Stories and Interests in Finance: Agendas of Governance before and after the Financial Crisis
J Froud, A Nilsson, M Moran, K Williams (2012)
Governance 25 (1), 35-59

Stories and interests in finance: agendas of governance before and after financial crisis.

Julie Froud, Adriana Nilsson, Michael Moran
and Karel Williams.

Stories and interests in finance: agendas of governance before and after financial crisis.

Abstract
The financial crisis can be understood in many different terms. In this paper it is analysed in terms of the unfolding of a series of elite narratives, that shaped the agenda of regulation before the crisis, that were damaged by the crisis, and that were then reframed and recounted again in the wake of the crisis. The form of these stories differs in subtle ways by jurisdiction, and thus the fate of post crisis regulatory practice likewise differs.

Introduction: the crisis and governance agendas for finance

The aim of this special issue, as defined by the editors in their initial guidance to contributors, is 'to examine the contours of the postcrisis governing agenda.' This chapter addresses the heart of the matter, for it focuses directly on the cause of the crisis: the great crash in financial markets. In the economic catastrophe of 2008-9, financial markets were the epicentre. The magnitude of the financial crisis alone is dizzying: all large capitalist democracies (and many small ones) were faced with the greatest threat to the stability of their banking systems since at least the end of the 1920s – and perhaps for more than a century. In the UK the crisis prompted 'the largest UK government intervention in financial markets since the outbreak of the First World War' (Bank of England 2008: 31.) Every big capitalist democracy was forced to take a large chunk of its financial system into public ownership; to use the power and authority of the state to compel reorganisation of the banking system; and to use the state's authority and fiscal resources to try to shore up confidence in banking markets. But the significance of the banking crisis of course goes well beyond the domain of banking alone. The wider human and economic costs of the regulatory catastrophe are almost incalculable because they extend so widely: in brief, the financial system pushed the world economy to a great recession. The fiscal consequences of the crisis are compelling drastic cuts in public services and increases in taxation; and, before the cuts could be implemented, the fiscal crisis of individuals states turned into a sovereign debt crisis for the euro zone which required a trillion euro bail out and volte face by the European Central Bank. By the end of 2010 crises for the weaker national Eurozone economies like Ireland and Portugal were threatening to turn into an existential crisis for the whole eurozone system.

In examining the contours of the post-crisis governing agenda in financial markets we cannot just concentrate on the present, still less speculate about the future. Understanding where we are now, and possible future alternatives, demands understanding both how we got to the point of regulatory meltdown, how that meltdown was managed, and how the most important interests involved in the crisis have regrouped, as they try to influence how markets are to be governed in the future. There already exist many accounts of the broad structural conditions which shaped the crisis (for instance Haldane 2009; Bean 2009.) Since our primary concern is with market governance, the paper focuses on the politics of the crisis and the post crisis world, broadly construed: that is, we try to analyse the confluence of stories, interests and ideologies that shaped the way financial market governance was done before the crisis and then shaped an (ongoing) struggle over banking reform and financial market governance after the crisis.

The shape of the paper is conditioned by a few simple insights: that it was a crisis in the government of markets; that the management of the crisis had to attend to that government; that the struggles in the post-crisis world are about how to reconstruct government; and that, to recall the task given us by the editors, 'the developing shape of the post-crisis agenda' will be a function of how stories, interests, ideologies now interact in new and different ways in a protracted, unresolved struggle about regulation, involving regulatory agencies, democratic politicians and market interests. In framing the difference between governance before and after the crisis, we take the concept of agenda very seriously. The standard bureacratic usage of agenda as the "list of things to be done" dates from the late nineteenth century. There is a more morally prescriptive meaning which can be found in Bentham and in Keynes, which refers to the things that government urgently should do, but that is not a wide usage (on Keynes, and Keynes' debt to Bentham see Keynes 1926/2004.) An earlier liturgical usage of the term has a particular relevance to the themes of this paper: agenda is used to denote matters of ritual or a prescribed set of forms for public worship (as in the Latin Mass); this was carried over from Catholic into Lutheran usage with the German concept of *Agende* or *Kirchagende* (Schaff Herzog, 1951). There is also a later political usage as "a campaign, programme, or plan of action arising from underlying principles, motivations etc"; this usage is surprisingly recent and was included in the OED for the first time in the December 2007 additions which give 1976 as date of first usage. Our argument about governance before and after the crisis plays between these two non standard usages of the term and focuses on the changing role and balance of stories and interests. Immediately before the crisis, the governing agenda was narrowed by shared stories about the Great Moderation and the benefits of financial innovation; these reassuring liturgies operated in a frame of ideologies and interests that had for several decades increasingly undermined political questioning of, or resistance to, finance After the crisis, the old familiar liturgies are replaced by competing stories from bankers, politicians and regulators so that multiple political agendas conflict in a new conjuncture where the clash of interests, institutions and ideologies becomes much more important.

The paper is thus mainly constructed out of the three numbered blocks that follow. It culminates (section 3) in an account of the post crisis agenda, following the guidance given us by the issue editors. But that post crisis world simply cannot be understood without the two preceding sections: the section that follows analyses the source of the great crisis; and section 2 analyses the process of crisis management in and after 2007-8.

(1) Regulatory Origins of the Crisis: framing conditions and liturgies of the 2000s

This section has three aims which are dealt with in turn as the argument develops. First, we set up the problem: our explicandum is massive regulatory failure across several different national jurisdictions with historically different traditions practices of regulation. Second, we provide part of an explanation for regulatory failure without invoking concepts like Anglo American capitalism or neo liberalism: our analysis explains how multiple conditions of interests, institutions and ideologies in the UK and USA after the 1980s combined to undermine resistance to finance. Third, we go beyond the methodological nationalism which is implicit in much discussion of interests and institutions: our emphasis here is on the liturgies about the Great Moderation and the benefits of financial innovation. In the conjuncture between 2000 and 2007, these stories were shared by regulators, academics, bankers, media and the politicians and served as the keystone in the arch of complacency.

The magnitude of the crisis is generating an explanatory literature of comparable magnitude, and this literature draws inspiration from many points of the theoretical and ideological spectra. But whether the crisis is viewed as a vindication of theories of efficient markets (Minford 2010) or as a further episode in the prolonged structural crisis of the capitalist order (Burnham 2010) there can surely be one point of agreement: it was at root a massive failure of regulatory practice. It could be argued that the failure of a single institution, like Northern Rock in the UK, was compatible with a robustly functioning regulatory system, for after all it is hardly reasonable to expect regulatory institutions to abolish all risk of enterprise failure. But the prevention of precisely such a systemic meltdown as almost happened in October 2008, and the hugely damaging consequences for the wider economy which followed, is exactly what we should expect of a regulatory regime. And indeed, while Northern Rock was a single failure, that case exhibited wider features of the dominant UK regulatory style – complacency, incompetence, and subjection to market actors (House of Commons Treasury Committee 2008; Financial Services Authority 2008).

