Financial Geography Working Paper #15

Financial integration in EUrope,

a geographer's perspective

Michiel van Meeteren

Loughborough University (m.v-meeteren@lboro.ac.uk)

Vrije Universiteit Brussel (m.van.meeteren@vub.be)

July, 2018

The research is funded by:
FWO Research Grant G019116

Financial integration in EUrope, a geographer's perspective

Abstract

In the last thirty years, the financial sectors of the different member states of the European Union have gradually coalesced toward a single, integrated, European financial space. This contribution analyses this process of financial integration. It chronicles the literature on European financial integration from Jacques Delors' single market project until the recent Capital Markets Union, with an emphasis on the work of financial geographers. Drawing on a version of Lefebvre's 'thick' conception of space instead of the 'thin space' perspective prevalent in the financial industry, as well as on geographical theories on scale, the paper recasts the large literature on financial integration theoretically. The result is a distinctive geographical perspective on European financial integration upon which new empirical research can be founded.

Introduction

> Financial integration should be seen as a multidimensional process that takes a group of economies from 'financial autarky' within their respective borders to a single financial market in which *geography has become irrelevant*. [...] If the world were to head for a single financial market, *the concept of a single European financial market would eventually lose its relevance.* (IMF economist Wim Fonteyne, 2007, p. 5, emphasis added).
>
> Henceforth, we should not only speak of a European financial market, but of a *genuine financial space* [...]. Similarly, reinforced monetary coordination on the *scale* of the European Community is *inscribed* in the natural extension of *European financial space*. (European Commission president Jacques Delors, 1992 [1989], p. 155; translated from French, emphasis added).

The above statements about European financial integration express sharply different geographical worldviews (Lee, 2002). First, there is the IMF economist's 'thin conception of space', waiting to be eradicated by the market. Contrast this with Jacques Delors' 'thick conception of space', where market making necessitates actively modulating material spaces, circuits and flows (Hudson, 2004a; 2004b). Delors regards markets as social constructions that gain their vitality from the people who contribute to them. Accordingly, Europeanization entails actively 'reorganizing European space' (Ross, 1995, p. 109). For Delors (1992 [1988], p. 75), the common market could not exist without deeper social ties between Europeans and the possibility of reducing the EU to a mere free trade area is anathema to that conviction (Ross, 1995, pp. 120-121).

This contribution recounts three decades of European financial integration. When Delors became European Commission president in 1985, the European Economic Community (EEC) consisted of ten shielded national financial markets[1] and the 'Euromarkets' centred in London (Mügge, 2006, p. 1005). In the ensuing three decades, these markets gradually coalesced into a new geographic formation, engulfing new member states in the process. However, Europeanization has not resulted in homogenization as the 'thin space' view would predict. Changes in European finance have reshuffled the spatial structure of Europe while exacerbating uneven development (Hadjimichalis, 2011). In the EU's power centres, this unevenness is often cast as a problem of the 'arrow points to defective part' variety (Engelen et al., 2011, p. 3). Economic turbulence is considered the result of insufficient integration rather than an effect of prior policy. This representation again suggests Europeanization through the eradication of spatial difference, a discourse Jensen and Richardson (2004) describe as 'monotopia'. Likewise, contemporary financial integration proposals such as Banking Union (Howarth & Quaglia, 2016) and Capital Markets Union (Braun et al., 2018) are imbued with a thin space perspective, where more integration and less geography are a solution rather than part of the problem.

[1] The EEC member states in 1985 were: Belgium, Denmark, France, (West-)Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Portugal and Spain would join on January 1, 1986.

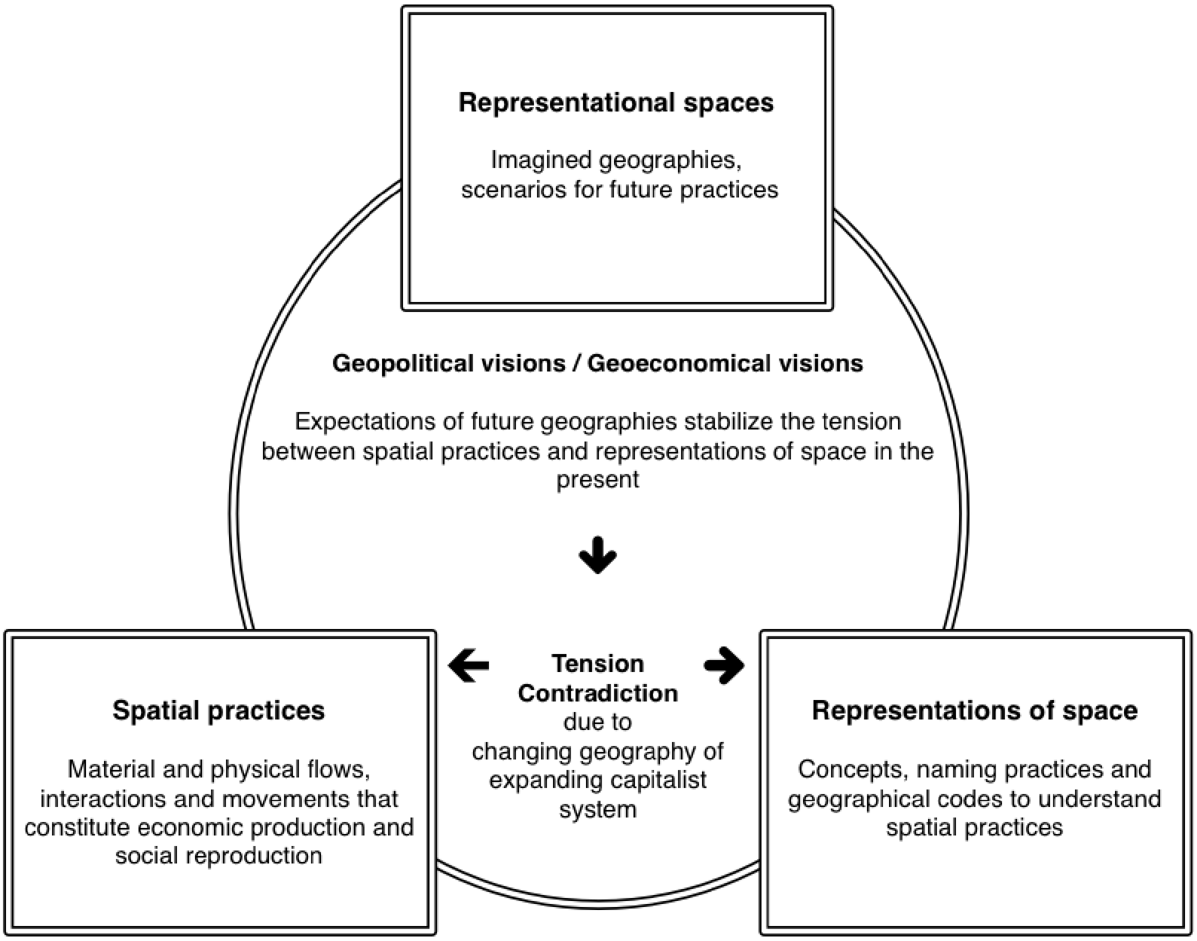
New challenges for European finance associated with Brexit (Dörry, 2017; Hall & Wójcik, 2018; Lavery et al., 2018) and ongoing technological change (Hendrikse et al., 2018) call attention to the need to recalibrate our understanding of EU financial integration. Chronicling, theorizing, and framing European financial integration with a 'thick space' view is long overdue. In order to chronicle concisely, this paper is selective. It analyses the Europeanization of finance from the EU perspective, without elaborating interdependencies with other scales. Moreover, the paper largely brackets the parallel development of monetary integration unless it directly impinges on financial integration. The paper continues as follows. First, a theoretical framework on financial integration is proposed that acknowledges thick space. Afterwards a timeline of three decades of European financial integration is sketched. Finally the argument is summarized by confronting the timeline with the focal ECB statistics. This allows drawing conclusions on three decades of financial integration.

Making financial space in EUrope

Agnew and Corbridge (1995) theorize how space is mastered outside the frame of the nation-state by tracking changing relations between political geographies, geopolitical orders, and the international political economy. Their framework, which I propose as operationalization of the thick space conception, relies on Lefebvre's (1991 [1974]) categories of 'spatial practices', 'representations of space' and 'representational spaces' (Figure 1).

Lefebvre's framework posits continuous interplay between how spatial practices (material spaces, circuits, and flows, see Hudson, 2004b) are spun over the face of the earth, representations of space through which we interpret and name these practices and representational spaces that imagine future geographies. Europe's economic structure and the European geographical imaginations that make sense of that structure co-evolve (Lee, 1976; Taylor, 1991). There is continuous tension between spatial practices and representations of space due to capitalist expansion (Bassens & Van Meeteren, in press; Sokol, 2013), allayed by representational spaces of a future resolving these tensions (cf. Beckert, 2016). Representational spaces reflexively modulate the interaction between spatial practices and representations of space (cf. Rovnyi & Bachmann, 2012). Re-imagining economies on the EU scale reflects this anticipation about future interplay between geographic narratives and economic structure (Jonas, 1994, as elaborated by Smith, 1995, see also Heinemann, 2016). These representational spaces are geographies of EUrope (Clark & Jones, 2008; Moisio et al., 2013): spatial discourse about the (future) role of EU institutions. Compatibly, Fligstein (2000) describes Europeanization as resulting from a spiralling interplay between increasing transnationalization of social interactions and institutionalization of these interactions on the European scale that in turn stimulates more interactions (Sandholtz & Stone Sweet 1998; Stone Sweet et al. 2001). European financial institutions have steadily co-evolved with the expectations raised in sequential EU financial regulation policy cycles (Dixon, 2011; Mügge, 2010; 2013; Pauly, 2009).

