

## Conference Programme

### **Stabilising an *Unequal* Economy?**

- Public Debt, Financial Regulation,  
and Income Distribution -

**29 – 30 October 2010**

with an introductory workshop on Post Keynesian Economics  
on 28 October 2010

### **14th Conference of the Research Network Macroeconomics and Macroeconomic Policies (FMM)**

Venue:

Best Western Hotel Steglitz International  
Albrechtstr. 2  
12165 Berlin  
Germany

## Organisation

Research Network Macroeconomics and  
Macroeconomic Policies (FMM)  
[www.network-macroeconomics.org](http://www.network-macroeconomics.org)

Macroeconomic Policy Institute (IMK)  
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## Organising committee

Torsten Niechoj  
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Özlem Onaran  
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CONFERENCE OVERVIEW

THURSDAY, 28 OCTOBER 2010

Introductory workshop on Post Keynesian Economics

- 09.00 – 09.30 Welcoming and information on the network and its summer school
- 09.30 – 11.00 Introductory workshop I
- 11.00 – 11.30 Coffee break
- 11.30 – 13.00 Introductory workshop II
- 13.00 – 14.30 Lunch
- 14.30 – 16.00 Introductory workshop III

FRIDAY, 29 OCTOBER 2010

- 10.30 – 12.00 Arrival and registration
- 12.00 – 12.15 Welcome and introduction
- 12.15 – 14.15 Plenary session I
- 14.15 – 15.00 Coffee break

15.00 – 17.00 Parallel graduate student sessions S

S1 Income distribution I	S2 Financial instability and regulation I	S3 Topics in economic modelling I	S4 Policy implications of the crisis I	S5 International imbalances I	S6 Emerging economies I
Room: Ballsaal	Room: Steglitz	Room: Lankwitz	Room: Zehlendorf	Room: Atrium	Room: Studio

17.00 – 17.30 Coffee break

17.30 – 19.30 Parallel sessions A

A1 Public debt I	A2 Financial instability and regulation II	A3 Income distribution II	A4 Policy implications of the crisis II	A5 International imbalances II	A6 Special session: Financial markets, macro-economic activity, and income distribution
Room: Ballsaal	Room: Steglitz	Room: Lankwitz	Room: Zehlendorf	Room: Atrium	Room: Studio

- 19.30 – 20.30 Panel discussion
- 20.30 Dinner

## SATURDAY, 30 OCTOBER 2010

09.00 – 11.00

Parallel sessions B

B1 Public debt II	B2 Financial instability and regulation III	B3 Modelling financial fragility	B4 Policy implications of the crisis III	B5 International imbalances III	B6 Emerging economies II
Room: Ballsaal	Room: Steglitz	Room: Lankwitz	Room: Zehlendorf	Room: Atrium	Room: Studio

11.00 – 11.30

Coffee break

11.30 – 13.30

Parallel sessions C

C1 Public debt III	C2 Post Keynesian Economics	C3 Income distribution III	C4 Policy implications of the crisis IV	C5 Special session: Developing quantitative Marxian economics	C6 Employment and labour market
Room: Ballsaal	Room: Steglitz	Room: Lankwitz	Room: Zehlendorf	Room: Atrium	Room: Studio

13.30 – 15.00

Lunch

15.00 – 17.00

Parallel sessions D

D1 Public debt IV	D2 Financial instability and regulation IV	D3 Income distribution IV	D4 Topics in economic modelling II	D5 International imbalances IV	D6 Emerging economies III
Room: Ballsaal	Room: Steglitz	Room: Lankwitz	Room: Zehlendorf	Room: Atrium	Room: Studio