Making sense of this comprehensive regulatory failure is plainly difficult, for what we are looking at here is a multi national and international problem about the failure of many different regulatory regimes, configured in many different institutional ways, in many different political environments, and exhibiting many different regulatory cultures. It is hard to correlate the incidence of crisis with particular institutional arrangements, or regulatory styles: for instance, the two systems at the heart of the crisis - the United States and the United Kingdom – exhibited different regulatory cultures, different historical trajectories, and different political settings. The British system was indeed marked by a historically engrained regulatory culture which marginalized the role of law and stressed the priority of regulation practised in a cooperative fashion with market actors. Some of the more catastrophic failings in the supervision of Northern Rock can indeed be traced to this style of ‘light touch’ regulation (Treasury Committee 2008). Some of the most influential post-mortems on the British case, notably the Turner Review, draw the lesson that a transformation is needed to a more intrusive, adversarial culture (Turner 2009: 88-9; Turner 2010.) But the historical evidence actually suggests that the British style had proved quite robust: the failure of Northern Rock in 2007 was, after all, the first public run by depositors on a bank since Overend Gurney in 1866. It is true that the British system also gave us the fiasco of the Barings collapse in the mid 1990s, and that this fiasco was in part traceable to an earlier instance of light touch regulation where supervisors placed excessive trust in the regulated (Moran 2001.) But it is also true that the more aggressive, legally based and adversarial system in the US had in the fairly recent past given us the savings and loan fiasco, and the Enron and Worldcom swindles. The British system certainly privileged market institutions and actors, and helped marginalize the institutions of democratic accountability; but the historical experience hardly points to its unique vulnerability to the kind of systemic meltdown experienced in 2007-8.

Moreover, even if we could trace the origins of the British failure to informality, market friendliness and light touch regulation we would still face the problem of explaining the much more significant American failure – more significant because it was the American meltdown that precipitated the crisis of October-November 2008, and because it was in the United States that the sheer scale of collapse was greatest. For the United States had a very different set of regulatory arrangements, and moreover arrangements which seemed to guard against the potential deficiencies of the British system: it possessed a system with a well established history of adversarial regulation of business; long established and technically proficient regulatory bodies; and a tradition of powerful democratic oversight both of the regulatory process and of the markets. Moreover, these arrangements had been laid down after the crisis of the Great Depression, and had proved robust, at least in averting systemic collapse, for nigh on seventy years.

The critical question, therefore, is: why did this robustness decline so drastically? In part there are clues in the regulatory history of the decades before the great crash when multiple conditions encouraged complacency about regulatory dangers, After the Great Depression there was a long period of prudential stability in financial markets. This prudential stability decayed from about the middle of the 1970s, with the onset of the era of financial deregulation. Notable instances in the Anglo-American systems included the secondary banking crisis in the UK in the 1970s; the savings and loan crisis in the US in the 1980s; the collapse of the House of Barings which led to the reconfiguration of the UK regulatory system in the late 1990s; and the dot com bubble right at the end the millennium. These failures might have been expected to alert regulators to the growing fragility of the prudential foundations of financial institutions. The market practices which led directly to the systemic crisis have now been pretty well documented and should have caused alarm. Complex derivative instruments, that were supposed to manage and minimise risk, became embedded in volume driven banking business models with the rise of proprietary trading. (That is, the system where financial services firms no longer act as intermediaries but trade directly for profit in the markets: they become players in the casino.) This produced a fragile lattice work of interdependence and counterparty obligations which was highly vulnerable to changing market values or behaviours (Erturk and Solari 2007; Engelen 2010). After the crash, unfolding revelations about accounting and trading practices at giants like Lehman and Goldman Sachs show that these markets were built on conflicts of interest and tolerated a culture of opportunism that blurred the line between sharp practice and criminality (Dorn 2010; Valukas 2010.)

The development of this fragile system, and of blindness to its regulatory dangers, depended on multiple conditions of ideologies, interests and institutions; the effect was that in the whole period after the 1970s the power and authority of regulators was increasingly diminished. At the intellectual root of this blindness lay the rise within the economics profession of theories of efficient markets – of theories that ascribed to market processes and institutions a superior capacity (superior to regulators) to monitor, measure and anticipate risk. We do not need to explore too closely what the origins of these theories were, but they conquered large parts of the profession and were central to the account of the workings of finance which was taught in the leading business schools (see Ormerod 2010; and Buiter 2009.) Equally significant, the connections between academic economics, market practices and regulatory styles in the period leading up the crisis has a more concretely structural form. In the generation before the great crash financial economics – especially through the processes of business school education and in the role of professional economists in consultancies and in research departments of financial institutions – became an important component of corporate life. This corporatisation of a discipline which had hitherto been organised in relatively autonomous academic hierarchies, was important in reinventing the media visible and publicly engaged economist. He (it is still usually a he) is no longer a professor against the background of a book case but the " chief economist" of a giant investment bank against the background of a dealing room.

The account of how markets (supposedly) managed risk in an efficient manner was closely allied to the institutional reconfiguration of market regulation which occurred in this period. Institutionally the period is marked by contradictory tendencies. On the one hand, it was, especially in the United Kingdom, a period of significant institutional innovation designed to strengthen public supervisory arrangements: the original deregulation of markets in the 1980s was accompanied by the creation of a public regulatory regime around a Securities and Investments Board, which was charged with responsibility to supervise an array of Self Regulatory Organizations that covered the major markets. In that reconfiguration in the mid 1980s the Bank of England was still powerful and prestigious enough to retain control over banking supervision (Moran

1991 summarises.) The Barings collapse, coupled with the return of New Labour in 1997, led to three critical developments: the Bank was stripped of its lead responsibility for banking supervision; a newly created Financial Services Authority was endowed with comprehensive responsibility for regulation of the financial system; and a Standing Committee chaired by the Treasury was created to coordinate the roles of the three key institutional actors, the FSA, the Bank of England and the Treasury (HM Treasury 2006 gives pre-crisis arrangements.) This looked like a considerable increase in public control over the markets: for instance, the reforms centralised on the FSA responsibilities which in the US system were divided between several agencies at the Federal level and numerous agencies at the level of individual states.

But we now know that at the same time as these institutional innovations were happening, the new theories of market efficiency were also encouraging a considerable 'naturalisation' of markets – that, after all, was the critical feature of the intellectual superstructure erected by the corporatised disciplines of financial economics, accounting and financial law. This was a period when democratic governments became increasingly attached to doctrines of signalling credible commitments about sound money policies to financial markets, the most important sign of which was the spread of arrangements for independent setting of short term interest rates by technocratically governed central banks (described in Roberts 2010: especially 23-46.) In both the United States and the United Kingdom the emphasis on naturalising markets had impacts on the resources and the style of regulatory institutions. The SIB in the UK, despite being a very tentative step in the direction of public regulation, was subject to constant attacks for its interventionism; the Barings fiasco showed that despite the history of bank failures from the 1970s the Bank of England practised, for elite institutions, a high trust, non-interventionist style; and the history of the FSA in the first ten years of its life was one of accommodation to the markets, and of self-consciously light touch regulation. In the United States, from the Reagan era there was persistent pressure on regulatory agencies to soften adversarialism, and a constant pressure on their resources – something that was a key, for instance, to the failure to pick up high risk fraudsters like Madoff. At the root of this was a conviction that the very innovativeness of markets was itself a powerful protection against prudential failure: that the complexity of the instruments devised and traded in markets were themselves powerful mechanisms of systemic risk management. As Alan Greenspan put it, as late as 2005:

> Conceptual advances in pricing options and other complex financial products, along with improvements in computer and telecommunications technologies, have significantly lowered the costs of, and expanded the opportunities for, hedging risks….increasingly complex financial instruments have contributed to the development of a far more flexible, efficient, and hence resilient financial system than the one that existed just a quarter-century ago (Greenspan 2005.)

