### Index

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation and crisis, theory of see Crisis theory</td>
<td></td>
</tr>
<tr>
<td>Agent choice</td>
<td></td>
</tr>
<tr>
<td>generally, 27</td>
<td></td>
</tr>
<tr>
<td>consciousness of ignorance, 46, 47</td>
<td></td>
</tr>
<tr>
<td>macrotheory, relationship to, 39–49</td>
<td></td>
</tr>
<tr>
<td>path dependency, 26, 42–44, 161, 282, 312</td>
<td></td>
</tr>
<tr>
<td>residual hypothesis, 45</td>
<td></td>
</tr>
<tr>
<td>subjectivist and objectivist approaches to, 40–41</td>
<td></td>
</tr>
<tr>
<td>Aglietta, Michel, 279</td>
<td></td>
</tr>
<tr>
<td>Aglietta and Breton study, 279</td>
<td></td>
</tr>
<tr>
<td>AIG, 131, 136, 141</td>
<td></td>
</tr>
<tr>
<td>Am I a Liberal?, 310, 315</td>
<td></td>
</tr>
<tr>
<td>Amromin, G., 27</td>
<td></td>
</tr>
<tr>
<td>Amromin and Sharpe study, 27</td>
<td></td>
</tr>
<tr>
<td>Animal spirits, 50, 53, 54</td>
<td></td>
</tr>
<tr>
<td>Annuities, 123</td>
<td></td>
</tr>
<tr>
<td>Armey, Dick, 364</td>
<td></td>
</tr>
<tr>
<td>Arrighi, Giovanni, 279</td>
<td></td>
</tr>
<tr>
<td>Arrighi and Silver study, 279</td>
<td></td>
</tr>
<tr>
<td>Asian Development Bank, 392</td>
<td></td>
</tr>
<tr>
<td>Asymmetric information</td>
<td></td>
</tr>
<tr>
<td>generally, 14, 33, 253</td>
<td></td>
</tr>
<tr>
<td>New Keynesian theory, in, 175–189</td>
<td></td>
</tr>
<tr>
<td>passim</td>
<td></td>
</tr>
<tr>
<td>Athenaeum, 308</td>
<td></td>
</tr>
<tr>
<td>Austerity policies</td>
<td></td>
</tr>
<tr>
<td>generally, 1–3, 10, 263, 269, 274</td>
<td></td>
</tr>
<tr>
<td>European resistance to, 383</td>
<td></td>
</tr>
<tr>
<td>public employees as target, 377</td>
<td></td>
</tr>
<tr>
<td>South Korea, in see South Korean crisis</td>
<td></td>
</tr>
<tr>
<td>U.S. deficit crisis and see Deficit crisis</td>
<td></td>
</tr>
<tr>
<td>Bach, G.L., 330</td>
<td></td>
</tr>
<tr>
<td>Bank for International Settlements, 30, 138</td>
<td></td>
</tr>
<tr>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>generally, 119, 142, 163</td>
<td></td>
</tr>
<tr>
<td>compensation practices of, 153</td>
<td></td>
</tr>
<tr>
<td>Bank of England, 119, 133, 135, 142</td>
<td></td>
</tr>
<tr>
<td>Banking Review, 111</td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td></td>
</tr>
<tr>
<td>bonus-driven incentive system, use of see</td>
<td></td>
</tr>
<tr>
<td>Bonus-driven incentive system</td>
<td></td>
</tr>
<tr>
<td>capital requirements see Capital requirements</td>
<td></td>
</tr>
<tr>
<td>deregulation of, 30–31</td>
<td></td>
</tr>
<tr>
<td>excessive leverage, 32</td>
<td></td>
</tr>
<tr>
<td>failures, number of, 113–114</td>
<td></td>
</tr>
<tr>
<td>hiring practices, 156</td>
<td></td>
</tr>
<tr>
<td>large banks, growth of, 113–116</td>
<td></td>
</tr>
<tr>
<td>Baran, Paul, 10, 204</td>
<td></td>
</tr>
<tr>
<td>Baran and Sweezy study, 10, 204, 236</td>
<td></td>
</tr>
<tr>
<td>Basle Committee, 121</td>
<td></td>
</tr>
<tr>
<td>Basle Rules, 132, 135</td>
<td></td>
</tr>
<tr>
<td>Bear Stearns</td>
<td></td>
</tr>
<tr>
<td>generally, 119, 120, 136</td>
<td></td>
</tr>
<tr>
<td>compensation practices of, 153</td>
<td></td>
</tr>
<tr>
<td>Beaver, W., 20</td>
<td></td>
</tr>
<tr>
<td>Bebchuk, Cohen and Spamann study, 153</td>
<td></td>
</tr>
<tr>
<td>Becker, J., 146</td>
<td></td>
</tr>
<tr>
<td>Becker and Morgenson study, 146</td>
<td></td>
</tr>
<tr>
<td>Behaviorists, 14–15</td>
<td></td>
</tr>
<tr>
<td>Berle, Adolf, 206</td>
<td></td>
</tr>
<tr>
<td>Berle and Means study, 206</td>
<td></td>
</tr>
<tr>
<td>Bernstein, J., 262</td>
<td></td>
</tr>
<tr>
<td>Black, Fischer, 24</td>
<td></td>
</tr>
<tr>
<td>Blankfein, L., 139</td>
<td></td>
</tr>
<tr>
<td>Blinder, Allan, 59</td>
<td></td>
</tr>
<tr>
<td>Block, F., 63</td>
<td></td>
</tr>
<tr>
<td>Bloomberg, 124</td>
<td></td>
</tr>
<tr>
<td>Boeing, 372</td>
<td></td>
</tr>
<tr>
<td>Bolton, Anthony, 137</td>
<td></td>
</tr>
<tr>
<td>Bond market, 124, 284</td>
<td></td>
</tr>
<tr>
<td>Bonus-driven incentive system</td>
<td></td>
</tr>
<tr>
<td>generally, 2–3, 120, 131–132, 151–152</td>
<td></td>
</tr>
<tr>
<td>boom-bust cycles, role in, 160–162</td>
<td></td>
</tr>
</tbody>
</table>

