Index

1930s, financial crisis in
  consequences 132
  democratic 135–7
  electoral, left vs. right 137–44, 148–9
  public policy 135–6
  differences from later recessions 136–7, 143
  historical background 41
  influences of 12–13, 19, 21
  on macroeconomic theory 38–42, 48
  on welfare policy development 41–2

1970s, financial crisis in
  background 43–4
  influences of 12–13, 19, 21
  on macroeconomic theory 43–50

2007 to date, financial crisis in 3–4, 94
  consequences
    democratic 135–7
    electoral, left vs. right 143, 145–9
  crisis stages, identification 244–5
  differences from previous crises 75, 87, 136–7, 143
  Euro-crisis 151, 169–70
  failure to predict 72–3, 75–9
  financial dominance theory 80–84
  and institutional interconnectedness 85
  lessons learned from 242–6, 251–3
  recovery
    alternative approaches 252–3
    BRIC role in 15, 183
    G20 role in 250–51
    imagined 248–51
    shadow banking, role of 82, 87–8, 224–5
    textual analysis, media coverage 94–6
    theories 80–86

Africa 28–32
Andersen, Torsten A. 102–5
Asia 22–4, 28–32 see also China
Australia 139
Austria 139, 156–7, 159, 161, 166, 168
beha
boural finance 62–4
Belgium 156–7, 159, 161, 166, 168
Black, Fischer 59–60, 62, 66
Black-Scholes option valuation
  hypothesis 59, 65
boom-bust cycles 221–3
Brazil see BRIC countries
BRIC countries
  China, cultural alignment with 187–8, 193
  conceptual development 174
  cultural political economy,
    application to 173, 192–3
  investor-consumer-lender phase 175, 185–7
  investor-consumer phase 175, 180–85
  origins 174–80
  decoupling thesis 183–5
  economic growth predictions 176, 183
  financial crisis, contribution to 15, 183, 185–7
  financial product developments 177–82
  Leader Summits 185–6
bubbles
  analysis challenges 85–6
  economic theory, failure to account for 75, 78–9, 90
  and rational choice theory 85–6
Buchanan, Michael 184–5
Canada 139, 141
Central and Eastern Europe 28, 31–2, 139–41, 146–7
central banks 220
counter-cyclical capital requirements 226–7
macroprudential regulation/ supervision role 228–30
China 8 see also BRIC countries
economic growth
2011-2015 plan 33–4
and BRIC identification 187–8, 193
challenges 33–5, 191–2
growth volume vs. PPP 29–30
predictions 176, 183
property sector, influence of 189–90
stimulus policies 189–91
uneven development trends 191–2
financial crisis, contribution to recovery 183, 185, 188
crisis management 241–4
critical discourse analysis background 197–8
collocation and co-variation analysis 208–9
conceptual metaphor theory 198–9
conceptual metaphors in financial crisis, study
for growth and crisis 200–203, 213–14
negative discourses 202–3
study background 200, 217
for sustainability 199–202, 213–14
cultural influences on 199–200
Swedish study, of sustainable development metaphor
in Brundtland Report 206–7
in economic analysis 210–13
in political debate articles 211–13
word analysis 199–200
cultural political economy
BRIC countries, influence on development 192–3
financial crisis, role in analysis of 173, 234, 240–42
advantages for 235–7
crisis stages, identification 244–5
crisis stages, variation between 237–40
and economic theory recovery 246–8
and historicity 245–6
and imagined recoveries 248–51
learning from crisis, stages 218, 242–4
semiosis, influence of 237–40
imaginaries 235–6
influence on interpretation of crisis 240–42
institutionalization of 235–7
and recovery of historical economic theories 246–8
variation, selection and retention, stages of 237–40
imagined economies, meaning 235–6
principles of 235–7
purpose, generally 235
structural contradictions, identification 235, 237
degrowth 202–3
decoupling thesis, and BRIC countries 183–5
democracy, impact of financial crisis on
1930s 133–5
2007 to date 135–7
Denmark 140, 147, 153–7, 159, 161–3, 166, 168
deregulation 7–8, 12, 86, 122–3
developmental-state models 247
discretionary learning 155–8
access inequalities 167–8
and tertiary education 158–60
Index

disequilibrium theory 76
division of labour principle 152
Dodd-Frank Act (US) 225–6
DSGE (dynamic stochastic general equilibrium) models
historical context 74–9
influences on 87–8