But there were also more brutal forces at work. If historically engrained ideologies of market friendly regulation shaped British behaviour, sheer lobbying muscle defanged American adversarialism. In particular, the defenders of deregulated markets were able to use their financial muscle to produce compliant behaviour from members of Congress hungry for campaign funds. For instance, well before the crash the Bush Administration was worried about the market practices of the two giant mortgage corporations - Fannie Mae and Freddie Mac - that eventually had to be taken into public ownership in the crisis. But its efforts to impose regulation were successfully obstructed by the two institutions, who used their lobbying muscle to mobilise congressional allies (ironically, typically Democratic party allies) to block the Administration's proposals (Thompson 2009.)

Crude lobbying was made more effective in turn because of the wider empowerment of key interests in markets. Intellectual developments (naturalisation) and institutional developments (credible commitment arrangements) are inseparable from some of the wider structural features of financial markets in this period: the rise to dominance of the doctrine of shareholder value, which legitimised the supremacy of one group – holders of property rights – in decisions over the fate of enterprises; the rise of trading in those property rights as a source of profit; and the rise of a plutocratic elite which extracted historically unprecedented rewards from proprietary trading and from managing processes of financial intermediation in activities like private equity. (Froud et al 2006; Erturk and Solari 2007; Engelen et al 2010.). Under the so called " comp ratio " system, senior investment bankers had established a kind of joint venture arrangement with shareholders which entitled them to a half share of turnover which they could increase at will. More so than in any other period since the US Robber Barons , the UK and US investment bankers who profited from financial innovation were standing next to a huge, open till and, predictably, wanted everybody else to get out of their way as they shovelled the money.

Making sense of the roots of regulatory failure in the great banking crisis bears directly on our understanding of 'the post crisis governing agenda.' The crisis was not (contrary to the claims of those like Turner 2009: 39) an intellectual failure; nor can it be assimilated to the kind of fatalism about human nature which lies behind those accounts that picture it as the latest in a long line of instances of human credulity (Reinhart and Rogoff 2009.) It had its origins in a combination of theoretical understandings, institutional arrangements and economic interests which are often carried over into the world of crisis management and post-crisis reconstruction. But the emphasis on continuity and the general analysis of frame conditions is incomplete because the favourable environment for banking and finance had to be established and maintained in each new conjncture. And there is then an interesting and important question about how things were allowed to get completely out of hand in the upswing of the 2000s which followed the tech stock crash in spring 2000.

When opening the new London School of Economics building, Queen Elizabeth asked the social scientists why nobody saw it coming? Her assumption was incorrect. Theoretically, the new literature on financialization in the 2000s had identified the probability that a more financialized capitalism would be troubled by asset price bubbles and wealth effects rather than commodity price inflation and trade union pay demands (eg Boyer 2000). Practically, Bezzemer (2009) has demonstrated in a scholarly way that a dissident minority of academics, from behavioural finance as well as Keynesian and Minskian macro economic schools, did see it coming. More precisely, the dissidents had focused on the rise of house prices (especially in the USA), correctly identified this as an asset price bubble and predicted this would end in financial market panic and economic recession. None of them, of course, predicted the gravity of the present ongoing crisis because the shadow banking system could not be analysed from the publicly available accounts of the leading investment banks, which disclosed only an alarming ballooning of assets and liabilities. But the publicly available evidence was alarming enough to justify major macro policy correction and some kind of investigation into the black box of investment banking which was producing such remarkable increases in profits.

How and why were the macro economic Cassandras ignored? Understanding was powerless because regulators, academics, bankers and politicians all bought into two overlapping stories about the end of boom and bust and the benefits of financial innovation. Right up to the summer of 2007, the endless repetition of these shared stories by all authority figures everywhere deflected attention from the bubble process as it announced real and imagined beneficent outcomes. Thus, the Western economies had supposedly made a secular transition to what in 2002 the Harvard economist Stock called “ the Great Moderation” of non inflationary growth without boom or bust. Hence, J-P Cotis (then chief economist of the OECD) could write just before the crisis in the 2007 *OECD Economic Outlook*

> the current economic situation is in many ways better than what we have experienced in years. Against that background, we have stuck to the rebalancing scenario. Our central forecast remains indeed quite benign: a soft landing in the United States, a strong and sustained recovery in Europe, a solid trajectory in Japan and buoyant activity in China and India. In line with recent trends, sustained growth in OECD economies would be underpinned by strong job creation and falling unemployment. (Cotis 2007, p. 7)

The moderation reading of macro economic performance and prospects intersected with another story about finance which listed the many benefits of financial innovation. This reinforced the bias in favour of unrestrained finance which was always inherent in the newly coined term “financial innovation” because innovation in economics is so strongly associated with general increases in welfare Here is Ben Bernanke (then and now chair of the Federal Reserve) speaking in May 2007:

> In addressing the challenges and risks that financial innovation may create, we should also always keep in view the enormous economic benefits that flow from a healthy and innovative financial sector. The increasing sophistication and depth of financial markets promote economic growth by allocating capital where it is most productive. And the dispersion of risk more broadly across the financial system has, thus far, increased the resilience of the system and the economy to shocks. (Bernanke 2007.)

These stories had anecdotal support but were never well evidenced empirically when economists like Costin ignored the anomalous evidence of bubble and Bernanke did not engage with what derivatives did. Nor, conversely were these stories primarily matters of belief even though a banker economist like Bernanke was making a large leap of faith. The stories are best understood as liturgies or familiar, often repeated forms of words which reassure the congregation by creating a narrative world where all manner of things shall be well. The agenda of governance right up to the crisis was marginalisation of the public regulator through inactivity and acquiescence underwritten by general complacency. . Just weeks before the crisis started, the Financial Services Authority in the UK was concerned that regulatory reforms should *inter alia* ensure, in the words of the its chief executive, that 'the UK continues to be Europe's recognised centre of financial innovation' (Finncial Services Authority: 2007)

(2) Managing financial crisis (which upsets the governing agenda)

Crises, famously, are turning points: a critical moment occurs when the patient is irrevocably transformed, for better or worse. The medical analogy also raises interesting questions about the limits of knowledge and practice: in many crises the expert either does not know what will work reliably or maybe even what to do next. If the ongoing crisis since 2007 has a transformative quality, the eventual character of the transformation is not yet clear, as we show in the next section. What we can say, however, is that in a short space of time the governing agenda was completely upset. Inactivity in financial regulation was no longer sustainable and intervention had to be improvised as events challenged established understandings and expectations. The crisis, and its management, had five key effects which are examined here in turn.

1. The politics of financial market regulation on both sides of the Atlantic was reconfigured.

For about three decades before the crisis, the notion that financial markets should be kept free from political control dominated the minds of market actors and policy makers. That was the reasoning behind light touch regulation, the naturalisation of market processes that pictured risk management as the domain of market innovation, and the removal of politicians' control over short term interest rates in favour of committees dominated by econocrats. (Econocrats are a sub-species of technocrat produced by the economics profession which has come to dominate, in particular, central banking in the last couple of decades.) The events of 2007-8 are a moment when a thirty year long experiment to insulate financial markets from democratic control came to an end. The narratives of the crisis of autumn 2008 are narratives about the assertion of control by some democratic actors, such as the rejection of the first version of the Troubled Assets Recovery Program by the US House of Representatives (insider accounts are in Swaigel 2009 and Paulson 2010.) More generally, they are a narrative of events in which the details of banking had been turned into the material of high politics on both sides of the Atlantic, involving the most prominent of democratic actors – such as the Prime Minister and the Chancellor in the United Kingdom.

