

1986

Notes made on Banca d'Italia notepad

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Investment decision:

Negotiation with Bankers

rate of profit

eliminate rate of interest

INTERNAL
Financial Dir. g

P. spreads → Exxon

EXTERNAL:
Domestic Bankers

Cash flows

debts as

Cash flows:

refinancing of

Cash flows

The Klodicki Papers

I tend to bind an idea and run with it. Often I find I still need it but as an economist I have to be more objective. I have to be more objective.

I am more of an applied economist and less of a theoretician and student of the history of thought than most of the participants in this conference. We read, study and try to understand why our predecessors in order to use their work.

There is emphasis upon the useable elements in Kalecki. What is there in the work of ~~Kalecki~~ Kalecki that is useable in understanding our economy, an understanding that may help us to control and therefore to change the economy?

I have to be more objective. I have to be more objective. I have to be more objective. I have to be more objective.

Solow:

A. What is Stabilized: Profits: The key profit equation: Stabilization = Arthur Miller The Price

B. Financial Structures that must be validated: Prior Commitment of profits to validate debts

C. Price Levels as function of distribution of income

PRT \rightarrow $\frac{P_c \uparrow \text{level}}{m, \text{ up and down}}$

D. The Content/Substance of Profits:

the use of profits to pay wages + salaries

1) wages in finance

2) wages in interest in real sector

3) consumption to his officials + bureaucracy

A real multiplier

overlapping in Solow

$\hookrightarrow \Pi$ is part of Π : $\Pi = I + C\Pi$ ($\Pi = \frac{1}{1-C} I$)

Kotick's business cycle theory

System that allows for finance has

- ① complex feedbacks: clearly intertemporal
- ② nonlinear
- ③ multidimensional

Systems with 1, 2, 3 → in general all
exhibit special cases → $\begin{cases} \text{incoherence} \\ \text{hysteresis} \\ \text{chaos} \end{cases}$

If "initial conditions" sets a model
with high potential incoherence
if, then the model will show a
period of incoherence but depends
into incoherence

If new initial conditions are then
imposed, the result can be what I
characterized "bouncing between floors
& ceilings" the visible hint of intervention
stabilizes markets → a semblance of
coherence

Kalecki's emphasis upon profits -
and his extended profit equation
~~helps~~ shows how a built in
and discretionary intervention operates

Stabilizing profits does not
fully explain ~~what~~ why we have
been able to avoid great depression
in post-war period.

Central bank intervention stabilizes
financial system ~~in~~ as a part of
the profit stabilization.

Profits) Aggregate determined by
macroeconomic relations
distribution among firms
for profits → build position of
market power