Contents

List of figures vii
List of tables x
Acknowledgments xi

Introduction: the growth of financial fragility and the Great Recession 1

1 The Minskian framework 6
The nature of capitalism 7
The Financial Instability Hypothesis 21
Different forms of capitalism: Minsky's stages approach 44
Broad policy implications 45
Conclusion 50

2 From Managerial Capitalism to Money Manager Capitalism 51
Prior to the 1970s: Managerial Capitalism 51
Money Manager Capitalism 72
Conclusion 105

3 The Great Moderation and the growth of Ponzi finance 107
Economic expansion and growing private debt: the 1990s 107
Government policies and the growth of Ponzi finance 112
Decline in the quality of debts: the growth of Ponzi finance through underwriting 117
The crisis and response 156

4 Policy implications for finance 183
Detecting financial fragility: definition and measurement 185
Financial fragility and financial reform 198
Conclusion 219
Contents

5 Policy implications for employment 224
   The lost commitment to full employment 225
   The Job Guarantee: program design and benefits 232
   Conclusion 243

Conclusion: the Minsky half century 244

Appendix: adjusted L5 data 262

Notes 263
References 265
Index 284