Debates about regulation shifted arenas: they were no longer confined to the domain of low politics, populated by technocrats, but were the subject of investigation by elected politicians, and the stuff of front pages rather than financial pages. Perhaps the culmination of this transformation was the series of 'show trials' of prominent bankers by committees of the legislature on both sides of the Atlantic in 2008-9: occasions when legislators used commission hearings publicly to skewer bankers unused to the cut and thrust of hearings before committees of the legislature. After a House of Commons Treasury Committee hearing. Sir Fred Goodwin and some other former leading bankers appeared on the front page of the tabloid *The Sun* under the heading 'Scumbag Millionaires': they were thus pitched into arenas from which the politics of banking had been designed to protect them for the previous three decades. The shifting of arenas looks superficially a comparatively unimportant procedural change. It was nevertheless fundamental precisely because it involved an implicit rejection of an assumption that had dominated the government of financial regulation for several decades: that it belonged appropriately to a domain of low politics dominated by market actors and econocrats.

2. Adversarial regulation was strengthened

Adversarial regulation – the notion that the regulator should not trust the regulated and should use the weight of the law against them – is a well embedded tradition in American regulatory culture, especially in American business regulation (Kagan 2001.) It derives from a mix of a populist legacy and a pervasive culture of adversarial legalism. It is perhaps the best established, and most distinctive feature, of the culture of regulating American business, viewed comparatively, and it has certainly been a striking point of contrast between financial regulation in the United Kingdom and the United States. But adversarialism had been at its weakest in the regulation of financial markets. The system created in the 1930s around the SEC, for instance, relied heavily on 'franchising' the business of daily regulation to private bodies, like stock exchanges and to professional bodies in accounting; and, since the appointment of the notorious speculator Joseph Kennedy as the first chairman of the SEC, the Commission had been close to the markets. The era of deregulation, in addition, was not kind to the adversarial tradition in financial markets. Although crises like Enron and Worldcom led to some reconfiguration of accounting and auditing regulation, the regulatory agencies were under severe resource pressure, the intellectual climate favoured light touch cooperative regulation, and attempts to extend regulation over practices and institutions that subsequently proved troublesome were successfully rebuffed by the lobbying muscle of the financial services industry (see the history of the Bush Administration's attempts to regulate Fannie Mae and Freddie Mac, above.)

But we also know that all this took place in a culture where there still existed a general, background murmur of hostility to Wall Street and to big business, and where the drift of public opinion over the preceding three decades had been hostile to big business, in particular to big business represented by Wall Street (evidence summarised in Moran 2009). This background hostility meant that it was not difficult to set off the wave of American popular hostility against Wall Street in the autumn of 2008. Secretary Paulson's first plan publicly to underwrite the banking system's untradeable debts reawakened that hostility. By 2010 both Congress and the SEC were on the job, pursuing in particular Goldman Sachs on fraud charges (SEC 2010.) The 'show trial' of senior Goldman Sachs executives by the Senate Permanent Subcommittee on Investigations, harrowing though it may have been for the executives, was only a sampler: the subcommittee was merely using Goldman Sachs as a case study in its longer running investigation of Wall Street (Senate Permanent Investigations Subcomittee 2010.) The SEC had also been reinvigorated under new leadership and was presenting itself to Congress in a much tougher language of adversarialism (see Chair Schapiro's testimony, Schapiro 2010.)

In the UK, after almost a generation when leading politicians of all main parties had celebrated the City of London as an emblem of British economic success that should be left to get on with its own affairs, both government and opposition now pledged to tighten legal controls. More important still, technocrats like Lord Turner, the new chair of the Financial Services Authority, and econocrats like the Governor of the Bank of England, and his executive director for financial stability, began to use explicitly adversarial language in their account both of what had gone wrong in the past, and what needed to be put right in the future (King 2009; Haldane 2009a). Turner's review for the FSA, and his subsequent intervention dismissing much financial innovation as 'socially useless', was an attempt to create a conscious turning point in the regulatory culture: it disavowed the 'light touch' approach that had shaped the Authority's behaviour from its foundation; used dismissive language about the supposed benefits of much innovation in markets; and embraced a more adversarial and 'intrusive' regulatory style (Turner 2009 and 2010.). That attempt to stake out a distinctive position in the regulatory landscape was in part a manoeuvre in something we describe below: the turf struggles between regulatory agencies set off by the crisis and its aftermath. But it is significant that in these struggles to defend agency turf (and in the case of the FSA the very existence of the Authority) it was felt necessary to resort to the language of adversarialism in a system that had hitherto made a virtue of cooperative regulation. The new spirit of adversarialism also spilled over into the challenging public confrontations between legislators, regulators and, most important, executives from failed institutions, as politicians began to sense the electoral mileage to be gained from confronting the leaders of the financial services industry.

3. Large parts of the financial system were taken into public ownership.

The age of deregulation was also an age of privatisation, in which politicians, especially in the United Kingdom, competed with each other to privatise key industries. The Conservative hegemony in the 1980s had turned the UK into world champions in the scale of privatisation. For New Labour, the commitment in the ill fated 1983 general election manifesto to take parts of the banking system into public ownership stood as a symbol of the perceived electorally suicidal and economically anachronistic practices of 'old' Labour. Unsurprisingly, therefore, New Labour in 2007 was at first driven only slowly and reluctantly in the direction of accepting any new forms of public ownership. The first great event of the crisis occurred in September 2007 when the Treasury was obliged to replace the limited guarantees for depositors by a state guarantee that, soon, amounted to an assurance that public money would guarantee all deposits in the failing bank, Northern Rock. But the initial response of policy makers was to dither and resist public ownership: in the months immediately after the collapse of Northern Rock, millions were spent on consultants in a failed attempt to off load the stricken bank.

The scale of the systemic collapse in October-November 2008 concentrated minds wonderfully. The authorities were obliged to establish United Kingdom Financial Investments (UKFI) as a vehicle for managing public ownership of a huge tranche of the banking system. By July 2009 UKFI owned 70% of the voting share capital of Royal Bank of Scotland, and 43% of the Lloyds Banking Group. Or as John Kingman, UKFI Chief Executive put it in more homely terms in introducing UKFI's first Annual Report: 'Every UK household will have more than £3,000 invested in shares in RBS and Lloyds.' (United Kingdom Financial Investments 2009: 2.) In the United States, apart from the 'nationalising' of a huge volume of bank debt, two leading suppliers of housing mortgages were also taken into public ownership: the Federal National Mortgage Association,; and the Federal Home Mortgage Corporation. These events dramatised how the wheel of policy had turned.   Fannie Mae was created under President Roosevelt's New Deal as part of the attempt to cope with the last great global financial crash. It was privatised in 1968 near the start of the modern era of free market triumphalism, and two years later Freddie Mac was created as a private sector competitor.

The huge extension of formal public ownership, combined with the even more extensive state underwriting of the banking system in the crisis, is the single most important structural consequence of the crisis: it is the key to the fiscal crisis of states and the interrelated soveriegn debt crisis which together have been so central to post crisis economic management. But it is also the key to much of the subsequent politics of the financial system, for this dramatic reversal of long established policy raised an obvious question: on what terms would the new state presence in the financial system be established? Since the state had socialised banking losses, what price, if any, would be exacted in return for socialisation? The problem of how to answer that question has shaped the way interests and institutions have maneouvred in the post crisis world – the theme of the next section of this paper – but it also deeply affected the role of politicians in the actual management of the crisis itself.

