CONTENTS

Contributors ix

1. Introduction: The Political Economy of Financial Crises
   GERALD A. EPSTEIN AND MARTIN H. WOLFSON 1

   PART I  THE GREAT FINANCIAL CRISIS:
   US DYNAMICS AND EFFECTS

2. The Origins of the US Financial Crisis of 2007: How a
   House-Price Bubble, a Credit Bubble, and Regulatory Failure
   Caused the Greatest Economic Disaster since
   the Great Depression 21
   MARC JARSLIC

3. Speculation and Asset Bubbles 47
   DEAN BAKER

4. The Great Recession’s Impact on Jobs, Wages, and Incomes 61
   JOSH BIVENS AND HEIDI SHIERHOLZ

5. Distribution and Crisis: Reviewing Some of the Linkages 95
   ARJUN JAYADEV

6. Housing Markets and Foreclosures 113
   RACHEL B. DREW AND CHRISTIAN E. WELLER

   PART II  THEORETICAL APPROACHES FOR
   UNDERSTANDING FINANCIAL CRISSES

7. The Realism of Assumptions Does Matter: Why Keynes-Minsky
   Theory Must Replace Efficient Market Theory as the Guide to Financial
   Regulation Policy 133
   JAMES CROTTY

8. Political Economy Approaches to Financial Crisis: Hyman Minsky’s
   Financial Fragility Hypothesis 159
   JAN KREGEL
9. An Institutional Theory of Financial Crises
   MARTIN H. WOLFSON

10. The Anatomy of Financial and Economic Crisis
    DUNCAN K. FOLEY

PART III  THE GLOBAL DIMENSIONS
OF FINANCIAL CRISES

11. The Economic and Financial Crisis of 2008–2010:
The International Dimension
    AJIT SINGH

12. Global Imbalances and the International Monetary System:
    Problems and Proposals
    JANE D'ARISTA AND KORKUT ERturk

13. How the Full Opening of the Capital Account to Highly Liquid
    and Unstable Financial Markets led Latin America to Two
    and a Half Cycles of 'Mania, Panic and Crash'
    JOSE GABRIEL PALMA

14. Financial and Currency Crises in Latin America
    MARIO DAMILL, ROBERTO FRENKEL, AND MARTIN RAPETTI

15. The Asian Financial Crisis, Financial Restructuring, and
    the Problem of Contagion
    C. P. CHANDRASEKHAR AND JAYATI GHOSH

16. Speculation and Sovereign Debt: An Insidious Interaction
    GERALD A. EPSTEIN AND PIERRE HABBARD

17. Whither the Euro? History and Crisis of
    Europe's Single-Currency Project
    ROBERT GUTTMANN AND DOMINIQUE PLIHON

18. The Eurozone Crisis through the Prism of World Money
    COSTAS LAPAVENTSAS

PART IV  THE ROLE OF INSTITUTIONAL AND
STRUCTURAL CHANGE IN THE DEVELOPMENT OF
FINANCIAL CRISES

19. Changes in the Postwar Global Economy and
    the Roots of the Financial Crisis
    DAVID M. KOTZ
20. Bank Lending and the Subprime Crisis
   GARY DYMSKI
   411

   DAMON SILVERS
   430

22. What We Don’t Talk about When We Talk about Banking
   JENNIFER S. TAUB
   447

23. Derivatives in the Crisis and Financial Reform
   MICHAEL GREENBERGER
   467

24. From Innovation to Financialization: How Shareholder Value
   Ideology Is Destroying the US Economy
   WILLIAM LAZONICK
   491

25. Financialization and the Global Economy
   ENGELBERT STOCKHAMMER
   512

26. The International Spread of Financialization
   WILLIAM K. TABB
   526

PART V POLICY AND INSTITUTIONAL CHANGE TO LIMIT FINANCIAL CRISES

27. International and Regional Cooperation for Dealing with
   Financial Crises
   JOSÉ ANTONIO OCAMPO
   543

28. Productive Incoherence in a Time of Aperture: The IMF and the
   Resurrection of Capital Controls
   ILEN GRABEL
   563

29. The Japanese Boom and Bust: “Lean” and “Clean” Lessons
   ROBERT N. McCauley
   578

30. The Role of the Federal Reserve: Lender of Last Resort
   CHRISTOPHER RUDE
   602

31. Monetary Policy and Central Banking after the Crisis:
   The Implications of Rethinking Macroeconomic Theory
   THOMAS I. PALLEY
   624

32. The Bailout of the “Too-Big-to-Fail” Banks: Never Again
   FRED MOSELEY
   644

33. The Savings and Loan Crisis and Bailout: Lessons for Policy
   DORENE ISENBERG
   657
34. Pension Policies to Minimize Future Economic Crises
   TERESA GHIRAUDUCCI

35. A Minskyan Road to Financial Reform
   L. RANDALL WRAY

36. The Global Financial Crisis and Africa: The Effects and Policy Responses
   ZUZANA BRIXIOVÁ AND LÉONCE NDIKUMANA

37. Beyond Capitalism?
   MINQI LI

Index