Index

accumulation mode of production in Mexico and economic structure of the manufacturing industry (and) 196–210
conclusions 208
definition of MSMEs 197
financialization in pattern of accumulation of Mexican manufacturing industry 204–8
pattern of accumulation of manufacturing industry 197–204
Ackerman, F. 86
Adelman, I. 72
Adler, G. 249
Aizenman, J. 249, 251
Alcántara, J.A. 216
Álvarez, A. 9, 188
Álvarez-Béjar, A. 194
Álvarez, I. 244
Amaro, M. 117
Amin, S. 86
Amsden, A. 95, 167
Arceo, E. 70, 73–4, 77, 86
Arestis, P. 20, 216
Arrighi, G. 73, 77
Asia 77–8
East 128
South-east 80–84, 165, 258
Asian tigers 80
asset-backed securities (ABS) 146, 149–50
Asteriou, D. 220
Avent, R. 136
Bagehot, W. 213
Ball, L. 246
Bandiera, O. 215–16
banks (and) 39 see also European Central Bank (ECB) and Mexico Bank of Italy data 61–2
Bank of Japan 39, 125, 129
Bank of Mexico/Banco de México 170, 222, 236, 240, 246–9, 254–5, 257, 259
Bundesbank (West Germany) 19, 247
in developed world and the European Union 39
European System of Central Banks (ESCB) 36
Eurosystem 39
in the Eurozone (Mediobianca study 2011, 2012) 62
World Bank 170, 232
Baran, P. 93
Basel 3: financial architecture 62
Basel Accord, new version of 62
Basualdo, E. 209
Beigel, F. 86
Bellofiore, R. 16, 96, 143, 152, 155
Bernanke, B. 98
Bhaduri, A. 234, 244
Bielschowsky, R. 73, 86
(the) big financial crisis and European economic adjustment see strengthening of the neoliberal agenda
Blanchard, O. 18, 133
Blecker, R. 84, 87
Bofinger, P. 249, 251
Boorman, J. 133, 136
Borio, C. 23
Bougrine, H. 152, 154–5
Brazil 78, 84, 166, 214, 256
Bresser-Pereira, L. 73
Bretton Woods system 37, 69, 72
BRICs countries 81–4, 183
Calvo, G.A. 249
Canales-Kriljenko, J.I. 248
Capaldo, J. 188

