Index

absolute exchanges 132–3
Abun-Nasr, Jamil 29
accumulation patterns 53
Adams, R.H. 28
Aerolinas Argentinas 257–8
aggregate demand policy 170, 174
Aglietta, M. 51–2
Albania 16
Algeria
in AMU 32–3
economic relations with Europe 28–39
see also AMU
Alsam, Mohamed 5–6
American–Asian model 15
Amin, S. 29
AMU (Arab Maghreb Union) 3, 28–39
creation of 32–3
dependency factors 29–32
foreign exchange 31
GDP rates 30, 36
gross domestic products by expenditure/economic activity 44–7
import/exports 33–4, 35
intra-trade 33
oil revenues 31, 34
per capital GDP 31
regional integration failures 32–6
regionalization benefits 36–9
trade diversification 34
trade structure by product group 42–3, 48–9
Anglo-Saxon model 20, 21
animal spirits (Keynes) 143
Arestis, P. 128
Argentina
M&A (mergers and acquisitions) 255–6
bankruptcy 179
financial crisis 214, 252, 258, 259
foreign banks in 258–9
foreign debts 254
foreign direct investments 8
growth rates 172–4
money market interest rates 252
and Washington Consensus 217
see also Latin America
Argentine Central Bank 258
Arndt, S.W. 158
ASEAN trading 162
Asian crisis 147, 148
Asian manufacturing 15
asset inflation 263
Athukorala, P. 158
austerity measures, European Parliament 1
Australian model 140
Austria 16
Bailly, J.L. 132–3
balance-of-payments current accounts 170
Ball, Lawrence 5, 99–100, 109
Banco del Sur project 219
Bank of England 146
Bank of Japan 146
banks
central bank as tyrannical auctioneer 8
deposit bank regulation 7
and household debt 12
and monetary expansion 7
and real-estate bubble 12–13
stress test 2
see also central banks
Basualto, Eduardo 253
Belgium 16
Bellofiore, Riccardo 3, 15, 19
Ben Gamra, S. 50
Ben Guirat, Mehdi 3, 28

287
Employment, growth and development

Bernanke, B. 196
Blaug, M. 103
Boyer, R. 54, 80
BPV (basic price vector) 265, 266–70, 275, 277–80

Brazil
M&A (mergers and acquisitions) 255–6
bankruptcy 179
exports 1
financial crisis 214
foreign debts 254
foreign direct investments 8
growth rates 173
money market interest rates 252
and Washington Consensus 217
see also Latin America
Bretton Woods system 19, 141, 145, 146–7, 163, 210, 212, 248–9
Bundesbank 12, 108

(C+I+G) growth 1
Calvo, Guillermo 249
Cameron, Rondo 189
capital account convertibility 164
capital controls 147, 149, 176–7
capital flows
Asia 6
and European Monetary System 108
and foreign banks 259–60
Latin America 215, 251–3
capital formation 189
capital intensity and labor productivity 177–8
capital, marginal efficiency of (MEC) 224
capital movement deregulation 11
capital owners (rentiers) 223, 238, 242
capitalism
and employment 23
evolution 53–4
finance-led 50–68
and labor 22
neomercantilist 17
Cardoso, F.H. 38
Caribbean, capital flows 251
casino society 143
Cencini, A. 126
central banks
and BPV (basic price vector) 266
and inflation targeting model 263–80
interest rates 221, 222, 223, 231, 242
and capital owners 238
rules and independence of 280
Central Money Market Unit Service 191
Chaiechi, Taha 6
Chile
capital controls 177
growth rates 172
China
capital controls 164
economic growth 155
ELG (export-led growth) 155
exchange rates 160–62
exports 1
foreign exchange reserves 148
relations with United States 12
as workshop of the world 155
Choudri, E. 151
circuit theory model 267
Clévenot, Mickaël 3, 50
Clinton, William 12
Colombia, growth rates 172
Compañía Vale do Rio Doce 258
compensated devaluation 176
competing wage convention 54
conglomerates regulation 218
Continental Illinois bank 254
corporate debt 13
Correa, Eugenia 7
CPI (consumer price index) 151
credit markets 189
creditworthiness 223
Cruz, Ortiz 8
currency
crieses 146
depreciation 151–2, 175, 176
