

ANALYTICAL SUMMARY

Jorge GARCIA-ARIAS, Laura HORN and Jan TOPOROWSKI
“Perspectives on Financialisation and Crises in Europe”
Revista de Economía Mundial 46, 2017, pp. 17-26

This editorial introduction highlights fundamental issues of financialisation in Europe, with particular focus on the interlinkages with recent and ongoing crises. Following an overview of core axes of current discussion in the literature, the editors present the contributions to the special section, and conclude with an outlook on the relevance of continued discussions of financialisation.

Andreas NÖLKE
“Financialisation as the Core Problem for a “Social Europe””
Revista de Economía Mundial 46, 2017, pp. 27-48

For more than three decades, increasing financialisation has been a core feature of the European economy. This process does not only lead to economic instability, but also to social inequality. A driving force of financialisation in Europe are the internal market institutions of the European Union, aggravated through the introduction of the Euro and the programmes for rescuing the common currency. The European Union, principally, should be the most suitable institution to limit financialisation in favour of a more social Europe, given that it is often considered to be a shield against the harsh winds of globalisation. However, both the legal foundations as well as the political power relations within the Union are more likely to rather pave the way towards a deepening of financialisation and social inequality.

Andrew BROWN, David A. SPENCER and Marco VERONESE PASSARELLA
“The Extent and Variegation of Financialisation in Europe: A Preliminary Analysis”
Revista de Economía Mundial 46, 2017, pp. 49-70

This paper provides a preliminary analysis of the variegated extent of financialisation of European economies since circa 1980. For this purpose, the broad

characterisation of financialisation offered by Fine (2012) is adopted. This characterisation identifies eight features of the financialisation process. We focus in particular on the size of the financial sector within a selection of European economies. Data show that the financialisation process is not reflected in the share of employment in the financial sector. This is likely to be the result of the labour-saving nature of technological and organisational innovations introduced in the financial sector in the last two decades. By contrast, the increasing weight of finance in the economy is reflected in the ratio of the value added of the financial sector to total value added and by the ratio of the value of financial assets to GDP. Overall, we find that most European countries have undergone a process of financialisation in the last three decades. However, this process has been variegated, leading us to coin the term 'variegated financialisation'. The variegation of the financialisation process is likely to be explained by differences in economic and social structures between nations, regions and systems.

Bruno BONIZZI and Jennifer CHURCHILL
 "Pension Funds and Financialisation in the European Union"
Revista de Economía Mundial 46, 2017, pp. 71-90

The expansion and innovation of financial markets, commonly known as financialisation, is closely linked to the growth of pension funds. While the conventional narrative is based on the notion of financial development as a positive change, this paper argues that pension funds may induce demand-led pressures on the financial system, generating potential for systemic risk and instability. The rise of pension funds is therefore important for the process of financialisation, as these institutions' demand for assets continuously sparks growth and innovation in financial markets. In the current context pension funds are attempting to reduce risk by rebalancing their allocations away from equities towards 'alternatives', such as hedge funds and private equity. Coupled with the current regulatory trends towards risk-based funding regulation, we argue that pension funds are unlikely to be a stabilising force in financial markets today.

Ana C. SANTOS, Cláudia A. LOPES and Sigrid BETZELT
 "Financialisation and Work in the EU: Inequality, Debt and Labour Market Segmentation"
Revista de Economía Mundial 46, 2017, pp. 91-116

This article examines the link between financialisation and work in five EU countries representative of different types of financial system and welfare regime: Sweden, Germany, the UK, Portugal and Poland. This is done by way of a cross-country comparative exercise that analyses micro-level data on household income, debt, and working conditions. Notwithstanding the differences across the countries, living conditions have worsened after the Global Financial

Crisis (GFC) for a substantial number of households, as reflected in respondents' reports of declining household income, recourse to debt to cover living expenses and deteriorated employment relations. As the finance-work nexus has been more detrimental to low-income and non-standard workers in Germany and Poland, the article concludes that the impacts of financialisation on well-being cannot be simply inferred from the sizes of national financial systems or the extent of household engagement with finance, nor from extant welfare regime typologies. To better account for these impacts one also needs to consider the more intermediate effects of finance on well-being through labour market segmentation.

Andreja ŽIVKOVIĆ

“Financialisation in the Post-Yugoslav Region: Monetary Policy, Credit Money and Dollarization”

Revista de Economía Mundial 46, 2017, pp. 117-134

This paper considers long term processes of financialisation in the former and post-Yugoslavia. Regional monetary policy has since the 1980s defended the value of credit money in order to facilitate international capital flows. It is argued that the monetary system of fixed exchange rates, inflation targeting and capital account liberalisation has institutionalised the subordinate financialisation and dollarization of the region. However the origins of dollarization are found in the historic dependency of the productive sector on foreign currency credit imports.

Justo DE JORGE-MORENO

“Influence of Entrepreneurship on Economic growth and Efficiency: Importance of Institutional Quality and Social Innovation from an International Perspective”

Revista de Economía Mundial 46, 2017, pp. 137-162

This work has a dual objective; the analysis of the influence of the entrepreneurship on economic growth and the effects of institutional quality, social innovation and entrepreneurship on the efficiency in a complete panel/incomplete of 31/49 countries in the period 2004-2014. The methodological proposal consists in the use of stochastic production functions (Greene, 2005). The variables of output (GDP) and inputs (gross capital formation, total expenditure and labor force) have been extracted from the World Bank. Entrepreneurship data, measured as the percentage of adults participating in the creation of enterprises TEA has been taken from the Global Entrepreneurship Monitor GEM. Corruption indices, management of new businesses have been extracted from the Economic Freedom IEF. The human development index HDI has been obtained from the Human Development Reports. The main results suggest; (i) that entrepreneurship has a

positive contribution as input to explain economic growth, (ii) entrepreneurship, the absence of levels of corruption, the freedom of business (the reduction of formalities and costs in the opening of new business) and the highest levels of social innovation are explanatory factors of positive technical efficiency at the country level.

Albino PRADA BLANCO and Patricio SÁNCHEZ-FERNÁNDEZ

“Analysis of the Level of Wealth and Social Development in the European Regions”

Revista de Economía Mundial 46, 2017, pp. 163-190

In this paper the European regions are analyzed according to their classification in terms of material wealth and that derived from various synthetic indexes of development using the attributes and variables that characterize it. To this end, we first resorted to two different indicators: one that follows the UNDP methodology and another that applies multivariate factor analysis. The results obtained allow us to identify which regions best transform growth in social development, and which dimensions or development variables are responsible for the changes in position in the different rankings.

Federico STEINBERG WECHSLER, Miguel OTERO-IGLESIAS and Sebastián ROYO

“War of Attrition and Power of Inaction: The Spanish Financial Crisis and its Lessons for the European Banking Union”

Revista de Economía Mundial 46, 2017, pp. 191-214

The aim of this paper is to analyse the main causes of the Spanish financial crisis (2009-2012). Risk mismanagement in the saving banks was the main culprit but the intensity of the crisis was due to the “war of attrition” between the main stakeholders (the central and regional governments, the Bank of Spain and the *cajas*), which was further reinforced by the “power of inaction” of the big Spanish banks: Santander and BBVA. Ultimately, an external actor resolved the stalemate: the European Stability Mechanism, which was able to introduce the necessary reforms after successful completion of the Memorandum of Understanding. The paper sheds new light on the Spanish case by analysing the political and economic factors that led to the crisis. Furthermore, rather than examining the financial crisis from a purely domestic perspective, the paper emphasizes the interplay between domestic and European factors. It closes with lessons for the European Banking Union that can be extracted from the Spanish experience.