Index

accumulation
  asset, in UK 80–81, 87
  capital, in Estonia 138
  debt, in debt-led consumption boom countries 194
  debt, in Hungary 30–31
  fiscal deficits, in Greece 131–2
  liabilities, in Turkey 277–8, 280, 293
adjustment programme
  in Greece 120, 129, 133–4
  in Portugal 270–71
balance of payments
  deficits, in Spain 109
  in EU member states
    effects of recession on 310–11
    method of analysis 300
  in France 225–7
  as transmission channel 31
balance on current transactions see current account balances
Bank of England 21, 69, 72, 76–7, 84–6
Banking Act 1933 44–5
Banking the Globe 72–5
banks/banking
  in Estonia 9, 139, 149–55
  in France
    effects of financialisation on 218
    government support to 229–30
    and housing market 218
    internationalisation of 217
    lending, as transmission channel 227–8
  in Germany 174, 176, 182–3, 185, 217
  in Greece 125, 127, 129–30, 133
  ‘originate and distribute’ strategies 3, 85, 174
  in Portugal 257–8, 264–5, 268–9, 271–2
  in Spain 90, 98, 107–11
  in Sweden 205–7, 210
  three pillar system 185
  in Turkey 276–7, 280–81, 285, 287–8, 291, 293–4
  in UK 68–73, 75–9, 84–7
  in USA 49–53, 60–61, 63–5, 84

Central and Eastern European countries (CEECs) 30, 137, 148, 156
Clinton, Bill 45, 47
collateralised debt obligations (CDOs) 50, 65
cconsumption
  in Estonia 9, 22, 139–40
  fixed capital 143, 150
  in France 17, 33, 219
  in Germany 174–7, 186–7
  in Italy
    collapse of 251–2
    and wealth 246–9
  in Portugal 33
  in South Africa 22
  in theoretical and conceptual framework 3
  in Turkey 276, 278, 283–6, 289, 291, 293–4
  in UK 77–8
  in USA 44, 48, 57–8

see also debt-financed consumption; government consumption; household consumption; private consumption; public consumption; wealth-based consumption
contagion 18
  in catching-up domestic demand-led countries 31
  in debt-led private demand boom countries 21–3, 31
Financialisation and the financial and economic crises

