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Financialization, the Financial and Economic Crisis, and the Requirements and Potentials for Wage-led Recovery

| Chapter

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recovery has already started in late 2009 — albeit with different speeds in different countries — the world economy is far from having overcome the causes of the crisis which are rooted in long-run developments since the early 1980s. We hold that the severity of the present crisis is due to the following medium- to long-run developments, in particular in the advanced capitalist economies but also affecting the emerging market economies: the inefficient regulation of financial markets; an increasing inequality in the distribution of income; and rising imbalances at the global (and at the euro area) level.¹ These developments have been dominated by the policies aimed at the deregulation of labour markets, the reduction of the level of government intervention in the market economy and of government demand management, the redistribution of income from (lower) wages to profits and top management salaries, and the deregulation and liberalization of national and international financial markets.

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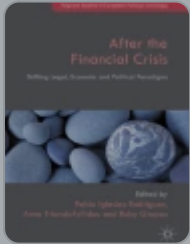
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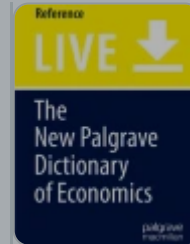
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