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Money and the 'Level Playing Field': The Epistemic Problem of European Financial Market Integration

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Financial market integration processes in the European Union (EU) are characterised by an epistemic problem of economic theory. This problem encompasses what 'the market' is, how it is to be 'integrated', and the nature and role of 'money' as infrastructure of the fully integrated market. The EU's legal framework has imported this epistemic problem along with the competitive conception of the market as described in economic theory – as a 'level playing field' for private exchange, under free, fair and ideally unrestrained competition. It manifests itself in European financial market integration processes, as exemplified in the article, via two otherwise disconnected areas of European Central Bank (ECB) activity: (a) the provision of central bank credit for the purpose of financial transaction settlement in the Eurozone; and (b) the conduct of ordinary monetary policy in the Eurozone. While the problem can be stabilised through legal, technical and other means, it remains latent, and may manifest itself again in unexpected ways, as happened in the wake of the 2008 financial crisis. Thus, contrary to ideologies that are widely understood as more or less coherent systems of doctrines, epistemic problems are characterised by specific tensions, contradictions and conceptual uncertainties.

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