







Q

Home ▶ All Journals ▶ Economics, Finance & Business ▶ Journal of Economic Issues ▶ List of Issues ▶ Volume 36, Issue 2 ▶ Minsky's Theory of Financial Crises in a ....

#### Journal of Economic Issues >

Volume 36, 2002 - Issue 2: Papers From The 2002 AFEE Meeting

Views CrossRef citations to date Altmetric

**Papers** 

# Minsky's Theory of Financial Crises in a Global Context

Martin H. Wolfson

Pages 393-400 | Published online: 05 Jan 2016

**66** Cite this article

Sample our Economics, Finance, **Business & Industry Journals** >> Sign in here to start your access to the latest two volumes for 14 days

References

**66** Citations

Metrics

➡ Reprints & Permissions

Read this article

Share



### Minsky's Theory of Financial Crises in a Global Context

Martin H. Wolfson

Hyman Minsky's theory of financial crises was developed in the context of a domestic economy. Recent financial instability in the international economy, however, suggests that it would be useful to examine his theory in a more global environment. After briefly discussing the main themes of Minsky's domestic theory in the first section, this paper then attempts to identify how the theory would need to be modified to take account of the international setting. In the last section, institutional changes in the global economy are investigated and their relevance to financial crises is evaluated in light of the theory discussed in the second section.

#### Main Themes of Minsky's Domestic Theory of Financial Crises

For our purposes here, we will consider Minsky's theory under the following headings: the systemic development of financial fragility; the movement to the brink of financial crisis; the disruption of stability by a "not unusual" (surprise) event; and debt-deflation, including the ability to prevent the debt-deflation process.

The Systemic Development of Financial Fragility

Minsky's theory of financial crises is set within the context of an expanding economy. As the expansion develops, optimism increases, and conventions about the proper level of debt and risk begin to change. Prices of financial assets rise and the general level of speculation increases. Speculation is taken to be the attempt to bet on the future direction and psychology of the market (Keynes 1936, 158), and also the more general

393

The author is in the Department of Economics, University of Notre Dame, Indiana, USA. This paper was presented at the annual meeting of the Association of Evolutionary Economics in Atlanta, Georgia, USA, January 4–6, 2002.

## Log in to Taylor & Francis Online Log in Restore content access > Restore content access for purchases made as guest Purchase options \* Save for later PDF download + Online access • 48 hours access to article PDF & online version · Article PDF can be downloaded · Article PDF can be printed EUR 48.00 📜 Add to cart Issue Purchase • 30 days online access to complete issue · Article PDFs can be downloaded · Article PDFs can be printed EUR 116.00 📜 Add to

cart

\* Local tax will be added as applicable



People also read

Recommended articles

Cited by 48

Information for

**Authors** 

**R&D** professionals

**Editors** 

Librarians

**Societies** 

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

**Open Select** 

**Dove Medical Press** 

F1000Research

Help and information

Help and contact

Newsroom

All journals

**Books** 

#### Keep up to date

Register to receive personalised research and resources by email



Sign me up











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions



Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG