

4-26-2001

## Eleventh Annual Hyman P. Minsky Conference

Levy Institute

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April 26, 2001

Dear Colleague:

I am delighted to welcome you to the 11<sup>th</sup> annual Hyman P. Minsky conference on financial structure, "Can the Financial Structure Avert an Economic Downturn?" At this time, all eyes are once again focused on the U.S. economy. The current situation appears fragile, instigated in part by tight fiscal conditions and aggravated by a Minskian-variety speculative bubble in the financial sector. At this conference, we hope to draw lessons learned from previous Minsky conferences and consider these within the context of current trends and their implications for both the national and global economies. Specifically, we wish to explore whether current conditions in the U.S. financial structure assist or harm the general macroeconomic environment. Can institutions or events in the financial sector alone counter a downturn? If not, what other forces might be necessary to combat a slump? What implications do the answers to these questions have for public policy?

The presenters at this year's conference come from a wide range of backgrounds in the academy, business, and government, and are uniquely qualified to offer a variety of opinions on these issues. I trust you will enjoy their presentations and the discussions to follow. Your comments and suggestions are welcome.

I look forward to seeing you again at subsequent activities in the years ahead.

Sincerely,

Dimitri B. Papadimitriou  
President and Jerome Levy  
Professor of Economics, Bard College



## **Can the Financial Structure Avert a U.S. Downturn?**

Hyman P. Minsky Conference on Financial Structure

April 26-27, 2001

### **PARTICIPANTS**

Robert Aliber  
University of Chicago

Kavous Ardalan  
Marist College

Richard Aspinwall  
Economic Adviser

Gerard Baker  
Financial Times

Robert Barbera  
Hoenig & Co. Inc.

Joseph Bench  
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Jesse Benjamin  
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Amy Calistri  
University of Texas at Austin

Arthur Schiller Casimir  
Western New England College

Stephen Cecchetti  
Ohio State University

Rudy Costanza  
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Agnes T. Crane  
Market News

Robert Cyran  
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Jane D'Arista  
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New School University

Marc Faber  
Marc Faber Limited

Roger Ferguson  
Federal Reserve Bank

James Galbraith  
University of Texas at Austin

Gillian Garcia

Gordon W. Green  
Bureau of the Census

Bennett Greenberg  
College of St. Elizabeth

Bruce Greenwald  
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Thomas Hoenig  
Federal Reserve Bank Kansas City

Lynn Holland  
NYS Division of the Budget

Peter Hooper  
Deutsche Bank

Andrew J. Hunter  
Petroleum Database Services Inc.

Parul Jain  
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Renuka Jain  
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Jan Kregel  
UNCTAD

Juyeol Lee  
The Bank of Korea

Steve Leisman  
Wall Street Journal

Leon Levy  
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Jay Levy  
Levy Economics Institute

David Levy  
Levy Institute Forecasting Center

Barbara Levy  
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Karin Lissakers  
International Monetary Fund

George Martin  
University of Massachusetts

Michel Mascolo  
Business Development Bank

Martin Mayer  
The Brookings Institution

Allan Mendelowitz  
Federal Housing Finance Board

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Federal Reserve Bank of New York

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New School University

Noam Neusner  
US News & World Report

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The New Jersey Institute of Technology

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American Banker

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Ernesto Screpanti  
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Amity Shlaes  
Financial Times

John Spagnolo  
Iona College

John Spillner  
Dominican College of Blauvelt

Diane Swonk  
Bank One Corporation

Louis Uchitelle  
The New York Times

Jay Van Alen  
Kopstein Van Alen Nash & Company Inc.

Shelby White

L. Randall Wray  
University of Missouri at Kansas City

Dantao ZHU  
Tilburg University



LEVY INSTITUTE

*11<sup>th</sup> Annual Hyman P. Minsky Conference on  
Financial Structure*

**Can the Financial Structure Avert an  
Economic Downturn?**

*April 26–27, 2001*

“The main reason why our economy behaves in different ways at different times is because financial practices and the structure of financial commitments change.”