265
The financialization response to economic disequilibria

Caprio, G. 143
Cardoso, F. 86
Cashin, P. 143
Caskey, J. 52
Castaints, J. 177
CEPAL (UN Economic Commission for Latin America and the Caribbean) 69, 71–3
structuralist theory 70
structuralists 72–3
thinking 84
Chick, V. 218
China 26–7, 77–8, 80–81, 84, 126, 134–5, 166
and growth of exports to the US 238
joins WTO 78
reduction in growth of 17
and the US: the world’s greatest bilateral disequilibrium 133–4
Cohen, B.J. 138
collateralized debt obligations (CDOs) 129, 146, 149–50
Collignon, S. 18
Contreras, M.G. 246
Corley, M. 117
credit default swaps (CDS) 151–2
cri ses see financial crises
Crotty, J. 143
Cukierman, A. 246, 248, 259
Cypher, J. 69, 72
Danninger, S. 26
Das, S. 156
Daude, C. 249
Davidson, P. 162
debt deflation theory and the Great Recession (and) 49–66
concluding remarks 63–5
debt deflation processes in the Eurozone 57–60
debt deflation processes in the USA 55–7
Fisher’s theory of debt deflation 50–55 see also Fisher, I.
policy implications drawn from 54–5
three basic feedbacks and herd behaviour 50–51
update and relevance of 51–4
policy implications of recent debt deflation processes 60–63
third mechanism 55–6, 59
De Cecco, M. 96
definition(s) of endogenous core 166
financialization (Epstein) 3
MSMEs 197
De Gregorio, J. 246
De la Cruz, J.L. 216
Demetriades, P. 216
Demirgüç-Kunt, A. 155
dependency theory 70–73, 90–92, 105
to financialization 92–8
Detragiache, E. 155
Developing Economies, Institute of (IDE) 26
De Vroey, M. 1
disequilibrium, economic growth and economic policies: controversies 1–7
Disyatat, G. 249
Disyatat, P. 23
Drucker, P. 112
Duménil, G. 74
Duncan, R. 132, 136–7
Duttagupta, R. 143
Economic Commission for Latin America and the Caribbean (ECLAC) 69, 73, 94, 106
Economic Cooperation and Development, Organization for (OECD) 81
economic growth and financial development in Mexico 213–30
bidirectional and historical relationship between 217–19
conclusions 227
liberalization and financial depth vs financing economic growth (and) 219–27
evidence on the causal relationship 224–7
monetary stability with low economic growth: macroeconomic view 219–20
vicious circle, financial depth, low financing of productive activities 220–24
review of recent literature on economic hegemony 2–3
Economic and Monetary Union (EMU) 18–19, 21, 23, 35–6, 43, 46, 186, 188
collapse of 28
design faults of 16, 20
Economic Research, National Bureau of (NBER) 181
Eichengreen, B. 251
Epstein, G. 3, 112
Escobar, A. 86
euro crisis: a structural and monetary perspective (and) 15–33 see also financial crises
changing landscape of European and German industry 25–7
conclusions 29–31
credit theory of money perspective on external imbalances 21–4
financial and industrial integration in the Eurozone 27–9
global and European crises 16–18
trade imbalances: the heterodox approach 20–21
trade imbalances: the mainstream consensus (and) 18–20
Net International Investment Position (NIIP) 20
TARGET and Troika loans 19
European Central Bank (ECB) 20, 36–7, 42, 60, 129, 186
Long Term Restructuring Operations (LTRO) 135
monetary policy 39
European Coal and Steel Community 35
European Commission (EC) 36, 45, 188
European Economic Community 35
European Financial Stability Facility (EFSF) 42
European Financial Stability Fund (EFSF) 58
European Union (EU)
Common Agricultural Policy (CAP) 130
decline in share of labor 116
financial systems 40
Eurozone 18–20, 23–4, 31, 37–45
banking crisis and explosion of sovereign debt in the 40–42
budgetary policy in the 62–3
crisis of the 27, 29
and DAX German stock exchange index 58
debt deflation processes in the 57–60
financial and industrial integration in the 27–9
globalization, financialization, and financial problems of the 37–42
policy debate in the 64
strengthening of neoliberal agenda in the 42–5
and austerity, fiscal consolidation and internal devaluation 43–5