effects of sovereign debt crisis 90, 110
in export-led mercantilist countries 25–7
Germany exposed to 25–7, 187
in Turkey 31, 282
in UK 21, 23
factors ensuring prevalence 85
as systemic impact 78–80
corporate finance (UK) 71
corporate financialisation (UK) 72–5
credit default swaps (CDS) 51, 206–7
current account balances
in Estonia 21, 35, 139–41, 148, 151–2, 154–5
in EU member states
effects of recession on 310–11
method of analysis 300
in Germany 34, 177–80, 187
in Greece 21, 34–5, 125–9, 133–4, 266
in Hungary 15, 28, 34, 36
in Italy 32, 34–5, 250–51
in Portugal 32, 34, 266–8, 270–71
in Spain
effects of financialisation on 108–9, 112, 266
in financialisation era 97–8
in Sweden 27, 34–5, 37, 201–5
in theoretical and conceptual framework 3–4
in Turkey 28–9, 34, 36, 275–8, 281, 288–90, 293–4
in UK 21, 34–5
in USA, before and after financial and economic crises 21, 34–8
debt-financed consumption 3
in France 17
in Germany 174
in Italy 246
in Turkey 277
debt-led private demand boom countries
developments preceding crises 6–10
effects of crises 19–24, 37
regime, in theoretical and conceptual framework 4
deleveraging process
in Estonia 155
in Greece 118, 122–3
postponing recovery 23
in Spain 22, 90–91, 98, 108, 110
in UK 85–6
deregulation
of financial system, in Portugal 257, 264–5
of labour market
in Germany 171, 175, 186–7
in Italy 239, 242–3
in Turkey 275
leading to expansion of financial sector, in USA 44, 63–4
process, in Sweden 192–3, 197, 200–203, 210
UK's business strategies in response to 70–78
Dodd-Frank Act 63, 65
domestic demand-led countries
developments preceding crises 12–13
catching-up countries 13–15
mature countries 16–18
effects of crises
catching-up countries 27–31, 37–8
mature countries 31–4, 37–8
regime, in theoretical and conceptual framework 5
domestic financialisation
in Turkey 276
in UK 75–8
downsize and distribute approach 144–5, 147
economic activity
domestic, in Turkey 289–90
in European Union member states
effects of recession on 301–4
methods of analysis 299–300
in Portugal 270–71
of Spain, in financialisation era 91–9
economic Darwinism 156
economic growth
contours of, in USA 46–9, 64–5
in France 214–16, 224, 231–2
in Germany 164–7
in Greece 117, 123, 129, 132
impact of financial crisis, in Italy 251–2
model of
in Estonia 137–42
in Italy 235–8
in Spain 92–9
in Portugal 256–60, 265
in Turkey
and effects of financial crisis 290–93
and financial flows driven cycles 277–82
economic policy responses 18
of Estonia 156
of Germany 170–71, 183–7
of Greece 23–4, 35, 132–4
of Italy 33–5
of Portugal 33–5
re-thinking 38
of Spain 23–4
of Sweden 203–4, 208–9
of Turkey 282
of UK 21
of USA 21, 62–3
Efficient Markets Hypothesis (EMH) 71
EMU-6 countries
components 300
current account balances 310–11
economic activity 301–4, 319
financial balance sheets 312–18
income distribution 307–9
inflation 309
labour markets 304–7
public finances 311–12
EMU-8 countries 319
EMU-11 countries
components 300
current account balances 310–11
economic activity 301–4, 319
financial balance sheets 312–18
income distribution 307–9
inflation 309
labour markets 304–7
public finances 311–12
Estonia
contagion 23
current account balances 21, 35, 139–41, 148, 151–2, 154–5
as debt-led private demand boom country 5, 139–41
economic development model 137–42
economic policy 156
extensive use of foreign savings 139–41, 154
household consumption 151–4
impact of crises 19, 35
income distribution
development of functional 142–4
fiscal and monetary policies 145–7
general trend 142
labour unions 144
privatisation, technological change
and FDI 144–5
investment in capital stock 147–8
investment financing 148–51
movement towards export-led mercantilism 24, 37
Ponzi financing system 155
real GDP growth and growth contributions 7, 19–21
sectoral financial balances 6, 19–20
transition process 9
transmission channels 22–3
see also EMU-6 countries
EU-10 countries
components 300
current account balances 310–11
economic activity 301–4, 319
financial balance sheets 312–18
income distribution 307–9
inflation 309
labour markets 304–7
public finances 311–12
euro crisis
countries affected by 19, 22, 31, 33–5, 252
export-led mercantilist development contributing to 185, 187
public sector deficits leading to 23–4
safe havens during 26–7
severe consequences of 252
within succession of crises 1
European Central Bank (ECB) 26, 183–4, 259–60, 268, 270, 309
European Union member states
economic variables 299–300
groupings 300–301
impact of crises
on current account balances 310–11
on economic activity 301–4
Financialisation and the financial and economic crises

on financial balance sheets 312–18
on income distribution 307–9
on inflation 309
on labour markets 304–7
marked differences between states 318–19
on public finances 311–12
exchange rate appreciation periods in Portugal 260, 267
in Turkey 14
export-led mercantilist countries developments preceding crises 10–12
effects of crises 24–7, 36–7
regime, in theoretical and conceptual framework 4–5

FDI see foreign direct investment

Federal Reserve
expansionary policies 64
Financial Accounts 55–8
flexible interpretation of Banking Act 45
foreign exchange swap lines 209
injecting reserves into banking system 51
quantitative easing (QE) 62–3
sharp reduction in interest rates 8, 43, 47

finance-led capitalism
contours of economic growth 46–9, 64–5
dynamics of financial crisis 49–53
financialisation and crises, as crisis of bailout of financial sector 182–3
macroeconomic policies and crisis recovery 183–6
in Portugal 268–71
transmission of crisis to Germany 180–82, 187