economic growth
challenges 32–4
conditions for
institutional change 23–4
natural resources, pressure on 22–3
relatives price trends 24–5
technological change 23–4, 30, 34–5
de-growth 202–3
discursive criticism 204–5
and division of labour 152
financial dominance theory 80–84
financial sector role in 219–20
global trends 28–9
PPP adjustment effects 28–32
innovation, influences on 152–8
and the learning economy 152–5
access to learning, inequalities in 167–8
and employment security 165–7
lead innovators 157–8
national learning differences 156–7
organizational change, skill requirements 160–63
tertiary education, role of 158–60, 163–4
vocational education, role of 160–63
work organizational systems, relevance of 155–8
measurement and comparison 25–6, 25–32
metaphors for 200–203, 213–14
volume growth vs. purchasing power 25–32
waves and upswings 20–21
zero-growth concept 202–3
education
influence on learning economy 158–63

organizational change, skill requirements 160–63
proposals for EU recovery 169–70
efficient-markets hypothesis
assumptions 60–64
and behavioural finance 62–4
and continuity of prices/trading 59–60
criticism of 55–6, 59–65, 67–8
efficient, interpretation of 67–8
general principles 55, 57–8, 60–64
and individual rationality 62–4
and joint-hypothesis problem 57–8
limitations of 66–8
noise 59–60, 66
regulation, conflict between 68
social studies of finance (SSF) approaches 65
supporters of 58–60
emerging markets 174, 187
energy, influence on economic growth 22–5
erfahrung (lessons learned) 242–3
erlebnis (immediate experience) 242–3
EU
economic growth
and common European identity 170–71
and employment security 165–7
general challenges 34–5
growth volume vs. PPP 28–32, 35
learning trends, national differences 156–7
Lisbon Strategy 170–71
occupational learning, access inequalities 167–8
occupational learning, attitudes to 165–7
tertiary education, role in 158–60
work organizational systems, relevance of 155–8
EMU early warnings 151
Europe 2020 strategy 13–14
European Systemic Risk Board (ESRB) 225
postwar policy 7–8, 12
and Third Way debate 8, 80, 121–2, 251
Euro-crisis 151, 169–70
European Systemic Risk Board (ESRB) 225
excess volatility 62–3
Fama, Eugene 55–8, 61, 63
family welfare policies see public welfare policies; Sweden
finance-led economic growth model 1, 4
financial crisis, generally see also 1930s; 1970s; 2007-date; cultural political economy
boom-bust cycles 221–3
causes
- economists’ views on 219–20
research into 13
credit supply role in 221–3
- crisis management 241–4
- crisis, meaning 240–42
- cyclical nature of 12–13; 19–21
- and decoupling thesis 183–5
definition, need for 88
features of 87
historical basis for 2, 19–21
historical comparison, role of 245–6
imagined recoveries 248–51
interpretation, variations in 245–6, 248–51
learning, role in 242–4
lessons learned from 218, 242–6, 251–3
metaphors for 201–2
political consequences 132–3
democratic 135–7
- electoral, left vs. right 137–48
- punishment hypothesis 148–9
theories of 221–3
upswings, influence of 20–21
financial institutions
and institutional change 23–4
interconnectedness 85
response capabilities, historical differences 136–7
financial regulation
and financial stability 223–5
influences of crisis on 3, 8–9, 13
- macroprudential regulation 226–8
- macroprudential supervision 225–8
reform proposals 249–51
financial stability
and boom-bust cycles 221–3
central banks role in 228–30
as economic policy goal 218–20, 230–31
economists’ views on 219–21
financial regulation role in 223–5
and fiscal stability 220–21, 229–30
macrofinancial stability councils 225–8, 230–31
macroprudential regulation 226–8
macroprudential supervision 225–8
monetary policy mechanisms for 219–20
strengthening, proposals for 218–19
Financial Stability Board (G20) 250–51
Finland 156–7, 159, 161, 166, 168
fiscal policy, and financial stability 219–21, 229–30
flexicurity 165–7
Flodén, Martin 104–6, 109–10
Former USSR countries 29, 31–2
France 140, 147, 156–7, 159, 161, 166, 168
Friedman-Lucas macroeconomic theory 38–9, 76, 88
background and context 43–5, 50–51
compared with Keynesian theory 43–5, 47–8
individualism, role of 47–51
influences on 44–5, 48–9
and modelling, developments in 45–8
motivations for 45–7
and rational choice theory 47–50
Friedman, Milton 38, 44, 66
general equilibrium theory 88
Germany 40, 139, 145, 156–7, 159, 161, 166, 168
Gerschenkron, Alexander 27–9
Goldman Sachs 177–82
Great Depression see 1930s
Great Recession see 2007-date
Greece 31, 140, 145, 147, 156–7, 159, 161, 166, 168
growth see economic growth
Hicks, John 74, 76
Huntington, Samuel P. 133–5
imaginaries see under cultural political economy
India 28–9, 176 see also BRIC countries
industrialization
competition contribution to 21–2
family dynamics, influence on 117–21
Industrial revolutions 20–24, 32–3
influence on financial crisis cycles 20–21
US role in 32–3
innovation, influences on 152–5
lead innovators 157–8
work organization systems 155–8
institutional economics 89
Ireland 31, 139, 147, 156–7, 159, 161, 166, 168
IS-LM model (investment-savings-liquidity-money) 74, 76–7
Italy 156–7, 159, 161, 166, 168

