# The Minsky Millennium

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**By**
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In 2008, Hyman Minsky finally had his moment. But he was miscast as a prophet of financial collapse. The real "Minsky moment" was the bailout, not the crash.

Illustrations by Marco Miccichè

Having dreamed it so long, Marxist crisis theorists were ready for action when Lehman Brothers broke the seventh seal and the strait gate swung open. Even the chair of the Federal Reserve worried that "we may not have an economy on Monday."

The unspoken hope on the Left was that a big crisis would unmask capitalism, revealing that what prosperity people thought they had was false. In the last ten years, we have seen that crisis does not by itself delegitimize capitalism, or threaten the end of capitalism. It brings poorly functioning capitalism, for a while, and legitimates all kinds of measures to restore function, real or false: bailouts, stimulus, austerity, nativism. Yet at the time, socialists imagined a big crisis as the event that would throw all the chips in the air.

Meanwhile, the financial press was discovering its own socialist crisis theorist: Hyman P. Minsky.

In 2016 the *Economist* included Minsky's "financial instability hypothesis" in a series on six seminal ideas in economics, alongside the multiplier, Nash equilibrium, information asymmetries, and others. The originators of the other concepts — except the multiplier, which arrived too early — had been rewarded with Nobels. Minsky was the odd one out, hardly recognized by the mainstream of his discipline in his own lifetime. The *Economist* noted that it had mentioned him just once before his death in 1996, and then only in passing. Since 2007 it had been catching up, referring to him in more than thirty articles.

Paul Krugman pronounced that "We are all Minskyites now," and modeled the "Minsky moment" in a paper with Gauti Eggertsson. Janet Yellen, then president of the Federal Reserve Bank of San Francisco, dropped in to present a paper at the 18th Annual Hyman P. Minsky Conference in 2009 — entitled "A Minsky Meltdown: lessons for central bankers." Mervyn King and Mark Carney, successive governors of the Bank of England, also started referring to Minsky.

Minsky was hardly working in obscurity in his lifetime — unknowns do not have research institutes and annual conferences in their name. It was more that he enjoyed cult classic status, with two distinct audiences. He was a very big name among post-Keynesians, and a favorite post-Keynesian among Marxists. He also had a following among professional investors. It was one of this crowd, Paul McCulley of trillion-dollar asset-management firm pimco, who was largely responsible for popularizing Minsky's work in the business press and coining the term "Minsky moment."

Minsky is almost universally thought of as a theorist of financial collapse. The "Minsky moment," according to McCulley, is the point where a debt-fueled asset-price bubble bursts. In Krugman and Eggertsson's model, the "Minsky moment" is the point where views about the sustainable level of leverage (debt-to-capital ratio) suddenly shift downwards, pushing borrowers to try to reduce their debt by any means necessary. Minsky supplies an ingredient missing in standard macroeconomics: a framework for thinking about the relationship between debt, asset prices, and investment. Because the need for such a framework is clearest in a financial crisis, he has been seen as a theorist only of the point of collapse.

But Minsky is misunderstood as a doomsayer. A collection of his papers is entitled, predictably enough, *Can "It" Happen Again?*, "it" being the Great Depression. The book is named after one of the papers in the collection, originally published in 1962. You might assume Minsky answers "yes." In fact, he answers "probably not."

The occasion for the piece was a slide in the US stock market, which had triggered reflections on 1929 in the press. Kennedy's Council of Economic Advisers dismissed the possibility of a repeat, because of "fundamental changes made during and since the 1930s." Minsky's response was not to dismiss this as wishful thinking, but rather to complain that it was not backed up by a theoretical explanation of the relationships between macroeconomic relationships and the financial system. His aim was to provide such theory.

First, Minsky believed that central banks had learned from the experience of the Depression and would do what they could to halt a chain reaction of bankruptcies, either by acting as lender of last resort themselves, or organizing and underwriting a private rescue. Even when the central bank denies in advance that it will support some exotic instrument or misbehaving institution, it always finds itself forced into a bailout when threatened by systemic collapse.

Second, public expenditure was *much* larger relative to the size of the economy than it had been before World War II. Given the tax and transfer system, declines in private expenditure automatically induced countervailing fiscal forces even without a deliberate stimulus, and a larger deficit injected Treasury bonds into a financial system hungering for safe assets. What Minsky called "Big Government" acted as a backstop softening the impact of an investment downswing on income, employment, profits, and asset values.