devaluation 163, 178
exchange rate 139
undervaluation 158
cyclical recovery 169–72
Czech Republic 16
De Gottardi, C. 131
debt
corporate 13
GDP ratios 1
private indebtedness 14
Debt deflation theory of the Great Depression 225
decolonialization 28–39
deficit spending 24
derivatives 163
developing countries
exchange rates 150–53, 232
FDI (foreign direct investment) 153
financial/banking crises 215–16
interest rates see interest rates
population 214
proposed financial structures 218–19
public spending 171
and RER (real exchange rate) 150–53
short-term growth 172–7
see also Latin America
development economics 188–9
Devereux, Michael 151
Dickey–Fuller stationarity test 197
dividends 66, 80, 81
DLG (demand-led growth) 154–5
dollar pegging 143, 160–61, 162, 164
domestic exports 170
Dornbusch, Rudiger 249
Duménil, G. 115, 191, 192
Dutch disease 176
Dutt, A. 4, 92, 94, 192
East Asia
currency undervaluation 158
ELG (export-led growth) 153–60
exchange rates 153–62, 163–4
exports 155–6, 158
FDI (foreign direct investment) 155
foreign exchange reserves 148
internal–external demand model
156–7, 159–60
intra-firm trade 158
MPL (marginal product of labor) 155
RDD (real domestic demand) 157
trade dependency 158
trading 162
ECLAC (Economic Commission for Latin America and the Caribbean) 254
Eichner, Alfred S. 129, 267
ELG (export-led growth) 153–60
end of work literature 21
EU
areas in 16
and economic deficits 17
Euro 12 area economic performance 111
euro, and Deutschmark exchange rate 111
euro appreciation 4
euro area
demand effects 116, 117
financialization 114–15
fiscal policy 112–13, 116, 118
income distribution changes 113–14, 116
macroeconomic performance 110–11
monetary policy 111–12, 116, 118
changes to 115–17
and interest rates 111
private excess demand 113
private investment 114–15
unemployment 108–18
wage share 113
euro zone, foreign exchange reserves 148
Europe/United States relationship 15
European Central Bank 14, 108, 111
European Monetary System, and capital flows 108
European Parliament, austerity measures 1
European Payments Union 19
European Stability Pact see Stability and Growth Pact
exchange 132
exchange rates 6, 52, 149
competitive 175, 178
countries in monetary unions 145
and CPI (consumer price index) 151
determinants 140–44
in developing countries 150–53, 232
dollar pegging 143, 160–61, 162, 164
and export-led growth 153–60
and financial markets 177
fixed 144
flexibility 154
and the US dollar 160–62
floating exchange rate 141, 145, 152
fluctuation 151, 276
FOREX (foreign exchange market) 140–44, 146, 153
and FPI (foreign portfolio investments) 151
IMF arrangements 146
impossible trinity theorem 144–50
issues 140–44
overvaluation 263
PPP doctrine 140
problems in developing countries 143–4
export processing zones 153
export taxation 176
FDI (foreign direct investment) 153, 154, 213, 248, 249, 255–8
and banks 258–9
Federal Reserve 12, 146, 179, 215
financial instability syndrome 278
financial intermediation 189
financial liberalization 50
contradictions in 253–5
financial market development model
accumulation 192, 194
Central Money Market Unit Service 191
data characteristics 197
data sources 194
domestic credit 195–6, 205
financial development indicators 194, 204
financial sector development 190
Granger causality test 197–8
heteroscedasticity 199
Hong Kong financial market 190–91
impulse response function 204
income distribution 193, 194
investment 193
labour market 194
LM tests 199–200
market equilibrium 193
methodology 196–9
monetization ratio 195, 206
net export 193
post-Keynesian macroeconomic models and financialization 191–2
private saving 193
productivity growth 193
Real Time Gross Settlement System 191