—Hyman P. Minsky,  
“Financial Commitments and Instability,”  
*in Stabilizing an Unstable Economy*

*Blithewood  
Annandale-on-Hudson, New York*

**2:30–3:15 P.M.      SPEAKER**

**Diane Swonk**, Chief Economist and Senior Vice President, Bank One Corporation  
 “Up Close and Personal with the ‘R’ Word”

**3:15–3:30 P.M.      BREAK**

**3:30–5:00 P.M.      SESSION 2. REGULATORY ISSUES IN THE FINANCIAL STRUCTURE**

Moderator: **Frances M. Spring**, Levy Institute  
**Jane D’Arista**, Financial Markets Center  
 “The Unsupportable Debt Levels of Lenders and Their Customers”  
**Gillian G. H. Garcia**, Consultant, formerly of the International Monetary Fund  
 “Deposit Insurance: Can It Help?”

**5:00 P.M.          RECEPTION AND DINNER**

**SPEAKER: Marc Faber**, Marc Faber, Ltd., Hong Kong  
 “The Coming Global Boom or Bust!”

*Program*

*Thursday, April 26*

**8:30–9:30 A.M.      CONTINENTAL BREAKFAST AND REGISTRATION**

**9:30–9:45 A.M.      WELCOME AND INTRODUCTION**

**Dimitri B. Papadimitriou**, President, Levy Institute

**9:45–10:30 A.M.      SPEAKER**

**Thomas M. Hoenig**, President, Federal Reserve Bank, Kansas City  
 “Perspectives on Financial Crises: What Have We Learned from the Events of Recent Years?”

**10:30–10:45 A.M.      BREAK**

**10:45 A.M. – 12:30 P.M.      Session 1. The State of the U.S. Economy**

Moderator: **Walter M. Cadette**, Levy Institute  
**Robert J. Barbera**, Hoenig & Co.  
 “The Consequences of Bursting the Brave New World Bubble”  
**David A. Levy**, Levy Institute Forecasting Center  
 “Needed: Attitude—and Balance Sheet—Adjustment”  
**Thomas I. Palley**, AFL-CIO  
 “Contradictions Coming Home to Roost: Lessons from the Great Expansion”  
**L. Randall Wray**, Levy Institute and University of Missouri, Kansas City  
 “Fiscal Policy and the Backward Art of Tax Cutting”

**12:30–2:30 P.M.      LUNCHEON**

**SPEAKER: The Honorable Roger W. Ferguson Jr.**, Vice Chair, Federal Reserve Board of Governors  
 “Understanding Financial Consolidation”

2:45–4:15 P.M.    **SESSION 4. ISSUES IN INTERNATIONAL FINANCE**

Moderator: **Dimitri B. Papadimitriou**, Levy Institute  
**Robert Aliber**, University of Chicago  
    “The Japanese and American Bubbles and Their Impacts”  
**Karin Lissakers**, formerly of the International Monetary Fund  
**Parul Jain**, TIAA-CREF  
    “From Miracle to Debacle: Lessons from the East Asian Financial Crisis”

4:15 P.M.    **CLOSING REMARKS AND ADJOURNMENT**

*Friday, April 27*

8:30–9:00 A.M.    **CONTINENTAL BREAKFAST**

9:00–9:45 A.M.    **SPEAKER**

**Wynne Godley**, Distinguished Scholar, Levy Institute  
    “Strategic Prospects for the U.S. Economy”

9:45–10:00 A.M.    **BREAK**

10:00 A.M. – 12:00 P.M.    **SESSION 3. THE CHANGING ROLE OF MONETARY POLICY**

Moderator: **Dimitri B. Papadimitriou**, Levy Institute  
**Stephen G. Cecchetti**, The Ohio State University  
    “The New Economy and the Challenges for Monetary Policy”  
**James K. Galbraith**, Levy Institute and Lyndon B. Johnson School of  
Public Affairs, University of Texas, Austin  
    “Put Your Chips on 35, or Future History: The  
Humphrey-Hawkins Process and the Deeper Thought of Alan  
Greenspan”  
**Bruce Greenwald**, Columbia University  
    “The Increasing Ineffectiveness of Monetary Policy: Theoretical  
and Empirical Observations”  
**Jan A. Kregel**, Levy Institute and United Nations Council on Trade  
and Development  
    “Rediscovering the Discount Window”  
**Martin Mayer**, Brookings Institution  
    “The Systemic Implications of Nonbank Financing”