Figure 1. Mastering space, Agnew and Corbridge (1995, p.7)'s Lefebvrian model.



Institutionalizing European financial space is a state scalar project (Brenner, 2004), where finance-state interactions are at least in part 'uploaded' (Mügge, 2010) to the EUropean scale. Rescaling, induced as Europeanization of finance, emerges as the outcome of a search for an 'island of stability' (Leyshon & Thrift, 1995; see also Bassens & Van Meeteren, in press; Swyngedouw, 2004) in a turbulent global financial environment. European financial integration coincided with financialization, where the crisis tendencies of capitalism are increasingly articulated in the financial sphere (French et al., 2011). Hence, creating this island of financial stability has become a significant element of the EUropean spatio-temporal fix (Braun & Hübner, 2018; Fernandez & Wigger, 2016). A spatio-temporal fix (Harvey, 1981, as interpreted by Jessop, 2008, p. 162; compare Christophers, 2014a), 'resolves, partially and provisionally at best, the contradictions and dilemmas inherent in capitalism by establishing spatial and temporal boundaries within which a relatively durable pattern of "structured coherence" can be secured and by shifting certain costs of securing this coherence beyond these spatial and temporal boundaries. This sort of spatio-temporal fix displaces and defers contradictions both within a given economic space and/or political territory and beyond it'.

The EUropean spatio-temporal fix is not mono-scalar (Jessop, 2006). Elements of capitalist regulation are fixed at different scales, generating a variegated pattern (Peck & Theodore, 2007) with a variable geometry (Stubb, 1996). Moreover, the EU scale comprises different power centres: the European Commission, the European Council, the European Parliament and comitology procedures determine policy outcomes in interaction (Mamadouh and Van der Wusten, 2008; Quaglia, 2010a). The exact combination of spatial effects will differ from place to place depending how scales are imbricated in situ (Brenner, 2009). For instance, EU member states that did not join the euro still have to adhere to directives from Brussels regarding financial market governance. The contradictions between Euroland that excludes London, currently the EU's largest financial center, on the one hand, and the common market space of financial governance that includes the London City on the other is the most salient case, productive of many financial geographies of legal arbitrage (Aalbers, 2018; Van Meeteren and Bassens, 2016). Additionally, the EU's variable geometry interacts with regional and national institutional differences, while firms, markets and regulations rarely 'Europeanized' in tandem within and across contexts (Aalbers, 2009a). Actors such as the European Central Bank (ECB), the international Basel-based financial governance committees (Bieri, 2009), and the OECD and IMF (Abdelal, 2007) also influence scalar configurations. Therefore, when European financial integration intensifies, instead of homogenization, a changing geography of uneven development is set in motion where variegated lines determining insides and outsides of imbricated scalar effects are in flux (Hadjimichalis, 1994; Hudson, 2003).

To cut this Gordian knot, this paper reads financial integration through the history of European Commission *directives.* A directive is binding regulation for member states but transposition in national law is member state responsibility (McCormick, 2008, p. 73). There is a time lag between directive adoption and the transposition deadline. A directive, as legal fact, is a representation of space that recursively affects spatial practices and representational spaces. Analysing the subsequent adoption of different generations of financial integration directives is the main tool by which this paper probes the gradual Europeanization of finance.

Conjunctures of European financial integration (1986-2017)

Financial history has distinct temporalities (Engelen et al. 2011, p. 48). While the 'framework conditions' since the 1970s exhibit increasing dominance of the financial sector (French et al. 2011), shorter cycles, 'conjunctures', are also discerned (Bassens et al., 2013; Engelen et al., 2010a; Van Meeteren & Bassens, in press). Engelen et al. (2011, p. 50) define conjunctures as fragile periods within the longer-term frame where financial sector business models align with the macroeconomic and regulatory context. This paper defines conjunctures according to the main European policy cycles that last five to seven years: 1985-1992, 1992-2000, 2000-2007, 2007-2012 and 2012-2017. They will be discussed chronologically.

1985-1992: The '1992' European relaunch

In 1985, Europe's future looked bleak. The 1970s crisis had severely weakened member state economies and strategies to rejuvenate national industrial champions were failing. Moreover, Europe felt left behind by the high-tech innovation coming from California and Japan (Albert & Ball, 1983). The Single European Act (1986) and the '1992' completing the internal market project (COM, 1985) was newly-minted Commission president Delors' opening bid to relaunch the EEC, the EU's predecessor (Sandholtz & Zysman, 1989; Streeck & Schmitter, 1991; Sadler, 1992; Van Apeldoorn, 2002). Financial integration was regarded pivotal to the 1992 project. Europeanizing the financial sector had to deliver a significant amount of the projected growth (Cecchini, 1988; cf. Bieling, 2006, Chick & Dow, 2012) and was considered a prerequisite for financing the Europeanization of other sectors (Leyshon & Thrift, 1992; Llewellyn, 1992; Tickell, 1999). Additionally, the industrial policy paradigm was shifting whereby (financial) services was regarded a propulsive growth sector rather than merely auxiliary to (heavy) industry (Illeris, 1989). Lastly, the 1986 London 'big bang' (Leyshon & Thrift, 1997) generated awe about the gains of a liberalized, technologically forward-looking financial services sector (Maes, 2007), spawning mimicked 'little big bangs' across European financial centres (Moran, 1994).

The 1988 Capital Markets Directive was the first major development (Directive 88/361/EEC, transposed 1 July 1990). The directive abolished capital controls and put 'freedom of capital' on equal footing to the freedoms of persons and goods enshrined in the 1957 Treaty of Rome. In a bid to become a globally relevant financial power, the directive obliged extending capital freedom beyond the EEC to the rest of the world (Abdelal, 2007; Story & Walter, 1997). The 1989 Second Banking Directive (Directive 89/646/EEC, transposed 1 Jan 1993) established the passport principle for European banks (Molyneux, 1989; Underhill, 1997). Passporting allows banks to operate in all member states under home central bank supervision based on common standards of supervision. The directive was accompanied by the Capital Adequacy Directive (Directive 89/647/EEC, transposed 1 January 1991) that hard-coded Basel I solvency requirements in European law (Mügge, 2006; Underhill, 1997). Another development in this era was the run-up to monetary union (Dyson & Featherstone, 1999), which projected a representational space about further future financial integration, culminating in the 1992 Maastricht Treaty.

In the early 1980s, member states' financial sectors differed considerably and many financial institutions were lukewarm about Europeanization (Bieling, 2006). A 'battle of the systems' (Story & Walter, 1997) ensued about whose financial sector model would be favoured in the Commission's proposals. Ultimately, the Commission preferred the universal bank model. Universal banks combine the full spectrum of banking services, from retail to investment banking (Jabko, 2006). Large universal banks, particularly those from smaller member states with saturated home markets (Molyneux, 1989) became the Commission's allies in furthering financial integration (Tickell, 1999; Jabko, 2006). Nevertheless, European banks remained ambivalent in their spatial practices. Banking systems consolidated nationally on the retail side (Chick & Dow, 2012; Leyshon & Thrift, 1992), while internationalizing in corporate segments such as wholesale banking and securities trading (Larson et al., 2011; Leyshon & Thrift, 1992; Mügge, 2006). Corporate segments were globalizing rapidly and were regarded as crucial to the future of European banks (Begg, 1992; Llewellyn, 1992). Resultantly, a group of national champion universal banks combining national retail foundations with corporate adventures abroad emerged in the early 1990s. These banks operated according to the representational space of a rejuvenating, triumphant, Europe.

1992-2000: The roaring nineties and the promise of globalization

Quickly after the 1992 Maastricht Treaty that heralded monetary union, EUphoria relented. The early 1990s recession, combined with monetary turbulence and the steep costs of German reunification, gave rise to economic pessimism and an inward focus on immediate national interests (Dicken & Öberg, 1996; Ross, 1995; Maes, 2007, p. 81; McNamara, 1998). Financial integration plans wound down in tandem (Jabko, 2006, p. 85). The remaining '1992' Investment Services and Capital Adequacy Directives (93/22/EEC; 93/6/EEC, both transposed 31 December 1995) were the result of lowest common denominator compromises (Mügge, 2006). The directives were ineffective financial integrators as passporting was based on host country supervision (Wójcik et al. 2007), providing member states leeway to erect non-tariff barriers. Directive negotiations failed to reconcile the interests of continental universal banks, the London securities industry (Underhill, 1997) and competing stock exchanges (Bieling, 2003). Hence, expectations about further Europeanization tempered.