savings 193
SVAR estimation/results 201–3, 204, 207
unemployment 193
VAR (vector auto regression) format 188
VAR lag order 199
VAR models 188, 196, 199, 207
VAR normality test 200
VAR stability conditions 200–201
financial sector development 190
financial sector and economic growth 189
financial systems and growth 189
financialization, of Italian economy 78–94
financialized capitalism 51–2
fiscal constraints, and Washington Consensus 216–18
fiscal deficit, and Washington Consensus 217
fiscal policy
active 226
left-oriented 23
fiscal surplus 254
Fischer, Stanley 147
Fisher, I. 189, 225, 242
floating exchange rate 141
Fordist economics 3, 21, 50, 51, 52, 54
foreign exchange reserves 148
foreign indebtedness 177
foreign trade barriers 178
FOREX (foreign exchange market) 140–44, 146, 149, 150, 153, 163
FPI (foreign portfolio investments) 151
France
economic components 3
economic development 17
in finance dominated economy 51
as financialization regime 3–4
low accumulation rate 4
single currency 18
Frank, Andre Gunder 29
Frankel, Jeffrey 160, 161, 165
free trade zones 153
Friedman, M. 222, 226
full-employment policy 24
Furtado, C. 169
Gaggero, Jorge 253
Gallino, L. 20
GATT 232
Germany
  economic development 17
  restructuring 16
  single currency 18
Glass–Steagall Act 216
global economy, changes in dynamics 248–9
global foreign exchange market turnover 142
globality 124
globalization
  and domestic investment 115
  of financial market 139
  and monetary policies 280
Godley, W. 3, 51, 52
Gold Standard 146, 163
governmental spending 3
Greece
  economic crisis 1
  economic deficit 16
growth, and central bank intervention 176
Guitton, H. 124, 130, 131
Gurley, J.G. 189, 195
Guy, Yann 3
Hakura, D. 166
Halevi, Joseph 3, 12, 15, 19
hedging 163
Hein, Eckhard 80, 189
Hicks, J. 189
Ho, Corraine 151
Hodrick–Prescott filters 99–100
Hong Kong
  exchange rates 160
  financial market development 188–207
  see also financial market development model
  post-Keynesian development 6–7
Hong Kong Monetary Authority 191
Hopper, Gregory P. 141
Huemer, A. 158
IADB (Inter-American Development Bank), economic policy recommendations 249
Iberia 258
Iceland, economic crisis 1
IMF (International Monetary Fund)
  in Argentine crisis 259
  and debt repayment 259
  economic policy recommendations 249
  exchange rate arrangements 146, 150
  and Latin American bankruptcy 179
  and market discipline 216
  impossible trinity, theorem of the 144–50
  impulse response function 6
India
  exports 1
  relations with United States 12
  rupee and gold 152
  Indian Currency and Finance 152
Indonesia
  currency invoicing 162
  exchange rates 160
inflation 2
  and devaluation 279
  dynamic homogeneity of 98
  triangular model of 97
inflation targeting model 263–80
  accountability 264
  and BPV (basic price vector) 265, 266–70, 275, 277–80
  devaluation and inflation 279
  and external saving deficit 278
  and financial system deterioration 278
  and fiscal deficit 278
  inflationary expectations 277–80
  and information 275–6
  interest price functions 271
  and interest rates 264, 273, 274, 276, 277
  investment decisions 267–76
  IS curve 263
  liquidity preference increase 275
  model equations see appendix 283–6
  monetary policy 264, 266
  and nominal exchange rate 276
  Phillips augmented expectations model 263
  Ponzi conditions 272–3, 274, 279
  price reaction functions 271
  pricing and firms’ finances 272–5
  profitability 272
rules vs discretion 264
TA (Tyrannical Auctioneer) model 266–70, 278, 280
Taylor Rule see Taylor Rule
and trade deficit 278
institutional hierarchy 52–5
interest rates 7, 12, 149, 152–3, 215