When presenting the "financial instability hypothesis" in the 1970s and 1980s, Minsky did not need to predict future financial trouble. He could point to a long line of bailouts in the American financial system: a run on certificates of deposit in 1966, the Penn-Central railroad default in the 1970s, the Franklin National Bank failure of 1974, the run on real estate investment trusts the same year, the Penn Square collapse of 1982. These were the episodes Minsky had in mind — they were mundane crises and mundane rescues, and the mundanity was Minsky's point.

The real Minsky moment is the bailout. Minsky did not predict that capitalism was at risk of imploding in one big crisis to end them all. "We are dealing with a system that is inherently unstable," he wrote in 1975, but "the fundamental instability is 'upward.'" In 1986, he summarized:

Every time the Federal Reserve protects a financial instrument it legitimizes the use of this instrument to finance activity. This means that not only does Federal Reserve action abort an incipient crisis, but it sets the stage for a resumption in the process of increasing indebtedness — and makes possible the introduction of new instruments.

Just as Keynes's *General Theory* was colored by the depressed times in which it was developed, Minsky's "financial instability hypothesis" was a product of the inflationary 1970s and the long bull market of the 1980s:

> What we seem to have is a system that sustains instability even as it prevents the deep depressions of the past. Instead of a financial crisis and a deep depression being separated by decades, threats of crisis and deep depression occur every few years; instead of a realized deep depression, we now have chronic inflation.

Commodity price inflation was no longer chronic by the time Minsky wrote those words, and has not been since. The weakness of labor suppressed the wage inflation part of the cycle, helped by macroeconomic policy strategy designed to launch a preemptive strike at the first sign of labor market tightness. But asset price inflation never went away. Minsky's theory now looks best as part of an explanation for the long upward trend in equity and real estate prices since the 1980s, with every stumble backward followed by two steps forward. Minsky makes sense of both the "Greenspan put" and the Federal Reserve's new role as what Perry Mehrling calls "market maker of last resort" after 2008.

No one who really read their Minksy would be surprised to see 2018 headlines claiming the "return of collateralized debt obligations," that credit default swaps are "too attractive to ignore," or that "the subprime mortgage is back on the market, and has a brand new name." Nor would it come as a surprise to hear that "shadow banking" would be in rude health, as Daniela Gabor describes in this issue.

From a Minskyan perspective, the aftermath of 2008 is a rerun of a story he told about many different instruments, institutions, and markets that made the journey from innovation to crisis and bailout to reconstruction as part of the financial furniture. Once it was the federal-funds market, later certificates of deposit, money market funds, real estate investment trusts. First they ignore you, then they warn about you, then they bail you out, then you become part of the financial furniture and they ignore you again.

Just as Keynes sought a *general* theory, not one only for times of trouble, so did Minsky. As Perry Mehrling put it, "his emphasis on crisis can best be understood as an attempt to attract attention to his own more general way of thinking … for Minsky, financial crisis was only the most extreme case of an ever-present problem that faces any financially developed economy, the problem of refinance given the shifting balance between cash commitments and cash flows."

For Minsky, finance is not something grafted onto capitalism. Finance is not a parasite, or even a separate sphere. The capitalist economy is financial, through and through. He does not just bring financial institutions into the frame; he treats *all* actors as financial institutions — banks, firms, and households alike. All units have balance sheets, receive and make payments, borrow and lend. The "key economic transaction" is the "exchange of money today for money later." Almost all of finance comes under that heading — the details involve only the timing and conditions of "money later." Certain institutions do specialize in financial functions, and as nodal points in the web of monetary relations financial markets are sites from which breakdowns easily spread.

Finance is *just finance*. Finance does not optimize society's allocation of scarce means between alternative uses or predict the future through the wisdom of crowds. It is just the "exchange of money today for money later." Capitalism is fundamentally unstable because expectations of "money later" can set in motion flows of "money today" that have little to do with today's macroeconomic conditions, and lock in promises of "money later" based on expectations that may not be validated.

## Minsky the Socialist

Hyman Minsky was a socialist before he was an economist, and an economist *because* of his socialism.

His parents had been Menshevik émigrés, and both deeply involved in Chicago union and socialist movements. They first got to know one another at a Socialist Party gala in honor of Karl Marx's hundredth birthday in 1918. Hyman was born the following year.

Twenty years on, he was an undergraduate at the University of Chicago, unhappily specializing in mathematics and physics but spending most of his energy on politics. He was himself going to Socialist Party meetings, and it was there he encountered the Polish economist Oskar Lange, giving a lecture series for the party on the economics of socialism.

The young Minsky found Lange's talks "a model of clarity in the exposition both of how a market economy achieves 'efficiency' and of decentralized market socialism as a means of achieving what markets were supposed to achieve but which under capitalism markets were not able to achieve." While they waited together on a cold train platform after a lecture, Lange convinced Minsky to move into economics.