macroeconomic developments in age of household consumption 57–8, 65
income distribution 53–5, 64
international payments 59–60
investment expenditure 55–7, 64–5
unit labour costs and international competitiveness 58–9

origins and impact
banking and financial liberalisation 44–5, 65
characterised by weakening in position of labour 44, 63–4
financial sector expansion 45–6, 65
financial and economic crises as crisis of finance-led capitalism
in Germany 180–87
in Portugal 268–71
developments preceding in debt-led private demand boom countries 6–10
in domestic demand-led countries 12–18
in export-led mercantilist countries 10–12
dynamics of, in USA 49–53
effects of (contagion, transmission and economic policy responses) 18–19
on current account balances 34–8
in debt-led private demand boom countries 19–24, 37
in domestic demand-led countries 27–34, 37–8
in export-led mercantilist countries 24–7, 36–7
in Estonia (2008) 154–6
and financialisation, in Greece 129–34
impact of, in Italy 251–2
impact on EU member states 301–19
succession of 1
in Sweden 205–11
transmission channels, in Spain 109–11
in Turkey 290–94
in UK (2007-2008) 84–6

financial balance sheets of economic sectors in Spain 94–9
in EU member states
impact of recession on 312–18
methods of analysis 300
growth, in Turkey 276

financial institutions bailout of, in Germany 182–3
public support to troubled 313–15
in Spain
Index

financial assets 96
financial expansion and decline 97–8
increase in financial liabilities 90–91, 95
in UK
facing significant change 70
interdependence and contagion 78–80
lack of regulation 76–7
provision of mortgage loans 75
response to financial crisis 85
to support investment 87
types of 76
in USA 45, 49, 52, 62, 65
financial sector
deleveraging process, in Spain 90–91
in Estonia 138–9
expansion, in USA 45–6
in Germany
bailout of 182–3
important changes 164
successful containment of crisis 185
in Italy
as resilient 251
shift in structural output composition to 239
strong recovery of profit share of 241
providing high wage employment, in UK 82
size of
in EU 318
in Spain 89–90
in Turkey
increasing transfers of household income to 284
limited in mobilizing funds 287–8
measures 292–3
financial transactions, as international transmission channels 60–61
financialisation
in Estonia
effects of 142–54
and financial crisis (2008) 154–6
process of 139–42
in France
and economic and financial crises 227–31
effects of 218–27
long-run development in era of 217–18
in Germany
effects of 167–80, 186–7
and financial and economic crises 180–86
long-run development in era of 164–7
in Greece
effects of 119–29
and financial crisis 129–34
long-run development in era of 115–18
in Italy
effects of 238–51
long-run development in era of 234–8
no consensus on definition of 114
in Portugal
and economic performance 256–60
effects of 260–68
and financial and economic crises 268–71
in Spain
economic activity in era of 91–9
effects of 99–109
process of 89–91, 111
in Sweden
effects of 196–205
and global financial crisis 205–11
process of 192–6
theoretical and conceptual framework
consumption 3
current account balances 3–4
debt-led private demand boom regime 4, 36
domestic demand-led regime 5, 36
export-led mercantilist regime 4–5, 36
income distribution 2
investment in capital stock 2–3
in Turkey 283–8
in UK
corporate 72–5
domestic 75–8
limiting constraints 87
systemic impacts of 78–86
fiscal policy
in Estonia 145–7
European 214
in France 230–31
in Germany 183–6
in Greece 127
in Portugal 259
in Spain 110–11
in Sweden 202–4, 210
in Turkey 280, 292
in USA 46–7, 214

foreign direct investment
in Estonia 9, 138–9, 144–5, 148, 154
in Germany 173–4
in Greece 131
in Hungary 15
in Portugal 257
in Spain 101
in Sweden 207
in USA 59

foreign trade
in France 17, 224–5
in Germany 171
in Turkey 277, 289

France
annual growth rates of real unit labour costs 226
corporate income, productive investments and their financing 220–23
current account balances 32, 34
economic growth 214–16, 224, 231–2
financialisation and economic and financial crises 227–31
effects of 218–27
long-run development in era of 217–18
foreign trade and balance of payments 224–7
government support to banks 229–30
household income and expenditure 223–4
impact of crisis 31, 33, 35
macroeconomic 230–31
income distribution 17, 219–20
labour income share 167
as mature domestic demand-led country 12, 216, 218, 232

movement towards export-led mercantilism 37, 218
poverty 220
real GDP growth and growth contributions 16–17, 31–3
sectoral financial balances 16, 32
transmission channels 227–9, 232
see also EMU-11 countries
‘frightened worker effect’ 44
FSA (Financial Services Authority) 76–7

