

Conference Programme  
*Preliminary version*

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

**26–27 October, 2007, in Berlin**

11<sup>th</sup> 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	<b>Plenary Session</b> Global imbalances and financialisation
14.30 – 15.00	Coffee break
15.00 – 17.00	<b>Parallel Sessions</b> A1, B1, C1, D1, E1
17.00 – 17.30	Coffee break
17.30 – 19.30	<b>Parallel Sessions</b> A2, B2, C2, D2, E2
19.30–20.00	Graduate student meeting (conference Room 1: Steglitz) organised by Eckhard Hein, Torsten Niechoj (IMK, Düsseldorf), and Engelbert Stockhammer (WU Wien)
20.00	Dinner

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### Saturday, 27 October

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

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## Programme

### Plenary Session

**Friday, 26 October: 12.30–14.30**

#### **Global imbalances and financialisation**

##### **Conference Room 1: Steglitz-Zehlendorf**

Chair: Engelbert Stockhammer (WU Wien)

- *Thomas Palley* (Washington)      The economics of financialization: what it is, how it works, and what can be done
- *Sigurt Vitols* (WZB)      Private equity: financial engineering or solution to market failure?
- *Jan Kregel*      Global imbalances from a development perspective

### Plenary Session

**Saturday, 27 October: 17.30–19.30**

#### **Financial stability and financial crises**

##### **Conference Room 1: Steglitz-Zehlendorf**

Chair: Peter Spahn (University of Hohenheim)

- *Wolfgang Filc* (University of Trier)      Inefficient markets: causes and consequences
- *Hans-Helmut Kotz* (Deutsche Bundesbank)      Endogenous liquidity and financial (in-)stability
- *Stephan Schulmeister* (WIFO, Wien)      On the manic-depressive fluctuations of speculative prices

## Parallel Sessions

**Friday, 26 October: 15.00–17.00**

### **A1 Financial systems and economic growth**

#### **Conference Room 1: Steglitz**

Chair: Jan Prieue (FHTW Berlin)

- *Jörg Huffs Schmid* (University of Bremen) From finance for investment to financial investment: the new role of financial markets and investors in developed economies
  - *Hansjörg Herr* (FHW Berlin) Financial systems and economic development
  - *Philip Arestis* (University of Cambridge) Does financial structure matter for growth and development?
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### **B1 Issues in heterodox macroeconomics**

#### **Conference Room 2: Zehlendorf**

Chair: Sebastian Dullien (FHTW Berlin)

- *Dany Lang* (Institute d'Etudes Politiques, Toulouse), Mark Setterfield Is there scientific progress in macroeconomics? The case of the NAIRU
  - *Malcom Sawyer* (University of Leeds) Reformulating macroeconomic policies: a Kaleckian perspective
  - *Jochen Hartwig* (ETH Zürich) Checking the plausibility of macroeconomic data – the case of Swiss labour productivity growth
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### **C1 Financial instability**

#### **Conference Room 3: Lankwitz**

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

- *Elisabetta De Antoni* (University of Trento) Minsky's financial instability hypothesis: an interpretation based on bounded rationality
- *Alexandre Campos, Gabriel Porcile* (Federal University of Parana), Ricardo Viana Mynskian crisis and inflation target: a North-South Kaleckian model of financial fragility

- *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: Atrium**

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 Zezza* (University of Cassino) U.S. Growth, the housing market and the distribution of income
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## **E1 Fiscal polices**

### **Conference Room 5: Studio**

Chair: Claus Thomasberger (FHTW Berlin)

- Stefanie Bahr, *Thomas Sauer* (FH Jena), Lena Vogel, Macroecomic 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: Steglitz**

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
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### **B2 Financial integration and financial regulation**

#### **Conference Room 2: Zehlendorf**

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
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### **C2 Monetary policy and the asset markets**

#### **Conference Room 3: Lankwitz**

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

- *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: Atrium**

Chair: Hansjörg Herr (FHW Berlin)

- *Barbara Fritz* (FU Berlin), Laurissa Mühlich      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: Studio**

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 Descartes), *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: Steglitz**

Chair: Achim Truger (IMK, Düsseldorf)