17.00 – 17.45

Coffee break

17.45 – 19.45

Plenary session II

20.00

Dinner

DETAILED PROGRAMME

THURSDAY, 28 OCTOBER 2010

Introductory workshop on Post Keynesian Economics

09.00 – 09.30	<b>Welcoming and information on the network and its summer school</b> <i>Torsten Niechoj, Macroeconomic Policy Institute (IMK), Düsseldorf</i>	<b>Steglitz</b>
09.30 – 11.00	<b>Introductory workshop I</b> <b>What is Post Keynesian Economics? An introduction to the method and history of PKE</b> <i>Marc Lavoie, University of Ottawa</i>	<b>Steglitz</b>
11.00 – 11.30	Coffee break	
11.30 – 13.00	<b>Introductory workshop II</b> <b>New Keynesian Economics and Post Keynesian Economics</b> <i>Philip Arestis, University of Cambridge and University of the Basque Country</i>	<b>Steglitz</b>
13.00 – 14.30	Lunch	
14.00 – 16.00	<b>Introductory workshop III</b> <b>A Post Keynesian model of demand, distribution, inflation and employment</b> <i>Engelbert Stockhammer, Kingston University, London</i>	<b>Steglitz</b>

FRIDAY, 29 OCTOBER 2010

10.30 – 12.00	Arrival and registration	
12.00 – 12.15	<b>Welcome and introduction</b> <i>Achim Truger, Macroeconomic Policy Institute (IMK), Düsseldorf</i>	<b>Ballsaal</b>
12.15 – 14.15	<b>Plenary session I</b> <b>Post-crisis economic policies</b> <i>Chair: Till van Treeck, Macroeconomic Policy Institute (IMK), Düsseldorf</i> <ul style="list-style-type: none"> <li>■ <b>Distribution, ‘financialisation’ and the financial and economic crisis – implications for post-crisis economic policies</b> <i>Eckhard Hein, Berlin School of Economics and Law</i></li> <li>■ <b>Re-regulating finance</b> <i>Robert Guttman, Hofstra University New York</i></li> <li>■ <b>The impact of financial governance on gender</b> <i>Helene Schuberth, Österreichische Nationalbank</i></li> </ul>	<b>Ballsaal</b>
14.15 – 15.00	Coffee break	
15.00 – 17.00	Parallel graduate student sessions S	
17.00 – 17.30	Coffee break	
17.30 – 19.30	Parallel sessions A	
19.30 – 20.30	<b>Panel discussion</b> <b>How to deal with rising public debt?</b> <i>Chair: Sebastian Dullien, HTW Berlin</i> <i>Tom Palley, New America Foundation, Washington D.C.</i> <i>Kai Konrad, Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich</i>	<b>Ballsaal</b>

## PARALLEL SESSIONS S

### S1 Ballsaal

#### Income distribution I

Chair: Stefan Ederer

- **Financialization, corporate governance and income distribution in the USA and Germany: Introducing an adjusted wage share indicator**  
*Petra Dünhaupt, IMK, Düsseldorf*
- **Global wealth concentration and the subprime crisis: A quantitative estimation of causal links**  
*Thomas Goda, London Metropolitan University*
- **How does globalization affect the tax burden on labour income, capital income and consumption in different welfare regimes? The case of Western and Eastern EU member states**  
*Valerie Bösch, University of Business and Economics, Vienna; Özlem Onaran; Markus Leibrecht*
- **The NAIRU and the extent of the low-pay sector**  
*Marcel Garz, University of Hamburg*

### S3 Lankwitz

#### Topics in economic modelling I

Chair: Matthieu Charpe

- **The Keynesian multiplier reconsidered**  
*Sebastian Gechert, Chemnitz University of Technology*
- **The monetary theory of disequilibrium dynamics. Supplementing the insights of macroeconomic methodology: a post-Keynesian perspective**  
*Rémi Stellan, University of Fribourg and University of Grenoble*
- **A plea for uncertainty in economic thinking**  
*Julia Köhn, Witten/Herdecke University*

### S5 Atrium

#### International imbalances I

Chair: Simon Sturn

- **Financialisation Varied**  
*Jeff Powell, University of London*
- **A two-economies growth model using the stock-flow consistent approach**  
*Pablo Gabriel Bortz, Delft University of Technology*
- **Currency speculation and exchange rates: Lessons from the crisis**  
*Pedro Rossi, State University of Campinas, BR*

