

Conference Programme

Preliminary version

Finance-led Capitalism? Macroeconomic Effects of Changes in the Financial Sector

26–27 October, 2007, in Berlin

11th Workshop
of the Research Network *Macroeconomic Policies*

Venue:

Best Western Hotel Steglitz International
Albrechtstr. 2
12165 Berlin

Germany

Overview

Friday, 26 October

10.30–12.00	Arrival and registration
12.00–12.30	Welcome and introduction by Eckhard Hein (IMK, Düsseldorf)
12.30 – 14.30	Plenary Session Global imbalances and financialisation
14.30 – 15.00	Coffee break
15.00 – 17.00	Parallel Sessions A1, B1, C1, D1, E1
17.00 – 17.30	Coffee break
17.30 – 19.30	Parallel Sessions A2, B2, C2, D2, E2
19.30–20.00	Graduate student meeting (conference room 1) organised by Eckhard Hein, Torsten Niechoj (IMK, Düsseldorf), and Engelbert Stockhammer (WU Wien)
20.00	Dinner

Saturday, 27 October

9.00–11.00	Parallel Sessions A3, B3, C3, D3, E3
11.00–11.30	Coffee break
11.30–13.30	Parallel Sessions A4, B4, C4, D4, E4
13.30–15.00	Lunch
15.00–17.00	Parallel Sessions A5, B5, C5, D5, E5
17.00–17.30	Coffee break
17.30–19.30	Plenary Session Financial stability and financial crises
20.00	Dinner

Programme

Plenary Session

Friday, 26 October: 12.30-14.30

Global imbalances and financialisation

Conference Room 1

Chair: Engelbert Stockhammer (WU Wien)

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| <ul style="list-style-type: none">▫ <i>Thomas Palley</i>
(Washington)▫ <i>Sigurt Vitols</i> (WZB)▫ <i>Jan Kregel</i> | <p>The economics of financialization: what it is, how it works, and what can be done</p> <p>Private equity: financial engineering or solution to market failure?</p> <p>Global imbalances from a development perspective</p> |
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Plenary Session

Saturday, 27 October: 17.30-19.30

Financial stability and financial crises

Conference Room 1

Chair: Peter Spahn (University of Hohenheim)

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| <ul style="list-style-type: none">▫ <i>Wolfgang Filc</i>
(University of Trier)▫ <i>Hans-Helmut Kotz</i>
(Deutsche Bundesbank)▫ <i>Stephan Schulmeister</i>
(WIFO, Wien) | <p>Inefficient markets: causes and consequences</p> <p>Endogenous liquidity and financial (in-)stability</p> <p>On the manic-depressive fluctuations of speculative prices</p> |
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Parallel Sessions

Friday, 26 October: 15.00–17.00

A1 Financial systems and economic growth

Conference Room 1

Chair: Jan Priebe (FHTW Berlin)

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| ▫ <i>Jörg Huffschmid</i>
(University of Bremen) | From finance for investment to financial investment: the new role of financial markets and investors in developed economies |
| ▫ <i>Hansjörg Herr</i>
(FHW Berlin) | Financial systems and economic development |
| ▫ <i>Philip Arestis</i>
(University of Cambridge) | Does financial structure matter for growth and development? |

B1 Issues in heterodox macroeconomics

Conference Room 2

Chair: Sebastian Dullien (FHTW Berlin)

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| ▫ <i>Dany Lang</i> (Institute d'Etudes Politiques, Toulouse), Mark Setterfield | Is there scientific progress in macroeconomics? The case of the NAIRU |
| ▫ <i>Malcom Sawyer</i> (University of Leeds) | Reformulating macroeconomic policies: a Kaleckian perspective |
| ▫ <i>Jochen Hartwig</i> (ETH Zürich) | Checking the plausibility of macroeconomic data – the case of Swiss labour productivity growth |

C1 Financial instability

Conference Room 3

Chair: Christian E. Weller (UMass, Boston; Center for American Progress)

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| ▫ <i>Elisabetta De Antoni</i>
(University of Trento) | Minsky's financial instability hypothesis: an interpretation based on bounded rationality |
| ▫ Alexandre Campos,
<i>Gabriel Porcile</i> (Federal University of Paraná),
Ricardo Viana | Minskian crisis and inflation target: a North-South Kaleckian model of financial fragility |

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- *Özlem Onaran*
(FHTW Berlin)
Labor's share and financial crisis: the case of manufacturing industry in Korea, Mexico, and Turkey
 - *Eleonora Cavallaro*
(University of Rome),
Bernardo Maggi,
Marcella Mulino
The macrodynamics of external debt and financial fragility in a currency board: the case of Argentina
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D1 Stock flow consistent modelling and the housing market