413
cumulative total return analysis of
bank stocks, 155
destructive competition, effect of, 164
effect of diminishing profits, 153
excess supply of rainmakers, effect of, 156, 165–168
Great Financial Crisis, role in, 151–152
growth in popularity of, 156–158
growth of bonuses as diminishing profits, 153–154
inability to restrain, 162–165
large investment banks specifically, in, 153–155
mutual fund investors, effect of, 163
oligopoly pricing power, effect of, 160, 162
primacy of bonuses, 153–155
rents, rainmaker premiums as, 156–158
short-term horizons of investors as factor, 164
Wall Street firms, 153–154
Booms and busts
passim, 140, 182–193, 396–403
conflict between capital and labor as leading to, 331
endogenous boom-bust cycles, 229–230
expansion, role of credit in, 94–96
inflation as factor, 187–188, 343–345, 352–353
Keynes-Minsky-Marx theory, in, 161–162
South Korean crisis and, 396–397, 400–405
speculative inflation during, 187–188
telecom bust, 297
Borenstein, E., 389
Borenstein and Lee study, 389
Bosworth, Barry, 208, 210
Bosworth and Collins study, 400
Bowles, Gordon and Weisskopf study, 260
Bowles, S., 259
Bowring, J., 251
Boyer, Robert, 279
Brazil, 301, 344
Brenner, Robert, 259, 277
Breton, Regis, 279
Bretton Woods system, 1, 62, 260, 272, 348
Britain’s Industrial Future, 320–322
Brittan, S., 389
Brown-Collier, E., 308
Buffett, Warren, 159
Bureau of Labor Statistics, 380, 398
Burger, Albert, 335
Bush, George H. W., 364, 368
Bush, George W., 364, 365, 366, 368–372
Business Week, 115, 209, 267, 293
Busts see Booms and busts
Camdessus, Michel, 407–408
Camerer, C., 14
Camerer and Lowenstein study, 14
Can Lloyd George Do It?, 325
Canada, 375–376
Capital, 73–99 passim
Capital asset pricing model
assumptions used to construct, 24–25
econometric testing of, 21–22
Keynes-Minsky versus, 24–29
“market portfolio,” 21
“no arbitrage” assumption, 23
unrealistic assumptions used to create, 17
Capital deepening, 221–225, 233, 235–238
Capital requirements
banks, for, 30–31, 121, 132, 134–143
collateralized debt obligations, for, 134
Value at Risk, 30–31, 121–122, 138–139
Capital widening, 221–223, 232, 235–236, 238
Carvalho, Fernando, 45, 48, 61
Case-Shiller index, 143
Center on Budget and Policy Priorities, 369, 379
Chandler, Alfred, 251, 273
Chang, H.-J., 389
Chang, Park and Yoo study, 391
Chicago Fed, 117
China, 262
Citigroup
generally, 117, 119, 135, 137, 140, 146
compensation practices of, 153
Claessens, S., 403
Clark, John Maurice, 250, 251, 252
Clarke, S., 236, 237
Class conflict theory of macropolicy
generally, 329, 352–353
balance of payments as factor, 346–352
concept of cycle, role of, 334–341
cyclical behavior of factor shares, 335–341
exclusive reliance on monetary and fiscal policy, end of, 351–352
foreign exchange system, role of, 348–349
full employment as goal, 332–333, 335–338, 342–343
goals of state as factor, 329–334
gold, role of, 348–349
harmony-conflict dialectic, 330
inflation, role of, 343–345, 352–353
international and political affairs as factor, 346–352
Keynesian position distinguished, 332
labor problems, 338–340
maximization of profits as primary goal, 330
New Economic Policy, 347–352
pluralism, 331
political-social and economic factors distinguished, 342–343
productivity, cyclical movements in, 338–340
profits/wages ratio, 335–338
racial income differentials, 341
stable reserve army, 342–343
technological forces, 338–339
unemployment, 342–343, 353
US dollar, role of, 348–349, 352
wage and price controls, 340, 344–345, 351–353
wage struggle, 343–345, 352–353
wars and, 347–348, 353
Clinton, Bill, 364, 366, 368, 379
Clower, R., 42
Coddington, A., 39
Coerced investment
generally, 266
Keynes-Minsky-Marx theory, in, 8
nonfinancial corporations, neoliberal globalization’s effect on, 276–277, 289
Coercive competition, 264–265, 275
Cohen, Alma, 153
Coherence, micro- and macro-foundations of, 39–40, 60–64
Collateralized debt obligations, 33–34, 118–125, 132–137
Collier, B., 308
Collins, C., 400
Commons, John R., 315
Competition
generally see Competition in financial markets
c coercive competition, 264–265, 275
c cooperation, relation between competition and, 256
corespective competition see Corespective competition
dialectical process, as, 226
fraternal and fratricidal modes of competition, 222–223, 227, 230, 233
Keynes’ view anarchic competition, 316–320
atomistic competition, rejection of, 316–320
disequilibrium competitive processes, 310–312, 318