12:00 P.M. – 2:00 P.M.    **LUNCHEON**

**SPEAKER: James W. Paulsen**, Chief Investment Officer, Wells Capital  
Management  
    “Economic and Financial Market Outlook”

2:00–2:45 P.M.    **SPEAKER**

**Peter Hooper**, Managing Director, Deutsche Bank Alex. Brown  
    “U.S. Economic Outlook: A View from the Street”



School of Law. D'Arista has served as chief finance economist for the Subcommittee on Telecommunications and Finance of the U.S. House Energy and Commerce Committee, for five years as an international analyst at the Congressional Budget Office, and for 12 years as a staff member of the U.S. House Banking Committee. Her publications include *The Evolution of U.S. Finance*, a two-volume set in the Columbia Seminar Series (M. E. Sharpe, 1994). D'Arista's current work can be found online at [www.fmcenter.org](http://www.fmcenter.org).

**MARC FABER** acts as an investment adviser, fund manager, and broker-dealer via Marc Faber, Ltd., a Hong Kong business he established in 1990. Between 1970 and 1978 he worked for White Weld & Company, Ltd., after which he served as managing director of Drexel Burnham Lambert (HK) Ltd. until creating his firm. Faber, who is known for his "contrarian" investment approach, is associated with a variety of funds, including the Iconoclastic International Fund, Baring Chrysalis Fund, Income Partners Global Strategy Fund, Hendale Asia Fund, Indian Smaller Companies Fund, Matterhorn India Fund, Central and Southern Asian Fund, Regent Magna Europa Fund PLC, China Mantou Fund, Sofaer Capital Inc., and Tellus Advisors LLC. Faber publishes a monthly investment newsletter, *The Gloom Boom & Doom*, which highlights unusual investment opportunities, and is a regular contributor to leading financial publications around the world. He is the author of *The Great Money Illusion: The Confusion of the Confusions* (Longman Group, 1989), which was a best-seller and has been translated into Chinese and Japanese. His biography, *Riding the Millennial Storm* (J. Wiley & Sons), written by Nury Vittachi, was published in 1998. Faber received a Ph.D. in economics from the University of Zurich.

**ROGER W. FERGUSON JR.** is vice chairman of the Board of Governors of the Federal Reserve System. He has served as chairman of the Joint Year 2000 Council, an organization formed to address issues associated with the Y2K computer challenge within the global financial supervisory community, and chairman of the Group of Ten Working Party on Financial Sector Consolidation, formed at the request of the finance ministers and central bank governors of the G-10 to examine the causes of consolidation in the financial sector and its potential effects. Before becoming a member of the Board of Governors, he was a partner and director of research and information systems at the international management consulting firm McKinsey & Company, Inc., and an attorney with Davis Polk & Wardwell, where he worked with commercial banks, investment banks, and Fortune 500 corporations on syndicated loans, public offerings, mergers and acquisitions, and new product development. Ferguson was a Frank Knox Fellow at Pembroke College, Cambridge University. He received a B.A. in economics, a J.D. in law, and a Ph.D. in economics from Harvard University.

**JAMES K. GALBRAITH** is a senior scholar at the Levy Institute, a professor at the Lyndon B. Johnson School of Public Affairs and the Department of Government at the University of Texas, Austin, and director of the University of Texas Inequality Project. His Levy Institute research includes an examination of issues pertaining to employment and inequality, especially the determinants of global inequality. He is the author of numerous articles and books, the most recent of which is *Inequality and Industrial Change: A Global View*, coedited with Maureen Berner (Cambridge University Press, 2001). His other publications include *Created Unequal: The Crisis in American Pay* (Free Press, 1998), *Balancing Acts: Technology, Finance and the American Future* (Basic Books 1989), and *Macroeconomics*, with William Darity Jr. (Houghton Mifflin 1992). Galbraith received a B.A. from Harvard University and a Ph.D. from Yale University in economics and studied economics as a Marshall Scholar at King's College, Cambridge University.

