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# Understanding the global financial crisis: contributions of post-Keynesian economics

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## Notes on contributor

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## Notes

1 As reported by Earl Peng, "Economics fit for the Queen," 172.

2 See <http://www.huffingtonpost.co.uk/2012/12/13/queen-visit-bank-of-england>

3 Blecke

4 Godley

5 Ibid.

6 Lavoie

7 See

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- 9 This refers to the fact that in many states in the United States, the home owner can simply abandon the house and send the keys to the financial institution holding the mortgage, with no recourse.
- 10 See Minsky, *Can It Happen Again?*; John Maynard Keynes; *Stabilizing an Unstable Economy*.
- 11 Minsky, *Can It Happen Again?*, 92-93.
- 12 Minsky, John Maynard Keynes, 128.
- 13 Minsky, *Can It Happen Again?*, 101.
- 14 Galbraith, *A Short History of Financial Euphoria*. There are many other post-Keynesian contributions to theories of financial instability, among them those of another participant to this forum, Brenda Spotton Visano, *Financial Crises*; see also Toporowski, *The End of Finance*.
- 15 *Stabilizing an Unstable Economy*, 237.
- 16 Keynes, *The General Theory*, 158.
- 17 See Godley and Lavoie, *Monetary Economics*.
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28 Borio and Disyatat, "Global Imbalances and the Financial Crisis."

29 Eichner, *The Macrodynamics of Advanced Market Economies*, 849.

30 See in particular Wray, *Understanding Modern Money*; and *Modern Money Theory*.

31 Bindseil, *Monetary Implementation*, 252.

32 It is sometimes said that capital adequacy ratios, as suggested by the Basel III regulations, restrain the ability of banks to create credit money. But banks are always able to raise their capital ratios by retaining a larger share of their profits or by issuing new shares, or even through accounting manipulations.

33 Lavoie, "Monetary Base Endogeneity."

34 Lavoie, "Changes in Central Bank Procedures." The floor system was advocated by some post-Keynesian writers, notably Fullwiler, "Paying Interest on Reserve Balances."

35 In Canada, starting in April 2009 but continuing for only about a year, a floor system was also adopted by the Bank of Canada as part of its zero interest rate policy (ZIRP) framework. The Bank of Canada also left three billion dollars' worth of reserves in the banking system, so as to maintain the overnight rate at the floor, but this relatively small amount cannot be considered part of a QE operation.

36 In Canada, starting in April 2009 but continuing for only about a year, a floor system was also adopted by the Bank of Canada as part of its zero interest rate policy (ZIRP) framework. The Bank of Canada also left three billion dollars' worth of reserves in the banking system, so as to maintain the overnight rate at the floor, but this relatively small amount cannot be considered part of a QE operation.

37 Borio

38 Lavoie

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42 See r

43 See *Modern Money Theory*, ch. 19.



44 Kelton and Wray, "Can Euroland Survive?" 10.

45 Kriesler and Lavoie, "The New Consensus on Monetary Policy."

46 Spotton Visano, "Gendering a Post-Keynesian Theory."

47 Ball, "Long-term Damage from the Great Recession."


48 Wilkins, "Monetary Policy and the Underwhelming Recovery."

49 Blanchard, "Looking Forward, Looking Back."

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