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Modern Money

book for the bank of Etruria.

(A first outline of a prospective volume)

Hyman P. Minsky

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St. Louis

Heracletes: One never steps into the same river
twice

"Toto, I believe we are not in Kansas"

The subject is the practice of money and banking in the age of computers and communicatrion. Use the credit, charge and debit card material as well as the securitization material and the explanation of the behavior in an era of rapid institutional change and heightened uncertainty of a financially sophisticated monetary production economy.

Etruria outline

I. The framework.

A. Characteristics of a successful monetary production economy.

- 1.. Avoid depressions
2. Grow
- 3.. Benefits of growth a widely dispersed through
the economy
4. The benefits of growth
 - a. Consumption standards
 - b. The quality of the environment
 - c. Socially supplied consumption
5. Aggregate net worth
 - a. Increases.
 - b. Wide dispersion
 - c. Improves independence and security as
long as depressions are avoided
 - d. Housing and consumer durables
 - e. Accumulation of financial assets
 1. direct ownership
 2. intermediate liabilities
 3. Funds and "managed money"

B. Failed Monetary Production Economies

C. The Essential Difference Between a Monetary Production Economy and a Centralized Socialist Economy. Financing Structure

Etruria outline

II. Structural Characteristics

A. Industrial Structure

B. Financial Structure

III Banking and Securitization

A. A Bills of Exchange Economy

B. Enhancement

C. Banks

D. Securitization

IV. The Roots of Instability

A. The Premium for Quality

1. Default risk

2. Rate risk

3. Marketability and pledging

B. Cash flows and assets

1. The financing of positions

2. Corporate liability structures

Etruria outline

V. The Theory of Endogenous Instability

VI. Containing Forces