## Participants

**ROBERT Z. ALIBER** teaches international finance at the University of Chicago. Previously, he was senior economic adviser at the Agency for International Development of the U.S. Department of State and staff economist for the Committee for Economic Development and the Commission on Money and Credit. While at Chicago, he developed the Program of International Studies in Business and the Center for Studies in International Finance. Aliber has been a consultant to the Federal Reserve's Board of Governors and other U.S. government agencies, the World Bank, the International Monetary Fund, research institutions, and private firms. His publications include *The New International Money Game* (University of Chicago Press, 2000), and *Money, Banking, and the Economy*, 4th ed., with Thomas Mayer and James S. Dusenberry (Norton, 1996). He received A.B. degrees from Williams College and Cambridge University, an A.M. from Cambridge, and a Ph.D. from Yale University.

**ROBERT J. BARBERA** is executive vice president and chief economist at Hoenig & Co., where he is responsible for global economic and financial market forecasts. Previously, he was chief economist and director of economic research at Lehman Brothers and chief economist at E. F. Hutton. He has been cochair of Capital Investment International, a New York-based research boutique. Before arriving on Wall Street, Barbera served as a staff economist for U.S. Senator Paul Tsongas and as an economist for the Congressional Budget Office. He received a B.A. and a Ph.D. from Johns Hopkins University.

Senior Scholar **WALTER M. CADETTE** applies his knowledge of the world of finance to a broad range of public policy issues. Currently, he is examining earnings inflation of American corporations and continues to research issues related to health care finance and regulation. He has written on alternatives to dependence on Medicaid for long-term care, Social Security reform, and, with S Jay Levy, public capital formation. Cadette is a member of the investment committee of the Trinity Health System and of the board of advisers of Sanders Research Associates, London. He is a retired vice president of J. P. Morgan & Co., where he was editor of and a frequent contributor to its publications *Global Data Watch* and *World Financial Markets*; he was also an adjunct professor at Columbia University. Cadette received a B.A. from Fordham College and an M.A. from Georgetown University and did further study in economics and finance at New York University.

**STEPHEN G. CECCHETTI** is a professor of economics at Ohio State University and a research associate of the National Bureau of Economic Research. Previously, he was executive vice president and director of research at the Federal Reserve Bank of New York and an associate economist of the Federal Open Market Committee. Cecchetti has served as editor of the *Journal of Money, Credit and Banking* since 1992, and as a member of the editorial boards of the *American Economic Review*, *Journal of Economic Literature*, Ohio State University Press, and *Economic Policy Review* of the Federal Reserve Bank of New York. He has published numerous articles in academic and policy journals on a variety of topics, including banking, securities markets, and monetary policy. Cecchetti received a bachelor's degree in economics from M.I.T. and a Ph.D. in economics from the University of California, Berkeley.

**JANE D'ARISTA** is director of programs at the Financial Markets Center. She conducts a graduate seminar on domestic and international finance at the University of Massachusetts, Amherst, and previously taught at the graduate program in International Banking Law Studies at Boston University

Hooper had a distinguished 26-year career at the Federal Reserve Board in Washington, D.C., where he held such positions as economist at the FOMC and as deputy director of international research. His work at the Fed allowed Hooper to develop an informed view of the Fed's policy- and decision-making processes. He has published numerous books, journal articles, and reviews on economics and policy analysis. He received a B.A. in economics from Princeton University and M.A. and Ph.D. degrees in economics from the University of Michigan.

**PARUL JAIN** is associate director of the Investment Research and Portfolio Strategy Group within the Administration and Finance Division at TIAA-CREF in New York. There, she analyzes macroeconomic and financial market developments, addresses fixed income portfolio issues, and works on projects related to capital market flows and sector-specific issues; she is also responsible for the group's biweekly publication, *Economic Highlights*. Prior to joining TIAA-CREF, Jain taught, worked as a consultant with an economic forecasting firm, and served as a director of economic and investment analysis (Portfolio Management Group) at the Prudential Insurance Company of America. Jain's experience in academia includes faculty positions at Rutgers University, Indiana-Purdue University, and Washington University in St. Louis. She has published academic articles dealing with macroeconomic, monetary, financial, and international issues. Jain received a Ph.D. in economics from Washington University.

