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Handwritten Notes for Minsky's PhD Thesis titled 1 Introduction

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I Introduction:

The problem of full employment is the problem of growth. A full employment economy is an investing economy. Investment implies an increasing Gross National product, population and technology remaining constant. The effect of a continuing large scale continuous investment upon the economy has to be analysed if ~~the~~ proper policies are to be adopted to assure the maximization of real income over time.

Far from a dismal science: abstract dynamic economics is a powerfully optimistic field. The ~~abstract~~ dynamical approach takes ~~not only~~ investment not only as an offset to saving - but contains the effect upon output of investment: therefore investment becomes an instrument by which output per person increases.

Investigate in N.B.E.R. whether the growth in G.N.P. over time has been

<u>Historic growth</u>

due to technology

Full employment and investment

The problem of maintaining a high level of employment is not independent of the structure of production in a country. Depending upon the nature of the economy: whether it is a highly capitalistic one or a more primitive handicraft society full employment implies different final outputs: different employment patterns, and unavoidably different full ~~policy~~ employment policies. It is also possible to differentiate between a full employment achieved within a given structure of production and full employment achieved by adopting a new structure of employment.

Historic Changes in Gross National Product are the result of the parallel operation of a number of conceptually distinct elements: population growth, Investment and technological change. The ~~American~~ problem of American Economic policy will be independent of Population growth in the ~~near~~ forseeable future: aside from the element of changing in the nature of the problem through a 'drying' up of population growth.

Conceptually $\frac{G.N.P.}{population} = f(K, T)$

K = Kapital, T = technology the state of the arts.

$$\frac{d\,GNP}{dt} = \underline{3\text{-}4\%\ \text{historically}}$$

$$\frac{d\,GNP}{dK} > 0; \text{ however } \frac{d^2GNP}{dK} < 0$$

given T

Now T is a set of discrete changes: which because of ~~their~~ its distribution over time and among the various productive outlets appears to be dense: and therefore its effect has been to counter $\frac{d^2gNP}{dK} < 0$: The $\frac{d\,GNP}{dT}$ does not exist independently of $\frac{d\,GNP}{dI}$ where I is gross investment.