regulated competition, 317
perfect competition, Neoclassical model of, 249
Competition in financial markets
generally, 109–112
bidding clubs, 115
bond market, 124
brokerage services, profitability of, 114
collusive behavior, 115–116
consolidation in sector, 113–114
corespective competition see Corespective competition
derivatives, 117–126
fee structures, 114–115
financial deepening, 113
Group of Ten survey, 114
hedge funds see Hedge funds
herd behavior, 124, 286, 312
high growth industry, financial firms
as, 112–113
high returns, pressure to achieve,
123–124
higher risk leading to higher profits,
116–124
initial public offerings, 114–115, 120
institutional investor incentives as
increasing risk taking, 122
large banks, growth of, 113–116
low interest rates due to Central
Banks’ intervention, 116
mergers and acquisitions, 114–115,
120, 267
noninterest income, 117–122
OTC products, 124
paradox of high profit rates and
intense competition, 109–112,
126
rate of expansion of financial firms,
112–113
Conditional macroeconomic coherence,
39–40, 60–64
Conditional stability
generally, 39–40, 48–49, 53–54, 57, 59
expectation and confidence formation
as contributing to 49–60, 49–60
institutional foundation of, 60–64
uncertainty and, 39–40, 49–64
Confidence
expectation and confidence formation
see Expectation and confidence
formation
neoclassical agents and, 49–50
optimism distinguished, 46
risk distinguished, 46
variable, as, 27–29
Conflation, 8, 197–198, 201–203,
205–206, 210–212
Congressional Budget Office, 368, 369,
372, 375, 378
Contractual rigidity, 63
Core industries, 247–268, 275–276
Cooperative competition
generally, 250–259, 264–265, 267
financial markets, in, 115–116
investment theory, in reformulation
of, 230, 232–233
natural oligopolies, in, 250–253,
255–256
nonfinancial corporations, among,
274–275, 280, 281
Corporate raiders, 284–285
Corporate tax rate, 372, 374
Countrywide, 140
Credit default swaps see Derivatives
Credit derivatives see Derivatives
Credit rating agencies, 132
Crisis theory
generally, 7, 72–73, 100–102
abstract forms of crisis, 75, 77–90
barter, 78
capitalist crises, generally, 82–83,
90–91
circulation, generally, 73–76
contract-credit system, 91–92, 96–100
contract economy, 83–90
credit-accumulation nexus, 92
credit system, development of, 91–92
depth and duration of downturn,
factors in, 100
disequilibrium aspects of simple
commodity production, 80–81
expansion, role of credit in, 94–96
falling rate of profit and oversensitive
contract credit system as trigger,
98–100, 101–102
fragility or over-sensitivity of system,
84–104 passim
“functions” of money, 77
gross rate of profit defined, 94
hoard, money as, 80, 85
interest rate as eroding net profit rate,
97
laws of motion of capitalism, 90–91
money as means of circulation, 78–83
money as means of payment, 83–90
money as measure of value, 81–82
net rate of profit defined, 94
non-capitalist commodity exchange,
forms of, 78
potential crises in contract economy,
87–89
rate of profit as key variable, 92–93,
94–98
reproduction process of capitalism,
80, 81, 84, 91
simple commodity production and...
capitalist production, relation between, 74–90, 90–93
unity of circulation and production, 94–100
velocity of money, 80–81
Crony capitalism, 297, 395, 404
Crotty, James, 27, 130, 139, 145, 155, 162, 164, 185, 197, 246, 252, 259, 261, 264, 266, 275, 276
Crotty and Dymski study, 389
Crotty and Epstein study, 145
Crotty and Goldstein study, 228, 229, 277, 285
Crotty and Lee study, 389, 406
Cuomo, Andrew, 153
Daimler-Chrysler, 267
Darwin, Charles, 310, 311–312
Das, S., 141
Das Kapital, 73–99 passim
Davidson, P., 42, 44, 45, 53, 61, 176
Deficit crisis
causes of, 357–365, 368–370, 376–377
congressional attack on New Deal, 378–379
debt ceiling crisis, 380–381
debt-to-GDP ratio, 358, 363, 368–371
economic and political background, 357–365
increased inequality, 365–367
media reporting on, 382
Obama acceptance of budget cuts, 379–380
overview, 357–359, 381–383
prospective deficits, causes of, 369–370
real family income, 366–367
recommended response to, 362–363, 370–374
right-wing economic policies as causing, 359–365
slower growth, 365–367
Social Security and health care as factors, 365–367, 374–376
state and local responses, 376–377
tax rates and revenue, 370–374
Degree of monopoly, 203
Delay, Tom, 364
Derivatives
generally, 32–34, 114, 131, 132–138, 140–143
high profits resulting from, 117–126
notional value of all contracts (2005), 112–113