### S2 Steglitz

#### Financial instability and regulation I

Chair: Soon Ryoo

- **CDO and its impact to the financial crises**  
*Susann Engermann, Universität Kassel; Karoline Seier*
- **Investment banks and the US deregulation process**  
*Claudia Maya, National Autonomous University of Mexico*
- **Securitization, household debt and financial instability in a stock-flow consistent model**  
*Maria Nikolaidi, University of Athens*
- **Cooperative banks: Pillars for a stable economy or simulacra?**  
*Mitja Stefancic, University of Ljubljana; Neophytos Kathitziotis*

### S4 Zehlendorf

#### Policy implications of the crisis I

Chair: Dany Lang

- **Twice the pride, double the fall - The Baltic States facing the aftermath of financial instability-**  
*Alexander Pfannkuche, University of Hamburg*
- **The financial crises in Turkey: A self-fulfilling Prophecy?**  
*İsmail Doga Karatepe, Kassel University; Ozgur Genc*
- **The risks and failure of external financing of development in small states – The case of Baltic states**  
*Egert Juuse, Tallinn University of Technology*

### S6 Studio

#### Emerging economies I

Chair: Heike Joebges

- **Brazilian Pattern of International Integration and the Financial Capitalism**  
*Lidia Ruppert, UNICAMP-Brazil*
- **Finance, Balance of Payments and Economic Growth in an Open Developing Country**  
*Carolina Baltar, University of Cambridge, UK*
- **Public debt improves the stability of exchange rates in developing countries? The specific case of new European members (2004 and 2007)**  
*Thibault Cuénoud, University of Poitiers and ESCEM*
- **Non-financial corporations and maximizing shareholder value: an approach on macroeconomic instability in emerging economies**  
*Roberto Borghi, State Univ. of Campinas; I. Lopes Rocha*

## PARALLEL SESSIONS A

**A1 Ballsaal****Public debt I***Chair: Henri Sterdyniak*

- **The role of tax cuts in the public debt crisis, a SFC model**  
*Bruno Tinel, Université Paris 1; Muriel Pucci*
- **Squaring the circle in Euroland. Some remarks on the Stability Programmes 2010-13**  
*Achim Truger, IMK; Till van Treeck*
- **Public debt, expectations and the EU institutional inefficiencies: A political economy approach**  
*Thodoris Koutsobinas, Athens University of Economics and Business*

**A2 Steglitz****Financial instability and regulation II***Chair: Peter Spahn*

- **Changes in central bank procedures during the subprime crisis and their repercussions on monetary theory**  
*Marc Lavoie, Université d'Ottawa*
- **The structure and the evolution of the U.S. financial system during the 1945-1985 period**  
*Felipe Rezende, University of Missouri- Kansas City*
- **The primacy of Hedge Funds in the subprime crisis**  
*Photis Lysandrou, London Metropolitan University*

**A3 Lankwitz****Income distribution II***Chair: Trevor Evans*

- **Fiscal crisis or a crisis of distribution?**  
*Özlem Onaran, Middlesex University*
- **Inequality and recession in Britain and the US**  
*George Irvin, Department of Development Studies, SOAS, London*
- **Subsistence wages, private indebtedness and disinvestment - A postkeynesian-institutional interpretation of the current crisis**  
*Guglielmo Forges Davanzati, University of Salento*
- **Intergenerational income mobility - An empirical investigation for Austria and the European Union**  
*Willi Altzinger, WU Wien; Matthias Schnetzer*

**A4 Zehlendorf****Policy implications of the crisis II***Chair: Hansjörg Herr*

- **Managed floats to damp shocks like 2006-2010: Field and laboratory evidence for a single world currency**  
*Robin Pope, University of Bonn; Reinhard Selten*
- **Employment and output responses to the current crisis**  
*Jonathan Perraton, University of Sheffield*
- **Falling US-capacity: interpretation and consequences for the labour market**  
*David F. Milleker, Union Investment Institutional GmbH*
- **The financial crisis, balance sheet recessions and economic policy**  
*Fabian Lindner, IMK*