Conference Room 4

Chair: Till van Treeck (IMK, Düsseldorf)

- *Elisabeth Springler*
(WU Wien)
Endogenous money, housing finance and prices
 - *Diarmid J. G. Weir*
(University of Stirling)
The macroeconomic significance of household lending demonstrated in stock-flow consistent models
 - *Francesca Spinelli,*
Gennaro Zizza
(University of Cassino)
U.S. Growth, the housing market and the distribution of income
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E1 Fiscal polices

Conference Room 5

Chair: Claus Thomasberger (FHTW Berlin)

- *Stefanie Bahr, Thomas Sauer* (FH Jena), Lena Vogel,
Macroeconomic resilience in times of financial globalisation: The experience of the Nordic EU-countries
 - *Eckhard Hein, Achim Truger* (IMK, Düsseldorf)
Fiscal Policy in the Macroeconomic Policy Mix: France, Germany, Sweden and the UK compared
 - *Jérôme Creel* (OFCE, Paris), Paola Monperrus-Veroni, Francesco Saraceno
Has the golden rule of public finance made a difference in the UK?
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Parallel Sessions

Friday, 26 October: 17.30-19.30

A2 Global imbalances

Conference Room 1

Chair: Stephan Schulmeister (WIFO, Wien)

- *Jörg Bibow* (Skidmore College) The international monetary (non-) order and the 'global capital flows paradox'
- *Dimitri B. Papadimitriou* (Levy Economics Institute of Bard College) Global imbalances: The US and the rest of the world
- *Philip Arestis, Elias Karakitsos* Global liquidity and financial crises

B2 Financial integration and financial regulation

Conference Room 2

Chair: Özlem Onaran (FHTW Berlin)

- *Mechthild Schrooten* (Hochschule Bremen) European financial integration – distance matters
- *Bernhard Emunds* (Hochschule Sankt Georgen) Financial short-termism – the end of the Social Market Economy?
- *Hans Michael Trautwein* (University of Oldenburg) Employee participation in financial regulation and macroeconomic policies

C2 Monetary policy and the asset markets

Conference Room 3

Chair: Elisabeth Springler (WU Wien)

- *Michael Holz* (University of Trier) Experimental asset markets, behavioral economics, and their implications for financial stability
- *Dirk J. Bezemer* (Groningen University) Explaining the great moderation: credit and the macroeconomy revisited
- *Maria Teresa Valderrama* (Austrian National Bank), *Sylvia Kaufmann* The role of credit aggregates and asset prices in the transmission mechanism. A comparison between the Euro area and the US

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- Entela Myftari, *Sergio Rossi* (University of Fribourg) Asset prices and monetary policy: should central banks adopt asset-based reserve requirements?
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D2 Financial systems and growth in Latin America

Conference Room 4

Chair: Hansjörg Herr (FHW Berlin)

- *Barbara Fritz* (FU Berlin), Laurissa Mühlrich South-South monetary and financial integration: towards a research framework beyond the theory of optimum currency area
 - Adriana Amado, *Frederico G. Jr. Jayme* (Universidade Federal de Minas Gerais), Marco-Flávio Resende Economic Growth Cycles in Latin America and Developing Countries
 - Edmar L. Bacha, Fernando M. Gonçalves, *Márcio Holland* (São Paulo School of Economics) Is Brazil different? Risk, dollarization, and interest in emerging markets
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E2 Distribution and growth I

Conference Room 5

Chair: Peter Flaschel (Bielefeld University)

- Eckhard Hein, *Lena Vogel* (University of Kent) Distribution and growth in France and Germany – single equation estimations and model simulations based on the Bhaduri/Marglin-model
 - *Lucas Grafl* (WU Wien), Eckhard Hein, Engelbert Stockhammer Functional income distribution and aggregate demand in Germany
 - *Oliver Allain* (Université Paris), Nicolas Canry Distribution and growth in France (1970-2006): a cointegrated VAR approach
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Parallel Sessions

Saturday, 27 October: 9.00–11.00

A3 Finance-led accumulation regimes? I

Conference Room 1

Chair: Achim Truger (IMK, Düsseldorf)

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| <ul style="list-style-type: none">▫ <i>Jan Priebe</i>
(FHTW Berlin)▫ <i>Sunanda Sen</i> (Jamia Millia
University, New Delhi)▫ <i>Engelbert Stockhammer</i>
(WU Wien) | <p>The evolution of four types of finance-led capitalism – the relationship between money, finance and the real economy</p> <p>Global finance: on the move to stock market capitalism</p> <p>Some stylized facts on the finance-dominated accumulation regime</p> |
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B3 Financialisation from Post-Keynesian perspectives