Keynes, John Maynard
‘private Keynesianism’ 8, 10
theory development 76
and 1930s crisis 39–43, 74
Friedman-Lucas theory, compared with 43–5, 47–8
historical background 41–2, 50–51
importance 42–3, 74
influences on 38–43, 50–51
limitations 43–4, 47–8
revival 79–80, 220–21
Krugman, Paul 55–6, 62–4, 67–8
Latin America 28–32, 133, 135, 140–41, 145
Latvia 139, 147
lean production learning 155–8
the learning economy 152–5
access to learning, inequalities 167–8
and employment security 164–7
national learning differences 156–7
tertiary education, role of 158–60, 163–4
vocational education, role of 160–63
work organization systems, relevance of 155–8

Lucas, Robert 1, 5–6, 38, 43–50, 62 see also Friedman-Lucas macroeconomic theory
Luxembourg 156–7, 159, 161, 166, 168

macroeconomic theory developments
1930s financial crisis 38–42
1970s economic crisis 43–50
2007 to date 3–4, 87, 94
alternative theories 85–6
failure to predict 72–3, 75–9
financial dominance theory 80–84
institutional interconnectedness 85
theory recovery 246–8
bubbles, failure to take account of 75, 78–9, 90
DSGE (dynamic stochastic general equilibrium) models 74–9
Friedman-Lucas theory 38–9, 88
background and context 43–5, 50–51
compared with Keynesian theories 43–5, 47–8
individualism, role of 47–51
influences on 44–5, 48–9
and modelling, developments in 45–8
motivations for 45–7
and rational choice theory 47–50
future strategies for 87–90
general equilibrium theory 88
influences on 40–41, 48–9, 50–51
institutionally-grounded macroeconomics 80–84
IS-LM (investment-savings-liquidity-money) model 74, 76–7
Keynesian theory 76
and 1930s crisis 39–43, 74
historical background 41–2, 50
importance of 42–3, 74
influences on 38–43, 50–51
limitations of 43–4, 47–8
revival of 79–80, 220–21
limitations of 72–3, 75, 78–9
modelling 43, 45–8
adequacy of 73–4
calibration and simulation 78–9
features that cannot be derived from 87
of long-term financial crisis cycles
86
neo-liberalism, relevance of rise in
47–8
new neo-classical synthesis 38
RBC (real business cycle) phase 74,
76–7
representative agent hypothesis 74,
76
World War II, influence of 42–3
macroeconomists, criticism of 72–3
macrofinancial stability councils 225–8,
230–31
macropredential supervision proposals 218–19
market liberalization 8–10
market regulation, proposals for 249–51
Marxism 246, 248
metaphors
climate crisis 203–4
cultural metaphor theory 198–9
financial crisis 201–2
growth 200–203, 213–14
linguistic metaphors 198
negative discourses 202–3
sustainable development 199–202,
204–6, 213–14
Swedish interpretation study 206–13
word analysis 199–200
Middle East 28–32
Minsky, Hyman 247–8
modelling see under macroeconomic
theory developments
monetary policy, and financial stability
219–21
natural resources 22–3
neo-liberalism
financial crisis, influences on 5–6,
249, 251–3
and macroeconomic theory
development 47–8, 50–51
neo-Walrasian tradition 75–6, 78, 85–6,
88
neoclassical finance 63, 67–8
Netherlands 156–7, 159, 161, 166,
168
New Deal 40, 50
‘new middle’ political debate 8–9
new neo-classical synthesis 38
New Zealand 141
noise, concept of 59–60, 66
Norway 31, 139, 141, 145
OECD, growth volume vs. PPP 28–32
oil crisis see 1970s
O’Neill, Jim 174–6, 183–4
ordoliberalism 247–8
Portugal 156–7, 159, 161, 166, 168
postwar period, societal model
developments
austerity policies 13–14
environmental policies 11–12
financial services 7–9
neoliberalism 5–6, 47–8
regional trends 6–8
soft monetary policies 7–8
structural economic change 12
welfare policies 8–11, 112
PPP see purchasing power parity
prices, influence on economic growth
24–5
public welfare policies 9, 13 see also
under Sweden
and 1930s crisis 41–2
historical development 8–11, 112
influences on
financial crisis 3, 8, 10–12
industrialization 117–18
unemployment 114–15, 117–18,
121, 123, 125–7
punishment hypothesis 148–9
purchasing power parity (PPP)
benchmarks 25–7
adjustment effects 28–32
rational choice theory
efficient market hypothesis 60–64
financial bubble, analysis challenges
85–6
Friedman-Lucas macroeconomic
theory on 47–50
individual rationality 62–4
institutional context-dependent
rationality 89
RBC (real business cycle) model 74,
76–7
Index