proposed regulation of, 146
DeYoung, R., 117
DeYoung and Rice study, 117
Dhareshwar, A., 400
Di Napoli, T., 131
Dinallo, Eric, 136
Disequilibrium
competitive processes, 310–312, 318
simple commodity production, in, 80–81
unemployment as disequilibrium phenomenon, 180
Does Unemployment Need a Drastic Remedy?, 308
Donaldson, G., 59
Donaldson and Lorsch study, 59
Drexel, Burnham and Lambert, 284
Duham, Pierre, 18
Duham-Quine thesis, 18
Dumenil, Gerard, 277, 279
Dumenil and Levy study, 277, 279
Duncan, M., 264
Dymski, Gary, 389
East Asian growth model, 2, 259, 263, 273, 274, 301, 387, 388, 393–394, 397–398, 400
Economic dynamics, theory of, 5–6
Efficient market hypothesis
generally, 3, 13–16, 39–49
econometrics tests of, 20–21
liquidity as always available under, 133
relevant information set, 16
Eisenhower, Dwight, 346, 347, 349
Endogenous change, 4, 5, 50
Engels, Friedrich, 97
English economy in 1920s, Keynes’ view of see Industrial and macro policy in 1920s, Keynes’ view of
Enron, 294–295
Epstein, G., 145
Ergodic stochastic economic models, 42–43, 175, 176–177
European Central Bank, 121
European Economic Community, 351
Evolution, theory of, 310, 311–312
Exogenous shocks, 5, 43, 57, 177, 178, 179
Expectation and confidence formation generally, 27, 49, 161, 180, 181–182, 198
conditional stability, contribution to, 49–60
conventional process of, 52–60
endogeneity of, 57, 182
historically contingent, as, 58–59
institutionally specific, as, 58
Keynes-Minsky theory, 27, 57, 161
social and interactive, as, 57–58
speculative excess as factor, 183–184
Fama, Eugene, 15–16, 20–21, 205
Fama and French study, 21
Fazzari, Steve, 43, 175–189
FDIC, 124
Federal Reserve, 298
Feldstein, Martin, 393
Felix, David, 279, 283
Ferguson, N., 142
Fidelity International, 137
Financial Services Authority, 138
Financial theories of instability generally, 196–197
irreversibility of investment, 207–208
Keynesian models of conflation, 198–201
marginal efficiency of capital, 198–201
Minsky’s theory of instability see Minsky, Hyman
Q theory, 201–202
semi-autonomy of owners and managers generally, 205–210
empirical evidence in support of, 210–212
Financial Times, 32, 114, 115, 118, 119, 121, 134, 135, 137, 138, 140, 142, 144, 162, 167, 267, 395
Financialization of nonfinancial firms, 2, 109, 297–300
Findley, M., 14, 22
Findley and Williams study, 14, 22
Fischer, Stanley, 387, 394, 407
Fisher, S., 210
Fisher and Merton study, 210
Fitch Ratings, 124, 136
Fitzgibbons, A., 53
Forbes Magazine, 287
Ford Motor Co., 247, 267
Foreign exchange system, 260, 348–349
Fortune Magazine, 135
Fragility crisis theory, fragility or over-sensitivity of system in, 84–104 passim
Minsky’s financial fragility thesis, 63, 143, 162, 182, 189, 219, 230
France, 349
French, K., 21
Friedman, Milton, 40
generally, 3, 5, 7, 311, 344
positivism of see Positivism
Froud, J., 115, 279, 294
Froud and Williams study, 115
Fukuyama, Francis, 14
Fuld, Richard, 159
Galbraith, John Kenneth, 258
Geithner, Timothy, 122, 126, 140, 143, 146, 147
General Electric, 247
General Motors, 267
German Central Bank, 141
Germany, 259, 260, 352
Gingrich, Newt, 364
Glass-Steagall Act, 111
Global Crossing, 295
Global financial crisis 2007 see Great Financial Crisis
Great Depression see Great Depression
Global neoliberalism generally see Neoliberal globalization
austerity policies see Austerity policies
nonfinancial corporations, effect on see Nonfinancial corporations
neoliberal globalization’s effect on paradox of neoliberalism see Paradox of neoliberalism
Glyn, Andrew, 277
Goldin, C., 156, 158, 165
Goldin and Katz study, 156, 158, 165
Goldman Sachs, 115, 120, 131, 136, 138, 146, 163
Goldstein, Jonathan, 228
Goodhart, Charles, 133–134, 142
Gordon, D., 260
Great Depression
generally, 3, 13, 244, 359
New Deal response to, 359–361
Great Financial Crisis
generally, 1–3, 34–35, 151
banks, role of, 30–32
bonuses, role of, 151–152, 168
debt, role of, 31–32
New Financial Architecture, role of
see New Financial Architecture
non-transparent securities, role of,
32–34
Great Recession see Great Financial Crisis
Greenspan, Alan, 141, 144, 288, 388, 393, 394
Greenspan Commission, 375
Hahm, J., 389
Hahm and Mishkin study, 389
Haldane, Andrew, 3, 136, 139
Hanks, George, 111
Harrison, B., 264
Harrod, Roy, 320
Health care costs, 374–376
Hedge funds, 114–115, 118–124, 123,
127, 130–146 passim
Henwood, 279
Herd behavior, 124, 286, 312
Hollister, Robinson, 341