Conference Room 2

Chair: Philip Arestis (University of Cambridge)

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| <ul style="list-style-type: none">▫ <i>Basil Moore</i>
(Stellenbosch University)▫ <i>Óscar De-Juan</i> (University
of Castilla-La Mancha),
Josep González-Calvet▫ <i>Eckhard Hein</i> (IMK,
Düsseldorf), Till van
Treeck▫ <i>Klaus Bartsch</i> | <p>Saving and investment once again: the effects of financial structure</p> <p>When speculative financial investment crowds out productive investment. A pray-predator model.</p> <p>‘Financialisation’ in Kaleckian/Post-Kaleckian models of distribution and growth</p> <p>The growing share of rentiers yield in profit income and the development of fixed capital accumulation and employment in post-unification Germany – is there a nexus?</p> |
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C3 International capital flows in small and large interacting open economies

Conference Room 3

Chair: Thomas Palley (Washington)

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| <ul style="list-style-type: none">▫ <i>Peter Flasche</i> (Bielefeld
University), Gangolf
Groh, Florian Hartmann,
Willi Semmler | <p>Finance-led world capitalism in a nutshell</p> |
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▫ Peter Flaschel, <i>Gangolf Groh</i> (Bielefeld University), Christian R. Proaño, Willi Semmler	International capital flows in a Mundell-Fleming-Tobin framework
▫ Peter Flaschel, <i>Christian R. Proaño</i> (IMK, Düsseldorf)	Gradual wage-price adjustments and international macroeconomic interactions in a semi-structural two-country model

D3 Interest rates and credit

Conference Room 4

Chair: Jochen Hartwig (ETH Zürich)

▫ <i>Richard A. Werner</i> (University of Southampton)	Credit and growth in different rationing regimes – some implications for finance-led capitalism, inflation, government intervention and institutional design
▫ <i>Jonathan Perraton</i> (University of Sheffield)	Interest rates trends and financialization
▫ Óscar De-Juan, <i>Eladio Febrero</i> (University of Castilla-La Mancha)	Interest rates, output growth and income distribution. Lessons from the Spanish experience of nil interest rates

E3 Issues in public policies

Conference Room 5

Chair: Jérôme Creel (OFCE, Paris)

▫ Giuseppe Mastromateo, <i>Claudio Sardoni</i> (University of Rome)	Fiscal policy and currency areas
▫ Henrik Enderlein, Laura Müller, <i>Christoph Trebesch</i> (Hertie School of Governance)	When do debtor governments defect? Explaining coercive measures on private creditors
▫ Nigel Allington, <i>John McCombie</i> (University of Cambridge)	The Thatcher experiment, 1979-86: did it lead to a productivity growth renaissance in the UK?
▫ <i>Torsten Niechoj</i> (IMK, Düsseldorf)	Limits to sub-national debt autonomy. Switzerland, Austria and Germany in comparison

Parallel Sessions

Saturday, 27 October: 11.30–13.30

A4 Macroeconomic policies in the global economy

Conference Room 1

Chair: Torsten Niechoj (IMK, Düsseldorf)

- *Fernando J. Cardim de Carvalho* (Federal University of Rio de Janeiro)
Macroeconomic policy with open capital accounts
- *Elke Muchlinski* (FU Berlin)
Global imbalances and central bank coordination
- *Sebastian Dullien* (FHTW Berlin)
Who is afraid of Asian FX interventions?
Lessons for Europe from a three-asset-portfolio model

B4 Finance-led accumulation regimes? II

Conference Room 2

Chair: Hans Michael Trautwein (University of Oldenburg)

- *Riccardo Bellofiore* (Università di Bergamo),
Joseph Halevi
What is 'new' in contemporary capitalism
and economic policies: a Marxian-Kaleckian perspective
- *Mickaël Clévenot, Yann Guy* (University Paris-Diderot)
The inconsistency of French regulation mode faced with the financialization of accumulation pattern. The contributions of Regulation approach and neo-Cambridgian modelling
- *Guglielmo Forge Davanzati* (University of Salento), Riccardo
Realfonzo
A Veblenian monetary theory of production, consumption and waste
- *Trevor Evans* (FHW Berlin)
Finance driven capitalism and the role of international capital flows in the US

C4 Financial instability and stabilisation (graduate student session)

Conference Room 3

Chair: Peter Spahn (University of Hohenheim)