4. Politicians became managers of the financial system

The wave of nationalisation was itself the sign of a wider shift: a huge increase in the importance of politicians in financial management. On both sides of the Atlantic the ferocity of the crisis sucked governing politicians into the detail of managing markets: brokering mergers and takeovers to rescue failing institutions; extending the guarantees of protection to depositors in retail banks against the threat of collapse, to the point where the state was guaranteeing virtually all deposits in the system; using treasury and central bank resources to supply the financial markets with liquidity to try to keep trading going.

Some of the most important effects were felt in the high politics of the European Union. Before the crisis, financial regulation in the Union had been a classic zone of low politics: a domain dominated by dense networks inhabited by market actors and econocrats. After it, competing visions of a reconstructed regulatory order, and 'grandstanding' in defence of the interests of national markets, became central to the high politics of the Union. A possibly even more profound consequence has been to raise to the highest level of political sensitivity issues hitherto buried in the Growth and Stability Pact. The trigger for this was the attempt by Greece to manage the fiscal fallout of the crisis. The Euro had protected weak Eurozone economies like Greece and Ireland from the fate succumbed to by Iceland (a catastrophic devaluation of the national currency) but at the price of putting huge strain on the growth and stability pact, and pushing to the head of politicians' agendas in the Eurozone the problem of how to manage fiscal imablances in the member countries of the Eurozone. The first response in May 2010 was a bail out package designed to buy some time in the markets and to take market pressure off the Greek Government which was effectively locked out of the bond markets and to prevent the contagion spreading via Ireland to Portugal and Spain. The fact that this attempt failed placed issues of financial stabilisation right at the heart of high politics in the Union, notably in the acrimonious bail out of the Irish state and Irish banking system in November 2010.

The European dimension of the crisis was made more salient still by the fifth effect identified below.

5. An extended series of turf wars began

In the very heat of the crisis in October-November 2008 the participants had to act so quickly that they had little time for reflection, still less for reflection on the future shape of the regulatory system. But as policy makers have begun to survey the ruins, three interlinked factors, already discussed above, came together to convert the process of regulatory reconstruction into an extended series of turf struggles between regulatory agencies: the attempt to recast a regulatory philosophy to replace that discredited by the crash; the rising salience of issues of regulatory construction and reform in high politics, especially among elected politicians; and the debates about how to shape the post crisis financial system. In the case of the United States, even in the middle of the crisis, for instance, it was obvious that the stage of institutional reform would soon be reached; that this stage would create great opportunities and dangers for the agencies; and that the realization of these opportunities and dangers would depend critically on cultivating key

Congressional allies. The new Administration's first attempt at substantial regulatory reform - flagged in the Treasury's *Financial Regulatory Reform* (2009) – represented a considerable widening of the Fed's jurisdictions. The process of trying to manage reforms through Congress set off a prolonged bout of inter-agency struggles for turf, including competitive briefing of journalists and advocacy of competing positions in Congressional hearings – processes that even pressure from Treasury Secretary Geithner could not shut down (Paletta and Solomon 2009; Paletta 2009.)

These intra-elite struggles took a more publicly dramatic form in January 2010 with President Obama's announcement of proposals presented as an attempt to revive the spirit of Glass-Steagall: proposals, notably, to prohibit any bank holding deposits under public guarantee from operating hedge funds, private equity funds or trading on its own book – 'proprietary trading.' Briefings to journalists suggested that the turn by the President to these measures, and to populist rhetoric ('If these folks want a fight it's a fight I'm ready to have') was the result of a struggle for the President's ear in the preceding months between competing sections of the technocratic elite offering more or less radical visions of reform: the prominence of Paul Volcker at the President's public announcement, and the announcement that the proposed prohibitions would be known as the Volcker Rule, confirm this.

The new proposals had a tortuous passage through a Congress with legislators hungry for the campaign finance support of rich finance lobbies (for instance Paletta 2010.) Much of the impact of the reforms will lie in the way the regulatory details unfold in implementation. But the process reinforces the way the process of regulatory reform is now entangled with turf battles in the US system. It also shows that these battles spill over between the US and the UK systems: the Obama proposals strengthened the hands of those in the British technocratic elite, notably in the Bank of England, advocating more radical structural reforms.

That intellectual struggle in the UK is in turn bound up with turf struggles. The system created in 1997, and now discredited, amounted to a considerable loss of jurisdiction by the Bank of England, principally as a punishment for its incompetence in supervising Barings. The debate about the reconstruction of the system allowed the Bank to reopen this division of regulatory labour. The Governor made crystal clear in his June 09 Mansion House speech that the Bank supported a more radical structural reconfiguration of the banking system than was envisaged in, for instance, the Treasury. Moreover, he also made a clear bid for an increase in the Bank's regulatory authority:

> To achieve financial stability the powers of the Bank are limited to those of voice and the new resolution powers. The Bank finds itself in a position rather like that of a church whose congregation attends weddings and burials but ignores the sermons in between. Like the church, we cannot promise that bad things won't happen to our flock – the prevention of all financial crises is in neither our nor anyone else's power, as a study of history or human nature would reveal. And experience suggests that attempts to encourage a better life through the power of voice is not enough. Warnings are unlikely to be effective when people are being asked to change behaviour which seems to them highly profitable. So it is not entirely clear how the Bank will be able to discharge its new statutory responsibility if we can do no more than issue sermons or organise burials (King 09.)

By 2010 this turf war had become enmeshed with adversarial party politics. The adversarial party system in the UK demands that opposing teams of party politicians adopt policy that distinguishes them from their opponents. Adversarialism demands that oppositions create a reverse image of governing policies, almost regardless of ideological consistency. Thus it is that the Bank has found an unlikely ally in the form of the Conservatives in opposition who, attempting to distinguish themselves from the Brown Administration, advocated a recentralisation of regulatory jurisdiction in the Bank, and flirted with some of the more radical proposals for a reconstruction of the banking system. Indeed the new Chancellor's first significant statement on banking regulation (in his Mansion House speech of June 2009) confirmed that the Financial Services Authority would be dismembered and authority centralised in the Bank.

It is obvious that the process of crisis management has overlapped with the process of constructing a post crisis regulatory order – an unfinished task to the description of which we now turn.

(3) Instead of one governing agenda: competing stories and "where you stand is where you sit"

This section is about the failure (so far) to construct one post crisis governing agenda to replace the pre 2007 agenda of governance which may have been reassuring but was intellectually discredited and practically unsustainable after the crisis. The section has two central themes. The first theme is that the conflict over agendas is immediately a narrativised struggle between different groups trying to put one over with their competing stories. That is not surprising because in politics it is not enough just to take decisions: the decisions have to be made coherent and significant – and that is the purpose of narrative. The second theme is that, as long as no story wins out, group identity, institutional affiliation and crude calculations of interest become more important as the new polity is " turf wars" writ large. Narrativised struggle thus has a paradoxical almost pre-cultural outcome because, from 2008 onwards, the best predictor of 'where you stand' is 'where you sit'. For this reason, the analysis in this section is organised by groups so that we consider in sequence the varying stories and *deformation professionelle* of these different groups.

