A political economy of finance and its economic consequences

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In a recent special report of the Economist newspaper on financial risk, it was argued that ‘the idea that markets can be left to police themselves turned out to be the world’s most expensive mistake.’ This remark reflects the fundamental inability of mainstream economic approaches to understand and interpret crucial aspects of capitalist reality. The recent global financial and economic crisis has undermined the presumptions of mainstream research, and increased the theoretical importance and credibility of heterodox approaches in the explanation of economic trends in capitalism.

There is a growing interest in mainstream research to address financial instability and some of the negative economic consequences of financialization (such as the recent phenomenal increases in income inequality). Heterodox theoretical traditions of political economy (Smith, Ricardo, Marx, Veblen, Keynes, Hayek, Kalecki, Minsky, etc.) can, however, provide more thorough insights into the workings of contemporary capitalism because their theoretical foundations give central importance to money and offer an interdisciplinary understanding of finance emphasizing the social relations that support the organization of financial practises (including financial innovation and risk management).

We welcome PhD applications that focus on the centrality of money and finance in contemporary capitalism. Issues of interest may include how ‘moral hazard’, a modern staple of economic theorising, has transformed public debates in a number of areas, from deposit insurance to the current Eurozone crisis; and the concept of the ‘common reader of economics’: how economic and financial concepts get codified and accepted in the profession and then get more widely popularised fixing thus the public debate. Applications are also welcome that examine: economic structures and behaviour, growth and financial stability, structural change and sectoral relationships between finance and other economic sectors, income distribution, and history of financial innovation. Approaches should be considered from a political economy viewpoint and may be historical, theoretical and/or empirical.

Indicative references