Hollister and Palmer study, 341
Household debt, 31
Howell, D., 264
Howell, Duncan and Harrison study,
264
IBM, 247
India, 262
Industrial and macro policy in 1920s,
Keynes’ view of
generally, 307–308, 325
anarchic competition, 316–320
atomistic competition, rejection of,
316–320
bankruptcy and debt, 319–320
Board of National Investment, role of,
321–322
coil, crisis in, 318
coooperative labor-management-state
decision-making, 323
corporatist, as, 308
cotton industry, 318–320
Council on Industry, 324–325
disequilibrium competitive processes,
310–312, 318
evolution and laissez-faire, 310–312
passim
industrial policy, 322–325
initial statement and defense of
macro-policy position, 308–316
irreversibility of real capital
accumulation, 318–319
labor, control over, 317–318
microeconomic theory, 308, 310
Ministry of Industry, role of, 323–325
National Industrial Council, 324–325
nationalization, 315
public corporation, importance of,
313–316
public investment as cornerstone of
policy, 321–325
radical nature of, 325–326
reasons for high growth rate (1870-
1914), 307–308
regulated competition, 317
scientific method as applicable to
economics, 311
socialization of investment, 308,
320–322
three economic orders, 315–316
unemployment, remedy for, 308–310
visionary essays, 308–316
Inequality of income and wealth
generally, 2, 5, 10, 257–259, 262,
301, 358–363, 365–366,
370–374, 382–383
South Korea, in, 391
Inflation
generally, 260–262, 343–350,
352–356, 361–362
booms, as factor in, 187–188,
343–345, 352–353
Informational efficiency see Efficient
market hypothesis
Inherently unstable financial markets, 3, 6
Instability
generally, 5–8, 34
inherently unstable financial markets, 3, 6
Minsky’s theory of see Minsky, Hyman monocausal theories of, 197, 203
New Keynesian theory
investment instability, theory of, 175–189, 200–201
New Keynesian theory and, 175–180, 183, 186–187
uncertainty distinguished, 59
Institute for International Finance, 392
Institutionalization of decision-making, 62
Insurance companies, 123
International Monetary Fund
generally, 135, 145, 244, 263, 269, 272, 274, 284
South Korea, policy toward see South Korean crisis
Investment theory, reformulation of
generally, 219–220
“Accumulate, Accumulate”
generally, 219–220, 236
conditional, as, 220–224
investment in 1980s, analysis of, 237–238
simplistic, as, 226–227
anarchic regime, 230, 233–235, 236
approach to expectations, 228
bankruptcy, 228
capital deepening, 221–225, 233, 235–238
capital widening, 221–223, 232, 235–236, 238
competition as dialectical process, 226
corespective regime, 230, 232–233
enterprise decision making, theory of, 236
financial fragility theory, 230
financial markets, effect of theory of, 224–225
fraternal and fratricidal modes of competition, 222–223, 227, 230, 233
growth-safety tradeoff investment model, 228–230, 232
independent behavioral investment equation, 224–225
investment in 1980s, analysis of, 237–238
irreversibility of investment, 223, 228
realization problems, 220, 224
regime shifts, 233–237
strategy, role of, 230–235
unknowability, 228
Irrationality
generally, 14, 16, 27, 41, 54, 332
agent irrationality, 41
radical irrationality of Keynesian investor, 54
Irreversibility of investment
generally, 207–208, 248
investment theory, reformulation of, 223, 228
New Keynesian theory, 186
Post Keynesian theory, 186
Itoh, M., 236, 237
Japan, 259, 260, 263, 265, 344, 352, 353
Jensen, M.C., 206
Jensen and Meckling study, 206
Johnson, Lyndon, 346, 347
Johnson, Simon, 165
Johnson and Kwak study, 165
Journal of Economic Perspectives, 58
JPMorgan Chase, 117, 119, 137
Jung, Kim Dae, 406
Junk bonds, 124, 284
Justice Department, 115
Kalecki, Michal
generally, 4, 54, 203, 204, 342, 343
full employment and profits, view of, 332–334
Keynesianism and, 332–334
monopoly pricing theory, 333
The Political Aspects of Full Employment, 329
Kaplan, S., 165
Kaplan and Rauh study, 165
Katz, L., 156, 158, 165
Kennedy, John, 346, 347
Keynes, J.M.
generally, 4, 6, 13, 19–20, 27, 63, 116, 129, 299
corporatist, as see Industrial and macro
<table>
<thead>
<tr>
<th>Index</th>
<th>421</th>
</tr>
</thead>
<tbody>
<tr>
<td>policy in 1920s, Keynes’ view of Keynes-Minsky-Marx theory see Keynes-Minsky-Marx theory</td>
<td>Say’s Law, view of, 245–246 spontaneous optimism, 50 uncertainty see Uncertainty unknowability of future see Unknowability of future</td>
</tr>
</tbody>
</table>
competition and cooperation, relation between, 256