**JAN A. KREGEL** is a visiting senior scholar at the Levy Institute and a high-level expert in international finance with the United Nations Conference on Trade and Development (UNCTAD) and holds a chair in economics at the University of Bologna. His research centers on the implication of the EU's evolving capital market structure on the role and value of the euro in international markets.

**DAVID A. LEVY** is the Levy Institute's vice chairman and director of forecasting. He heads the Forecasting Center, a world leader in applying macroeconomic profits analysis to business cycle analysis and economic forecasting; it is located in Mount Kisco, New York. Levy has been a forecaster since the late 1970s and a consultant to major corporations and financial institutions for two decades. He is the editor of *The Levy Institute Forecast* (formerly *Industry Forecast*); coauthor, with S Jay Levy, of *Profits and the Future of American Society* (HarperCollins 1983); and a frequent contributor to the *New York Times*, *Financial Times*, and *Forbes*. Levy often appears on broadcast news, business, and public issues programs, such as the *Lehrer NewsHour*, *Firing Line*, the *Today Show*, and the *CBS Early Show*. He has also served as a member of the Public Infrastructure Subcouncil of the Competitiveness Policy Council, a bipartisan study group set up by Congress and the George H. W. Bush Administration, and the bipartisan Commission to Study Capital Budgeting, as an appointee of President Clinton. Levy received a B.A. from Williams College and an M.B.A. from Columbia Business School.

**KARIN LISSAKERS** is the former executive director of the International Monetary Fund, a position to which she was appointed by President Clinton and confirmed by the United States Senate. She served on the 24-member Executive Board, the principal decision-making body of the IMF, as the voice and vote of the United States, the Fund's largest shareholder. Previously, Lissakers served as economic deputy director of the Policy Planning Staff of the U.S. Department of State during the Carter administration and as staff director of the Foreign Economic Policy Subcommittee of the U.S. Senate Foreign Relations Committee and staff investigator for the Foreign Relations Committee's Subcommittee on Multinational Corporations. In academia, Lissakers lectured on international banking issues at Columbia University's School of International and Public Affairs, later becoming director of

Since 1999, **GILLIAN G. H. GARCIA** has worked as a consultant on the interface between macroeconomics and financial sector issues. She has practical experience in dealing with financial crises at home in the United States and abroad, having served as an assistant director at the U.S. General Accounting Office and on the staff of the U.S. Senate Banking Committee. In the latter position she helped to resolve the S&L debacle and to write the 1991 FDIC Improvement Act. Garcia then joined the International Monetary Fund, where she was intensively involved in calming the financial crises in Asia. Garcia "collects" systems of deposit protection and has advised a number of countries on the design of an incentive-compatible system to suit their needs. She also has consulted on deposit insurance for organizations including the IMF, Canada Deposit Insurance Corporation, Arthur Andersen, and International Business and Technical Consultants, Inc. She has taught at the Haas School of Business at the University of California, Berkeley, and at Georgetown University. She is the author of six books and a number of professional articles on financial subjects.

**WYNNE GODLEY** is distinguished scholar at the Levy Institute, professor emeritus of applied economics at Cambridge University, and a fellow of King's College. His work at the Levy Institute has centered on the development and application of two models, one a macroeconomic model of the U.S. economy that uses a consistent and complete system of stocks and flows and the other a world model describing production in and trade between 11 country blocs that taken together, represent the whole world. The models can be used to identify strategic problems, assess the implications of alternative policies, and suggest long-term policy responses. His analyses based on these models are published in the Institute's Strategic Analysis series. Godley was a member of HM Treasury's Panel of Independent Forecasters, known as the "Six Wise Men."