The paroxysm of crisis itself in October-November 2008 was easily turned into a congenial, shared story about elites 'saving' the banking system, and by extension the wider economy, from the threat of systemic collapse. That story could be 'spun' in different ways depending on the interests and institutional location of actors. In the media, for example, Krugman in the New York Times praised Prime Minister Brown's strategic vision and decisiveness in responding to crisis while Wall Street Journal op ed columnists argued that the problems at Fannie and Freddie stemmed from state intervention (Krugman 2008.). But matters soon became more complicated. Those outside finance, especially those in public sector employment, have found that hugely expensive bail outs have not saved the economy but reallocated the costs between groups and redistributed them forwards in time. More fundamentally, what was to be the new story about how the post-crisis world should be constructed? This inevitably raised many new questions to which there were few agreed answers because the crisis had destroyed benign consensus. How do the markets operate, how should they operate, what kinds of bank or banking should be encouraged or forbidden, what should the role of regulators be under heavier touch regulation, what should be the balance between structural reform and new forms of supervision such as macro prudential regulation?

The interim result was that the pre crisis 'groupthink' went pluralist after the crisis in a new period dominated by the attempts of different groups of actors to construct a convincing post crisis governing story. The end result is multiple competing narratives and a world of conflict increasingly shaped by the institutional position and economic interests of different groups of actors. Space only allows us here to sketch the development of the different stories and the diverse calculations of politicians, technocrats and bankers in the UK and USA. Of course, individuals can move between groups as regulators can be recruited from banking or civil servants can become bankers, as fusion of the metropolitan elites is a way of life in London and Washington . But the striking feature of the post crisis period is the way that the calculative logic of interests and institutional location has pushed various sets of actors in the direction of elaborating different narrative representations of their positions and justifications of the (changing) policy stances that they have adopted.

Politicians' stories

The single most important impact of the crisis has been to transform the kind of stories that politicians tell about financial markets and their regulation. Before the crisis, only a small minority of iconoclasts and/or radicals dissented from the consensus stories emanating from the economics profession, the markets and the technocrats in the regulatory agencies: to wit, that problems of risk management had been solved by innovative markets; that markets were better than public regulators at estimating and managing risk; and that a healthy economy demanded light touch regulation in the interests of maximising the capacity of markets to generate high value added employment. After the crisis, that story could no longer be told – or told so convincingly. As we have seen, there were a number of short term narratives: for instance, in the British case involving the picture of the Brown Administration as unique in its strategic vision and ability to organise other states into coordinated rescue; in the case of the high politics of the EU a variety of competing stories representing national leaders as defending the interests of their national centres against national rivals or the 'threat' of EU regulation; stories about the uniqueness of national systems in the face of regulatory initiatives elsewhere (the British response, for example, to the Obama Administration's initiative to restrict proprietary trading by banks receiving public support.)

But the most important force shaping the stories that politicians have felt compelled to tell is, unsurprisingly, the influence of competitive electoral politics. The shaping force in turn has been different depending on the way that competition has been organised in different systems. The results so far in the two countries that are our main focus are different but equally unpromising of reform: in the United States, a purposive executive is frustrated by the legislature; while, in the United Kingdom, New Labour's absence of executive purpose continues under the Conservative Lib Dem coalition.

In the United States, the executive under Obama and Geithner does know what it wants to do and by Spring 2010 was pressing a radical package of structural reforms because better regulation was not enough. Tim Geithner (Washington Post, 13 April 2010) was quite explicit that " we cannot build a system that depends on the wisdom and judgement of future regulators" to pre-empt further crisis, Hence the Obama administration's structural proposal for putting dervatives trading onto exchanges and for breaking up big investment banks like Goldman or conglomerates like Citi because all banks would be banned from own account prop trading, hedge fund or private equity management. But the question in the USA was whether this kind of package will be passed by a legislature heavily influenced by the need for prominent politicians to build their own independent electoral base and win individual electoral struggles. That explains why, at the height of the crisis, the Republican candidate, John McCain, made his maladroit effort to muscle into the Bush Administration's crisis management process, which happened to coincide with the Presidential contest with Obama. Political attention to the aftermath of the crisis has been heavily influenced also by the calculations of important congressional figures, notably the Chair of the Senate Banking Committee, a critical figure in the shaping of the post crisis regulatory world. In these manoeuvrings elected politicians in Congress have to respond to a number of influences: they can draw on a reservoir of popular hostility to bankers, and did so, to shape a story about bad, greedy bankers, using the high profile opportunities of congressional hearings to arraign selected figures; they can use their positions in shaping the post crisis regulation to wield influence with the regulatory agencies competing for 'turf'; and they can, and indeed in the interests of electoral survival, must, use their position to extract campaign funds from the finance industry.

In the UK, by contrast, the most important consequence of the aftermath of the crisis was to transform the issue of banking regulation into a subject for the system of adversarial politics. In the British case, a powerful executive can always get its way if it knows what to do, but that basic precondition was not satisfied after the crisis in the case of banking reform. Before the crisis, financial regulation had essentially been a valence issue: the main parties competed only to represent themselves as the most competent to foster the health of the City. After it, they competed to tell about their ability to punish 'bad' bankers, and to impose regulatory restrictions on banking institutions. But these stories were shot through with contradictions. The initial management of the newly acquired banks in the rescue was represented in a highly traditional, pre-crisis language of extracting maximum shareholder value. In addition, as the General Election of May 2010 approached the parties opportunistically adopted a variety of positions to try to position themselves for maximising electoral advantage: thus the Conservatives tried to outflank Labour on the question of the imposition of (transaction taxes) on the banks; while Labour responded with a highly traditional narrative representing such measures as damaging to the competitiveness of the City - even though Chancellor Darling had, in populist mood, earlier introduced a one off tax on bankers' bonuses. Neither major Party won a majority in the ensuing election which resulted in a Conservative coalition with the Liberal Democrats who were more radical on banking. The key issue – what to do about structural reform of the banking system – has now been remitted to an investigative commission which has been despatched with instructions to take at least a year over its deliberations.

Technocrats' stories

If the politicians' stories were dominated by the problem of incorporating a narrative about responses to the crisis into the demands of electoral competition, the technocrats' tales were dominated by the need to produce an intellectually coherent account of regulation in a post-crisis world. On both sides of the Atlantic regulation has become a highly technocratic activity; the domination of technocrats – and in particular of econocrats – is symbolised by the fact that the two key regulatory heads, of the respective central banks, had previous careers as academic economists during which they briefly shared an office in MIT. Indeed, the 'scientization' of central banking – to use Marcussen's coinage – was widespread internationally. (Marcussen 2006, 2009; and Lomax 2007 on the process in Britain under the Monetary Policy Committee regime.) This is a world where data, and intellectually defensible theories supported by data, provide the key currencies. How could this econocratic elite make sense of the collapse of the intellectual structure which had supported the pre-crisis intellectual system? Buiter puts their problem with characteristic bluntness: ' The Bank of England in 2007 faced the onset of the credit crunch with too much Robert Lucas, Michael Woodford and Robert Merton in its intellectual cupboard. A drastic but chaotic re-education took place and is continuing.' (Buiter 2009).

For some academic economists the response was to argue that the failures had nothing to do with intellectual flaws in the original theories, but represented a misuse and misunderstanding of the intellectual framework which theories of efficient markets had provided before the crash (Minford 2010). However that may be, this alibi has not carried the day among the econocrats in the regulatory agencies. Indeed, it has become clear that on both sides of the Atlantic there is now a consensus among key technocrats about the need to back tougher regulatory restrictions with structural reform of the banking sector.