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| ▫ <i>Romuald Morhs</i>
(University of Ottawa) | Financialisation and unemployment in the Euro area: a Kaleckian perspective |
| ▫ <i>Christian Ambrosius</i>
(FHTW Berlin) | Financial stabilization through remittances? Some remarks on the macroeconomic effects of migrant remittances |
| ▫ <i>Thorsten Drautzburg</i>
(University of Essex) | Real exchange rate volatility, openness, and growth |
| ▫ <i>Ulaş Sener</i>
(University of Potsdam) | Turkish monetary policy in the post-crisis era: a case of growth through debt? |
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D4 Currency crises and crisis prevention (graduate student session)

Conference Room 4

Chair: Dany Lang (Institute d'Etudes Politiques, Toulouse)

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| ▫ <i>Thomas Bernhardt</i>
(WU Wien) | Dimensions of the Argentine crisis 2001/02. A survey of politico-economical explanations |
| ▫ <i>Matthieu Charpe</i>
(EHESS, PSE), Michael Brei | Distributive aspects of currency crises: debt dynamic, financial transfers and borrowers heterogeneity |
| ▫ <i>Nishtha Khurana</i>
(FHTW Berlin) | Crisis prevention and capital controls in India |
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E4 Financial structure, investment and financial crisis (graduate student session)

Conference Room 5

Chair: Engelbert Stockhammer (WU Wien)

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| ▫ <i>Roseline Misati</i>
(University of Benin) | Financial sector reforms and private investment In Africa: a dynamic panel data approach |
| ▫ <i>Ayca Sarialioğlu-Hayali</i>
(University of Sheffield) | Financial stability and financial crises: the role of derivative instruments in international financial crises |
| ▫ <i>Cornelia Staritz</i>
(WU Wien; New School for Social Research, NY) | Financial structure, investment, and economic development |
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Parallel Sessions

Saturday, 27 October: 15.00–17.00

A5 Financialisation and stock flow consistent modelling

Conference Room 1

Chair: Eckhard Hein (IMK, Düsseldorf)

- *Marc Lavoie* (University of Ottawa) Financialisation issues in a Post-Keynesian stock-flow consistent model
- *Till van Treeck* (IMK, Düsseldorf) A synthetic, stock-flow consistent macroeconomic model of financialisation
- *Peter Skott* (University of Massachusetts), Ryooy Soon Macroeconomic implications of financialization

B5 The US financial market boom and after

Conference Room 2

Chair: Trevor Evans (FHW Berlin)

- *Michael Hudson* (University of Missouri) The balance-of-payments dimension of today's financialisation
- *Christian E. Weller* (UMass, Boston/Center for American Progress), Kate Sabatini On shaky ground: the US mortgage boom and its economic consequences
- *David F. Milleker* (Union Investment) The rise and fall of the US subprime mortgage market

C5 Distribution and growth II

Conference Room 3

Chair: Christian R. Proaño (IMK, Düsseldorf)

- *Peter Flaschel* (Bielefeld University), Daniele Tavani, Lance Taylor, Timo Teuber A structuralist model of the wage-price spiral with non-linear demand pressure terms
- *Thomas Dallery* (Lille 1 University) Kaleckian models of growth and distribution revisited: how relevant are they to the study of economic growth in the twenty-first century? A simulation-based analysis

- *Stefan Ederer* (WU Wien), Özlem Onaran, Engelbert Stockhammer Functional income distribution and aggregate demand in the Euro-area
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D5 Perspectives on unemployment and labour income (graduate student session)

Conference Room 4

Chair: Achim Truger (IMK, Düsseldorf)

- *Ansgar Renneberg* (University of St. Andrews) The NAIRU and monetary policy in a New Keynesian model
 - *Paul Ramskogler* (WU Wien) The effects of wage bargaining coordination on inflation: a preliminary analysis
 - *Simon Sturn* (WU Wien) An update and expansion of Laurence Balls paper 'Aggregate demand and long-run unemployment'
 - *Karin Fischer* (WU Wien) Policy reform and income distribution: the case of manufacturing industry in Honduras
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E5 Consumption, saving and money (graduate student session)

Conference Room 5

Chair: Torsten Niechoj (IMK, Düsseldorf)

- *Wolfgang Fellner* (WU Wien) How do consumption and its social contingencies influence people's happiness?
 - *Jan-Oliver Menz* (University of Warwick) Precautionary saving in a macroeconomic perspective: A comparison between Newkeynesian and Postkeynesian consumption theory
 - *Tai Young-Taft* (New School for Social Research, New York) Hedging, valuation, and revolution: An essay on the contemporary money commodity
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