and central banks 221, 222, 223, 231
credit and investment 223–5
in developing countries 221–43
as distributional variable 238–40
dynamics 264
fair/natural rule 227–8, 240
and inflation targeting model 264
Kansas City rule 230–31
Latin American interest rates 252
in Mexico 231–41
monetary policy rules 225, 227–31
and monetary rates 224
as monetary variable 222, 242
NCC (new classical consensus) 222, 225–7, 237
Taylor Rule see Taylor Rule
upper limits on 223
internal–external demand model 156–7
international credit 258
international liquidity 219
international monetary systems 146
intra-firm trade 158
investment decisions (in inflation targeting model) 267–76
investment function 80
investment, and long-term growth 177–9
investment stagnation 1
IPO (initial public offering) 141
irrational exuberance bubble 12
Italy
economic decline/crisis 1, 17, 78–95
economic development 17
and the euro 4
financialization of economy 78–94
financialization in macroeconomic models 78–81
growth 81–4, 91
income distribution changes 81–4, 91–3
issue policy 79
Kaleckian model 86–8
mark-up pricing/classical competition model 92
return of capital 84
saving/investment/price cost model 89, 90
service industries 83
share distribution 83
target rate of return 84, 85–91
Jao, Y.C. 191
Japan
currency invoicing 162
economic collapse 12
foreign exchange reserves 148
Kaldor, N. 194
Kalecki, M. 169–80
Kaleckian model 86–8
Kaleckian policy 24
Kalman filters 99–100
Kansas City rule 230–31, 239, 242
Keynes, John Maynard 19, 152–3, 169–80, 223, 224, 242
Keynesian/Kaleckian economics 6, 169–80
Keynesianism 2, 3
asset-based 14
bubble 23
financial 13, 14
horizontalism 225, 233
long/short-term equilibria 191, 192, 233
military 22
privatized 14
war 12
Kregel, J. 211, 235, 273, 278
Kriesler, P. 12, 15
Krugman, Paul 149
labor
as commodity 20
deconstruction 14, 20
employability of 24
fragmentation 20
social unification of 22
systematic control over 20
labor markets
inflexibility of 109
and unemployment 109
labor productivity 177–8
labor unions, and neoliberalism 108
labour, definition of 132
labour market theories 121–35
microeconomic/macroeconomic theory 123–4
money emissions theory (Schmitt) 122
money and labour 126–7
money and purchasing power 127–8
neoclassical 121, 122–8, 129, 134
post-Keynesian 121, 128–30, 134
relative exchanges 125–7
laisser faire 11
Lang, Dany 4
Latin America
M&A (mergers and acquisitions) 255–6
aggregate demand policy 170, 174
banking evolution 256
budget surplus 254
capital flows 251–3
and foreign banks 259–60
capital transfers 214–15
credit and savings 212–14
cyclical recovery 169–72
and effective demand theory 180
employment 186
exports 187, 212
FDI (foreign direct investment) 213, 248, 249
and privatization 255–8
financial liberalization 253–5
financial opening 251–3
financial reforms 210–19
fiscal policies 171
foreign banks 256
foreign trade barriers 178
global conglomerates in 215
growth 169–72, 179
long-term policies 177–9
short-term policies 172–3, 174–7
import/export balance 178
income distribution 171
indebtedness 212, 214–15
interest rates 215, 254
international capital flows 247–60
investment in 172, 211, 213
Keynesian–structuralist growth strategy 168–80
liberal reform and economic decline 168
and MNCs (multinationals) 247–8, 250, 253–5, 256, 257, 259
monetary asymmetries 211–12
money market interest rates 252
as negative net transfer region 211
neoliberalism in 249–51
output growth 185
portfolio investment 213
real wage index 187
savings insufficiency 211–12
savings rates 253
technical development 179
unemployment 186
see also developing countries;
Mexico; Washington Consensus