Crisis theory see Crisis theory

investment theory, reformulation of see Investment theory, reformulation of

monopoly defined, 256

Say’s Law, view of, 245–246

McCloskey, D., 178

Means, Gardiner, 206

Meckling, W., 206

Medicaid, 357–360, 368, 370, 374, 376, 378, 380, 382

Medicare, 357–360, 368, 370, 374, 376, 378, 380, 382

Mergers and acquisitions, 114–115, 120, 267

Merrill Lynch, 131, 134–135

Merton, R., 210

Milken, Michael, 284

Minsky, Hyman

generally, 4, 7, 8, 13, 129, 341

financial instability, theory of, 54, 203–205, 219, 230

fragility theory see Fragility

market ebullience, 28–29

Marxian accumulation theory and, 219–228

Q theory, variant of, 205

Minton, B., 119

Minton, Stulz and Williamson study, 119

Mishel, Bernstein and Schmitt study, 262

Mishel, L., 262

Mishkin, F.S., 389

Moggridge, D., 320

Monetarism, 3

Money and forward contracts, 61

Monopoly Capital, 236

Monopoly capitalism, theory of, 10, 236

Moody’s, 132

Morgan “Money Trust,” 109

Morgan Stanley, 115, 146, 159, 163

Morgenson, G., 146

Morin, Francois, 279

Morrison, A., 166

Morrison and Wilhelm study, 166

Mortgage-backed securities, 32–34, 118–119, 131, 132–135, 137

Muth, John, 41, 43

Nabisco, 284–285

Nadiri, M.I., 400

Nadiri and Son study, 400

NAFTA, 364

Natural oligopolies

generally, 9, 264, 266–267

corespective competition in, 250–253, 255–256

re-oligopolization, 266–268

Nehru, V., 400

Nehru and Dhareshwat study, 400

Neoclassicism

collision of owners and managers, 205–206

general equilibrium models, 202, 245

investment theory, 201

micro theory, 247

New Keynesianism distinguished, 175–178, 181, 185, 189

perfect competition, model of, 249, 253

perfect distribution, assumption of, 247

theory of choice under uncertainty, 176

Neoliberal globalization

generally, 267–269

austerity policies see Austerity policies

barriers to entry, 166–167, 251, 253, 255–256, 269

chronic excess capacity, 264–267

coercive investment, 266

coercive competition, 264–265, 275

core industries, 247–268

corespective competition see Corespective competition
debate over, generally, 244–246
deregulation see Deregulation
destructive competition, 247–251, 254–256, 264–267

