



Stabilizing an Unstable Economy: A Twentieth Century Fund Report

Hyman P. Minsky

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“Mr. Minsky long argued markets were crisis prone. His 'moment' has arrived.” -*The Wall Street Journal*

In his seminal work, Minsky presents his groundbreaking financial theory of investment, one that is startlingly relevant today. He explains why the American economy has experienced periods of debilitating inflation, rising unemployment, and marked slowdowns-and why the economy is now undergoing a credit crisis that he foresaw. *Stabilizing an Unstable Economy* covers:

The natural inclination of complex, capitalist economies toward instability Booms and busts as unavoidable results of high-risk lending practices “Speculative finance” and its effect on investment and asset prices Government's role in bolstering consumption during times of high unemployment The need to increase Federal Reserve oversight of banks

Henry Kaufman, president, Henry Kaufman & Company, Inc., places Minsky's prescient ideas in the context of today's financial markets and institutions in a fascinating new preface. Two of Minsky's colleagues, Dimitri B. Papadimitriou, Ph.D. and president, The Levy Economics Institute of Bard College, and L. Randall Wray, Ph.D. and a senior scholar at the Institute, also weigh in on Minsky's present relevance in today's economic scene in a new introduction.

A surge of interest in and respect for Hyman Minsky's ideas pervades Wall Street, as top economic thinkers and financial writers have started using the phrase “Minsky moment” to describe America's turbulent economy. There has never been a more appropriate time to read this classic of economic theory.

Stabilizing an Unstable Economy: A Twentieth Century Fund Report Details

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Author : Hyman P. Minsky

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Alex says

the pricing section kicks ass

Parashar B. says

This book is really technical, but a very good read.

Vivian says

Hyman Minsky huh

Minsky, who taught at Washington University in St. Louis, was a marginalized figure throughout his professional life, and died, still marginalized, in 1996. And to be honest, Minsky's heterodoxy wasn't the only reason he was ignored by the mainstream. His books are not, to say the least, user-friendly; nuggets of brilliant insight are strewn thinly across acres of turgid prose and unnecessary algebra. And he also cried wolf too often; to paraphrase an old joke by Paul Samuelson, he predicted around nine of the last three major financial crises.

these days many economists, yours truly very much included, recognize the importance of Minsky's "financial instability hypothesis." And those of us, again like yours truly, who were relative latecomers to Minsky's work wish that we had read it much earlier. Minsky's big idea was to focus on leverage—on the buildup of debt relative to assets or income. Periods of economic stability, he argued, lead to rising leverage, because everyone becomes complacent about the risk that borrowers might not be able to repay. But this rise in leverage eventually leads to economic instability. Indeed, it prepares the ground for financial and economic crisis.

this book is a must read

Diego says

Una versión alternativa de las crisis desde la gran depresión, partiendo de una visión post-keynesiana. Un muy buen libro para entender algunas características y fallas del sistema capitalista en el siglo XX con algunas ideas interesantes sobre como fortalecer el sistema y eliminar sus inestabilidades endógenas.

Muy recomendando para los interesados en Macroeconomía y Economía Política.

Andrew says

Stabilizing an Unstable Economy, by Hyman Minsky, is a wonderful, but complex book on macroeconomic theory. Minsky examines the United States of the post WWII era (up to the 90's) and dissects the inherent instability in the system. His book is widely credited with "predicting" the crash of '08, although this is mostly through economic modeling and prediction on credit swapping and a growing "small government" movement within the US Federal Reserve.

Minsky's book was highly interesting, and very complicated. It focuses much more on Macro-Financing at the National level, as opposed to actual macroeconomic stabilization theory. It is very technical, and I would recommend a solid grasp of algebra, economics and finance/accounting to fully grasp the recommendations Minsky offers on correcting the imbalance he saw in the US economy at the time.

Although complicated, this is a great read for those interested in US macro-financial theory and a history of US federal financing. Minsky was an advocate for Keynesian style Big Government financial controls, and disagreed with small government or market led mechanisms for overall financial control of an economy. He goes into great detail on how market led forces can cause instability, and great detail on important financial and monetary policy schemes a government could enact to encourage financial stability mechanisms are in place. All in all, a classic economics read from a man who understood macro-financing and banking and how these factors effect overall social justice, efficiency of state and market mechanisms, and the liberty of democratic citizens.

!Tæmbu?u says

KOBOBOOKS

Kayce Basques says

Fascinating analytical framework. Difficult to read... Lots of passive voice.

Paul Ducard says

A very difficult read in many spots but I think I got most of his arguments. I found it entertaining how much of what he wrote 20 years ago seems all together familiar and applicable today.

Darrel Pfingston says

written in 1986. reasonably describes the dot.com bubble/crash and the sub-Prime mortgage bubble/crash. proposition has credibility.

Phil says

The Financial Instability Theory is one of the most important economic ideas of the last 50 years, but the

length and dry style makes this best-suited for people truly interested in economics.

Nick Klagge says

As with any classic, it's hard for me to gauge my feelings about this book now, and they may well be different several months on. But I'm very glad to have read it. For those who are not econ nerds, Minsky was an economist in the second half of the 20th century who was non-mainstream but whose views came back into vogue after the financial crisis, which appeared to validate his theories.

The only math in this book is algebra, mostly to do with simplified national accounting identities. In this sense Minsky is the forebear to modern MMT types. I like this style of argument: asserting the simple identities, then generating theory around "what adjusts."

In a nutshell, Minsky's argument is that capital goods are not amenable to the same equilibrium-welfare arguments that consumption goods are, due to uncertainty (as opposed to "risk") regarding the future. This leads to a fundamental and endogenous instability, which brings about financial crises. I think this is a productive line of argument, which reflects the real possibility of crashes without resorting to some hand-waving about irrationality the way some behavioral economics does. I have recently discovered the work of Roman Frydman (a current economist) and think his ideas have some similar good qualities.

Finally, I have to note that this is one of the worst-edited books I've read recently! Come on, guys!

Marta says

A must read :)

Gregg Wingo says

This work of Minsky focuses on his Financial Instability Hypothesis and is a direct challenge to the market efficiency assumptions of the Neoclassical synthesis. It is also a reflection of the cost of Fordism through Keynesian mechanisms or inflation. But chiefly the book is an indictment of financial capitalism and continues a line of economic thought from Smith to Marx to Keynes. Minsky is a critical link in the Smith-Marx-Keynes-Sraffa-Schumpeter-Minsky synthesis.

Minsky recognizes the dynamic nature of the business cycle and identifies the inherent inconsistencies that result from investor behavior in the course of financial relations. He also explains the relationship between Big Government and the use of Keynesian tools to stabilize fluctuations in the economy, maintenance of corporate profits, and inflation. Most importantly Minsky warns of the danger of capitalism in fields of critical importance to society such as education, transportation, and utilities.

With the dawning of the Great Recession economists were faced with the necessity of acknowledging the Minsky Moment and searched for the first edition of this book. In response, McGraw-Hill released this new edition and provided an opportunity for all of us to learn the lessons previously not learned. It is well worth your time to read this book that explains the times we live in.

Athena says

It is remarkable that this book, 25 years since its publication it more relevant than ever.

Barry Scatton says

Finally got around to finishing this. I enjoyed reading Minsky's analysis even though I disagree with his ideas on monetary policy. If financial markets are your thing it's worth reading.