Germany
annual growth rates of real unit labour costs 226
consumption debt-financed 174
household 174–5, 186–7
private 165–6, 175, 180–81, 184
public 165
wealth-based consumption 174–7
contagion in 25–7, 187
current account balances 34, 177–80, 187
‘debt brakes’ 38, 185–7
economic policy 170–71, 183–7
as export-led mercantilist country 5, 163, 166–7, 177, 185–7
financial corporate sector 2, 168–9
financial sector bailout 182–3
financialisation effects of 167–80, 186–7
and financial and economic crises 180–86
long-run development in era of 164–7
impact of crises 25–6
income distribution 167–72, 186
investment in capital stock 172–4, 178–9, 186
labour income share 167–9, 175
non-price competitiveness 178–80, 187
real GDP growth and growth contributions 11, 24–6
reasons for quick recovery from crises 26–7, 36, 180, 183–7
safe haven effect 26–7
sectoral financial balances 10, 25, 166
study overview 163

household consumption 123–5
impact of crises 19, 22–3, 35
income distribution 9, 119–21
investment in capital stock 121–3
labour income share 167
movement towards export-led mercantilism 24, 35, 37
real GDP growth and growth contributions 7–8, 19–21
sectoral financial balances 6, 20, 118
transmission channels 23, 31, 129–30

see also EMU-11 countries
government consumption
in France 219
in Sweden 195, 201
in USA 48

Great Recession
development of trade cycles 18–19, 164–5, 235
France’s position leading up to 17
German economy preceding 164–80, 186–7
impact on EU member states
balance on current transactions 310–11
economic activity 301–4
financial balance sheets 312–18
income distribution 307–8
inflation 309
labour markets 304–7
methods of analysis and groupings 299–301
new euro countries 318–19
public finances 311–12
quick recovery from 24–5
within succession of crises 1

Greece
annual growth rates of real unit labour costs 226
capital flows translated to public debt 131–2
contagion 23, 31
current account balances 21, 34–5, 125–9, 133–4, 266
as debt-led private demand boom country 5
debt of non-financial corporations 259
economic policy 23–4, 35, 132–4
finance unleashed 114
financialisation
effects on economy 119–29
and financial crisis 129–34
long-run development in era of 115–18
general government 117–18, 120, 129–31

house prices
in Germany 176
in Portugal 268–9
in South Africa 7, 10
in Sweden 200–201
in UK 77, 86–7, 268
in USA 8, 48, 50–51, 64, 268

household consumption
in Estonia 151–4
in France 216, 219, 223–4, 228
in Germany 174–5, 186–7
in Greece 123–5
in Hungary 15
in Portugal 264–5, 271
in South Africa 9–10
in Spain
effects of financialisation on 107–8, 111
in financialisation era 91, 93–9
in Sweden 196–201
in Turkey 283–6
in USA 57–8, 65

Hungary
as catching-up domestic demand-led country 5
cautions on poland 30

gross capital formation (GCF) 91, 93–4, 103, 112, 179
gross fixed capital formation (GFCF)
in Estonia 150–51
in Germany 179, 181
in Italy 195
in Portugal 256, 262–3
in Sweden 195
in Turkey 287
in UK 80–81

government consumption
in France 219
in Sweden 195, 201
in USA 48

Great Recession
development of trade cycles 18–19, 164–5, 235
France’s position leading up to 17
German economy preceding 164–80, 186–7
impact on EU member states
balance on current transactions 310–11
economic activity 301–4
financial balance sheets 312–18
income distribution 307–8
inflation 309
labour markets 304–7
methods of analysis and groupings 299–301
new euro countries 318–19
public finances 311–12
quick recovery from 24–5
within succession of crises 1

