of which I am still fond, thrives on thought experiments. Among the all-time favourites is the time machine, which gives people a chance to revisit and revise past decisions. With the finished thesis on my desk, how do the five years of its genesis measure up? If I were given the chance, would I chose another university at which to write it, another team of supervisors to guide me, another topic to explore? Knowing what I know about PhDs now, would I aspire to one at all? The lack of regrets about any of these decisions gives me a satisfaction that goes much deeper than the immediate relief of completing a project that has defined my intellectual life for half a decade. The credit belongs to those people who have made this experience more enriching than I could have possibly asked for.

Geoffrey Underhill has introduced me to money and finance as political artefacts. How money works its (good and evil) magic in societies, and who the sorcerers are that try to bend it to suit their ends remains a mystery that has only become more intriguing over the years. More than anyone else's, Geoffrey's view on political economy has impregnated my own. Far beyond being just one domain of inquiry among others in the social sciences, it is a way of seeing and understanding social reality. The immodesty that speaks from this vision has always appealed to me, because in spite of the unavoidably circumscribed scope of concrete research projects, it imposes few limits on intellectual curiosity. I have learned to see political economy more as a vocation than as a profession.

That includes an awareness that thanking Geoffrey for all the blood, sweat and (hopefully few) tears that this project has cost him runs the danger of belittling the grander contribution he has made to my intellectual life. If I thank him for his unwavering readiness to provide assistance when I needed it nevertheless, then because his dedication to my PhD project stands as a model if I should ever be given the chance to supervise one myself. It will not be easy to match.

The official title of Brian Burgoon's part in my project—that of second supervisor—comes nowhere near doing justice to the part he has played in it. It goes beyond invaluable academic counsel and an office door that was always open to receive me with whatever problem I had. Indeed, Brian's role far transcends this thesis; with hindsight, his contribution to my understanding of social science in general weighs at least equally heavy. In spite of my undoubted failings measured by this standard, his admonition to strive for arguments that are no less than crystal clear has served as a guiding light ever since I grasped its centrality for scholarship. And from him I have learned that faith in one's own academic convictions need not, indeed should not preclude a sincere curiosity for those views that differ, no matter how fundamentally. My

admiration for the exemplary breadth of his scholarly interest only increased as over the years I realized just how rare it is in academia.

Brian's leadership of the International Political Economy PhD club also taught all of us lucky enough to be its members the art of constructive criticism. Again, it was only after experiences outside our Amsterdam group that I understood how special it was that we learned to see giving and receiving criticism as an intellectual pleasure. It was Brian who created that spirit, and it has followed me far beyond our IPE club meetings. I see it as a duty to pass it on where I can.

In 2006, Arne Niemann completed my supervisory team when he joined the University of Amsterdam. Seemingly without any hesitation, he jumped on the moving train that my thesis was by then. Arne brought an expertise and specialization to the table that could not have fitted my research better. Approaching my project from a European integration perspective, he further strengthened my ability to see it that way, as well. In that way, Arne has made a crucial contribution to my effort to make this a truly cross-disciplinary project.

If the completion of this thesis was a less solitary intellectual endeavour than that as which PhD projects are commonly portrayed, then credits are due primarily to the IPE PhD club that has brought together young, enthusiastic scholars from both Amsterdam universities. In addition to its current members that includes many who left Amsterdam long before I finished my project, most notably Damian Raess. The dedication to each others work that has characterized the IPE club has been a constant source of inspiration. Combined with the companionship of Corina, Jasper and Luc as my office neighbours, it created a spirit of community capable of smoothing the rough edges of life as a PhD student.

The sense of purpose to our research projects emerged most clearly from my countless discussions with James Perry, invariably over a beer in one of Amsterdam's many cosy cafés. In their best moments, our arguments climbed to a level of intensity that would leave us simply exhausted once our encounters with the mystery that is capitalism had to end and it was time to head home. They were a crucial ingredient of my time as a PhD student, one of the kind that elevates tasty dishes to culinary delights even if added only in minute quantities.

None of these experiences would have come my way without my teachers at the International School for Humanities and Social Sciences (ISHSS) in Amsterdam who put me on the political economy track in the first place. Marianne Franklin, Jeffrey Harrod and Otto Holman in particular combined scholarly prowess with normative convictions in a way that left me with not doubt: whether we like it or not, political science is just that—a political science, and not just the science of politics.

After I started my PhD trajectory, the Amsterdam School for Social science Research

hosted me and my project for more than four years. I have always experienced the generosity with which it has funded my intellectual curiosity as a great privilege for which I remain deeply thankful, not least to all those working there. Hans Sonneveld, the school's director when I arrived, provided fatherly guidance on questions that can easily overwhelm fledging PhD students and José Komen took masterly care of the administrative and financial aspects of our existence there. My move to the department of political science at the University of Amsterdam with its collegiality has only strengthened my resolve to pursue an academic scholarly career. The breadth of views and approaches in the International Relations corner of the department, which I have come to know best, betray the intellectual heterogeneity that makes Amsterdam special and that I have come to value so much.