fixed costs, 249–251

freedom of exit, 248–250, 255, 258

global aggregate demand growth, 261–263

long-term planning, 258–259, 273, 282–283

micro theory, 245–250

natural oligopolies see Natural oligopolies

nonfinancial corporations, effect on see
Nonfinancial corporations, neoliberal globalization's effect on oil prices and, 260–261
perfect factor substitutability in production, 249–250
promises of, 244–246
slow growth resulting from, 261–266
South Korean crisis see South Korean crisis
structural contradictions of, 257–261
symbiotic relations between state and market, destruction of, 257–261
virtuous circle of prosperity, 246, 259–261, 275
New Deal, 358–381 passim
New Economic Policy, 347–352
New Financial Architecture
generally, 129–130, 143–147
capital requirements, 137–140
complex and opaque financial products, 132–134, 140–142
definition, 129–130
illiquid financial products, 132–134
incentives increasing risk, 130–132, 138–139
increased systemic risk, 140–142
key structural flaws
capital requirements, 137–140
complex and opaque financial products, 132–134, 140–142
illiquid financial products, 132–134
incentives increasing risk, 130–132, 138–139
increased systemic risk, 140–142
off-balance sheet assets, 137–140
risk assessment, flaws as to, 138–139
risk management, false claims as to, 134–137
Special Investment Vehicles, use of, 137
system-wide leverage, facilitation of, 142–143
Value at Risk, use of, 138–139
weak theoretical foundation, 130
New Keynesian theory
generally, 4, 8, 10, 189
agent expectations, assumptions about, 177–178
asymmetric information, assumption of, 175–189
bankruptcy, 186–187
credit, sufficiency and insufficiency of, 183–184
credit rationing, 187–188
debt-equity ratios, 186
diversification, 185
ergodic, stochastic models, 175, 176–177
fundamental uncertainty, 175–189
government economic policy, view of, 188–189
insolvency, 186–187
instability
generally, 175–180, 183, 186–187
insurance, 185
investment theory, 175–189
irreversibility of investment, 186
key Keynesian theories as incompatible with, 179–184
Keynesian investment theory distinguished, 175–189
link between finance and investment, 185–186
Post Keynesian theory distinguished, 175–176, 179, 184–190
systemic risk, 185
wedge between finance and investment, 185–186
New York State Comptroller’s Office, 154
Nixon, Richard, 342, 343, 347, 351, 361
Nonergodic, stochastic processes, 185
Nonfinancial corporations, neoliberal globalization’s effect on generally, 272–274, 301
accounting fraud, 294–297
agency theory, development of, 285
buybacks, 291–292
cash flow taken by financial agents, 289–293
changes in corporations’ objectives and constraints, 274
changing financial markets, effect of, 279–293
chronic excess capacity, 275
coerced investment, 276–277, 289
core industries, 275–276
corespective competition, 274–275, 280, 281
debt, increase in, 278–297, 289–293
deregulation, 275
destructive competition, 274–279, 282, 289, 292–297
dividend payments as percent of cash flow, 291
executive compensation, 287–289
financial or portfolio conception of corporations, effect of, 284–285
financialization of nonfinancial corporations, 2, 109, 297–300
GDP growth rates, 273
gross portfolio income, growth of, 299–300
IMF and World Bank imposition of policies, 284
neoliberal paradox defined, 273–274
net real fixed investment, 277, 278, 289
organizational integration, 281–282
other miscellaneous financial assets, growth of, 298–300
profit rates, 277–278, 294–297
real interest rates, 280, 283
rentier capitalism, rise of, 279–280
rising public debt, 283–284
Schumpeter-Chandler managerial firms, 280–283
shareholder value movement, 286–289
shift to “impatient” financial markets, 273, 282, 293
slowdown in global aggregate demand, 273–279, 281, 283–284
stock options as pay component, 287–289
stockholders and stock prices, 286–289, 294–297
Norris, Floyd, 161
Obama, Barack, 144, 146, 365, 369, 372, 373, 382
Office of Financial Stability, 3
Okun, Arthur, 346
OPEC, 260
Optimal financial markets, theory of generally, 15–16
debt as not dangerous, 31–32
“event studies,” 22
leverage as not dangerous, 31–32
testing of, 22, 23
Optimal security pricing, 15–16
Orange County, 141
Originate-and-distribute model, 134–135, 142
Oster, S., 249, 251
O’Sullivan, Mary, 251, 281, 282
OTC products, 124
Owner-manager conflict generally, 196–197
conflation of owners and managers, 197, 198–206
Keynesian models of conflation, 198–206
Minsky’s theory of instability, 54, 203–205
Q theory, 201–202
semi-autonomy of owners and managers generally, 205–210
empirical evidence in support of, 210–212
Oyer, Paul, 156, 165
Palmer, John, 341
Paradox of neoliberalism generally, 272–301
neoliberal paradox defined, 273–274
political unpopularity of policies, 407–408
South Korean crisis, as reflected in, 407–408
Park, H.-J., 391
Partnoy, Frank, 139
Paulson, Henry, 136, 142
Pension funds, 123
Perelman, Michael, 251
“Perfect calm,” 30, 116, 124, 126
Perfect financial markets see Efficient market hypothesis
Phelps, Edmund, 341
Philippon, T., 156–158, 165
Philippon and Reshef study, 156–158, 165
Phillips curve study, 342, 343
Phillips-Fein, Kim, 360, 365
Pigou, Arthur C., 180
Piketty, Thomas, 288
Piketty and Saez study, 288
Piron, Robert, 58
Plender, John, 126
Political Economy Research Institute, 3
Pollard, Sidney, 313, 314
Pomerleano, Michael, 404
Porter, M., 251
Positivism

generally, 5, 7, 15–20, 34–35
capital asset pricing model vs.
Keynes-Minsky, 24–29
econometrics, use of, 18
empirical tests used to defend, 20–24
realism of assumptions as irrelevant
in evaluating, 15–20, 34–35
unrealistic assumptions and Great
Financial Crisis; illustrative
examples, 30–34
Post Keynesian theory
credit rationing, 187–188
fundamental uncertainty in, 185
government economic policy, view
of, 188–189
investment theory, 175–189
irreversibility of investment, 186
New Keynesianism distinguished,
175–176, 179, 184–190
nonergodic, stochastic processes in,
185
price rationing, 187–188
speculative inflation during booms,
187–188
Prince, Charles, 135, 164
Public employees as austerity target, 377
Q theory, 197, 199, 201–202, 205,
208–210
Quarterly Journal of Economics, 20, 44,
52
Quine, Willard, 18
Rabin, Matthew, 14
Rainmakers
apprenticeship process, 166–167
bonuses for see Bonus-driven
incentive system
character traits of, 158–160
defined, 151
excess supply of, 156, 165–168
false value created by, 162
Rajan, Raghuram, 118, 122
Ramey, V., 247
Ramey and Shapiro study, 247
“Rational expectations”
generally, 3, 19, 27, 39–49, 161, 163
ergodic stochastic processes, 42–43
Rauh, J., 165
Re-oligopolization, 266–268
Reagan, Ronald, 363–364, 366, 368, 370,
378, 380
Rentier capitalism, 262, 279–280
Reshef, A., 156–158, 165
Rice, T., 117
Richardson, M., 135–136
Richardson and Roubini study, 135–136
Risk
degree of confidence distinguished, 46
higher risk leading to higher profits,
116–124
institutional investor incentives as
increasing risk taking, 122
New Financial Architecture and see
New Financial Architecture
systemic risk, 138, 140, 179, 185
Value at Risk, 30–31, 121–122,
138–139
Robinson, Joan, 54, 59
Rodrik, Dani, 34–35, 389
Rogoff, Kenneth, 390
Romer, David, 178
Roosevelt, Franklin Delano, 358–360
passim