Greece
annual growth rates of real unit labour costs 226
capital flows translated to public debt 131–2
contagion 23, 31
current account balances 21, 34–5, 125–9, 133–4, 266
as debt-led private demand boom country 5
debt of non-financial corporations 259
economic policy 23–4, 35, 132–4
finance unleashed 114
financialisation
effects on economy 119–29
and financial crisis 129–34
long-run development in era of 115–18
general government 117–18, 120, 129–31

house prices
in Germany 176
in Portugal 268–9
in South Africa 7, 10
in Sweden 200–201
in UK 77, 86–7, 268
in USA 8, 48, 50–51, 64, 268

household consumption
in Estonia 151–4
in France 216, 219, 223–4, 228
in Germany 174–5, 186–7
in Greece 123–5
in Hungary 15
in Portugal 264–5, 271
in South Africa 9–10
in Spain
effects of financialisation on 107–8, 111
in financialisation era 91, 93–9
in Sweden 196–201
in Turkey 283–6
in USA 57–8, 65

Hungary
as catching-up domestic demand-led country 5
cautions on poland 30

Index
current account balances 15, 28, 34, 36
dependent on foreign financial inflows 14
effects of crisis 30–31
government responses to crisis 31
main forces driving growth 15
movement towards export-led mercantilism 36
real GDP growth and growth contributions 13–14, 27–9
residential investment 15
sectoral financial balances 13–14, 28
wage share in 15
see also EU-10 countries

income distribution
in Estonia
development of functional 142–4
fiscal and monetary policies 145–7
general trend 142
labour unions 144
privatisation, technological change and FDI 144–5
in EU member states
effects of recession on 307–8
methods of analysis 300
in France 17, 219–20, 223–4
in Germany 167–72, 186
in Greece 9, 119–21
in Italy 238–42, 246–9, 251
Kaleckian theory of 2, 168
in Portugal 260–262, 271
in Spain 99–103, 112
in theoretical and conceptual framework 2
in Turkey 282–3, 293
in UK 81–3
in USA 53–5, 64
inflation
effects of recession on, in EU member states 309
method of analysis 300
interdependence (UK) 78–80
internal means of finance channel 3, 121–2, 172–4, 186, 244–5, 272
international competitiveness (USA) 58–9
international payments (USA) 59–60
international trade
Germany’s exposure to channel 187
as international transmission channel 61
making negative contribution to US growth 64
international transmission financial transactions 60–61
international trade 61
investment
in capital stock, theory and concept 2–3
in debt-led private demand boom countries 7, 20–21
in domestic demand-led countries 13–14, 16–17, 29, 32–4
in Estonia
in capital stock 147–51
financing 148–51
weakening 22
in export-led mercantilist countries 11, 26
in France 220–24, 227–8, 231–2
in Germany
in capital stock 172–4, 178–9, 186
as driver of recovery 180
international 177
of non-financial corporations 164
public 184
in Greece
in capital stock 121–3
gross 116–17
private 116–17, 132
public 115
in Italy
in capital stock 235, 242–5
collapse of 238, 251
growth contribution of 17 household 247
private 234, 237
and profits 237
in Portugal
in capital stock 262–4
corporate 271–2
cuts in public 270
dynamics 256–7
household 269, 271
income, outflow of 267
Index