Fabrice, C. 117
Fajnzylber, F. 95, 166
Fazzari, S. 52
FDI flows 75–7
Fields, D. 138
Fisher, I. 49–57, 59–60, 63–5 see also debt deflation theory and the Great Recession
financial crises 15, 34, 208 see also strengthening of the neoliberal agenda
1929–1939 (Great Depression) 63, 119–20, 127–8, 143
1983–1987 recession 201
1994–1995 215, 221
2000–2001 127
2006–2007 26
2007–2008 (Great Recession/Lesser Depression) 62–3, 125, 127, 143, 145, 153
2008–2009 38, 136, 139, 181–6, 191, 204–6, 208, 236, 258
2014–2015 170
Asian (1997–1999) 126, 132
and association with excessive debt 170
BoP 21, 27–9
collapse of US financial system (2008) 112
current 144
devaluation (1982) 203
Greek (2010) 17
Lehman Brothers’ bankruptcy 39, 58 in Mexico (1995) 236–7
Second Great Financial Crisis (2008) 2
financial globalization 34, 39–40, 198
financial instruments
Cetes (1978) 235
Petrobonos (1977) 235
financialization, crisis and economic policy (and) 143–58
conclusion 155
current policymaking, wealth concentration, instability of financial markets (and) 145–53
finance and financial innovations 148–52
increased household indebtedness and demand for securities 152–53
the monetary circuit and crises 146–8
towards a radical change in economic policy 153–55
Fisher, I. 50–55
Fleming, J.M. 259
Foladori, G. 117
Foley, D.F. 150
Foster, J.B. 38
Foucault, M. 152
France 35, 40–41, 58, 61, 78, 81, 127
Frank, A.G. 93
free trade agreements 187–9
North American Free Trade Agreement (NAFTA) 183, 187
Trade in Services Agreement (TISA) 182, 187–8
Trans-Atlantic Trade and Investment Partnership (TTIP) 181, 187–8
Trans-Pacific Partnership (TPP) 181, 187–8
Frenkel, R. 249
Friedman, M. 1
Fröbel, F. 74
Furtado, C. 86
Galati, P. 249
Galbraith, J.K. 119
Gallagher, K. 86
Garber, P. 23
Garrido, C. 237, 244
Gatti, D.D. 143, 145
Geraats, P. 249
Gereffi, G. 73–4
German(y) 3, 21, 26, 31, 38, 40, 59, 61, 78, 81, 110, 122, 127, 133, 135–6
Bazaar Economy (Sinn) 25
competitive advantage in Eurozone 27
strategy of ‘beggar thy neighbour’ 30
West 19, 35, 247
Giavazzi, F. 18–19, 31
Gilman, M. 138
Glaeser, E.L. 200
Glick, R. 249, 251
global disequilibria 131–42
accumulation of foreign currency reserves 132
and conclusions 138–40
exchange rates 134–5
expansion of credit in the IMS 136–8
flows of international capital 135–6
inequitable distribution of income (and) 124–42
austerity, vulnerability and unemployment 127–30
commodity and farmland speculation 130–31
inequality, increase in 126–7
preeminence of the financial sector 131–2
and the US and China: the world’s greatest bilateral disequilibrium 133–4
globalization deregulation and liberalization, post-Bretton Woods era policies of 37
Goda, T. 129
Godley, W. 31
Goodfriend, M. 1
Gorenstein, S. 74
Gould, E. 188
Graziani, A. 147
(the) Great Moderation 15–16, 57
Greece 19, 21, 41–2, 45, 61, 152
Greenspan, A. 133
Guadalupe, M. 199
Guillem-Rromo, H. 73
Gurley, J. 92
Index

Gutiérrez, E. 247
Gutman, G. 73–4
Gwynne, R. 86

Hale, J.T. 119
Halevi, J. 143, 152, 155
Harris, D. 117
Hausmann, R. 246, 251
Hawtrey, R. 2
Heijs, J. 201
Hein, E. 21
Helburn, A. 57
Hellebrandt, T. 119
Hernández Laos, E. 167
Herndon, T. 47
Hicks, J. 1, 178, 213
high net worth individuals (HNWIs) 129, 152
Holinski, N. 18
Hoshi, T. 144
Huerta, A. 161
Hüfner, F. 1, 248–9

