
 Download This Paper (Delivery.cfm/dp6251.pdf?abstractid=1981207&mirid=1)

Open PDF in Browser (Delivery.cfm/dp6251.pdf?abstractid=1981207&mirid=1&type=2)

 Add Paper to My Library

Share:    

Warrant Economics, Call-Put Policy Options and the Fallacies of Economic Theory


IZA Discussion Paper No. 6251

44 Pages
Posted: 8 Jan 2012
Last revised: 20 Apr 2023

John Hatgioannides (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=96245)
City University London - Sir John Cass Business School

Marika Karanassou (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=106375)
University of London, Queen Mary - Department of Economics; Institute for the Study of Labor (IZA)

Abstract

In this paper we aim to trace the roots of the ongoing economic mayhem and to unmask the chorus of the tragedy which plays on the world stage. The main thesis of our work is that, despite the triumphant rhetoric praising the merits of perfect competition, the global fields of the dysfunctional market system have mushroomed in what we call Warrant Economics for the Free-Market Aristocracy. Warrant Economics unfolds in two symbiotic tenets that constitute the subtle architecture of the neoliberal edifice: (i) the systemic creation and preservation of inequality via Call-Put policy options, and (ii) the systemic exploitation of inequality via novel and toxic forms of securitisation. In effect, the power structure of insiders' capitalism that we describe, trough the costless appropriation of an intricate cobweb of Call-Put structures, has distorted competition and accelerated economic concentration. We viewthe income distribution effect, which favours the top 1%, and the business concentration effect, which gravitates competition towards oligopolistic/monopolistic industries, as the two sides of the Warrant Economics coin. We argue that the Warrant Economics state of capitalism has been legitimised by a degenerating research programme blossomed under the fallacy that economics is the  physics of society~~the~~. In this faculty of thought, we perceive the Great Recession as a symptom of Warrant Economics, rather than as a tsunami-like event.

Keywords: Call-Put policy options, securitisation, monopoly, income distribution, Great Recession, Warrant Economics, sovereign debt

JEL Classification: E66, G01, G10

[Suggested Citation](#) >

[Show Contact Information](#) >

 Download This Paper (Delivery.cfm/dp6251.pdf?abstractid=1981207&mirid=1)

Open PDF in Browser (Delivery.cfm/dp6251.pdf?abstractid=1981207&mirid=1&type=2)

87 References

1. F Alvarado , A B Atkinson , T Piketty , E Saez
The World Top Incomes Database Posted: 2011
2. Aron-Dine , A , I Shapiro
Share of National Income Going to Wages and Salaries at Record Low in 2006
Center on Budget and Policy Priorities Posted: 2007
3. K J Arrow

Political and Economic Evaluation of Social Effects and Externalities

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](https://www.sciencedirect.com/legal/cookiepolicy) (https://www.sciencedirect.com/legal/cookiepolicy)

1. K J Arrow , S Debreu
Existence of an Equilibrium for a Competitive Economy

0 Citations

[Fetch Citations](#)

Do you have negative results from your research you'd like to share?

[Submit Negative Results \(https://www.ssrn.com/index.cfm/en/Negative-Results/\)](https://www.ssrn.com/index.cfm/en/Negative-Results/)

Paper statistics

DOWNLOADS	118
ABSTRACT VIEWS	1,156
RANK	428,134

87 References

PlumX Metrics



Related eJournals

IZA Institute of Labor Economics Discussion Paper Series (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=262872)

[Follow](#)



History of Economics eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=898514)

[Follow](#)



[View more >](#)

[Feedback](#)

[Submit a Paper > \(https://hq.ssrn.com/submissions/CreateNewAbstract.cfm\)](#)

SSRN Quick Links



SSRN Rankings



About SSRN



(<https://www.facebook.com/SSRNcommunity/>)

([https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)

(<https://twitter.com/SSRN>)

(<http://www.elsevier.com/>)

[Copyright](https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) (<https://www.ssrn.com/index.cfm/en/dmca-notice-policy/>) [Terms and Conditions](https://www.ssrn.com/index.cfm/en/terms-of-use/) (<https://www.ssrn.com/index.cfm/en/terms-of-use/>)
[Privacy Policy](https://www.elsevier.com/legal/privacy-policy) (<https://www.elsevier.com/legal/privacy-policy>)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.
To learn more, visit [Cookie Settings](#).



(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)