The early 1990s representational space emitted anxiety about how monetary union would be realized. Although 'Maastricht' committed member states to monetary union, it foresaw a transition period to complete the internal market, successfully navigate the challenges of reunifying Germany, and achieve macroeconomic convergence (Story & Walter, 1997, p. 93). Convergence and monetary union were theorized to evolve in lockstep (Dyson, 2002) but how was not self-evident. Monetary union comprised three phases. The first, liberating capital controls, was achieved by 1990. The second phase, in 1994, created the European Monetary Institute (EMI), the precursor to the ECB. The EMI monitored the convergence of European economies (idem), becoming allied to the Commission in promoting the integration project (Jabko, 1999). The EMI's encouragement to standardize monetary policy techniques across European central banks was completed by the millennium (Braun, 2018). At the Madrid Summit, in December 1995, a membership overture to the post-socialist countries of Central and Eastern Europe was made, and the summit decided to set the date for stage 3 of monetary union. By January 1, 1999, exchange rates were to be fixed and the virtual Eurocurrency born. From 1995 onward, monetary union was likely (Mügge, 2006) and generated a distinctive anticipatory Euroland representational space (Pollard & Sidaway, 2002).

It is debatable whether monetary and financial integration were co-dependent (Sandholtz, 1993). Regardless, the connection between the two processes was emphasized to increase the euro's feasibility (idem, Bieling, 2006; Jabko, 1999). The prospect of a single currency decreased cross-border transaction costs (Tickell, 1999), increased industrial transnationalization (McCarthy & Dolfsma, 2015), and was expected to culminate in consolidation of financial institutions (Dow, 1994). These expectations fed into a bank merger wave in the late 1990s (Bayoumi, 2017, pp. 37-39). Another Europeanization fuel rod was the privatization bonanza generated by the '1992 process' and the neoliberal *zeitgeist* providing significant investment bank jobs for European universal banks (Konings, 2008; Engelen et al., 2010b; Van Meeteren and Bassens, in press). Privatizations galvanized European stock markets, which were gearing up for increased competition (Engelen, 2007). As the UK opted out of the euro, fantasies that other financial centres could compete with London were rife (Beaverstock et al., 2005; Moran, 2002). Large universal banks used the reinvigorated capital markets for takeovers, preparing to come out on top in what consultants called 'the global end game in banking' (Van Meeteren & Bassens, in press), resulting in Europeanization through consolidation (Mulder & Westerhuis, 2015). Many West-European banks, particularly those with saturated home markets[2], started looking at expansion in the 'emerging markets' of post-socialist Europe (Smith, 2002), especially where eventual EU membership was anticipated (Jöns, 2001; Karreman, 2009; Lindstrom & Piroska, 2007; Vliegenthart & Horn, 2007). Resultantly, East-European banking sectors became predominantly foreign owned (Epstein, 2008). Many takeovers were financed on capital markets (Van Meeteren & Bassens, in press), inducing adoption of shareholder capitalism models of corporate governance (Story & Walter, 1997, p. 156; Wójcik, 2002). Meanwhile, drunk on promises of the 'new economy', this shareholder model was driving an unprecedented stock market frenzy in the United States (Feng et al., 2001; Leyshon et al., 2005). At the same time, dotcom dreams fed narratives that Europe was (again) 'staying behind' in new rounds of innovation (Bieling, 2003; Power, 2002) and many countries took up the challenge of gearing their stock markets toward new technologies (Bieling, 2003, 2006).

The late 1990s engendered a representational space of millennial frenzy, where expectations of radically different economies sent stock markets skyrocketing. During this frenzy, the 'second phase' of financial integration was initiated. The Commission, with significant input from large European financial players (Mügge, 2010), concocted the Financial Services Action Plan (FSAP, CEC 1999), a blueprint for a new set of directives intending to Europeanize capital markets (Quaglia, 2010a, pp. 34-35). The FSAP was incorporated in the 2000 Lisbon Agenda as the Europeanized capital market had to enable financing a Europe-wide knowledge-based economy (Maes, 2007, p. 104).

[2] The Belgian bank KBC is exemplary for this trend. The bank eventually became a big player in the Czech Republic, Slovakia, Hungary, Poland and Bulgaria.

2000-2007: Europe sinks in the age of market-based banking

Konings (2008) argues that the 2000 dotcom burst is a watershed moment for European finance. Whereas in the 1990s all financial actors seemed to profit from higher economic tides, after the burst it was predominantly 'big finance' that recovered. This partial recovery accelerated the decline of second-tier financial centres (Engelen, 2007) and incentivized widespread adoption of 'shareholder capital' corporate governance (Wójcik, 2006). The period of relative downturn, until about 2003, was the gestation period of the FSAP directives. The directives were perceived as urgent, as slow recovery was attributed to the 'sluggishness' of Europe in adopting new regulations accommodating the fast-changing world of finance (Grahl, 2011). Resultantly, the FSAP directives were established under the new Lamfalussy governance procedure (Quaglia, 2010a) which sped up the policy-making process and made it more transparent, but also formalized private-sector influence and rendered the process more technocratic (Maes, 2007; Mügge, 2011; Posner & Véron, 2010).

The FSAP heralded change from 'market opening' measures toward Europe-wide regulation (Quaglia, 2010b). Key FSAP directives were the Financial Collateral Directive (2002/47/EC, transposed 27 December 2003), the Prospectus Directive (2003/71/EC, fully transposed 31 December 2008), the Market Abuse Directive (2003/6/EC, transposed 12 October 2004), the Transparency Directive (2004/109/EC, transposed 20 January 2007) and the Market in Financial Services Directive (MiFID) (2004/39/EC, transposed by 2007) (Quaglia, 2010a; 2010b). These directives established home-country control and transformed European capital markets (Wójcik et al., 2007; Macartney, 2009). In 2006, Basel II regulations were translated in revised banking and capital requirements directives (Quaglia, 2008). In 2007, the Payment Services Directive (2007/64/EC, transposed 1 November 2009) established the single European payments area and international accounting standards were enshrined in European regulation (Perry & Nölke, 2006). Together with clearing initiatives at the ECB, this significantly upgraded the 'plumbing' of EU finance (Maes, 2007; Quaglia, 2010a).

Although some locate the roots of financialization in the 1970s (French et al., 2011), it is in the mid-2000s when many of financialization's quintessential characteristics, such as securitization, the rise of repo markets and derivatives, algorithmic trading and shareholder capitalism, really become transformative. An enormous capital glut, a 'wall of money' (Engelen et al. 2011), particularly from pension funds, incentivized listed corporations to comply with financial market imperatives (Clark and Wójcik, 2007). The FSAP directives allow use of government bonds as collateral, in 'repo' agreements, stimulating financial institutions to borrow cash to seek high returns on financial markets (Gabor & Ban, 2015; Gabor, 2017). The resulting infrastructure allows the ECB to transmit monetary policy across the European territory through the inter-bank market (Braun, 2018), contributing to the erosion of 'variety in capitalism' (Dixon, 2012; Engelen et al. 2010b) and the distinction between capital- and bank-based financial systems (Hardie & Howarth, 2013). In the new modus operandi, the savviest banks engaged in 'market-based banking' (idem), scourging the world for profit-generating assets to securitize into tradable financial products (Leyshon & Thrift, 2007; Wainwright, 2015) or trade in these securities. From the EU perspective, all seemed to be fine. Universal banks made record profits (Engelen et al. 2011, p.113) by benefitting from the favourable conditions enshrined in the EU codification of the Basel II treaty after 2004 (Bayoumi, 2017, p. 86). The coinciding bank merger wave was seen as a sign of economic strength (Wigger, 2012).

Moreover, bank lending seemed to flow to those places that were relatively underdeveloped, signalling that that convergence was now finally happening (Bassens et al., 2013). According to European Commissioner Charles McCreevy (2004, p. 2), thanks to the FSAP, there now was 'incontrovertible evidence, [...] that European markets are beginning to integrate and costs are falling'.

The sense of progress had its casualties. MiFID enabled 'the global stock market' (Wójcik, 2011) because when legal barriers to financial trade disappear, the deepest markets centralize all trading activity (Wójcik, 2009; 2011), to the detriment of secondary financial sectors (Engelen, 2007; Engelen & Grote, 2009; Fernandez, 2011). Many mid-sized European banks that had benefitted from the 1990s financial integration could not keep up and lost the supposed 'global end game' (Van Meeteren and Bassens, in press; see also Mügge, 2010). By 2007, there were 12 'megabanks' in the Eurozone accounting for the entire increase in assets of the early 2000s (Bayoumi, 2017, p.39, p. 88). The success of the financial sector dwarfed the other goals of the Lisbon agenda, culminating in a 'financialized' rather than a 'knowledge-based' European economy (Birch & Mykhenko, 2014). Nevertheless, difference in Europe persisted. The new member states had not participated in the financial policy-making process (Vliegenthart and Horn, 2007; Quaglia, 2010a), yet their financial sectors had fallen prey to majorities of foreign owners. Geographies of banking practices (Hardie and Howarth, 2013) and mortgages (Aalbers, 2009a) remained differentiated across the continent. Particularly in the relative economic 'periphery' (e.g. Italy and Greece), older 'safe' banking practices such as dependence on government bonds remained common practice (Pagoulatos & Quaglia, 2013).