**A5 Atrium****International imbalances II***Chair: Jesper Jespersen*

- **Capital account management and financial regulation in emerging markets**  
*Jörg Bibow, Skidmore College and Levy Economics Institute, New York*
- **Global imbalances and international currencies**  
*Gennaro Zezza, Cassino, and Levy Economics Institute*
- **The challenges of regional monetary cooperation in the context of growth-enhancing policies**  
*Laurissa Mühlich, Freie Universität Berlin; Barbara Fritz; André Biancarelli*

**A6 Studio****Special Session: Financial markets, macroeconomic activity, and income distribution***Chair: Christian Proano-Acosta*

- **Financial markets, banking crises and the return of the narrow banking idea**  
*Matthieu Charpe, International Labour Organisation; Florian Hartmann*
- **Regime dependence of the fiscal multiplier**  
*Willi Semmler, New School New York; Stefan Mittnik*
- **A macroeconomic model of business fluctuations and the distributive cycle**  
*Christian Proano-Acosta, New School New York; Peter Flaschel; Hans-Martin Krolzig*
- **'Social Capitalism': A future for capitalism?**  
*Peter Flaschel, Bielefeld University; Sigrid Luchtenberg*

## DETAILED PROGRAMME

SATURDAY, 30 OCTOBER 2010

09.00 – 11.00 Parallel sessions B  
11.00 – 11.30 Coffee break  
11.30 – 13.30 Parallel sessions C  
13.30 – 15.00 Lunch  
15.00 – 17.00 Parallel sessions D  
17.00 – 17.45 Coffee break

17.45 – 19.45

### Plenary session II

Ballsaal

#### Perspectives on a more equal and more stable economy

Chair: Özlem Onaran, Middlesex University

- **Keynes in the long run**  
*Steven Marglin, Harvard University*
- **Managing without growth. Slower by design, not disaster**  
*Peter Victor, York University Toronto*
- **Progressive policies on budget deficits**  
*Malcolm Sawyer, Leeds University*

20.30 Dinner



## PARALLEL SESSIONS B

**B1 Ballsaal**  
**Public debt II**  
 Chair: Catherine Mathieu

- **Government expenditure multipliers in the EU – calculations based on input-output tables**  
Toralf Pusch, Institut für Wirtschaftsforschung Halle;  
Ansgar Rannenberg
- **Composition of public expenditures and macroeconomic performance in the European Union**  
Jesús Ferreiro, University of the Basque Country, Teresa García-del-Valle; Carmen Gómez
- **Growth friendly fiscal consolidation**  
Franz Nauschnigg, European Affairs and International Financial Organizations Division

**B3 Lankwitz**  
**Modelling financial fragility**  
 Chair: Engelbert Stockhammer

- **Minsky beyond Minsky - A stock-flow consistent framework for the analysis of the financial instability**  
Marco Passarella, University of Bergamo
- **Long waves and short cycles in a model of endogenous financial fragility**  
Soon Ryoo, Adelphi University, Garden City, NY
- **Financial crisis as a long-run phenomenon**  
Mark Knell, Norwegian Institute for Studies in Innovation, Research and Education, Oslo

**B5 Atrium**  
**International imbalances III**  
 Chair: Claudio Sardonì

- **The Great Recession and the contradictions of European Neomercantilism**  
Riccardo Bellofiore, University of Bergamo;  
Francesco Garibaldi; Joseph Halevi
- **Macroeconomic imbalances in different European countries, why have they reacted rather differently, and why have they responded quite differently to economic policies?**  
Jesper Jespersen, Roskilde University
- **Economic recovery in Spain. Feasible alternatives of economic policy and true constraints**  
Jorge Uxó, Universidad de Castilla La Mancha;  
Eladio Febrero

**B2 Steglitz**  
**Financial instability and regulation III**  
 Chair: Elisabetta De Antoni

- **Liquidity provision, ambiguous asset returns and the financial crisis**  
Willem Spanjers, University of Freiburg/ Kingston University London
- **Financial instability and financial regulation**  
Helge Peukert, Universität Erfurth
- **Moral hazard and the banking crisis**  
Sheila Dow, University of Stirling