Lavoie, M. 3, 4, 51, 52, 79, 84, 85, 86–8, 91, 93, 121, 129, 192
Layard–Nickell model 109
Lazonick 81
Lee, S.-Y. 191
Levine, R. 190
Levrero, Sergio 83
Lévy, D. 119, 191, 192
Levy Orlik, Noemi 7
Libya, in AMU 32–3
long-term growth 177–9
Louvre Accord 146
Lucarelli, B. 12
Lucas, R.E. 222
Luttwak, Edward 22
M&A (mergers and acquisitions) 255–6
Maastricht Treaty 14, 15, 110
McCauley, Robert 151
McFadden Act 216
McKinnon, R. 189, 195
McKinnon, Ronald I. 160, 162, 249
Madsen, J. 109
Maghreb countries see AMU
Malaysia
currency invoicing 162
DLG (demand-led growth) 154–5
exchange rates 149, 160–62
Mandelbaum, K. 169
Mankiw, N.G. 5, 99–100, 123
manufacturing sector, in occupational structure 21
mark-up pricing/classical competition model 92
Marshall Plan 19
Marshall, Wesley C. 8
Mauritania, in AMU 32–3
MEC (marginal efficiency of capital) 224, 233, 242
Mexico
M&A (mergers and acquisitions) 255–6
bankruptcy 179
banks and business investment 260
exchange market 232
exchange rates 240–41
financial crisis 144, 214, 252
financial sector characteristics 232–3
foreign banks in 256–7, 258–9
foreign debts 254
foreign direct investments (FDI) 8, 241, 252
foreign exchange reserves 151
growth rates 173
inflation 240–41
interest rates 7–8, 231–41
investment 233
and bank credits 238
labour productivity 238, 239
leverage rate 234–5
money market interest rates 252
oil boom 179
stock price index 236
Taylor rule in 237–8
see also Latin America
Minsky, H. 170, 225, 242, 275, 278
Minsky moment 13
Minsky–Steindl model 85
MNCs (multinational corporations) 8, 19, 247–8, 250, 253–5, 256, 257, 258, 259
monetarism, and IMF 179
monetary circuits 219
monetary expansion, bank-led 7
monetary policies in circuit theory model 267
effectiveness of 24
and globalization 280
normative approach to 263–80
monetary system evolution 52
monetization 189, 191, 195, 206
money
creation of 219
emissions theory 122, 133
long/short-term equilibria 191
purchasing power of 133
Morocco
in AMU 32–3
colonization 29
economic relations with Europe 28–39
see also AMU
MPL (marginal product of labor) 155
NAFTA 232, 235, 236
Nairu (non-accelerating inflation rate of unemployment) 2, 4–5, 109, 110, 112, 226
Phillips curve estimation 97–8
Popper–Lakatos methodology 96, 103
recent developments in 98–100
and statistical filters 99
NASDAQ bubble 255
NCC (new classical consensus) see interest rates
neoclassical labour market theory 121, 122–8, 134
neoclassical–Keynesian synthesis models 50
neoliberalism, in Latin America 249–51
Netherlands 16, 17
NIEs (newly industrializing countries) 148
two-tier membership 153
NIIFA (new international financial architecture) reforms 216
Ochsen, C. 189
Ogawa, Eiji 162
Okun’s Law 194
Onaran, O. 188, 192
Ortiz, Etelberito 8, 267
overindebtedness 214–15, 235, 249
Page, J. 28
Pasinetti, L. 227
Pastoret, Corinne 3, 28
patrimonial regime 50–69
Peters, Tom 142
Philippines, exchange rates 160–62
Index

| Phillips augmented expectations model | 263 |
| Pivetti, Massimo | 91, 228 |
| Plaza Accord | 146 |
| Ponzi condition | 272–3, 274, 279 |
| Popper–Lakatos methodology | 96, 103 |
| Portugal, economic crisis | 1 |
| post-Keynesian macroeconomic models and financialization | 191–2 |
| post-Keynesianism approach | 23 |
| PPP (purchasing power parity) doctrine | 140–44 |
| Prebisch, R. | 28, 37, 169 |
| Prezioso, Stefano | 82–3 |
| private indebtedness | 14 |
| Prodi, Romano | 16 |
| Quesnay, François | 223 |
| Ramirez-Gaston, P. | 84, 192 |
| RDD (real domestic demand) | 157–8 |
| Reagan, Ronald | 11 |
| Real Time Gross Settlement System | 191 |
| real-estate bubble | 12–13 |
| rentiers (capital owners) | 223, 242 |
| Repsol | 257 |
| RER (real exchange rate) | 150, 152, 157, 158, 160 |