2007-2012: Financial (dis)integration: The North-Atlantic financial crisis

From the perspective of EUrope, the North-Atlantic financial crisis has two distinct phases demarcated by the fall of Lehman Brothers in September 2008 (Bassens et al., 2013, p. 2409). The crisis originated in summer 2007, when the US subprime mortgage market melted down (Aalbers, 2009b), resulting in a run on the repo and the securitization-fuelled shadow banking system (Thiemann, 2014). In August 2007, three of BNP Paribas' investment funds terminated redemptions, signalling the start of crisis transmission to Europe (Engelen, 2012). The big universal banks, such as BNP Paribas, Société Générale, Nataxis but also smaller German regional banks (Hendrikse, 2015; Howarth & Quaglia, 2016) had toxic US mortgages on their balance sheets, acquired in the boom years, triggering obligations they could not meet anymore (Bayoumi, 2017; Fligstein & Habinek, 2014; Jones et al., 2016). As bank supervision was not Europeanized, resolving failures was a member state affair (Howarth & Quaglia, 2016). After Lehman Brothers, the interbank market froze, prohibiting the short-term refinancing of debt. All convergence indicators started failing (Bassens et al., 2013), thus pushing more banks and governments into insolvency. Lenders lost faith in the representation of European financial space and began acting as if the EU was merely a loose association of states (idem). This development culminated in a 'deadly embrace' (De Grauwe, 2013; Epstein & Rhodes, 2016) between banks and sovereigns, where downgrades of government bonds recursively triggered new bank failures. The weaker Southern European economies bore the gravest consequences (Lapavistas et al., 2012). The negotiations around subsequent European and IMF bailouts in Greece (April 2010, July 2011), Ireland (November 2010), Portugal, (May 2011), Spain (June 2012), and Cyprus (Jun 2012) (Howarth & Quaglia, 2016) formed the backdrop of a frantic European search to reverse the representational space of a failing Europe.

Given the substantial role of Northern European banks in the genesis and transmission of the crisis, the representations of space guiding the crisis resolution are remarkable, if not complacent and blatantly false (Engelen et al., 2011; Engelen, 2012). In efforts at resolution, the crisis has consistently been presented as typical to 'Anglo-American capitalism' exported like a 'cancer' to Europe (Bieling, 2014; Engelen, 2012). This was bad capitalism supposedly kept outside the European 'island of stability' (Bassens & Van Meeteren, in press). Post-crisis reform therefore focused on building 'a wall around Europe' (Pagliari, 2013). Before that wall could be erected, bailouts produced distinctive governance crises unforeseen in the European treaties (Mamadouh & Van der Wusten, 2013). Jones et al. (2016) label this a 'failing forward' period, where member states' foot-dragging produced lowest common denominator policies that entailed draconic consequences for the member states subject to them. Haggling between member states each wanting to minimize individual exposure to the crisis produced a temporary (May 2010) and eventually permanent (Dec 2012) 500 billion European Stability Mechanism (ESM). The latter was an ECB-monitored 'battle chest' to counter financial market instability. However, drawing on it came with very thorny strings attached (Epstein & Rhodes, 2016). The ESM was coupled with new series of regulations, the 'six pack' (Sep 2010), the 'two pack' (Nov 2011) and the fiscal compact (March 2012), which progressively raised member state budgetary requirements and were increasingly punitive toward those failing to meet them (Schmidt, 2015). All these policies would allegedly 'fix the broken part' and jumpstart 'convergence' in spatial practices as represented in borrowing and bond yields, despite the widely diverging social costs across the European continent (Lapavistas et al., 2012; Varoufakis, 2016).

Regarding re-regulating finance, the crisis first engendered bold regulatory proposals, particularly when addressing the putative Anglo-American practices the crisis was blamed on. For a while, more prudential, less free market-oriented policy proposals were considered (Quaglia, 2012a). In 2009, regulations governing credit rating agencies, deposit guarantees and alternative investment funds were proposed (Quaglia, 2012b; the UCITS Directive 2009/65/EC, transposed 1 July 2011), although the Alternative Investment Fund Directive was only adopted in 2011 and fully transposed by 22 July 2013 (Directive 2011/61/EU). The hedge fund priority was remarkable. While hedge funds were portrayed as the Anglo-American 'locusts' in the European financial space (Engelen, 2012) and were blamed for the downfall of proud European national champions such as ABN AMRO (Van Meeteren & Bassens, in press), hedge funds had played no role in the financial crisis (Quaglia, 2011). Like the Lamfalussy expert group a decade earlier, the De Larosière (2009) expert group produced a European financial governance overhaul report (Spendzharova, 2011). The eventual De Larosière regulations (for overview, see Quaglia, 2012b) encompassed regulation on derivatives (Regulation 648/2012) and strengthened capital requirements for financial institutions (Directive 2010/76/EU, transposed by 31 December 2011). Nevertheless, many proposed banking supervision regulations (Jones, 2015) were left in limbo until the next conjuncture.

Despite this flurry of regulatory activity, entropy of European financial space continued. Quaglia et al. (2016) report that between 2005 and 2011 cross-border bondholding fell from 40% to 33%, disturbing transmission of monetary policy. The future of large investment banks and too big to fail banking seemed clouded (Wójcik, 2012; Wójcik & MacDonald-Korth, 2015). Moreover, new rounds of sovereign bankruptcies were by now threatening Italy and Eurozone integrity (Mamadouh & Van der Wusten, 2013). In order to buy time, incoming ECB president Mario Draghi announced on 26 July 2012 (Draghi, 2012) that 'the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough'. In practice, this meant creating a trillion euros and lending them to banks in exchange for troubled collateral from their books (Jones, 2015; Varoufakis, 2015). This trillion-euro gesture immediately reinstated the representational space of an enduring Europe, and as Jones (2015, p. 44) claims, quietly dissolved the sense of urgency to build new crisis-resistant institutions.

2012-2017: Business as usual? A preliminary analysis of recent events

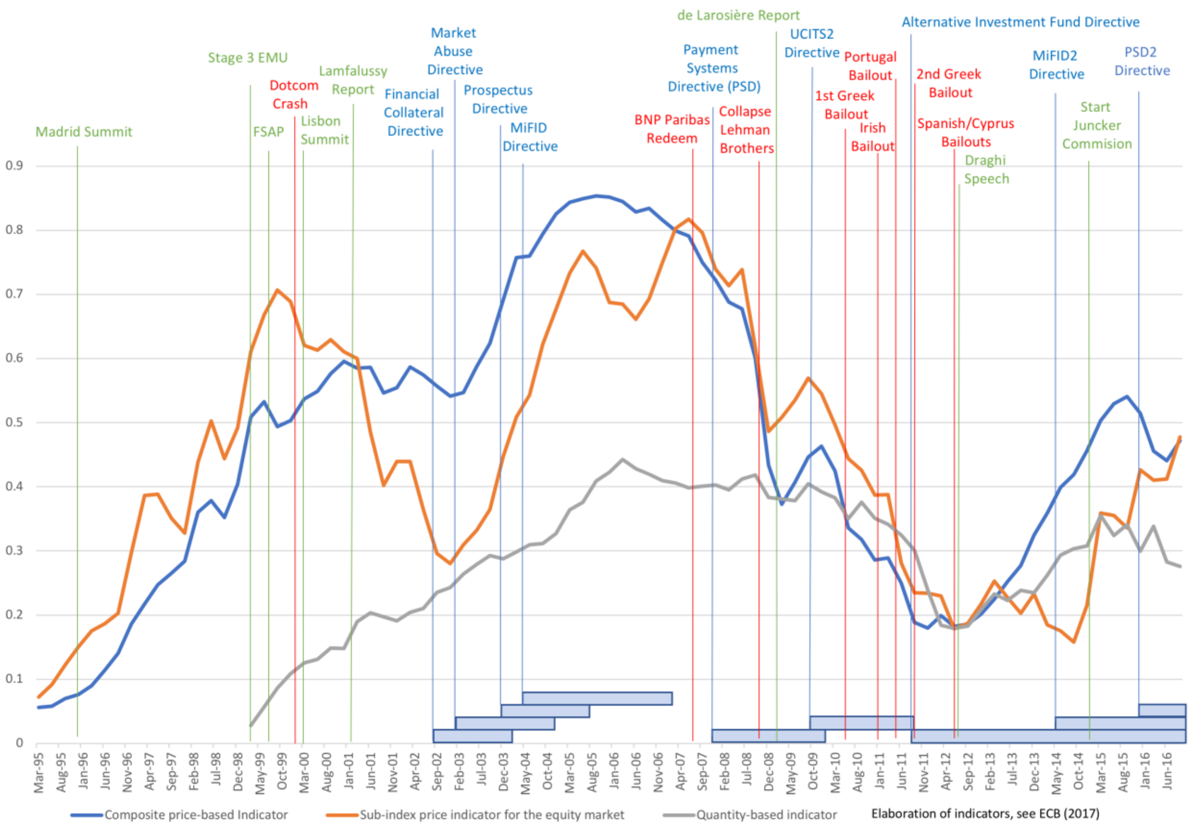
The current conjuncture's policy cycle is still ongoing and it is therefore impossible to tell what spatial practices or representations of space will emerge. We can, however, interrogate the 2012-2017 conjuncture's key representational space: 'financial union'. According to Epstein and Rhodes (2018), financial union will transform European economic *governance* in European economic *government.* Financial union is the outcome of the 'Five Presidents Report' (Juncker, 2015) and the 'Four Presidents Report' (Van Rompuy, 2012) (see Howarth & Quaglia, 2016, p. 201), which promises that, this time, Europe will move towards a '*genuine* economic and monetary union' (title of Van Rompuy, 2012, emphasis added). The Juncker Commission spearheads financial union, which integrates the continuing struggle about banking union with an FSAP-style initiative called Capital Markets Union (CMU) (Epstein & Rhodes, 2018). Juncker is a veteran of eurocrisis politics (Holmes, 2014) and as former prime minister of Luxemburg optimistically predisposed toward finance's role in renewing European integration (Dörry 2016; Quaglia et al., 2016).