in Spain
  in financialisation era 94
  international 109
  of non-financial corporations 103–6, 112
in Turkey
  in capital stock 286–8
  contribution to GDP growth 29, 280
  economic indicator 278
  expenditures 280, 291, 293
  foreign 276
  imported goods 289–90
  stagnant, low 276
in UK
  fixed 71–2, 80–81, 87
  precarious 73–4, 87
in USA
  banks 50–52
  collapse 43–4
  expenditure 55–7, 64–5
  fixed 42, 44, 47–8, 55, 64–5
  international 60
  private 48–9, 55
Italy
  annual growth rates of real unit labour costs 226
  current account balances 32, 34–5, 250–51
  economic policy 33–5
  financialisation
    effects of 238–51
    long-run development in era of 234–8
  impact of financial crisis 31, 33, 35, 251–2
  income distribution 238–42, 246–9, 251
  investment in capital stock 235, 242–5
  labour income share 167
  as mature domestic demand-led country 12, 235, 238, 250–51
  movement towards export-led mercantilism 34–5, 37
  real GDP growth and growth contributions 16–17, 31–2, 235–6
  sectoral financial balances 16, 32
  wealth and consumption 246–9
  see also EMU-11 countries
Japan
  current account balances 11–12, 34–5, 37
  double-dip recession 25
  as export-led mercantilist country 5
  labour income share 167
  real GDP growth and growth contributions 11–12, 24–6
  sectoral financial balances 10, 25
  transmission channels 26
  wage share in 12
  as weakly export-led mercantilist country 4–5, 27, 35, 37
labour markets
  deregulation
    in Germany 171, 175, 186–7
    in Italy 239, 242–3
    in Turkey 275
  effect of recession on, in EU member states 304–7
  methods of analysis 300
labour unions
  in Estonia 144, 146
  in UK 8
  see also trade unions
Lehman Brothers 51, 79, 84
liquidity
  and funding channel, in Estonia 22–3, 155–6
  in Portugal
    offered by ECB 268
    reduction of constraints 265
  tightening conditions, in Turkey 293
in UK
  during 1980s 71–2
  during 2007-2008 financial crisis 84–6
  regulation of 87
  systemic risk 78–81
merger and acquisition activity
  in UK 72–4, 86
  in USA 8, 47–8, 55, 64
Financialisation and the financial and economic crises

