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## Article

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# *Special Issue*

## **Financial Markets, Financialisation and the Macroeconomy**

### **Editorial to the Special Issue**

*Eckhard Hein<sup>\*</sup>, Torsten Niechoj<sup>\*\*</sup> and Engelbert Stockhammer<sup>\*\*\*</sup>*

During the recent decades the financial sectors of developed and developing countries as well as global financial relations have changed remarkably.<sup>1</sup> The overall importance of financial factors for real investment and growth of non-financial business has risen, as has the financial activity of non-financial corporations. Power relations between shareholders in joint stock companies, management, and labourers seem to have changed. The development of new financial instruments, together with the booms in stock market and real estate prices, has increased the potential for wealth-based and debt-financed consumption. As a result of these developments financial fragility (Minsky 1977) has increased. The current financial turbulences, generated by the sub-prime mortgage crisis in the USA and spreading over international financial markets since summer 2007, may be seen as a result of this increased fragility. Finally, global financial relations and conditions have changed with the rapid development in Asia and the associated current account surpluses, in particular in China but also in Japan.

The papers in this special issue address some of the problems related to these developments. They were originally presented at the 11<sup>th</sup> conference of the Research Network Macroeconomics and Macroeconomic Policies on »Finance-led Capitalism? Macroeconomic Effects of Changes in the Financial Sector« in October 2007 in Berlin. Further papers from

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1 See for example the overview in Eatwell and Taylor (2000) for an early analysis, Krippner (2005) and the contributions in Epstein (2005) for a detailed treatment of the development in the U.S. and other countries, van Treeck et al. (2007) for a comparison of the macroeconomics of »financialisation« in the USA and Germany, and Stockhammer (2008) for the development in Europe.

the conference covering a broader area will be published in Hein et al. (2008). Financial support by the Hans Boeckler Foundation for the conference and these publications is gratefully acknowledged. Moreover, we would like to thank both the contributors to this special issue for their cooperation and the referees for their instructive and punctual reports. Special thanks go to Sebastian Türk for his attentive assistance in the editing process.

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