**BRUCE GREENWALD** is Robert Heilbrunn Professor of Finance and Asset Management at Columbia University's Business School. He has conducted research in the areas of market mechanics, corporate finance, and managerial economics; his current interests center on asymmetric information problems in equity pricing and value investing strategies. Greenwald received the university's 1997 Margaret Chandler Award for Commitment to Excellence in Teaching, and in 2000 became the first professor from the Business School to win the Presidential Award for Outstanding Teaching. He is the author of numerous scholarly works, including *Value Investing: From Graham to Buffet and Beyond* (Wiley, 2001). Greenwald received a bachelor's degree and a Ph.D. from the Massachusetts Institute of Technology and two master's degrees from Princeton University.

**THOMAS M. HOENIG** has been president of the Federal Reserve Bank of Kansas City since 1991. He joined the bank in 1973 as an economist in the banking supervision area and was named a vice president in 1981 and senior vice president in 1986. He has served as an instructor of economics at the University of Missouri, Kansas City, and lectured on the U.S. banking and regulatory system for the People's Bank of China. Hoenig is a member of the boards of trustees of the Midwest Research Institute and Benedictine College and of the banking advisory boards at UMKC and the University of Missouri, Columbia. He earned a B.A. in economics and mathematics from Benedictine College and M.A. and Ph.D. degrees in economics from Iowa State University.

**PETER HOOPER** is managing director of Deutsche Bank Alex. Brown. He joined the firm in September 1999 and is currently chief U.S. economist and co-head of global economics. The economics teams publish reports addressing current developments and longer-term trends in the U.S. and global economies that are of immediate interest to the firm's clients. Prior to joining the firm,

fellow at the Aspen Institute. Papadimitriou received a B.A. from Columbia University and a Ph.D. from New School University.

**JAMES W. PAULSEN**, an 18-year veteran of the investment management industry, is chief investment officer at Wells Capital Management, responsible for developing investment strategies that assist in the management of separate institutional accounts, mutual funds, and collective investment funds. He was chief investment officer at Norwest Investment Management, Inc., which combined with Wells Capital Management in 1997; previously, he was senior managing director and chief investment strategist at Iowa's largest independent asset manager, Investors Management Group, and was president of SCI Capital Management in Cedar Rapids. Paulsen is nationally recognized for his appearances on Bond Week and is often quoted in the *Wall Street Journal*, *Fortune*, *Barron's*, and *Business Week*. Since 1983, his commentary assessing economic trends on national and global levels has appeared in his monthly newsletter, *Economic and Market Perspective*. Paulsen earned bachelor's and doctoral degrees in economics at Iowa State University.

**FRANCES M. SPRING** is assistant director of the Levy Institute, where she has overall responsibility for public information and is the general editor of the Public Policy Briefs and Policy Notes series. Before joining the Levy Institute, she worked at a private firm as a consultant to public- and private-sector entities on issues involving tax policy, economic development, and education finance. She also taught economics at the University of Michigan, Flint, and Michigan State University. Spring received a B.B.A. from Eastern Michigan University and did graduate work at MSU.

**DIANE SWONK** is chief economist and a senior vice president at Bank One Corporation, Chicago. She began her career with First Chicago Corporation (now Bank One), where she was regional economist and designed the bank's regional model; she currently manages its Corporate Economics Group. Swonk regularly appears on news shows on CNN, CNBC, and PBS and provides commentary for a variety of publications, including the *Wall Street Journal*, *New York Times*, *Financial Times*, and *Business Week*. She serves on the boards of the Society of Automotive Analysts (SAA) and the National Association for Business Economics (NABE). She is immediate past president of NABE, which recently named her a Fellow for her outstanding contributions to the field of business economics. She has been listed as one of the *Wall Street Journal's* "Star Forecasters." Swonk received bachelor's and master's degrees in economics from the University of Michigan and an M.B.A. from the University of Chicago.

