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Financial Institutions and The International Indebtedness Crisis.

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Keynes:
3 dimensions
① decisions
② City Power
③ The limited
government

Hyman P. Minsky
Friday November 27

Keynes was
in his lifetime
sensitive to
Post-Keynesian
Keynesian
theory is in
the tradition
of
The world is
not the
distribution
of
income
but
the
distribution
of
power
Colombia lectures
developed in
highly
abstract
terms
multiple

Communicate
with the public
not just his
discipline

Lecture # 4

Financial Institutions and
The International Indebtedness Crisis

Debt structure

I) The Globalization of Finance (bring Wallenberg paper)

A) The technology of globalization **SATELLITES + COMPUTERS**

B) The change in the financial weight of economies

- 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.

2) Securitization (bring Securitization Paper)

Reveals essentials of banking

1860
Great depression

Let us go in to history

3) The Tiers Approach (Bring Italian paper)

What is going on in the response to

4) A New Financial Imperialism

A) Private versus Sovereign Debt:

1) The Wriston doctrine on sovereign default

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

3) Institutional prerequisites for private financing

Lender's reluctance to take over. The choice was according to Feb. 7

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

Murray.

5) *We know enough to prevent the decisions in*

the area that led to great debt problems

Perhaps a second commandment would be: Don't shift hot credit when check ductibility!

commandment
The first Law of Economics is one who follows Schumpeter, Mitchell, Keynes into the wilderness of monetary production economics. Don't shift hot dichotomy!