

Politics by Association

Party Competition and Post-Crisis Bank Structural Reform in the UK, the Netherlands and Germany

Joseph Ganderson

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Abstract

Focusing on the UK, the Netherlands and Germany, this thesis examines divergent approaches taken to regulating large banks after the 2008 financial crisis. The UK unilaterally imposed a contentious break between commercial and investment banking, defying its banks; the Netherlands pursued a cultural agenda championed by its banks; and Germany imposed a milder compromise between the two. These outcomes challenge prevailing theories of financial reform which cite constraints imposed by economic systems and the power of business interests. This thesis develops a novel explanatory framework for these outcomes based on three modes of party: incumbent and associated opponent and unassociated opponent. Parties have clear incentives to frame the crisis in different ways based on their historical association with it, and this defines both the way policy solutions are produced within parties and patterns of competition and bargaining over policy between them. The ensuing competitive or consensual dynamic determines the extent to which the ‘default setting’ of bank control over the policy agenda can pervade even when a manifest policy failure becomes a highly salient issue. In the UK, a competitive blame game took control of the policy agenda away from the banks and was locked in by parties creating a

reformist expert commission. In the Netherlands, competition was absent as all three parties sought to deflect ownership, allowing banks to set the agenda. In Germany, competition only occurred at a later stage, leading to a mild compromise. This is ‘politics by association’, a basic framework that can have wider applications in policy studies and political economy.

Jury:

Prof. Pepper Culpepper, Oxford University/formerly EUI (Supervisor)
Prof. Anton Hemerijck, EUI
Prof. Scott James (King’s College London)
Prof. Lucia Quaglia (University of Bologna)

Bio

Joseph Ganderson is a postdoctoral researcher at the European Institute, LSE. His major interest is the politics of banking and finance, and his thesis research centres around post-crisis structural banking reform in three different European countries.