**B4 Zehlendorf**  
**Policy implications of the crisis III**  
 Chair: Michael Hudson

- **Current crisis and economic policy implications**  
Philip Arestis, University of Cambridge, University of the Basque Country
- **Debt deflation and the financial markets**  
Jan Toporowski, University of London
- **The global financial crisis and its implications for China: a Post-Keynesian modern money alternative to a global currency**  
Liu Xinhua, Shaan Xi Normal University; L. Randall Wray

**B6 Studio**  
**Emerging economies II**  
 Chair: Barbara Fritz

- **Jobless recovery and alternatives for full-employment in India**  
Marc Pilkington, University of Nice Sophia Antipolis;  
Geeta Nair
- **Macroeconomic Impacts of an employer of last resort policy in Brazil**  
Flavia Dantas, University of Missouri - Kansas City UMKC; Felipe Carvalho de Rezende
- **Basel II and the cyclicity of bank credit flows to emerging markets and developing countries**  
Samira Hellou Boughanmi, Université de Bourgogne, Dijon; Christian Descamps

## PARALLEL SESSIONS C

### C1 Ballsaal

#### Public debt III

Chair: Jan Prieue

- **Consolidation of public budgets – Some general considerations and perspectives for the European Union**  
*Margit Schratzenstaller, WIFO*
- **European debt crisis and fiscal exit strategies**  
*Catherine Mathieu, OFCE; Henri Sterdyniak*
- **Strengthening the automatic stabilisers: a coordinated European approach**  
*Andrew Watt, European Trade Union Institute*

### C3 Lankwitz

#### Income distribution III

Chair: Jan Toporowski

- **Inequality, profits, and wages in the context of innovation, cycles and finance: 1929 and 2008**  
*Adrian Winnett, University of Bath; Catherine Winnett*
- **Inequality and demand-led growth – A re-examination of the macroeconomic role of private demand in Germany**  
*Luca Rebeggiani, Universität Hannover; Tobias Siedenberg*
- **Real estate Inheritances in Austria: a few implications for an inheritance tax**  
*Martin Schürz, Oesterreichische Nationalbank*

### C5 Atrium

#### Special session: Developing quantitative Marxian economics

Chair: Peter Flaschel

- **Labor productivity and the law of falling labor content: Measurement, theory, and empirical evidence**  
*Roberto Veneziani, Queen Mary University of London*
- **The distributive cycle, segmented labor markets, and an employer of last resort**  
*Christopher Malikane, Witwatersrand Johannesburg; Peter Flaschel*
- **Dimensional analysis of price-value deviations**  
*Nils Fröhlich, Chemnitz University*
- **Globalization and exploitation: A dynamic general equilibrium model of unequal exchange**  
*Naoki Yoshihara, Hitotsubashi University; Roberto Veneziani*

### C2 Steglitz

#### Post Keynesian Economics

Chair: Marc Lavoie

- **Path dependency and hysteresis in a Kaleckian growth model**  
*Dany Lang, Center of Economics of Paris North*
- **The competition between firms: Reconsidering the Kaleckian model**  
*Takashi Ohno, Ristumeikan University*
- **Aggregate demand, aggregate supply and unemployment: Labor market effects in a Kaleckian endogenous growth model**  
*Thomas Palley, New America Foundation*

### C4 Zehlendorf

#### Policy implications of the crisis IV

Chair: Larry Randall Wray

- **How not to do it**  
*Karl Betz*
- **Innocent frauds meet Goodhart's Law in monetary policy**  
*Dirk Bezemer, University of Groningen; Geoffrey Gardiner*
- **The coming capital controls**  
*Michael Hudson, University of Missouri, Kansas City*

### C6 Studio

#### Employment and labour market

Chair: Jochen Hartwig

- **Characteristics of different types of female full time and part time employment in the EU15**  
*Teresa García-del-Valle, University of the Basque Country; Carmen Gómez, Carmen Puerta*
- **Unemployment and institutional complementarities in OECD countries**  
*Simon Sturn, IMK*
- **Wages in the crisis**  
*Rory O'Farrell, ETUI*
- **Labor market reforms, hysteresis, and business cycles in Germany: An SVAR approach to explain unemployment developments**  
*Alex Herzog-Stein, WSI in the Hans Boeckler Foundation; Camille Logeay*