External support has allowed me to venture beyond the Netherlands and thus enrich my thesis project and enjoy the privilege of working with a variety of scholars abroad. First and foremost, this support has come through the GARNET Network of Excellence, financed by the EU's 6th framework programme. The undoubted highlight of my GARNET experience was the visiting scholarship it made possible at the London School of Economics in 2006. The support of numerous people at the LSE created an extremely stimulating encounter with the bristling intellectual life of the school and the City in which it is located while sharpening my awareness of the qualities of my Amsterdam education and academic environment. At the same time, the GARNET experience would not have been near as rewarding and enjoyable as it turned out to be without the immense help and seemingly inexhaustible goodwill of Eleni Tsingou, who managed the project at the University of Warwick. A great deal of the thanks that I owe GARNET belong to her. Also the Economic and Social Research Council of the UK, the Studienstiftung des deutschen Volkes and the Deutscher Akademischer Austauschdienst have contributed to my studies and research in ways for which I remain more than grateful.

When I interviewed policymakers, bankers and financial experts for this project, I invariably promised them confidentiality in return for the generosity with which they shared their insights and knowledge. This pledge keeps me from thanking them here in person. Nevertheless, the more than 50 interviewees in London, Paris, Berlin, Brussels, Frankfurt, Zurich and The Hague who took time and energy to answer my questions have provided an absolutely crucial component of this research. Beyond that, they have granted me a glimpse of a world that I find as fascinating today as I found it five years ago.

Special thanks are also reserved for Jörn-Carsten Gottwald. Having done research in same area as I, he freely shared his contacts and insights with me. Most importantly, he provided me with the manuscript of his German *Habilitation*, which has so far not been published but proved

an invaluable resource for this dissertation. Jörn-Carsten's readiness to provide me with the fruits of his work to help me improve mine stands as an example of admirable intellectual solidarity.

Particularly in the final, most intense stages a PhD project is bound to put personal friendships under considerable strain, especially those sustained over long distances. For all its merits, the thesis has made me a less social person over the past one or two years than I would have liked to be and hope to be again in the future. I am therefore grateful for the understanding my friends have shown for a degree of withdrawal that viewed from the outside must have been rather incomprehensible. Harking back to my school days, Arne, Simon and Thomas have kept the faith and always given me something to fall back onto that had refreshingly little to do with academia. It is my sincere hope that with just a little more time on my hands in the future, we can together reap the rewards of friendships that have not stopped growing over the years, against all odds. The same is true for Johanna, Johannes and Tom, who have turned Berlin into my third home town even though I have left it more than five years ago, Eyal, who has been my Amsterdam companion for many years and Don, who has been close to my heart ever since he shared his house in South Carolina with me 15 years ago.

In the context of this thesis, Takeo David Hymans deserves a special place among my long-time friends. He has edited this thesis from beginning to end in record time. I hope that at some point to come I will have a chance to return the invaluable service he has thus rendered me. In addition to the sheer amounts of time Takeo has invested, I remain deeply grateful for his uncompromising commitment to his own quality standards, no matter what the toll on his sleeping schedule. Both his and Valentina's generosity with what they have to offer stand for me as examples of a true dedication to friendship.

Thanking my parents, Mecky and Tölke, for all they have done to help me make this happen remains odd. It is the hallmark of the spirit of unquestioning love in which they have made their manifold contributions that it expects neither reward nor even thanks. That may be for the better, because no amount of gratitude can measure up against how many of the things I can enjoy today I owe to them. The readiness with which they supported whichever path I chose and the unwavering confidence in my ability to achieve what I had set out to do have been a great source of strength. Beyond that, the certainty that I could turn to them whichever twist events might take has given me the security to embark on this journey in the first place. Thus, when I thank Mecky and Tölke for their help, it is with the knowledge that it inevitably fails to capture the essence of my feelings towards them.

That is even more true for Liza, my love. Thanking her for all her patience, advice and comfort easily seems like taking stock at the end of a completed project. Yet that is not what it feels like. To me both of our PhD projects—which incidentally let our paths cross in the first

place—are already but small steps in the bigger project of building our common future. Nevertheless, the understanding she has shown for what it means to complete a PhD go beyond her own experience as a doctoral student. It has struck me as a sign of her unquestioning devotion to my project that I can only hope to reciprocate. For all the stress a thesis entails, it never created as much as a crack in the foundation on which our partnership is built. If our love can survive two PhD dissertations this easily, then it is hard to see what could break it. Writing this thesis with Liza at my side was so much of a joy that I can only look forward to our shared scholarly future—wherever it may take us.

Finally, ever since he has joined our family in 2006, our son Kolja has helped me to put the intellectual endeavour that this project has constituted into perspective. In addition to the intense pleasure and plain fun that it entails, fatherhood has challenged me to give this project a place in the ‘real world’—both in my own life but also with respect to the society in which Kolja will grow up. If by the time he will be able to read this thesis, it still contains what he considers valuable lessons, then it will have been time and energy well spent.

*Amsterdam
April 2008*

Merchants and master manufacturers are, in this order, the two classes of people who commonly employ the largest capitals, and who by their wealth draw to themselves the greatest share of the public consideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteness of understanding than the greater part of country gentlemen. [T]heir thoughts, however, are commonly exercised rather about the interest of their own particular branch of business, than about that of the society [...]. Their superiority over the country gentleman is not so much in their knowledge of the public interest, as in their having a better knowledge of their own interest than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity, and persuaded him to give up both his own interest and that of the public, from a very simple but honest conviction that their interest, and not his, was the interest of the public. The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market and to narrow the competition, is always the interest of the dealers. [...] The proposal of any new law or regulation of commerce which comes from this order ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention.

Adam Smith, 1776
The Wealth of Nations, Chapter XI