| Reversed Plaza Accord | 146 |
| Robinson, Joan | 189–90, 194 |
| Rochon, Louis-Philippe | 266, 267 |
| Romania | 16 |
| Rossi, S. | 28 |
| Russian financial crisis | 214 |
| Ryoo, Soon | 79, 80 |
| Sachs, Jeffrey | 149 |
| Sargent, T.J. | 222 |
| savings ratio | 79 |
| Scandinavian production | 16 |
| Schmitt, B. | 122, 132, 134 |
| Schnabl, Gunther | 161, 162 |
| Schumpeter, J.A. | 189 |
| Setterfield, Mark | 4 |
| SFC (stock-flow consistent) model | 50–69 |
| balance sheets | 56 |
| demand bloc | 59–61 |
| dividend increase | 66 |
| equities | 57–8, 64–6 |
| financial bloc | 57–9 |
| household equities increase | 65–6 |
| income statement | 56 |
| macroeconomic closure/distribution aspects | 61–3 |
| models | 71–7 |
| self-financing | 62 |
| share buybacks by firms | 66–8 |
| social accounting framework | 55–6 |
| wages increase | 63–4 |
| SGP (Stability and Growth Pact) | 5, 15–16, 17–18, 19, 108 |
| shareholder value orientation | 80–81 |
| Shaw, E.S. | 189, 195 |
| Shimizu, Junko | 162 |
| Sims, C. | 196 |
| Singapore |
| DLG (demand-led growth) | 154–5 |
| exchange rates | 160–62 |
| Skott, Peter | 79, 80 |
| Slovakia | 16 |
| Smith, Adam | 223 |
| Smithin, J. | 225 |
| Smithin rule | 225, 228–30, 239 |
| social conflict stabilization | 54 |
| social groups, conflicting solidarity | 53 |
| South Korea |
| currency invoicing | 162 |
| DLG (demand-led growth) | 154–5 |
| exchange rates | 160–62 |
| Southeast Asia financial crisis | 214 |
| Spain, economic deficit | 16 |
| Sraffio-Keynesianism approach | 23 |
| state labor plan | 24 |
| Stein, Jerome | 141 |
| Stirati, Antonella | 83 |
| Stockhammer, Engelbert | 5, 80, 109, 188, 192 |
| subprime market crisis (2007) | 13 |
| supply-side measures | 170 |
| SVAR (structural vector auto regression) | 6–7 |
| Swan–Salter model | 140 |
| Switzerland | 16 |
| TA (Tyrannical Auctioneer) model | 266–70, 278, 280 |
| Taiwan, DLG (demand-led growth) | 154–5 |
Taylor, L. 50
Taylor, Mark P. 111–12, 142
Taylor Rule 222, 225–7, 229, 237–8, 242, 263
Telefonica 257
Thailand
capital controls 164
currency invoicing 162
exchange rates 160–62
Thatcher, Margaret 11
Thirlwall, A.P. 30, 38
Tobin’s Q. in Italy 80, 84
Torri, Roberto 84
trans-Maghreb highway 31
Treaty of Marrakech 33, 35
trend unemployment 5
triangular model of inflation 97
Tripolitania, colonization 29, see also Libya
Tropeano, Domenica 4
Tunisia
in AMU 32–3
colonization 29
economic relations with Europe 28–39
see also AMU
turbo-capitalism 22
unemployment 5, 108–18
see also NAIRU
United Kingdom
European links 16
foreign exchange reserves 148
United States
American–Asian model 15
Bretton Woods system see Bretton Woods system
dollar decline 12
economic challenges 248
equities 69
exchange rate flexibility and the dollar 160–62
financial crisis 52, 54, 260
foreign exchange reserves 148
manufacturing 22
money market interest rates 252
relations with Asia 12
relations with Europe 15
van Treek, Till 80
VAR (vector auto regression) see financial market development model
Vernay, Vincent 5
Vidal, Gregorio 256, 257
wage labor expansion 21
wages 5, 6, 11–12, 131, 243
competing wage convention 54
Latin American real wage index 187
see also labour
walk on both legs strategy 178, 179
Walras, L. 127
Walrasian auctioneer 266
Washington Consensus (WC) 2, 7, 146, 179, 216–18, 249, 253–5, 260
Wei, Shang-Jin 166
Western Sahara 40
Wicksell, K. 224, 226, 233
Williamson, John 217, 249, 250, 254
workers power 54
working class, Marx’s terminology 21
World Bank 146
economic policy recommendations 249
and market discipline 216
World Investment Report 255, 256
Wray, R. 231, 240
Yetman, James 151