Similar to the FSAP in 1999, optimism generated by the 'return to normal' after the Draghi intervention seems to have invigorated financial lobbying (Engelen & Glasmacher, 2018; see Braun et al. 2018, for overview), including renewed calls for lenience toward securitization (idem, Fernandez & Aalbers, 2017). Recent directives, MiFID2 (Directive 2014/65/EU, fully transposed 3 September 2018) and PSD2 (Directive EU 2015/2366, transposed 13 January 2018) enable further digitization and platformization of financial services (FinTech). These directives have the potential to change the European financial landscape, but the precise effects on market-based banking and the EU financial sector could be manifold (Hendrikse et al., 2018). Meanwhile, the boldest of all post-crisis proposals, the financial transaction tax, has been dying a slow death (Gabor, 2016; Kalaitzake, 2017). ECB opposition hastens the death, as the tax would endanger the transmission of monetary policy, which reversed European entropy after Draghi started pumping liquidity into the system (Braun, 2018). The same jubilant representation of space that guided '1992', 'the Euro' and 'the FSAP', which portrays financial integration as the only available medicine to the illness of alleged economic 'backwardness' is back, projecting a financialized future.

Conclusion

Since 1995, the EMI and ECB collect Eurozone financial integration statistics measuring convergence in financial markets. When prices converge, market spaces are presumably coalescing. Since 1999, volume statistics have also been collected. Although these statistics have their qualifications, they allow for summarizing this paper's argument. Figure 2 shows the degree of convergence of three different indicators, with a score of 1 meaning a full convergence. Horizontally, Figure 2 displays several price and quantity convergence indicators and vertically indicates shocks (red), other events (green), and directives and their transposition periods (blue). The convergence indicators can, in a qualified way, seen as an indicator of spatial practices. The vertically indicated events are spatial representations as they change the spatial landscape in which these spatial practices occur. The anticipations about the future that the interplay between these indicators and events conjure, the representations of space, have been described per conjuncture in the dedicated sections above. Remarks about the relations between these phenomena should be regarded descriptive and any causal suggestion should be subject to dedicated follow-up research.

Figure 2: ECB key indicators of financial integration and key events 1995-2016[3]



[3] Source: https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/financial_integration/html/index.en.html

Figure 2 conveys the convergence narrative. Whereas banking, bond and money markets had already Europeanized by the millennium, equity prices remained volatile. Equity prices diverge after the dotcom crash and they only start moving in lockstep with the other indicators after the FSAP directives. The volume indicator only starts to converge, first downward then upward, after the collapse of Lehman Brothers when Europe increasingly interferes in bond markets. These observations indicate that European directives, that is laws, are consequential for shaping EU financial market geographies (Christophers, 2015). Another striking observation is the volatility in spatial practices following new financial integration policy, like the FSAP and the De Larosière report. Policy proposals are products of specific conjunctures, but policy effects only become fully apparent after that conjuncture has passed. By the time the FSAP directives became law, the context had radically changed, fuelling financial bubbles that were unanticipated in the 1990s.

Unintended consequences invite reflection about the thick conception of space. The representational space of a financially integrated EU, strong enough to be an innovative yet sturdy island of stability, continuously enchants imaginations. This imagined future (Beckert, 2016) of EUrope makes firms plan mergers and acquisitions and adapt their spatial practices foreseeing changing market rules. The anticipation of the euro and Draghi's speech are salient examples. Yet, European financial integration is not reducible to futuring alone as the European financial space interacts with other scales of practice and unintended consequences occur. The FSAP did not lead to a European Silicon Valley-style capital market but to consolidation of big European banks. Yet because the FSAP led to more financial integration it was still considered a success. A discursive advantage is that the 'Silicon Valley style capital market' wish can be recycled when negotiating Capital Markets Union (Engelen & Glasmacher, 2018). Each new round of European financial integration supposedly 'shaves away' another layer of geographical difference until the 'genuine' EUropean teleological outcome is finally achieved (cf. Matthijs & Blyth, 2015).

This paper proposes a different conception of space, which critically examines the performativity of monotopic representations of European space through juxtaposition with the spatial practices and spatial representations it recursively produces. A financial geography perspective underlines that performativity is always a product of political economy, practice and agency; spatial practices that are always located somewhere (Barnes, 2008; Christophers, 2014b; Muellerleile, 2015). Thick space focuses on the how, what, why and where of European financial space builders. If, following Delors (1992 [1989], p. 155) the ‘scale of the European Community is inscribed in the natural extension of European financial space’, we have to intensify our mapping of the spatial practices of the inscribers.

References

Aalbers, M. B. (2009a). The globalization and Europeanization of mortgage markets. *International Journal of Urban and Regional Research*, *33*(2), 389–410.

Aalbers, M. B. (2009b). Geographies of the financial crisis. *Area*, *41*(1), 34–42.

Aalbers, M. B. (2018). Financial geography I: Geographies of tax. *Progress in Human Geography*, *29*(1), http://doi.org/10.1177/0309132517731253

Abdelal, R. (2007). *Capital Rules: The Construction of Global Finance.* Cambridge MA: Harvard University Press.

Agnew, J. A., & Corbridge, S. (1995). *Mastering Space*. London and New York: Routledge.

Albert, M., & Ball, R. J. (1983). *Towards European Economic Recovery in the 1980s*. Report Presented to the European Parliament. Brussels.

Barnes, T. J. (2008). Making Space for the Economy: Live Performances, Dead Objects, and Economic Geography. *Geography Compass*, 2(5), 1432–1448.

Bassens, D., Van Meeteren, M., Derudder, B., & Witlox, F. (2013). No more credit to Europe? Cross-border bank lending, financial integration, and the rebirth of the national scale as a credit scorecard. *Environment and Planning A, 45*(10), 2399–2419.

Bassens, D. & Van Meeteren, M. (in press). Geographies of finance in a globalizing world. In R. C. Kloosterman, V. Mamadouh & P. Terhorst (Eds.) *Handbook of Geographies of Globalisations.* Cheltenham: Edward Elgar.

Bayoumi, T. (2017). *Unfinished Business.* New Haven and London: Yale University Press.

Beaverstock, J. V., Hoyler, M., Pain, K., & Taylor, P. J. (2005). Demystifying the Euro in European Financial Centre Relations: London and Frankfurt, 2000–2001. *Journal of Contemporary European Studies*, *13*(2), 143–157.

Beckert, J. (2016). *Imagined Futures: Fictional Expectations and Capitalist Dynamics.* Cambridge MA: Harvard University Press.

Begg, I. (1992). The spatial impact of completion of the EC internal market for financial services. *Regional Studies*, *26*(4), 333–347.

Bieling, H.-J. (2003). Social forces in the making of the new European economy: The case of financial market integration. *New Political Economy*, *8*(2), 203–224.

Bieling, H.-J. (2006). EMU, financial integration and global economic governance. *Review of International Political Economy*, *13*(3), 420–448.

Bieling, H.-J. (2014). Shattered expectations: The defeat of European ambitions of global financial reform. *Journal of European Public Policy*, *21*(3), 346–366.

Bieri, D. S. (2009). Financial stability, the Basel Process and the new geography of regulation. *Cambridge Journal of Regions, Economy and Society*, *2*(2), 303–331.

Birch, K., & Mykhnenko, V. (2014). Lisbonizing versus financializing Europe? The Lisbon Agenda and the (un)making of the European knowledge-based economy. *Environment and Planning C: Government and Policy*, *32*(1), 108–128.

Braun, B. (2018). Central banking and the infrastructural power of finance: the case of ECB support for repo and securitization markets. *Socio-Economic Review*, *107*, 515–24.

Braun, B., Gabor, D. V., & Hübner, M. (2018). Governing through financial markets: Towards a critical political economy of Capital Markets Union. *Competition and Change*, *22*(1), 101-116.

Braun, B., & Hübner, M. (2018). Fiscal fault, financial fix? Capital Markets Union and the quest for macroeconomic stabilization in the Euro Area. *Competition and Change*, *22*(1), 117-138

Brenner, N. (2004). *New State Spaces*. Oxford: Oxford University Press.

Brenner, N. (2009). A thousand leaves: Notes on the geographies of uneven spatial development. In R. Keil & R. Mahon (Eds.), *Leviathan Undone? Towards a Political Economy of Scale* (pp. 27–51). Vancouver: University of British Columbia Press.

Cecchini, P. (1988) *The European Challenge: 1992 – The Benefits of a Single Market*. Aldershot: Wildwood House.

Chick, V., & Dow, S. C. (2012). On causes and outcomes of the European crisis: Ideas, institutions and reality. *Contributions to Political Economy*, *31*, 51–66.

Christophers, B. (2014a). The territorial fix. *Progress in Human Geography*, *38*(6), 754–770.