- *Jan Priewe* (FHTW Berlin)      The evolution of four types of finance-led capitalism – the relationship between money, finance and the real economy
  - *Sunanda Sen* (Jamia Milia University, New Delhi)      Global finance: on the move to stock market capitalism
  - *Engelbert Stockhammer* (WU Wien)      Some stylized facts on the finance-dominated accumulation regime
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### **B3 Financialisation and economic growth**

#### **Conference Room 2: Zehlendorf**

Chair: Philip Arestis (University of Cambridge)

- *Richard A. Werner* (University of Southampton)      Credit and growth in different rationing regimes – some implications for finance-led capitalism, inflation, government intervention and institutional design
  - *Eckhard Hein* (IMK, Düsseldorf), Till van Treeck      ‘Financialisation’ in Kaleckian/Post-Kaleckian models of distribution and growth
  - *Klaus Bartsch*      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?
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### **C3 International capital flows in small and large interacting open economies**

#### **Conference Room 3: Lankwitz**

Chair: Thomas Palley (Washington)

- *Peter Flaschel* (Bielefeld University), Gangolf Groh, Florian Hartmann, Willi Semmler      Finance-led world capitalism in a nutshell



- Peter Flaschel, *Gangolf Groh* (Bielefeld University), Christian R. Proaño, Willi Semmler      International capital flows in a Mundell-Fleming-Tobin framework
  - Peter Flaschel, *Christian R. Proaño* (IMK, Düsseldorf)      Gradual wage-price adjustments and international macroeconomic interactions in a semi-structural two-country model
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### D3 Interest rates and credit

#### Conference Room 4: Atrium

Chair: Jochen Hartwig (ETH Zürich)

- *Jonathan Perraton* (University of Sheffield)      Interest rates trends and financialization
  - *Marisol Esteban* (University of Basque Country), Amaia Altuzarra      A model of the Spanish housing market
  - Óscar De-Juan, *Eladio Febrero* (University of Castilla-La Mancha)      Interest rates, output growth and income distribution. Lessons from the Spanish experience of nil interest rates
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### E3 Issues in public policies

#### Conference Room 5: Studio

Chair: Jérôme Creel (OFCE, Paris)

- Henrik Enderlein, Laura Müller, *Christoph Trebesch* (Hertie School of Governance)      When do debtor governments defect? Explaining coercive measures on private creditors
  - Nigel Allington, *John McCombie* (University of Cambridge)      The Thatcher experiment, 1979-86: did it lead to a productivity growth renaissance in the UK?
  - *Torsten Niechoj* (IMK, Düsseldorf)      Limits to sub-national debt autonomy. Switzerland, Austria and Germany in comparison
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## Parallel Sessions

Saturday, 27 October: 11.30–13.30

### A4 Macroeconomic policies in the global economy

#### Conference Room 1: Steglitz

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
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### B4 Finance-led accumulation regimes? II

#### Conference Room 2: Zehlendorf

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
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## **C4 Financial instability and stabilisation (graduate student session)**

### **Conference Room 3: Lankwitz**

Chair: Peter Spahn (University of Hohenheim)

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

### **Conference Room 4: Atrium**

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

- *Thomas Bernhardt* (WU Wien) Dimensions of the Argentine crisis 2001/02. A survey of politico-economical explanations
  - *Matthieu Charpe* (EHESS, PSE), Michael Brei Distributive aspects of currency crises: debt dynamic, financial transfers and borrowers heterogeneity
  - *Nishtha Khurana* (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: Studio**

Chair: Engelbert Stockhammer (WU Wien)

- *Roseline Misati* (University of Benin) Financial sector reforms and private investment In Africa: a dynamic panel data approach
  - *Ayca Sarialioglu-Hayali* (University of Sheffield) Financial stability and financial crises: the role of derivative instruments in international financial crises
  - *Cornelia Staritz* (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: Steglitz**

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), *Soon Ryoo* Macro-economic implications of financialization
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### **B5 The US financial market boom and after**

#### **Conference Room 2: Zehlendorf**

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
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### **C5 Distribution and growth II**

#### **Conference Room 3: Lankwitz**

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: Atrium**

Chair: Achim Truger (IMK, Düsseldorf)

- *Ansgar Rannenberg* (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: Studio**

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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