Icard, A. 133, 136
Industrial Revolution 118–19
inequality, technological change and worldwide economic recovery (and) 108–24
conclusions 120–22
financial decoupling 111–14
and technological change in the recovery 118–20
growth and employment 109–11
technological unemployment and recovery 114–17
technology unemployment: an alternative hypothesis 117–18
inequality of income and social mobility 118–20
rising 27
International Monetary Fund (IMF) 6, 38, 42, 45, 110, 128, 132, 136, 154, 232
and global financial stability 133–4
international monetary system (IMS) 28, 112, 121, 126, 131, 136–8
Invernizzi, N. 117
Ireland 19, 21, 38, 41, 57, 61
Italy 19, 35, 42, 59–62, 110
Japan 38, 78, 81, 96–7, 130, 133, 136, 247 see also banks
adoption of monetary policy (2013) 135
decline in share of labor in 116
Johnson, K. 24
Jorgenson, D.W. 116, 120
Joutz, F.L. 26
Kaldor, N. 93
Kalecki, M. 2
Kaminsky, G.L. 143
Kaplinsky, R. 73
Kato, L. 201
Kay, C. 86
Kerr, W.R. 200
Keynes, J.M. (and) 2, 17, 54, 173
Keynesian framework 218
Keynesian perspective 15
Keynesian theory 69
post-Keynesian view of financial balances 20
Kitcher, P. 117
Koo, R.C. 53
Korzeniewick, M. 74
Kregel, J. 162
Krippner, G. 98
Krugman, P. 49, 55
Kumhof, M. 113

Lall, S. 103
methodology 103
Lane, P.R. 132
Lapavitsas, C. 38, 108, 112
Latin America 6, 45, 72–3, 78–81, 83–6, 128, 166, 187, 200, 214
foreign debt crisis (1980s) in 38
Latin America in the new international order (and) 90–107
conclusions 104–6
explanatory theories of limited economic growth 92–8 see also dependency theory and structural theory
high liquidity, reduced financing and structural imbalances 98–104
external balances 103–4
financial account 99–101
the productive structure 101–3
Lavoie, M. 2, 162
The financialization response to economic disequilibria

Lazonick, W. 244
legislation (Mexico)

New Foreign Investment Law (1993) 235
legislation (US)

Dodd-Frank Act 144
Financial Services Modernization Act 1999 (Gramm-Leach-Bliley Act) 228, 233

Glass-Steagall (Banking) Act (1933) 144, 218, 228

Levy, D. 74
Levy, N. 38, 161, 198
Levy-Yeyati, E. 249

limits of export-led growth model: the Mexican experience (and) 161–80
conclusions 176–7
financing economies with structural deficits: close external gap or grow 171–4
progress of Mexican economy: key sectors for sustained economic growth 163–71
analysis of balance of trade: disequilibria 164–5
financing production: transitional periods/operation of the model 170–71
income elasticity of imports 169–70
inter-sectoral linkages in manufacturing 165–7
labor productivity: a positive rate of growth? 167–9
why the Mexican economy fails to grow 175–6

Loayza, N. 248
López, F. 216
López, H. 86
López, T. 219
Lucarelli, B. 21
Lucas, R. 1
Luengo, F. 242
Luxemburg, R. 92–3
Lynch, J. 57
Lysandrou, P. 129

Maastricht Treaty (Treaty of the European Union) 35–6, 40
McAffe, A. 118
Macedo Cintra, M.A. 135
McKinnon, R. 92, 171, 232
Magalhaes Prates, D. 135
Magdoff, F. 38
Mántey, G. 250–53
Marini, R.M. 74, 93
Marshall Plan (European Recovery Program) 35
Marshallian marginalist analysis 69
Martinez, J.M. 206
Martinez, T. 166
Marx, K. 156

Marxian perspective 15
Mayer, J. 130
Menkhoff, L. 112
Merler, S. 19
Mertins-Kirkwood, H. 188

Mexican economy in 2014: between crisis, free trade, social devastation and labor precarization (and) 181–95 see also free trade agreements 2008–2009 crisis: implications and unresolved global problems 182–4
2008–2009 crisis: its stages and fragility of the recovery 184–6

conclusion 194

key neoliberal pincers: deregulation and integration 191–4

Peña Nieto administration and second generation neoliberal reforms 189–91
Mexican Stock Exchange 242, 257

Mexico 78, 187, 214, 216 see also accumulation mode of production in Mexico; banks; legislation (Mexico); limits of export-led model; private sector finance in the era of deregulation and economic openness and procyclical fiscal policy and fiscal support of Mexican monetary policy
Index

