


2015 Views | CrossRef citations to date | 0 Altmetric

Articles
Financial Liberalization as a Process of Flawed Institutional Change








Faruk Ülgen 

Pages 485-493 | Published online: 12 May 2016

 Cite this article  <https://doi.org/10.1080/00213624.2016.1179055>

 Check for updates

Sample our Economics, Finance, Business & Industry Journals
>> [Sign in here](#) to start your access to the latest two volumes for 14 days

-  Full Article
-  Figures & data
-  References
-  Citations
-  Metrics
-  Reprints & Permissions
- Read this article**
-  Share

We Care About Your Privacy

We and our 878 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

 I Accept

Reject All

Show Purposes



Abstract
I argue that...
worldwide...
to let the...
stability...
a credit...
financial...
public m...
deadlock...
become...
negative...
liberal ic...
tighter m...
over economic decisions and activities.

Notes

¹ I.e., total reliance on decentralized free markets in the organization of economic operations.

² Chapter VI of *The Theory of Business Enterprise* provides an account of the major arguments developed by Veblen in opposition to the classical economists' vision of the economy. This opposition takes the form of confrontation between Minsky's approach and the neoclassical real (non-monetary) equilibrium vision of the world (Minsky [1982](#), [1986](#)).

³ Veblen ([1904](#), 152-153) notes the discrepancy between the meaning of capital as a real-physical means of production and its modern sense in capitalist economy: "[T]he value of capital is a function of its earning-capacity, not its prime cost or of its mechanical efficiency."

⁴ Minsky's theory of the business cycle, then, is based on the idea that the economy, rather than being set for a steady state, is characterized by a dynamic process of capital accumulation. The economy, however, is not a simple technical system, but a complex system of interlocking relations. The dynamic process of capital accumulation magnifies the

⁵ Minsky's theory of the business cycle is based on the idea that the economy, rather than being set for a steady state, is characterized by a dynamic process of capital accumulation. The economy, however, is not a simple technical system, but a complex system of interlocking relations. The dynamic process of capital accumulation magnifies the

⁶ Criticizing monetarists and Keynesians are conservative in that they accept the validity and

viability of capitalism. Neither are troubled by the possibility that there are serious flaws in a market economy that has private property and sophisticated financial usages. The view that the dynamics of capitalism lead to business cycles that may be thoroughly destructive is foreign to their economic theory.”

⁷ It is argued that further regulatory constraints imposed by authorities in financial markets would provoke bypass strategies as banks would avoid the profit-reducing consequences of such restrictions through innovations. This would imply new regulatory reforms to “catch up” with the regulation-preventing effects of financial innovations.

⁸ Usually related to the length (high number of transactions, agents, and products in markets), depth (a variety of products in markets), and liquidity (the ability of markets to make large transactions possible without any payment limits) of financial markets.

⁹ Just a few months before officially announcing the subprime crisis onset in the US, the Fed Governor Ben Bernanke ([2007](#)) reiterated his belief in the market’s self-adjusting capacity: “As I noted, markets are adjusting to the problems in the subprime market, but the regulatory agencies must consider what additional steps might be needed. ... Markets can overshoot, but, ultimately, market forces also work to rein in excesses. For some, the self-correcting pullback may seem too late and too severe. But I believe that, in the long run, markets are better than regulators at allocating credit.”

¹⁰ Kern (was not monetar refinanc

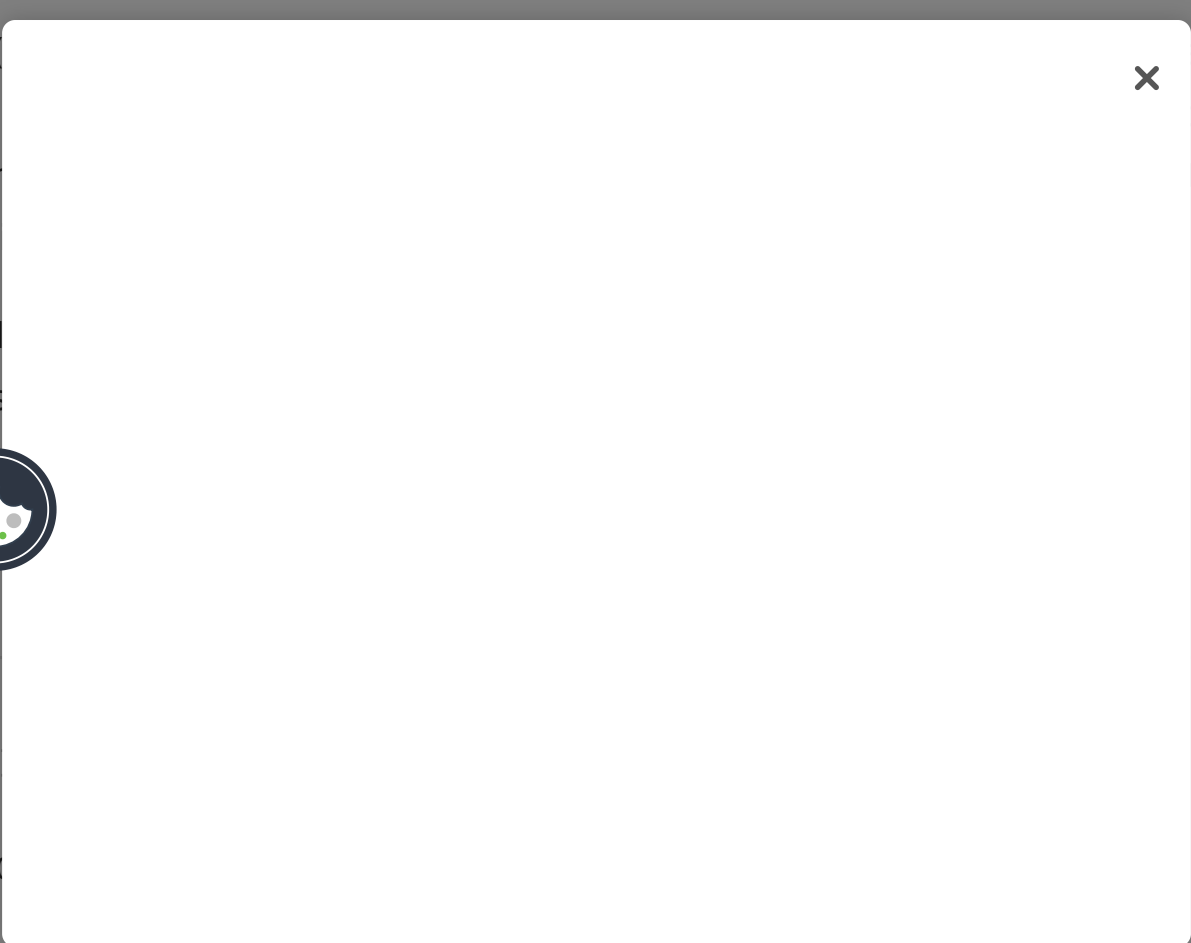
¹¹ A grid all inters the co



¹² See,

Addit

Notes o



Faruk Ülgen

Faruk Ülgen is the head of the Branch Campus of Valence and director of the Department of International Relations and Conventions at the University of Grenoble Alpes.

Related research

People also read

Recommended articles

Cited by
5



Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact


Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright

Accessib

Registered
5 Howick Pl

or & Francis Group
orma business