MNCs (multinational companies)
in Estonia 138
in Portugal 260
in UK
banks redirecting lending to 72
business directed at helping non-financial 71
financial subsidiaries of, becoming dominant source of company profits 73
international capital movements dominated by 70
monetary policy
autonomy 37
in Estonia 145–7
Euro area-wide 183–4, 259
shocks, in France 214–15
in Sweden 193, 206–9
in Turkey 280, 292
in UK
Bank of England and FSA 76–7
changes in, and impact of 69–70
directions for future development 69
features of 68–9
government responses 69
money markets (Sweden) 205–7
mortgage backed securities (MBS) 50, 62–3, 85
My Bank era 75–8
‘new economy’ crisis 175–6
new euro countries, impact of Great Recession on 318–19
NFCs see non-financial corporations
non-financial corporations
in Estonia 148–9
in European Union member states 316–17
and financialisation 3
in France 218, 228
in Germany 172–4
in Greece 118, 121–3
in Italy 240–41, 243–5
in Portugal 255, 257–60, 262–4, 267
in Spain 90, 95–9, 103–6, 111–12
in Turkey 276, 280, 286–8, 293
in UK 71, 73
in USA 46–7, 55–6
Northern Rock 79, 85
Obama, Barack 62–3
Poland
as catching-up domestic demand-led country 12
cautionary note for 37
comparison with Hungary and Turkey 30
current account balances 28–9, 34, 36
impact of crises 30
real GDP growth and growth contributions 13–14, 27–9
sectoral financial balances 13–14, 28
transition process 15
wage share in 15
see also EU-10 countries
Portugal
annual growth rates of real unit labour costs 226
and consumption 256, 264–5, 269, 271–2
current account balances 32, 34, 266–8, 270–71
economic policy responses to crisis 33–5
financial system evolution 255
financialisation and economic and financial crises 268–71
and economic performance 256–60
effects of 260–68
impact of crises 31, 33–4
income distribution 260–62, 271
investment in capital stock 262–4
labour income share 167
as mature domestic demand-led country 12
movement towards export-led mercantilism 37
real GDP growth and growth contributions 16–17, 31–2
sectoral financial balances 16, 32
see also EMU-11 countries
poverty 220
preference channel see internal means of finance channel
private consumption
in debt-led consumption boom regime 4
in debt-led private demand boom countries 6–7, 20–21
deficit-financed 12
in domestic demand-led regime 5, 13–14, 16–17, 29, 32
in Estonia 140, 156
and euro crisis 34
in export-led mercantilist countries 11, 26
in Germany 165–6, 175, 180–81, 184
in Greece 115–18
in Italy 17, 235–6
in Poland 29–30
in Portugal 256, 264–5, 269, 272
in Spain 93, 98
in Sweden 25, 194–5
in Turkey 15, 29, 280, 283–4, 293
privatisation
in Estonia 9, 137, 144–5, 147
in Italy 235
in Poland 15
policy, in Greece 132
in Portugal 17, 257, 265
in Sweden 193, 199, 203
public consumption
in debt-led private demand boom countries 20–21
in domestic demand-led countries 13–14, 16–17, 29, 32
in Estonia 140
in export-led mercantilist countries 11, 26
in France 32, 228
in Germany 165
in Greece 115–16
in Italy 236
in Portugal 256
in Spain 91, 93–8
in USA 48
public finances
effects of recession on, in EU member states 311–12
methods of analysis 300
quantitative easing (QE) 62–3, 84
Reagan, Ronald 8, 44–7, 214
real economy
in France 214, 221, 227, 229–31
in Greece 23, 114, 119–30, 134
and sovereign debt, in Sweden 207–8
safe haven effect 27
securities
in Greece 123–5, 133
in Italy 245, 247–8
mortgage-based 44, 49–51, 62–3
in Turkey 276, 285–6
in UK 69, 72–7, 84–6
shareholder value orientation 3, 147–8, 169, 172–4, 286
South Africa
benefiting from growth through foreign capital inflows 289
current account balances 21, 34
as debt-led private demand boom country 5
house prices in 7, 10
impact of crises 22
movement towards domestic demand-led growth 24, 37
real GDP growth and growth contributions 7, 9–10, 19–21
sectoral financial balances 6–7, 20
wage share in 10
sovereign debt
consequences, in Italy 252
crisis, in Spain 22, 90, 110
interest rate, in France 230
restructuring, in Greece 315
in Sweden
and current account 201–5
and real economy 207–8
Spain
annual growth rates of real unit labour costs 226
contagion 23
current account balances 97–8, 108–9, 112, 266
as debt-led private demand boom country 5
economic activity
changes in GDP composition 91
current financial and economic crisis 94
model of economic growth 92–9
three different phases 91	rade flows 91–2
type of long-run economic growth 94–9
economic policy 23–4
financial assets and liabilities 96–7, 107–8
financialisation
economic activity in era of 91–9
effects of 99–109
process of economy 89–91, 111
household consumption 107–8, 111
income distribution 99–103, 112
investment 103–6, 112
labour income share 167
movement towards export-led mercantilism 24, 37, 99
real GDP growth rates 251
sectoral financial balances 6
transmission channels 109–11
see also EMU-11 countries
‘stagnation policies’ 37
structured investment vehicles (SIVs) 50
subprime mortgages
mechanisms of 49–51
as onset of financial crisis 49, 227