Elite British technocrats have led the way in publicly rubbishing the pre 2007 liturgy about the benefits of financial innovation. Lord Turner of the Financial Services Authority criticised complex instruments 'whose maximum possible benefits in terms of allocative efficiency was at best marginal and which in their complexity and opacity created large financial stability risks' (Turner 2010.) The executive director responsible for financial stability at the Bank of England, Andrew Haldane, has publicly questioned whether the UK financial sector is not too large, disputed the scale advantages of big banks and, when some bankers threatened to move abroad in response to the Labour Government's tax on bonuses, observed that a smaller financial sector might be a price worth paying for financial stability (Farrer 2009). The Governor of the Bank of England has raised similar questions about whether the financial sector is too large and whether big banking conglomerates should be broken up. In the US, the econocrats have moved to making concrete proposals for structural reform. In the case of the United States, after furious inter-agency fighting, and after struggles between the Presidents' advisors, the Obama and Geithner structural reforms use the name and person of Paul Volcker (most respected of technocrats) to resurrect the spirit of Glass-Steagall even if they do not reinstate the letter of the Glass-Steagall division between retail and casino banks, The attempt is radical even if the proposal's survival prospects are poor in the face of the lobbying power of the finance industry.

If the imperatives of electoral competition have driven the kinds of stories told by democratically elected politicians, two rather different imperatives have shaped the behaviour of econocrats. First, they do indeed inhabit an econocratic world: that is, it is a world where intellectually credible and consistent accounts are needed to guide institutional construction and regulatory style. And that in turn has guided the search for a new set of intellectual guidelines, with the more radical econocrats arguing for paradigm shift typically towards behavioural finance or, as in Haldane's case, towards a more ecological and epidemiological mapping of the financial system. A second, very different imperative is the competition, to which we have already alluded, for control of regulatory turf or the property rights that matter to regulators The struggle in the US over the reconstruction of the regulatory system in the latter part of 2009 was not just one about the intellectual foundations of the regulatory system; it was also a struggle by the Fed to emerge as the dominant institution in the new regulatory world – a struggle which, for the moment at least, it appears to have won. Likewise, the strategy of the Bank of England is about more than controlling the banks; it is about recovering some of the regulatory authority which it lost in the reforms 1997.

Bankers' stories

Bankers had a well established narrative before the crisis, and it was one which captured the minds of most of those connected both with regulation and with economic policy. As we have seen, it drew its legitimacy from efficient market theory and from theories about the importance of the financial services industry in a post industrial economy. Obviously the great crisis created problems for these stories, but in the crisis itself, and in the post crisis period, the resilience of the bankers' tales is nevertheless striking. During the crisis bankers benefited immensely from a kind of pre story built on apocalyptic forebodings: it is striking how widespread is the consensus that, however badly the banks had behaved, they needed to be rescued in order to prevent a wider meltdown of the market system. The one big failure which was allowed to happen – of Lehman – was soon integrated into the narrative as a policy error which should not be repeated. By its story about the systemic consequences of allowing institutional failure the banking industry on both sides of the Atlantic was able to socialise most of the astounding losses which had been racked up as a result of the pre-2007 trading practices.

It is also striking how rapidly the industry moved to re-state its narrative about the social and economic utility of innovative financial markets. Both the Wigley Report (December 2008) and the Bischoff Report (2009) are marked by magnificent chutzpah: they manage to tell hair of the dog stories about the success of London and the British financial services industries almost as if the great crisis had never occurred. Both offered detailed – and it turned out on closer inspection highly dubious -

pictures of the employment creating and tax revenue generating capacities of the financial services industry (for a critique see CRESC 2009.) More striking still, Bischoff in particular preserved the narrative about the link between social benefits and financial innovation, offering the prospect of a whole series of new policy problems – such as the finance of care in old age - being addressed by the development of new financial instruments. Bischoff and Wigley were not 'freelance' operations by the markets. Both had official status: Wigley was commissioned by the Mayor London; the Bishchoff report, though almost entirely controlled by the markets, was published by the Treasury and had the Chancellor as a co-signatory.

The bankers' tale about the need to socialise losses in the interests of systemic survival has proved resilient. Moreover, the terms under which the rescued institutions are to be managed and disposed of, at least initially, stuck to a pre crisis script: principally, a script about the importance of preserving incentives for top executives, maximising shareholder (taxpayer) value, and protecting the management of the rescued institutions from what is constructed as 'politics' – that is, the influence of the democratic state (documented in Froud et al 2010.) But the wider narrative about the virtues of financial innovation and the social value of finance has proved more difficult to sustain, for three reasons. First, it has proved impossible to stem, in the post crisis world, a series of scandals about the behaviour of market actors at the height of the boom, and the revelations in these scandals have been hard to reconcile with sober narratives about the social value of finance: consider the cases of Lehman and Goldman discussed above. Second, the drip of scandalous revelation has interacted with the way banking regulation has been dragged into the arena of democratic politics, for it is precisely those individual scandals which are easiest for democratic politicians to pursue and package in the name of reform. Third, clear tensions have developed between the ambitions of the most important regulatory agencies, and the mind world of those agencies, and the interests of the markets.Econocrats have their own intellectual priorities, and their own institutional interests to defend; they are far from being the instruments of powerful corporate interests.

Agenda? What agenda?

Our argument will seem challenging to some readers because it brings together two discourses and paradigms which are usually kept separate. It brings together a social constructionist commentary on a narrative driven world and a more conventional political science about interests and institutions where discourses figure much less prominently. There will always be tensions between these two perspectives which cannot be reconciled and made coherent within one frame. But then, as this article demonstrates, coherence around a single story is a dangerous thing and the juxtaposition of two paradigms produces an interestingly different analysis. Single paradigm analysis is fated to find a world which is always the same: that is, always discursively preconstructed or always institutionally divided; dual paradigm analysis brings out the difference between the world before 2007 and after 2008. The pre crisis world was held together by a stable frame and immediate cross group acceptance of the liturgy about financial innovation; the post 2008 world is divided by group stories and sectional interest with the main actors still in the process of trying to create settled stories in the wake of the ruins left by the great crisis. But in all this the old meaning of agenda – repetitive liturgical incantation – turns out to be continually important.

Note: Earlier versions of this paper were given to the two preparatory workshops organised for this special issue. We are grateful for the comments received, and for the comments of two anonymous referees.

References

Bank of England:
(2008). *Financial Stability Report, October 2008, Issue No. 24.* London: Bank of England.

Bean, Charles. (2009) 'The Great Moderation, the Great Panic and the Great Contraction'
Schumpeter Lecture, Annual Congress of the European Economic Association – at
http://www.bankofengland.co.uk/publications/speeches/2009/speech399_slides.pdf .

Bernanke, B. (2007). 'Regulation and Financial Innovation': speech **to** the Federal Reserve Bank of Atlanta's 2007 Financial Markets Conference, Sea Island, Georgia
15 May: at
http://www.federalreserve.gov/newsevents/speech/bernanke20070515a.htm

Bischoff, Win and Darling, Alistair (2009), *UK international financial services –the future: A report from UK based financial services leaders to the Government.* London: HM Treasury.

Buiter, Willem (2009). 'The unfortunate uselessness of most 'state of the art' academic monetary economics', at http://blogs.ft.com/maverecon/2009/03/the-unfortunate-uselessness-of-most-state-of-the-art-academic-monetary-economics/ - 3 March 2009.

Burnham, Peter. (2010). 'Class, Capital and Crisis: A Return to Fundamentals'. *Political Studies Review,* 8:1 (27-39.)

