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Financial Institutions and The International Indebtedness Crisis.

Hyman P. Minsky Ph.D.

Keynes: 3 dimensions
① Academic
② Civil Power
③ The banking & advising government

Keynes was in his lifetime sensitive to current economic & institutional ... institutions.

Post-Keynesian theory is in the tradition of Keynes

Hyman P. Minsky

Friday November 27

Colombia lectures

Communicate with public not just the discipline

Lecture # 4

Delegation

Financial Institutions and

The International Indebtedness Crisis

I) The Globalization of Finance (bring Wallenberg paper)

A) The technology of globalization SATELLITES + COMPUTERS

B) The change in the financial weight of economies

1860 Great depression

1) Europe

2) Japan

3) The NIAC (the newly industrializing Asian countries)

C) The Pier Jacobson Proposition regarding fiscal autonomy: countries with large net holdings of international financial assets can take the initiative in fiscal (and monetary) measures to achieve the desired state. International wealth determines responsibility for international well being.

Let us go into history

2) Securitization (bring Securitization Paper)

Reveals essentials of banking

3) The Tiers Approach (Bring Italian paper)
What is wrong in and its relevance to

4) A New Financial Imperialism

A) Private versus Sovereign Debt:

1) The Wriston doctrine on sovereign default

Lender's reluctance to take over. The Chile case according to Felix

2) Private debt always has a cancelling clause: bankruptcy and the transfer of collateral

3) Institutional prerequisites for private financing

B) Securitization implies a shift from financing by institutions to financing through markets.

1) Securitization can be based on any assets, including international mixes

4) Homogenizing of institutions.

C) International market acceptability

Money.

5 We know enough to prevent the declines in income that led to great depressions

Perhaps a second commandment would be: "Thou shalt not covet mathematical tractability."

The first commandment of Economics to one who follows Schumpeter Mitchell Keynes into the 'wilderness of monetary production economies' is "Thou shalt not dichotomize."