Christophers, B. (2014b). From Marx to market and back again: Performing the economy. *Geoforum*, *57*, 12–20.

Christophers, B. (2015). The Law's markets: Envisioning and effecting the boundaries of competition. *Journal of Cultural Economy*, *8*(2), 125–143.

Clark, G. L., & Wójcik, D. (2007). *The Geography of Finance: Corporate Governance in a Global Marketplace.* Oxford: Oxford University Press.

Clark, J., & Jones, A. (2008). The spatialities of Europeanisation: Territory, government and power in "EUrope." *Transactions of the Institute of British Geographers*, *NS33*(3), 300–318.

Communication of the Commission (COM) (1985). *Completing the internal market: White paper from the Commission to the European Council.* Milan: Commission of the European Communities. COM (85)310, 14-06-85

Communication of the Commission (COM) (1999). *Financial S€rvices: Implementing the Framework for Financial Markets: Action Plan.* COM (1999)232, 11.05.99

De Grauwe, P. (2013) *Design failures in the Euro zone: Can they be fixed?* LSE 'Europe in Question' Discussion paper, 57/2013.

De Larosière, J. (2009) *The High-Level Group on Financial Supervision in the EU. Report.* Brussels: 25 Feb 2009.

Delors, J. (1992 [1988, 1989]). *Le nouveau concert Européen.* Paris: Editions Odile Jacob.

Dicken, P., & Öberg, S. (1996). The global context: Europe in a world of dynamic economic and population change. *European Urban and Regional Studies*, *3*(2), 101–120.

Dixon, A. D. (2011). The geography of finance: Form and functions. *Geography Compass*, *5*(11), 851–862.

Dixon, A. D. (2012). Function before form: Macro-institutional comparison and the geography of finance. *Journal of Economic Geography*, *12*, 579–600.

Dow, S. (1994). European monetary integration and the distribution of credit availability. In S. Corbridge, N. J. Thrift & R. Martin. *Money, Power, and Space,* (pp. 149-64) Oxford: Blackwell Publishers.

Draghi, M (2012) *Speech by Mario Draghi, President of the European Central Bank at the Global Investment Conference in London.* 26 July 2012.

Dyson, K. H., & Featherstone, K. (1999). *The Road to Maastricht: Negotiating Economic and Monetary Union*. Oxford: Oxford University Press.

Dyson, K. (2002). Introduction: EMU as integration, Europeanization, and convergence. In K. Dyson (Ed.) *European States and the Euro. Europeanization, Variation, and Convergence,* (pp. 1-27). Oxford: Oxford University Press.

Dörry, S. (2016). The role of elites in the co-evolution of international financial markets and financial centres: The case of Luxembourg. *Competition and Change*, *20*(1), 21–36.

Dörry, S. (2017). The geo-politics of Brexit, the euro and the City of London. *Geoforum*, *85*, 1–4.

ECB (2017) *Financial Integration in Europe.* Frankfurt: European Central Bank.

Engelen, E. (2007). 'Amsterdamned'? The uncertain future of a financial centre. *Environment and Planning A*, *39*(6), 1306-1324.

Engelen, E. (2012). Crisis in space: Ruminations on the unevenness of financialization and its geographical implications. In T.J. Barnes, J. Peck & E. Sheppard (Eds.), *The Wiley-Blackwell Companion to Economic Geography* (pp. 242-257). Hoboken NJ: Wiley-Blackwell.

Engelen, E., Erturk, I., Froud, J., Leaver, A., & Williams, K. (2010a). Reconceptualizing financial innovation: Frame, conjuncture and bricolage. *Economy and Society*, *39*(1), 33–63.

Engelen, E., Konings, M., & Fernandez, R. (2010b). Geographies of Financialization in disarray, the Dutch case in comparative perspective. *Economic Geography*, *86*(1), 53–73.

Engelen, E., Erturk, I., Froud, J., Johal, S., Leaver, A., Moran, M, Nilsson, A. & Williams, K. (2011). *After the Great Complacence. Financial Crisis and the Politics of Reform.* Oxford: Oxford University Press.

Engelen, E., & Grote, M. H. (2009). Stock exchange virtualisation and the decline of second-tier financial centres: The cases of Amsterdam and Frankfurt. *Journal of Economic Geography*, *9*(5), 679.

Engelen, E., & Glasmacher, A. (2018). The waiting game: How securitization became the solution for the growth problem of the Eurozone. *Competition and Change*, *22*(2), 165-183

Epstein, R. A. (2008). The social context in conditionality: Internationalizing finance in postcommunist Europe. *Journal of European Public Policy*, *15*(6), 880–898.

Epstein, R. A., & Rhodes, M. (2016). The political dynamics behind Europe's new banking union. *West European Politics*, *39*(3), 415–437.

Epstein, R. A., & Rhodes, M. (2018). From governance to government: Banking union, capital markets union and the new EU. *Competition and Change*, *22*(2), 205-224.

Feng, H., Froud, J., Johal, S., Haslam, C., & Williams, K. (2001). A new business model? The capital market and the new economy. *Economy and Society*, *30*(4), 467–503.

Fernandez, R. (2011). *Explaining the Decline of the Amsterdam Financial Centre.* PhD Thesis: University of Amsterdam.

Fernandez, R., & Aalbers, M. B. (2017). Capital Market Union and residential capitalism in Europe: Rescaling the housing-centred model of financialization. *Finance and Society*, *3*(1), 32–50.

Fernandez, R., & Wigger, A. (2016). Lehman Brothers in the Dutch offshore financial centre: The role of shadow banking in increasing leverage and facilitating debt. *Economy and Society*, *45*(3-4), 407-430.

Fligstein, N. (2000). The process of europeanization. *Politique Européenne*, *1*(1), 25–19.

Fligstein, N., & Habinek, J. (2014). Sucker punched by the invisible hand: The world financial markets and the globalization of the US mortgage crisis. *Socio-Economic Review*, *12*(4), 637–665.

Fonteyne, W. (2007). Toward a single financial market. In J. Decressin, W. Fonteyne & H. Faruqee (Eds.), *Integrating Europe's Financial Markets* (pp. 1-14). Washington DC: International Monetary Fund.

French, S., Leyshon, A., & Wainwright, T. (2011). Financializing space, spacing financialization. *Progress in Human Geography*, *35*, 798–819.

Gabor, D. (2016). A step too far? The European financial transactions tax on shadow banking. *Journal of European Public Policy*, *23*(6), 925–945.

Gabor, D. (2017). The (impossible) repo trinity: The political economy of repo markets. *Review of International Political Economy*, *23*(6), 967–1000.

Gabor, D., & Ban, C. (2015). Banking on Bonds: The New Links Between States and Markets. *JCMS: Journal of Common Market Studies*, *54*(3), 617–635.

Grahl, J. (2011). The Subordination of European Finance. *Competition and Change*, *15*(1), 31–47.

Hadjimichalis, C. (1994). The fringes of Europe and EU integration. *European Urban and Regional Studies*, *1*(1), 19–29.

Hadjimichalis, C. (2011). Uneven geographical development and socio-spatial justice and solidarity: European regions after the 2009 financial crisis. *European Urban and Regional Studies*, *18*(3), 254–274.

Hall, S., & Wójcik, D. (2018). “Ground Zero” of Brexit: London as an international financial centre. *Geoforum*, https://doi.org/10.1016/j.geoforum.2018.02.002.

Hardie, I., & Howarth, D. (Eds.). (2013). *Market-based Banking and the International Financial Crisis*. Oxford: Oxford University Press.

Harvey, D. (1981). The Spatial Fix - Hegel, von Thünen, and Marx. *Antipode*, *13*(3), 1–12.

Heinemann, T. (2016). Relational geographies of emerging market finance: The rise of Turkey and the global financial crisis 2007. *European Urban and Regional Studies*, *34*(4), 645–661.

Hendrikse, R. P. (2015). *The Long Arm of Finance. Exploring the Unlikely Financialization of Governments and Public Institutions.* PhD Thesis: University of Amsterdam.

Hendrikse, R. P., Bassens, D., & Van Meeteren, M. (2018). The Appleization of finance: Charting incumbent finance’s embrace of FinTech. *Finance and Society*, 1–22.

Holmes, C. (2014). “Whatever it takes”: Polanyian perspectives on the eurozone crisis and the gold standard. *Economy and Society*, *43*(4), 582–602.

Howarth, D., & Quaglia, L. (2016). *The Political Economy of European Banking Union*. Oxford: Oxford University Press.

Hudson, R. (2003). European integration and new forms of uneven development: But not the end of territorially distinctive capitalisms in Europe. *European Urban and Regional Studies*, *10*(1), 49–67.

Hudson, R. (2004a). Thinking through the geographies of the new Europe in the new millennium. *European Urban and Regional Studies*, *11*(2), 99–102.

Hudson, R. (2004b). Conceptualizing economies and their geographies: Spaces, flows and circuits. *Progress in Human Geography*, *28*(4), 447–471.

Illeris, S. (1989). Producer services: The key sector for future economic development? *Entrepreneurship & Regional Development*, *1*(3), 267–274.

Jabko, N. (1999). In the name of the Market: How the European Commission paved the way for monetary union. *Journal of European Public Policy*, *6*(3), 475–495.

Jabko, N. (2006). *Playing the Market. A Political Strategy for Uniting Europe, 1985-2005*. Ithaca & London: Cornell University Press.