CRESC (2009). *An alternative report on UK banking reform: a public interest report from CRESC.* Manchester: University of Manchester Centre for Research on Socio Cultural Change, 2009, downloadable at www.**cresc**.ac.uk/publications/.../**Alternativereport**on**banking**V2.pdf

Dorn, Nicholas. (2010). 'The Governance of Securities: Ponzi Finance, Regulatory Convergence, Credit Crunch' *British Journal of Criminology*. 50: 23-45

Engelen, E., I. Erturk, J. Froud, A. Leaver and K. Williams (2010) 'Reconceptualizing financial innovation: frame, conjunctuee and bricolage' *Economy and Society* , 39:1,pp. 33-63.

Erturk, Ismail and Solari, S. (2007). ' Banks as Continuous Reinvention' *New Political Economy*, 12: 3 pp. 369-88.

Farrer, Martin (2009). 'Exodus of bankers 'a price worth paying', Bank of England official says', *The Guardian,* 18 December.

Financial Services Authority: (2007). 'Press Release: FSA publishes feedback and further consultation on Listing Review for Investment Entities': at http://www.fsa.gov.uk/pages/Library/Communication/PR/2007/078.shtml

(2008). *The Supervision of Northern Rock: a lessons learned review. Report.* London: FSA Internal Audit Division: retrieved at www.fsa.gov.uk/pubs/other/nr-report.pdf – accessed 8/1/09.

Froud, Julie, S. Johal, A. Leaver and K. Williams (2006). *Financialization and Strategy,* London: Routledge.

Froud, Julie, A.Nilsson, M. Moran and K. Williams (2010). 'Wasting a Crisis? Democracy and Markets in Britain after 2007', *Political Quarterly*, 81/1, 25-38.

Greenspan, A. (2005). 'Economic flexibility: remarks to the National Association for Business Economics Annual Meeting, Chicago, 27 September 2005' at http://www.bis.org/review/r050930a.pdf

Haldane, Andrew.
(2009)'Rethinking the financial network', Speech delivered at the Financial Student Association, Amsterdam, April 2009, p. 3: at . http://www.bankofengland.co.uk/publications/speeches/2009/

(2009a) 'Small lessons from a big crisis: remarks at the Federal Reserve Bank of Chicago 45th Annual Conference', 8 May 2009: at http://www.bankofengland.co.uk/publications/speeches/2009/

(2010) 'The debt hangover' : Speech given at a Professional Liverpool dinner 27 January 2010 at www.bankofengland.co.uk/publications/speeches/2010/speech422.pdf

HM Treasury (2006). *Memorandum of Understanding between HM Treasury, the Bank of England and the Financial Services Authority.* London: HM Treasury – at http://www.hm-treasury.gov.uk/fin_money_index.htm

House of Commons Treasury Committee (2008)
The run on the Rock: Fifth Report of Session 2007–08, HC 56-1

Kagan, Robert. (2001). *Adversarial Legalism: the American Way of Law*. Cambridge, MA: Harvard University Press.

Keynes, J.M. (1926/2004). *The End of Laissez-Faire: The Economic Consequences of the Peace.* Amherst: Prometheus Books.

King, Mervyn

(2009). 'Speech to Scottish business organisations', Edinburgh on Tuesday 20 October 2009: at http://www.bankofengland.co.uk/publications/speeches/index.htm

(2009a) 'Speech at the Lord Mayor's Banquet for Bankers and Merchants of the City of London at the Mansion House', 17 June 2009; at . http://www.bankofengland.co.uk/publications/speeches/index.htm

Krugman, P. (2008). 'Gordon does good'. *New York Times,* 12 October 2008.

Lomax, Rachel (2007). 'The MPC comes of age': lecture at De Montfort University 28 February 2007; at http://www.bankofengland.co.uk/publications/speeches/index.htm

Marcussen, Martin.

(2006). 'Institutional transformation? The scientization of central banking as Case' in Tom Christensen and Per Lægred, eds., *Autonomy and Regulation: coping with agencies in the modern state.* Cheltenham: Elgar, 81-109.

(2009). 'Scientization of central banking: the politics of a-politicization', in Dyson, Kenneth and Marcussen, Martin, eds., *Central Banks in the Age of the Euro: Europeanization, convergence and power.* Oxford: Oxford University Press, 373-90.

Minford, Patrick. (2010). 'The Banking Crisis: A Rational Interpretation', *Political Studies Review,* 8:1, 40-54.

Moran, Michael

(1991). *The Politics of the Financial Services Revolution: the USA, the UK and Japan.* London: Macmillan.
(2001) 'Not steering but drowning: policy catastrophes and the regulatory state', Political Quarterly, 72:4, 414-27.
(2009). *Business, Politics and Society: an Anglo-American comparison.* Oxford: Oxford University Press.

Ormerod, Paul.(2010.) 'The current crisis and the culpability of economic theory', *Journal of the Academy of Social Sciences*, 5:1, 5-18.

Paletta, Damian
(2009). 'Agencies in a brawl for control of banks', *Wall Street Journal,* 22 December.

(2010) 'Obama, Dodd to Meet On Financial Regulatory Overhaul Bill', *Wall Street Journal,* 19 January.

Paletta, Damian and Solomon, Deborah (2009). 'Geithner Vents at Regulators as Overhaul Stumbles ' *Wall Street Journal,* 4 August.

Paulson, Hank. (2010). *On the Brink: Inside the Race to Stop the Collapse of the Global Financial System*. New York: Business Plus.

Reinhart, Carmen and Rogoff, Kenneth. (2009). *This Time is Different: Eight Centuries of Financial Folly.* Princeton: Princeton University Press.

Roberts, Alisdair. (2110). *The Logic of Discipline: global capitalism and the architecture of government.* New York: Oxford University Press.

Schaff, P. and Herzog, J, J. (1951) *New Schaff-Herzog Encyclopaedia of Religious Knowledge* (vol 1, entry on agenda), Grand Rapids (Michigan): Baker Book House.

Schapiro, Mary (2010). *Testimony Before the Subcommittee on Financial Services and General Government, 28 April: at http://www.sec.gov/news/testimony/2010/ts042810mls.htm* SEC (2010) *SEC Charges Goldman Sachs With Fraud in Structuring and Marketing*

*of CDO Tied to Subprime Mortgages***:** at
http://www.sec.gov/news/press/2010/2010-59.htm

Senate Subcommittee on Permanent Investigations (2010). '*Senate subcommittee launches series of hearing on Wall Street and the financial crisis'* – at http://hsgac.senate.gov/public/index.cfm

Swaigel, Philip. (2009) The Financial Crisis: An Inside View. Washington: Brookings Papers on Economic Activity.

Thompson, Helen:
(2009). 'The political origins of the financial crisis: the domestic and international politics of Fannie Mae and Freddie Mac', *Political Quarterly*, 80:1, 17-24.

Turner, Adair.
(2009). *The Turner Review: A regulatory response to the global banking crisis*, London, Financial Services Authority.
(2010) ' What do banks do, what should they do and what public pollicies are needed to ensure best results for the real economy' , lecture at Cass Business School on 17 March 2010 at
http://www.fsa.gov.uk/pubs/speeches/at_17mar10.pdf

United Kingdom Financial Investments Limited (2009). *Annual Report and Accounts 2008-9*, London: UKFI.

US Department of the Treasury (2009). *Financial Regulatory Reform: a new foundation. Rebuilding Financial Supervision and Regulation.* Washington: Department of the Treasury.

Valukas, Antonin (2010) United States Bankruptcy court southern district New York: Lehman Brothers inc. volume 1-
http://lehmanreport.jenner.com/VOLUME%201.pdf
Wigley, Bob (2008) *London: winning in a changing world*, London: Merrill Lynch Europe, 2008.