attitudes to, patterns 86
macroprudential regulation 226–8
market regulation, proposals for 249–51
sustainability, need for 68
Reinfeldt, Fredrik 106–10
Russia see BRIC countries
Sahlin, Mona 106–9
Samuelson, Paul 40, 65
simple organizational forms 155–8
social impact of financial crisis see public welfare policies; Sweden
social studies of finance (SSF) 65
Spain 31, 156–7, 159, 161, 166, 168
SSF (social studies of finance) 65
stagflation 45–6
subprime crisis see 2007 to date
supervision, macroprudential 225–8
supply and demand cycles 24–5
sustainable development
conceptual background 197, 204–5
metaphors for 199–202, 204–16
negative discourses 202–3
Sweden
consequences of financial crises 10–11, 114–15, 121–8, 132, 139, 146
discretionary learning trends 156–7, 159, 161, 166, 168
family welfare policies
in 1950s 116–21, 127
in 1990s 113, 115, 121–8
benefit schemes 119–20, 122–8
Consolidation Programme
123–4
everly policy development 112–15, 127
equal opportunities policies
112–15, 120–21, 125–6
family dynamics, social influences on 117–18
financial industry deregulation 122
low inflation, influence on 121–2
policy retrenchments 124–8
poverty, influences on 126–8
purpose of 113–15, 118–19, 127
unemployment, influence on 114–15, 117–18, 121, 123, 125–7
macroeconomic theory influences on 40
sustainable development, metaphoric interpretation 204–6, 213–14
in Brundtland Report 206–7
collocation and co-variation analysis 208–9
in economic analysis 210–13
in political debate articles 211–13
textual analysis, of financial crisis
Bank of Sweden’s Stability Report 95, 100–102
in Ekonomisk Debatt 95–6, 102–6
Financial Plan 95, 97–100
in political parties’ reports 96, 106–8
switchover 204
Taylorist organizational forms 155–8
technological change, influence on economic growth 23–4, 30, 34–5
tertiary education, role in economic growth 158–60, 163–4
organizational change, skill requirements 160–63
textual analysis, of financial crisis see also critical discourse analysis
context 96
general role of 94–6
irrationality, reference to 102–6
linguistic styles and strategies 94–5
abstract perspective 100–102
defensive/ critical character 103–6
political, role of traditional focus 106–8
polyphony, use of 99, 104–6
reference to crisis, degree of 106, 108–10
socio-cultural influences on 110–111
textual heterogeneity 98–9, 109–10
textual purpose 109
media texts, focus of 94–5
study of
economic analysts’ papers 95, 100–102
government economists’ papers 95, 97–100
Before and beyond the global economic crisis

political representatives’ papers 96, 106–8
research economists’ papers 95–6, 102–6
selection criteria 95–6
Third Way debate 8, 80, 121–2, 251

US 8–9
economic growth
challenges 32–3
volume vs. PPP 28–30, 35
financial crises
electoral consequences 140–41, 145–6
political consequences 7, 132–3
Financial Stability Oversight Council 225–6
Industrial Revolutions, role in 32–3
World War II, influence of 42–3

welfare policies see public welfare policies
World War II, influence on
macroeconomic theories 42–3

unemployment
Economic growth challenges 32–3
volume vs. PPP 28–30, 35
financial crises
electoral consequences 140–41, 145–6
political consequences 7, 132–3
Financial Stability Oversight Council 225–6
Industrial Revolutions, role 32–3
World War II, influence of 42–3

UK 6–7, 10, 226
correlations of financial crises 139, 141, 146
discretionary learning trends 156–7, 159, 161, 166, 168
Financial Stability Council 226

unemployment
Euro-crisis, influence on 169
family welfare policies, influence on
114–15, 117–18, 121, 123, 125–7
occupational learning and job security 165–7

consequences of financial crises 139, 141, 146
discretionary learning trends 156–7, 159, 161, 166, 168
Financial Stability Council 226

zero-growth 202–3