Portugal
impact on 268–9
lack of involvement in 33, 268
Sweden’s lack of involvement in 26–7
sudden stops of capital inflows 14, 18, 38, 280
Sweden
annual growth rates of real unit labour costs 226
current account balances 27, 34–5, 37, 201–5
economic and monetary policies 203–4, 208–9
as export-led mercantilist country 5, 192, 194–6, 201, 203, 210
weakly 4–5, 27, 35, 37
featuring elements of domestic demand-led development 12
financialisation
effects of 196–205
and global financial crisis 205–11
process of 192–6
household consumption 196–201
impact of crises 26–7
labour income share 167
money markets and banking system 205–7, 210
movement towards export-led mercantilism 192
poverty 220
real GDP growth and growth contributions 11–12, 24–6, 195
reasons for quick recovery 25, 27, 36, 205
safe haven
benefiting from 27
factors playing role in portrayal as 207
seen as 193, 210
sectoral financial balances 10, 25, 196
sovereign debt
and current account 201–5
and real economy 207–8
transmission channels 26–7, 36, 205–9
see also EU-10 countries
tax policies
in Estonia 138, 145–7, 149, 156–7
in France 214, 231
in Germany 164, 168, 184
in Greece 130, 132, 134
in Italy 33, 250–51
in Portugal 270
in Spain 111
in Sweden 193–4, 200, 202–4
in Turkey 30
in USA 46–8, 56, 62
technological change (Estonia) 144–5
‘toxic’ financial products 22–3, 129, 268, 292, 294
trade cycles
beginning and ending of 38
comparison
in German economy 164–5, 167, 175, 187
in Italian economy 235–6
during crises 18–20, 25–9, 32
pre-crises 5–18
in Spain 91–2
trade unions
falling bargaining power of 2, 8, 169–72
in Italy 242
see also labour unions
transmission channels 18
in catching-up domestic demand-led countries 29, 31
in debt-led private demand boom countries 21–3, 31
into Estonia 22–3
in export-led mercantilist countries 25–7, 36–7
into France 227–9, 232
into Germany 25–6, 36, 180–82, 187
into Greece 23, 31, 129–30
international, from USA
financial transactions 60–61
international trade 61
into Japan 26
into Spain 109–11
into Sweden 26–7, 36, 205–9
into Turkey 29–30
Troubled Assets Relief Programme 52
Turkey
as catching-up domestic demand-led country 12
cautionary note for 37
comparison with Poland 30
consumption 276, 278, 283–6, 289, 291, 293–4
contagion in 31, 282
current account balances 28–9, 34, 36, 275–8, 281, 288–90, 293–4
dependent on foreign financial inflows 14
economic policy 282
economy, and financial crisis 290–94
effect of neoliberal economic policies 275
financialisation 283–8
government responses to crisis 31
growth pattern and financial flows driven cycles 277–82
income distribution 282–3, 293
investment in capital stock 286–8
real GDP growth and growth contributions 13–14, 27–9, 278–9
sectoral financial balances 13–14, 28
showing features of debt-led private demand boom development 14–15, 36
transmission channels 29–30
UK (United Kingdom)
annual growth rates of real unit labour costs 226
contagion in 21, 23
factors ensuring prevalence 85
as systemic impact 78–80
current account balances 21, 34–5
as debt-led private demand boom country 5
economic policy 21
as highly-financialised country 238, 251
income inequality 8–9
labour income share 167–8
movement towards domestic demand-led growth 24, 37
policy background 68–70
real GDP growth and growth contributions 7–9, 19–21
sectoral financial balances 6, 20
state engagement less pronounced 199
strategic response to deregulation 70–72
corporate financialisation 72–5
domestic financialisation 75–8
systemic impacts of financialisation accumulation 80–81
income distribution 81–3
interdependence and contagion 78–80
limiting constraints 87
see also EU-10 countries
unit labour costs
in EU member states 305–7
in France 226–7
in Germany 179, 181
in Greece 127–8, 133
in Spain 109
in Sweden 194–5, 205
in USA 58–9
USA (United States of America)
contagion from 23, 26
as country of origin of financial crisis 21, 23
current account balances 21, 34–8
as debt-led private demand boom country 5
economic policy responses to crisis 21, 62–3
finance-led capitalism in contours of economic growth 46–9, 64–5
dynamics of financial crisis 49–53
macroeconomic developments in age of 53–60
origins and impact 44–6, 63–4
as highly-financialised country 238, 251
historical economic overview 42–4
international transmission of crisis
financial transactions 60–61
international trade 61
labour income share 167–8
movement towards domestic demand-led growth 24
real GDP growth and growth contributions 7–8, 19–21
sectoral financial balances 6, 20

state engagement less pronounced 199
Volcker, Paul 43, 63

wage share
in Estonia 9, 143–4, 147
in EU member states 307–8
in Germany 11, 164, 169–70, 175
in Greece 9, 120, 123
in Hungary 15
in Italy 17, 239–42
in Japan 12
methods of calculation 38, 295
in Poland 15
in Portugal 257, 261
in South Africa 10
in Spain 9, 99–100
in Sweden 12
in Turkey 15, 279–81, 283, 293–5
in UK 8
in USA 8
wealth-based consumption 3
in Germany 174–7
in Italy 246–7, 249
in USA 8