Jensen, O. B., & Richardson, T. (2004). *Making European Space: Mobility, Power and Territorial Identity*. London and New York: Routledge.

Jessop, B. (2006). State- and Regulation-theoretical perspectives on the European Union and the failure of the Lisbon agenda. *Competition and Change*, *10*(2), 141–161.

Jessop, B. (2008). Spatial fixes, temporal fixes and spatio-temporal fixes. In N. Castree & D. Gregory (Eds.). *David Harvey: A Critical Reader* (pp. 142-166). Hoboken NJ: John Wiley & Sons.

Jonas, A. E. (1994). The scale politics of spatiality. *Environment and Planning D: Society and Space*, *12*(3), 257–257.

Jones, E. (2015). The forgotten financial union: How you can have a Euro crisis without a Euro. In M. Matthijs, & M. Blyth (Eds.). *The Future of the Euro* (pp. 44-69). Oxford: Oxford University Press.

Jones, E., Kelemen, R. D., & Meunier, S. (2016). Failing forward? The Euro crisis and the incomplete nature of European integration. *Comparative Political Studies*, *49*(7), 1010–1034.

Juncker, J.-C. (2015). *Completing Europe's Economic and Monetary Union.* Report Issued by the European Commission on 22 June 2015.

Jöns, H. (2001). Foreign banks are branching out: Changing geographies of Hungarian banking, 1987-1999. In P. Meusburger & H. Jöns (Eds.), *Transformations in Hungary: Essays in Economy and Society*, (pp. 65–124). Heidelberg: Physica Verlag.

Kalaitzake, M. (2017). Death by a thousand cuts? Financial political power and the case of the European financial transaction tax. *New Political Economy*, *22*(6), 709-726

Karreman, B. (2009). Financial geographies and emerging markets in Europe. *Tijdschrift voor Economische en Sociale Geografie*, *100*(2), 260–266.

Konings, M. (2008). European finance in the American mirror: Financial change and the reconfiguration of competitiveness. *Contemporary Politics*, *14*(3), 253–275.

Lapavistas, C., Kaltenbrunner, G., Labrinidis, Lindo, D., Meadway, J, Michell, J, Paincera, J.P., Pires, E., Powell, J, Stenfors, A., Teles, N, & Vatikiotis, L. (2012). *Crisis in the Eurozone*. London and New York: Verso.

Larson, M. J., Schnyder, G., Westerhuis, G., & Wilson, J. (2011). Strategic responses to global challenges: The case of European banking, 1973–2000. *Business History*, *53*(1), 40–62.

Lavery, S., McDaniel, S., & Schmid, D. (2018). New geographies of European financial competition? Frankfurt, Paris and the political economy of Brexit. *Geoforum*, http://doi.org/10.1016/j.geoforum.2018.03.021.

Lee, R. (1976). Integration, spatial structure and the capitalist mode of production in the EEC. In R. Lee & P.E. Ogden (Eds.), *Economy and Society in the EEC, Spatial Perspectives*, (pp. 11–37). Farnborough: Saxon House.

Lee, R. (2002). "Nice maps, shame about the theory?" Thinking geographically about the economic. *Progress in Human Geography*, *26*(3), 333–355.

Lefebvre, H. (1991 [1974]). *The Production of Space*. Oxford UK and Cambridge MA: Blackwell Publishing.

Leyshon, A., French, S., Thrift, N. J., Crewe, L., & Webb, P. (2005). Accounting for e-commerce: Abstractions, virtualism and the cultural circuit of capital. *Economy and Society*, *34*(3), 428–450.

Leyshon, A., & Thrift, N. J. (1992). Liberalisation and consolidation: The Single European Market and the remaking of European financial capital. *Environment and Planning A*, *24*(1), 49–81.

Leyshon, A., & Thrift, N. J. (1995). European financial integration: The search for "an island of monetary stability" in the seas of global financial turbulence. In S. Hardy, M. Hart, L. Albrechts & A. Knos (Eds.), *An Enlarged Europe. Regions in Competition*, (pp. 109-144). London: Jessica Kingsley Publishers.

Leyshon, A., & Thrift, N. J. (1997). *Money/Space: Geographies of Monetary Transformation*. London and New York: Routledge.

Leyshon, A., & Thrift, N. J. (2007). The capitalization of almost everything: The future of finance and capitalism. *Theory, Culture & Society*, *24*(7-8), 97–115.

Lindstrom, N., & Piroska, D. (2007). The politics of privatization and Europeanization in Europe's periphery: Slovenian banks and breweries for sale? *Competition and Change*, *11*(2), 117–135.

Llewellyn, D. (1992). Banking and financial services. In D. Swann (Ed.), *The Single European Market and Beyond*, (pp. 90-125). London and New York: Routledge.

Macartney, H. (2009). Variegated neo-liberalism: Transnationally oriented fractions of capital in EU financial market integration. *Review of International Studies*, *35*(02), 451–31.

Maes, I. (2007). *Half a Century of European Financial Integration: From the Rome Treaty to the 21st Century*. Brussels: Mercatorfonds.

Mamadouh, V., & Van der Wusten, H. (2008). The European level in EU governance: Territory, authority and trans-scalar networks. *GeoJournal*, *72*(1-2), 19–31.

Mamadouh, V., & Van der Wusten, H. (2013). The European Union in the grip of accumulated governance crises: the euro, the reform efforts, and the public-support dynamics. *Eurasian Geography and Economics*, *54*(2), 162–181.

Matthijs, M., & Blyth, M. (Eds.). (2015). *The Future of the Euro*. Oxford: Oxford University Press.

McCarthy, K. J., & Dolfsma, W. (2015). The Euro and its impact on the number, size, performance and regional spread of European mergers and acquisitions. *Regional Studies*, *49*(8), 1407–1422.

McCormick, J. (2008). *Understanding the European Union: A Concise Introduction* (4th ed.) Houndmills: Palgrave Macmillan.

McCreevy, C. (2004). *Assessment of the Integration of the Single Market for Financial Services by the Commission*. Speech held at the CESR Committee of European Securities Regulations Conference Paris, 6 December 2004.

McNamara, K. R. (1998). *The Currency of Ideas: Monetary Politics in the European Union*. Ithaca: Cornell University Press.

Moisio, S., Bachmann, V., Bialasiewicz, L., dell'Agnese, E., Dittmer, J., & Mamadouh, V. (2013). Mapping the political geographies of Europeanization: National discourses, external perceptions and the question of popular culture. *Progress in Human Geography*, *37*(6), 737–761.

Molyneux, P. (1989). 1992 and its impact on local and regional banking markets. *Regional Studies*, *23*(6), 523–533.

Moran, M. (1994). The state and the financial services revolution: A comparative analysis. *West European Politics*, *17*(3), 158–177.

Moran, M. (2002). Politics, banks, and financial market governance in the Euro-zone. In K. Dyson (Ed.), *European States and the Euro. Europeanization, Variation, and Convergence,* (pp. 257-277). Oxford: Oxford University Press.

Muellerleile, C. (2013). Turning financial markets inside out: Polanyi, performativity and disembeddedness. *Environment and Planning A*, *45*(7), 1625–1642.

Mulder, A., & Westerhuis, G. (2015). The determinants of bank internationalisation in times of financial globalisation: Evidence from the world's largest banks, 1980–2007. *Business History*, *57*(1), 122–155.

Mügge, D. (2006). Reordering the marketplace: Competition politics in European finance. *JCMS: Journal of Common Market Studies*, *44*(5), 991–1022.

Mügge, D. (2010). *Widen the Market, Narrow the Competition. Banker Interests and the Making of a European Capital Market*. Colchester: ECPR Press.

Mügge, D. (2011). From pragmatism to dogmatism: European Union governance, policy paradigms and financial meltdown. *New Political Economy*, *16*(2), 185–206.

Mügge, D. (2013). The political economy of Europeanized financial regulation. *Journal of European Public Policy*, *20*(3), 458–470.

Pagliari, S. (2013). A Wall Around Europe? The European Regulatory Response to the Global Financial Crisis and the Turn in Transatlantic Relations. *Journal of European Integration*, *35*(4), 391–408.

Pagoulatos, G., & Quaglia, L. (2013). Turning the crisis on its head: Sovereign debt crisis as banking crisis in Italy and Greece. In I. Hardie, & D. Howarth (Eds.), *Market-based Banking and the International Financial Crisis* (pp. 179-200). Oxford: Oxford University Press.

Pauly, L. W. (2009). The changing political geography of financial crisis management. In: Clark, G. L., Dixon, A. D., & Monk, A. H. B. (Eds.), *Managing Financial Risks: From Global to Local,* (pp. 27–47). Oxford: Oxford University Press,

Peck, J., & Theodore, N. (2007). Variegated capitalism. *Progress in Human Geography*, *31*(6), 731–772.

Perry, J., & Nölke, A. (2006). The political economy of International Accounting Standards. *Review of International Political Economy*, *13*(4), 559–586.

Pollard, J. S., & Sidaway, J. D. (2002). Editorial: Euroland - economic, cultural and political geographies. *Transactions of the Institute of British Geographers*, *NS 27*(1), 7–10.

Posner, E., & Véron, N. (2010). The EU and financial regulation: Power without purpose? *Journal of European Public Policy*, *17*(3), 400–415.