Enrique Peña Nieto comes to power in 182
Milesi-Ferretti, G.M. 132–3
Minian, I. 73
Minsky, H.P. 16, 31, 51–2, 63–4, 96, 152
models
finance-led 4
Luxemburg-Kalecki/Kaleckian foreign trade 21
Thirlwall 173
monetarism (and) 69
monetary approach (Austrian School) 1
New Classical Consensus 1
Mohanty, M.S. 250
Mongelli, F.P. 19
Montanaro, E. 62
Moore, G. 117
Moore’s Law 117
Morales, E. (President of Bolivia) 131
Morales, J.A. 204–5
Morales, M.A. 117
Moreno, R. 252
Moreno-Brid, J. 161
Morera, C. 38
Mueller, N. 59
Mundell, R.A. 259
nanotechnology, impacts of 117
Nassif, A. 132
National Banking and Securities Commission 240, 242, 244
neo-mercantilism, Asian and European 17
Net International Investment Position (NIIP) 21–2
NINJA (no income, no job, no assets) 152
North American Free Trade Agreement (NAFTA) 183, 187, 200, 235

O’Hara, P.A. 144
O’Sullivan, M. 244
Obstfeld, M. 20, 249
Optimum Currency Areas 18
Ortiz, E. 161–3, 167, 178
Ortiz, L.Á. 10, 252
Padoa-Schioppa, T. 248
Palley, T. 87, 238
Palma, G. 94, 106
Panizza, U. 246
Payne, C. 152
Pérez-Caldentey, E. 87
periphery in the productive globalization (and) 69–89
dependency theory debates 70–73
see also CEPAL
new international division of labour 73–84
indicators 75–84
reflections: renewed dependency? 84–6
Petri, P. 187
Piketty, T. 5, 119–20, 128
Pinazo, G. 87
Pisani-Ferry, J. 19
Powell, J. 206
Prasad, E.S. 112
Prasch, R.E. 149
Prebisch, R. 71, 86, 95
Price, S. 220
private sector finance in the era of deregulation and economic openness (and) 231–45
conclusions 243
effects of deregulation and economic openness 238–43
neoliberal proposition and its effects on economic organization 232–4
pro-cyclical fiscal policy and fiscal support of Mexican monetary policy (and) 246–63
conclusion 259
independence of Mexico’s central bank and price stability 247–9
operating inflation targeting regime in developing/emerging economies 249–50
monetary stability 250–58
overcoming impossible triad, quasi-fiscal support, loss of seigniorage 251–3
pro-cyclical fiscal policy and monetary stability 253–5
scope for action in fiscal policy (1950–2013) 255–8
The financialization response to economic disequilibria

Przeworski, A. 47
Puyana, A. 239

Rajan, R.G. 113, 147, 153
Ramírez, Z. 205
Rapetti, M. 249
Razmi, A. 84, 87
Reich, R. 113
Reinhart, C.M. 143–5, 170, 249

reports (on)

environmentally harmful practices on land owned by investors (Oakland Institute 2014) 131
world’s super-rich (Wealth-X, 2011) 119

research using Vector Autoregressive (VAR) Error Correction (VEC) techniques (2011) 216

Reynard, S. 170
Ricardian trade theory 69–72
richest millionaires/individuals
Bloomberg Index (2013) 119
McKinsey Institute (2013) 119
Oxfam International (2014) 119

Robinson, J. 213, 218
Rochon, L.-P. 2, 8
Rodriguez, D. 216
Rodriguez, O. 71
Rodriguez, V. 198
Rogoff, K.S. 143–5, 170
Romero, J. 239
Ros, J. 161, 239, 257
Rostovian conception of development 70
Rozo, C.A. 113
Russell, E. 233