**L. RANDALL WRAY** is a professor of economics at the University of Missouri, Kansas City, a senior research associate at the university's Center for Full Employment and Price Stability, and a senior scholar at the Levy Institute. His current research includes the development of an alternative approach to monetary theory and policy; he also writes on full employment policy, fiscal policy, and social security reform. He is a past president of the Association for Institutional Thought and has served on the board of directors of the Association for Evolutionary Economics. He has published widely in journals and is the author of *Understanding Modern Money: The Key to Full Employment and Price Stability* (Elgar, 1998). He was the recipient of two Fulbright grants for research in Italy and a U.S. Information Agency Academic Specialist grant to lecture in Mexico. He received a B.A. from the University of the Pacific and M.A. and Ph.D. degrees in economics from Washington University in St. Louis, where he studied with Hyman Minsky.

the school's international business and banking studies program, continuing in that position until she joined the IMF. Lissakers has been a senior associate with the Carnegie Endowment for International Peace, a research associate at the Stockholm International Peace Research Institute, an academic adviser to the Economic Policy Council of the United Nations Association, and consultant to U.S. government and United Nations agencies, where she is a member of the Council on Foreign Relations. She has written extensively on foreign economic policy and on business-government relations in the international economic arena and is the author of numerous studies, articles, and congressional reports on a wide range of economic subjects. Her book *Banks, Borrowers, and the Establishment* (Basic Books, 1991) has been called "the definitive post-mortem of the international debt crisis." Lissakers received an undergraduate degree from The Ohio State University and a master's degree in international affairs from Johns Hopkins University School of Advanced International Studies.

**MARTIN MAYER**, a guest scholar at the Brookings Institution, has over the last four decades written over 30 books on finance, education, the legal profession, and news gathering, including his most recent, *The Fed* (Free Press, forthcoming 2001). His other books on banking and business include *Wall Street: Men and Money* (1955), *Madison Avenue, U.S.A.* (1958), *The Bankers* (1975), *The Fate of the Dollar* (1980), *The Money Bazaars* (1984), *The Greatest Ever Bank Robbery* (1990), *Stealing the Market* (1992), *Nightmare on Wall Street* (1993), and *The Bankers: The Next Generation* (1997). He is currently senior columnist for OnMoney.com and has written for numerous business publications, including *Fortune*, *Barron's*, *Institutional Investor*, and *Forbes*. From 1987 to 1989 he wrote a twice-monthly front-page column in *American Banker*. Mayer served on the President's Panel on Educational Research and Development in the Kennedy and Johnson administrations and was a member of the National Commission on Housing for Ronald Reagan. He received a B.A. from Harvard College.

**THOMAS I. PALLEY** is assistant director of public policy at the AFL-CIO in Washington D.C., where he is responsible for managing a team of economists who contribute to developing agency policy positions on domestic and international economic matters, including domestic monetary and fiscal policy, the changing nature of labor markets, the impacts of globalization, and the stability of the international financial system. He has published extensively in academic journals, focusing on the role of debt in the business cycle and on the relation between inflation and unemployment, and in magazines, including *Atlantic Monthly* and *The Nation*. He is the author of *Plenty of Nothing: The Downsizing of the American Dream and the Case for Structural Keynesianism* (Princeton University Press, 1998) and *Post Keynesian Economics: Debt, Distribution and the Macro Economy* (Macmillan 1996). Palley earned a B.A. degree from Balliol College, Oxford University, and an M.A. in international relations and a Ph.D. in economics from Yale University.

**DIMITRI B. PAPADIMITRIOU** is president of the Levy Institute, executive vice president of Bard College, and Jerome Levy Professor of Economics at Bard College. His many research interests include financial modernization, community development banking, monetary and fiscal policy, employment growth, and distribution of income and wealth. Papadimitriou is the general editor of the Jerome Levy Economics Institute book series and is a contributor to and editor of many titles, such as *Stability in the Financial System* (Macmillan and St. Martin's Press, 1996) and *Modernizing Financial Systems* (Macmillan and St. Martin's Press, 2000); he also is a member of the editorial board of *Review of Income and Wealth*. He recently served as vice chairman of the Trade Deficit Review Commission, a bipartisan congressional panel, and was a member of the Competitiveness Policy Council's Subcouncil on Capital Allocation. He has been a visiting scholar at the Center for Economic Planning and Research (Athens) and a Wye