Power, D. (2002). IT and institutions in the structuring of European finance: Urban impacts. *Economic and Industrial Democracy*, *23*(3), 335–356.

Quaglia, L. (2008). Financial sector committee governance in the European Union. *Journal of European Integration*, *30*(4), 563–578.

Quaglia, L. (2010a). *Governing Financial Services in the European Union: Banking, Securities and Post-Trading*. London: Routledge.

Quaglia, L. (2010b). Completing the single market in financial services: The politics of competing advocacy coalitions. *Journal of European Public Policy*, *17*(7), 1007–1023.

Quaglia, L. (2011). The ‘old’ and ‘new’ political economy of hedge fund regulation in the European Union. *West European Politics*, *34*(4), 665–682.

Quaglia, L. (2012a). The ‘old’ and ‘new’ politics of financial services regulation in the European Union. *New Political Economy*, *17*(4), 515–535.

Quaglia, L. (2012b). The regulatory response of the European Union to the financial crisis. In R. Mayntz (Ed.), *Crisis and Control: Institutional Change in Financial Market Regulation,* (pp. 171-196). Frankfurt: Campus,

Quaglia, L., Howarth, D., & Liebe, M. (2016). The political economy of European capital markets union. *JCMS: Journal of Common Market Studies*, *54*(3), 185–203.

Ross, G. (1995). *Jacques Delors and European Integration.* Cambridge: Polity Press.

Rovnyi, I., & Bachmann, V. (2012). Reflexive geographies of Europeanization. *Geography Compass*, *6*(5), 260–274.

Sadler, D. (1992). Industrial policy of the European Community: Strategic deficits and regional dilemmas. *Environment and Planning A, 24,* 1711–1730.

Sandholtz, W. (1993). Choosing union: Monetary politics and Maastricht. *International Organization*, *47*(1), 1–39.

Sandholtz, W., & Zysman, J. (1989). 1992: Recasting the European bargain. *World Politics*, *42*(1), 95–128.

Sandholtz, W., & Stone Sweet, A. (Eds.). (1998). *European Integration and Supranational Governance*. Oxford: Oxford University Press.

Schmidt, V. A. (2015). The forgotten problem of democratic legitimacy. In M. Matthijs, & M. Blyth, M. (Eds.). *The Future of the Euro* (pp. 90–116). Oxford: Oxford University Press.

Smith, N. (1995). Remaking scale: Competition and cooperation in prenational and postnational Europe. In H. Eskelinen & F. Snickars (Eds.), *Competitive European Peripheries* (pp. 59–74). Heidelberg: Springer.

Smith, A. (2002). Imagining geographies of the “new Europe”: Geo-economic power and the new European architecture of integration. *Political Geography, 21*(5), 647–670.

Sokol, M. (2013). Towards a “newer” economic geography? Injecting finance and financialisation into economic geographies. *Cambridge Journal of Regions, Economy and Society*, *6*(3), 501–515.

Spendzharova, A. (2012). Is more ‘Brussels’ the solution? New European Union member states' preferences about the European financial architecture. *JCMS: Journal of Common Market Studies*, *50*(2), 315-334.

Stone Sweet. A., Sandholtz, W., & Fligstein, N. (Eds.). (2001). *The Institutionalization of Europe.* Oxford: Oxford University Press.

Story, J., & Walter, I. (1997). *Political Economy of Financial Integration in Europe: The Battle of the Systems*. Manchester: Manchester University Press.

Streeck, W., & Schmitter, P. C. (1991). From national corporatism to transnational pluralism: Organized interests in the single European market. *Politics & Society*, *19*(2), 133–164.

Stubb, A. C. G. (1996). A categorization of differentiated integration. *JCMS: Journal of Common Market Studies*, *34*(2), 283–295.

Swyngedouw, E. A. (2004). Globalisation or “glocalisation?” Networks, territories and rescaling. *Cambridge Review of International Affairs*, *17*(1), 25–48.

Taylor, P. J. (1991). A theory and practice of regions: The case of Europes. *Environment and Planning D: Society and Space*, *9*, 183–195.

Thiemann, M. (2014). In the shadow of Basel: How competitive politics bred the crisis. *Review of International Political Economy*, *21*(6), 1203–1239.

Tickell, A. (1999). European financial integration and uneven development. In R. Hudson & A. M. Williams (Eds.). *Divided Europe: Society and Territory,* (pp. 63–78). London: Sage.

Underhill, G. R. (1997). The making of the European financial area: Global market integration and the EU Single Market for financial services. In G. Underhill (Ed.), *The New World Order in International Finance* (pp. 101-123). London: Palgrave Macmillan.

Van Apeldoorn, B. (2002). *Transnational Capitalism and the Struggle over European Integration.* London and New York: Routledge.

Van Meeteren, M., & Bassens, D. (2016). World cities and the uneven geographies of financialization: Unveiling stratification and hierarchy in the world city archipelago. *International Journal of Urban and Regional Research*, *40*(1), 62–81.

Van Meeteren, M., & Bassens, D. (in Press). Chasing the phantom of a 'global end game': The role of management consultancy in the narratives of pre-failure ABN AMRO. In M. Hoyler, C. Parnreiter, & A. Watson (Eds.), *Global City Makers: Economic Actors and Practices in the World City Network.* Cheltenham: Edward Elgar.

Van Rompuy, H. (2012) *Towards a Genuine Economic and Monetary Union.* Report Issued by the European Council on 5 December 2012.

Varoufakis, Y. (2016). *And the Weak Suffer What They Must? Europe's Crisis and America's Economic Future.* New York: Nation Books.

Vliegenthart, A., & Horn, L. (2007). The role of the EU in the (trans)formation of corporate governance regulation in central eastern Europe – The case of the Czech Republic. *Competition and Change*, *11*(2), 137–154.

Wainwright, T. (2015). Circulating financial innovation: new knowledge and securitization in Europe. *Environment and Planning A, 47*(8), 1643–1660.

Wigger, A. (2012). The political interface of financialisation and the regulation of mergers and acquisitions in the EU. *Journal of European Integration*, *34*(6), 623–641.

Wójcik, D. (2002). Cross-border corporate ownership and capital market integration in Europe: Evidence from portfolio and industrial holdings. *Journal of Economic Geography*, *2*(4), 455–491.

Wójcik, D. (2006). Convergence in corporate governance: Evidence from Europe and the challenge for economic geography. *Journal of Economic Geography*, *6*(5), 639–660.

Wójcik, D. (2009). Geography of stock markets. *Geography Compass*, *3*(4), 1499–1514.

Wójcik, D. (2011). *The Global Stock Market: Issuers, Investors, and Intermediaries in an Uneven World*. Oxford: Oxford University Press.

Wójcik, D. (2012). The end of investment bank capitalism? An economic geography of financial jobs and power. *Economic Geography*, *88*(4), 345–368.

Wójcik, D., & MacDonald-Korth, D. (2015). The British and the German financial sectors in the wake of the crisis: Size, structure and spatial concentration. *Journal of Economic Geography 15*(5), 1033-1055.

Wójcik, D., Sidaway, J. D., & Beaverstock, J. V. (2007). European financial geographies. *Growth and Change*, *38*(2), 167–173.

FinanceEurope

Reconstructing the changing financial geography of the European Union (1985-2007) through narratives, numbers, and networks of European financial elites.

At a time when crisis-ridden Europe is devoured by social, political, and economic turmoil, the proposed research project intends to provide a thorough understanding of the financial politics and geographies that led to the financial integration of the European Union before the crisis of 2008. The project will try to explain that integration through the Europe-wide expansion of its primary financial agents (i.e. European banks) and wonders how geographical expansions were enabled by decisions in European policy networks. The main hypothesis is that political and financial elites converged in overlapping "networks" made up by insiders, business economists, academics, consultants, and politicians who utilized "narratives" about the acclaimed benefits of financial Europeanization for all, in spite of factual divergence in the "numbers" that were observable on the ground. The project will study these dynamics in hindsight for the period 1985-2007, by looking at how decisions at European banks were being made and how these dovetailed with the policies that were rolled out across Europe financial space. The project is initiated and led by researchers based at the Vrije Universiteit Brussel, Belgium. Auxiliary input is provided from the University of Amsterdam (Netherlands) and Loughborough University (United Kingdom). The research is funded by FWO - Research Grant G019116N.

More information: http://www.cosmopolis.be/research/financeeurope

Other key project publications:

Van Meeteren, M., & Bassens, D. (in Press). Chasing the phantom of a 'global end game': The role of management consultancy in the narratives of pre-failure ABN AMRO. In M. Hoyler, C. Parnreiter, & A. Watson (Eds.), *Global City Makers: Economic Actors and Practices in the World City Network.* Cheltenham: Edward Elgar.

Bassens, D., Van Meeteren, M., Derudder, B., & Witlox, F. (2013). No more credit to Europe? Cross-border bank lending, financial integration, and the rebirth of the national scale as a credit scorecard. *Environment and Planning A, 45*(10), 2399–2419.

Bassens, D. & Van Meeteren, M. (in press). Geographies of finance in a globalizing world. In R. C. Kloosterman, V. Mamadouh & P. Terhorst (Eds.) *Handbook of Geographies of Globalisations.* Cheltenham: Edward Elgar.