Salama, P. 132
Sawyer, M. 20, 154
Scheller, H. 36
Schmidt-Hebbel, K. 248
Schumpeter, J. 22, 213, 217
Seccareccia, M. 3, 98, 145, 154–5
Shaw, E.S. 92
Simonazzi, A. 27
Sinclair, S. 188
Singer, H. 71
Sinn, H.W. 19, 25
Solis, L. 220
Spain 19, 21, 38, 41, 57, 61

Spaventa, L. 18–19, 31
Stability and Growth Pact (SGP) 20, 36
Steindl, F.G. 63
Stella, P. 248
Stiglitz, J. 128–9, 135
Stockhammer, E. 108, 112, 244

strengthening of the neoliberal agenda (and) 34–48 see also Eurozone and financial crises conclusions 45–6
creation of the EU and loss of monetary and fiscal sovereignty 35–7
from economic adjustment to strengthening of neoliberal agenda in Eurozone 42–5
globalization, financialization, and financial problems of the Eurozone 37–42
structural theory 94–5
Studart, R. 214
study on banks in the Eurozone (Mediobanca, 2011, 2012) 62
Suárez, F. 231
Summers, L.H. 115
surveys (on)
credit market (Bank of Mexico, 2015) 240–43
daily value of transactions in the FX market (BIS, 2007, 210, 2013) 111
MSME Observatory Survey (2002) 203
Sztulwark, S. 86

taylor, L. 162
Tett, G. 112
Thirlwall, A.P. 162
model 173
Timmer, P. 116, 120
Tokman, A.R. 246
Tolksdorf, N. 112
Tonveronachi, M. 62
Toporowski, J. 3, 20, 22, 28–9, 31, 106, 218
Tovar, C.E. 249
Trade in Services Agreement (TISA) 9, 182, 187–8
Trans-Atlantic Trade and Investment Partnership (TTIP) 9, 181, 188
Trans-Pacific Partnership (TPP) 9, 181, 187–8
transnational corporations (TNCs) 71, 74–5, 85
‘Treasury Perspective’ 1, 6
Treaty of Rome 35
Treaty on Stability, Coordination and Governance in the Economic and Monetary Union 43
Trichet, J.C. 39
Tropeano, D. 56, 62
Turner, P. 250
ultra-high net worth individuals (UHNWIs) 127
United Kingdom (UK)/Great Britain 3, 35, 38, 78, 81, 110, 247
United Nations (UN) Conference on Trade and Development (UNCTAD) 37
Economic Commission for Latin America and the Caribbean (CEPAL) see CEPAL
United States (US) (and) 2–4, 38, 59, 72, 78, 120, 126, 135–6, 138, 172, 231, 247
Bureau of Labor Statistics (BLS) 81
China: the world’s greatest bilateral disequilibrium 133–4
collapse of financial system (2008) 112
debt deflation processes in the 55–7
decline in share of labor 116
Economic Stimulus Program 182–3
employment in US 110–11
Federal Reserve 39, 55, 64, 110, 114, 129–30, 137, 247
massive monetary expansion of 125
growth in wealth of 127
international capital and financing of deficits in 131–2
issuing international unit of account 5
monetary policy 235
and Federal Reserve 64
stagnation of wages in 113
Standard and Poor 500 Index (2012) 58
Troubled Asset Relief Program (TARP) 182
United States Presidents
Hoover, H. 54, 62, 128
Obama, B. 181, 188–9
Roosevelt, F.D. 5, 63, 155
and 1933 reflation 54
Wilson, W. 64
Van Reit, A. 39
Vause, N. 42
Venegas F. 215
Vercelli, A. 52
Vernengo, M. 87, 138
Vihanto, M. 152
Vives, X. 39
von Peter, G. 42
Vreeland, J.R. 47
wage deflation 17, 27
wages in Europe and US, stagnation of 113
Weller, C.E. 56–7
Wolff, E. 56
Wolfson, M.H. 51
Wollmershäuser, T. 19, 249, 251
Woodford, M. 1
Wray, R. 60, 150, 156
Wulf, J. 199
Wyplosz, C. 18