James Crotty - 9781784719029
Downloaded from PubFactory at 09/14/2023 12:48:16AM
via free access
South Korean crisis
- alleged collapse of economy, 387, 395–405
- austerity policies, imposition of, 263, 389–395
- capital accumulation rates, 398–399
- capital productivity as factor, 397–400
- causes of, 283, 388–391, 395, 404
- chaebol, role of, 388, 391, 392, 396, 403, 406
- crony capitalism as cause of, 404
- cross-country profitability comparisons, 403–404
- debt to foreign banks, increase in, 392
- domestic profit time series, 401–403
- economic conditions during mid-1990s, 387–388, 395–405
- exports, increase in, 396–397
- “extreme conditionality,” 387, 390, 392
- GDP growth, 398
- investment boom as irrational, 396–397
- liberalization policies as cause of, 389, 392, 406
- liquidity crisis, as, 387, 389, 390, 395
- neoliberal paradox as reflected in, 407–408
- output-to-capital ratio, analysis of, 397–398
- overview of, 387–388, 406–408
- political effect of, 406–408
- post-crisis evaluation report, 390–391
- profitability data during boom, 400–405
- response to, 387–395
- “structural reforms,” 390, 392, 393–394, 407–408
- total factor productivity, measurement of, 398–400

Spamann, Holger, 153
Special Investment Vehicles, 130, 137
Static models, 5, 24, 178–180, 182–183
Steindl, J., 204, 216, 333
Steinherr, A., 121
Stiglitz, Joseph, 14, 159, 374, 389
Stiroh, Kevin, 117
“Structural reforms”
- generally, 1, 3
- South Korean crisis, in, 392–393
Index

Stulz, R., 119
Subprime mortgages, 118–119, 129, 135, 137, 141
Summers, Lawrence, 21, 146, 393, 395, 407
Sweezy, Paul, 10, 204
Sylos-Labini, P., 251

Taiwan, 265
Tax cuts, 3, 10, 277, 347, 351, 357–359, 362–365, 368–382
Telecom bust, 297
Tett, Gillian, 134, 135, 137, 139, 140
The Economic Consequences of the Peace, 307
The Economist, 120, 123, 145, 155, 288, 296
The End of Laissez-Faire, 310
The Financial Times, 126, 296
The General Theory, 20, 50, 54, 57–58, 59, 180–181, 184, 197, 198, 325, 332
The Means to Prosperity, 325
The Nation, 308
The Political Aspects of Full Employment, 329
The Treatise on Money, 187
Theories of Surplus Value, 77, 82
Timmer, M., 398
Timmer and van Ark study, 398
Tobin, James

generally, 8
Q theory, 197, 199, 201–202, 205, 208–210
Tract on Monetary Reform, 319
Tranquility, periods of, 54–55
Treasury Department, 284, 370
Trichet, Jean-Claude, 121
Troubled Asset Relief Program, 144, 146
Tyco, 295

Uncertainty

generally, 5, 27, 30, 44–45, 248
conditional stability and, 39–40, 49–64
credit rationing, as explanation for, 187–188
fundamental uncertainty in New Keynesian theory, 175–189, 248
instability distinguished, 59
psychological effects, 50–52, 181

Unemployment

class conflict theory of macropolicy, in, 342–343, 353
disequilibrium phenomenon, as, 180
Does Unemployment Need a Drastic Remedy?, 308
rate of, 260, 309, 326, 361, 362, 363, 380
remedy according to Keynes, 308–310
Union Bank of Switzerland, 135
Unions

generally, 262, 358–364 passim, 362, 377, 381
attempts to control, 352–353
strikes, 339–340
wage struggle, 343–345
Unknowability of future, 5, 7, 16, 20, 26–27, 44, 61, 198, 199, 228, 248
Useem, Peter, 279, 286

Value at Risk, 30–31, 121–122, 138–139
van Ark, B., 398
Variato, Anna Marie, 175–189
Veneroso, F., 389
Versailles Treaty, 307
Vickers, D., 44, 45, 176
Viniar, David, 138
Volcker, Paul, 1, 111, 115, 126, 130

Wade, R., 389
Wade and Veneroso study, 389
Wage and price controls, 340, 344–345, 351–353
Wages, Price and Profit, 345
Wall Street Journal, 123, 131, 140, 154, 159, 164, 165, 250, 276, 339, 388, 393, 408
Wall Street Watch, 142, 145
Walrasian theory, 42–43, 50, 51, 81, 189, 190, 244
Weber, A., 141
Weiss, L., 391
Weisskopf, F., 260
Wells, H.G., 320
Wessel, David, 297
Wilhelm, W., 166
Williams, E., 14, 22
Williams, K., 115
Williamson, R., 119
Wolf, Martin, 140, 144
World Bank, 244, 263, 269, 272, 274, 284
World War I, 307
WorldCom, 294–295, 296
WTO, 263, 269
Xerox, 296
Yoo, C.G., 391
Yoo, J.H., 389, 403