## PARALLEL SESSIONS D

<b>D1</b>	<b>Ballsaal</b>	<b>D2</b>	<b>Steglitz</b>
<b>Public debt IV</b> <i>Chair: Margit Schratzenstaller</i>		<b>Financial instability and regulation IV</b> <i>Chair: Sheila Dow</i>	
<ul style="list-style-type: none"> <li>Does excessive sovereign debt really hurt growth? A critique of <i>This Time Is Different</i>, by Reinhart and Rogoff <i>Yeva S. Nersisyan, University of Missouri, Kansas City; L. Randall Wray</i></li> <li>The myth of the public debt <i>Claudio Sardonì, University of Rome</i></li> <li>How to deal with the European debt crisis: A new institutional framework <i>Sebastian Dullien, HTW Berlin; Daniela Schwarzer</i></li> </ul>		<ul style="list-style-type: none"> <li>Financial instability and financial regulation: What are the arguments against “Complete Financial Liberalization” in the developing world in favour of financial regulation? <i>Ayca Sarialioglu-Hayali, The University of Sheffield</i></li> <li>Securitization of loan assets and the macroeconomy <i>Masao Ishikura, Hitotsubashi University, Tokyo</i></li> <li>The Minsky hypothesis and financial instability in transition economies <i>Anton Filipenko, University of Kiev</i></li> </ul>	
<b>D3</b>	<b>Lankwitz</b>	<b>D4</b>	<b>Zehlendorf</b>
<b>Income distribution IV</b> <i>Chair: Andrew Watt</i>		<b>Topics in economic modelling II</b> <i>Chair: Camille Logeay</i>	
<ul style="list-style-type: none"> <li>Why have wage shares fallen in OECD countries? Determinants of functional income distribution <i>Engelbert Stockhammer, Kingston University</i></li> <li>A dynamic analysis of the effects on pensioners' welfare of social security reforms <i>Patricia Peinado, University of the Basque Country; Felipe Serrano</i></li> <li>Private debt and the inflation-employment nexus: Empirical evidence for the EMU-12 countries <i>Yannis Dafermos, University of Athens</i></li> </ul>		<ul style="list-style-type: none"> <li>Why don't people pay attention? Endogenous sticky information in a DSGE model <i>Lena Dräger, University of Hamburg</i></li> <li>A new aggregation method for composite indicators with balance adjustment: an application to a development index <i>Giulio Guarini, Sapienza University of Rome; Enrico Casadio Tarabusi</i></li> <li>The competition of bad news: financial instability &amp; the animal spirits <i>Michael Lainé, Université de Bordeaux IV</i></li> <li>Private Productive Investment in Spain and the United States (1964-2007) <i>Ana Rosa González Martínez, University of Castilla-La Mancha; Óscar Dejuán</i></li> </ul>	
<b>D5</b>	<b>Atrium</b>	<b>D6</b>	<b>Studio</b>
<b>International imbalances IV</b> <i>Chair: Gennaro Zezza</i>		<b>Emerging economies III</b> <i>Chair: Jörg Bibow</i>	
<ul style="list-style-type: none"> <li>Employment prospects: A global model of recovery and rebalancing <i>Rudi von Arnim, University of Utah</i></li> <li>A simple model of international imbalances <i>Lilia Costabile, Università degli Studi di Napoli</i></li> <li>Inflation targeting monetary and fiscal policies in a two-Country stock-flow consistent model <i>Matthew Greenwood-Nimmo, Leeds University</i></li> </ul>		<ul style="list-style-type: none"> <li>Shaky emerging economies in view of the global financial crisis: The Turkish economy after three decades of liberal reforms <i>Faruk Ülgen, Grenoble University, France</i></li> <li>Finance and financial market in developing countries: Economic recessions and financial crisis <i>Noemi Levy, Universidad Nacional Autónoma de México (UNAM)</i></li> <li>Capital controls re-visited – Reassessing the experience of Chile and Brazil <i>Barbara Fritz, FU Berlin</i></li> </ul>	

## VENUE

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