Minsky was never a Leninist, but continued to think of himself as a socialist, and write for socialist publications, for decades. Other mentors included the Keynesian market-socialist Abba Lerner (whom he first met on Lerner's return from teaching Trotsky about Keynes in Mexico), Wassily Leontief (who later got him hired at Harvard), and his phd adviser Joseph Schumpeter, whom Minsky described as a "conservative Marxist."

Minsky was deeply disappointed by Oskar Lange's later trajectory, as associate of Stalin and high office bearer in the People's Republic of Poland. But looking back from the 1970s — just when he was restating his financial instability hypothesis — Minsky said he still believed the "research program I have been carrying out is consistent with the Lange of 1939–42."

This is the clue to Minsky's real original intent with the financial instability hypothesis: not to show that capitalism is prone to collapse, but to demonstrate that real financial markets were not a magical information-gathering, incentive-generating device for organizing the modern complex division of labor fairly and efficiently. He combined Lange and Keynes.

The lectures Lange gave for the Chicago Socialist Party were based on a long paper published in two parts in the *Review of Economic Studies* in 1936–37 and released in book form in 1938. It is now seen as a classic of "market socialism," but its attitude towards markets was ambivalent and it might better be called "price socialism."

Mises and Hayek had argued the impossibility of managing the intricate modern division of labor on the basis of central planning. Without markets, the prices of capital goods would be indeterminate and there would be no way to allocate resources effectively. Capitalism's bounty of productivity was not simply ripe for socialist plucking: take away private property and the market, and the bounty would vanish.

Lange flipped that argument back against the Austrians. They were right that prices were necessary, but wrong that this required inequality or private ownership of the means of production. In fact, socialism could do prices better.

The competitive equilibrium of the textbooks was a fantasy so far as capitalism was concerned. In actually existing capitalism, firms were not price-takers, but occupied positions of greater or lesser market power, which they sought to defend and exploit. The happy results of welfare economics could only be reached in a socialist economy, where prices were set directly *as if* perfect competition prevailed.

Instead of profit-maximizing firms groping their way blindly towards minimum average cost while aiming at profit maximization, socialist managers would be directed to aim directly at cost minimization, taking prices as parameters. Planners would raise or lower prices according to the balance between supply and demand. The imaginary auctioneer of Walrasian general equilibrium economics — entirely unrealistic as a description of real market processes — would be made real.

For Lange, planning and markets were not antithetical. Markets would be a tool for implementing plans — transmitting information and organizing incentives. Consumer goods and labor markets would remain as the best way to ensure people were free to direct production towards what they chose to consume and move between jobs at will. But they would work very differently.

Even ideal markets organize production to cater to people in proportion to the income they have to spend — by equalizing resources, socialism would fulfill the market's democratic pretensions for the first time, allowing the free play of fashion and taste. With full employment, labor markets would be sellers' markets. Wage relativities would reflect differences in the intensity and agreeableness of jobs, fulfilling Adam Smith's theory of wages in a way capitalism did not: professors might earn less than janitors.

Income differentials from unequal talent and other forms of luck could be mitigated with progressive taxation. And of course, while the price system may be fine for individual consumption, taxation and direct public provision would take care of collective goods like education, health, and infrastructure.

Minsky saw a natural fit between this vision of Lange and that of John

Maynard Keynes. Keynes was by no means a socialist. But Minsky's 1975 book *John Maynard Keynes* ends with a long riff taking seriously Keynes's ambiguous calls for the "euthanasia of the rentier" and "socialization of investment." Minsky quoted Keynes in the 1920s proclaiming that he was "less conservative in my inclinations than the average Labour voter" and that "the Republic of my imagination lies on the extreme left of celestial space."

Just as Lange thought an idealized or simulated market was a fine distributive mechanism once the inequality of resources was eliminated, Keynes wrote in the *General Theory* that once policy ensured aggregate demand would be sufficient for full employment, "there is no objection to be raised against the classical analysis of the matter in which private self-interest will determine what in particular is produced."

Lange argued that in capitalist society inequality and market power prevented the price mechanism from doing its job — organizing production *in the present* to make best use of resources to meet needs and wants efficiently and fairly. Keynes argued that the interest rate in particular failed to do its supposed job of organizing *across time* to simultaneously make full use of resources in the present and provide for desired consumption in the future.

The core of the *General Theory* is an argument that the interest rate does *not* bring desired saving and desired investment into equilibrium. It does *not* coordinate people's preferences regarding the timing of consumption with the investment that would provide for it. The interest rate is a monetary phenomenon, determined on financial markets. It is no vehicle of providence but simply reflects the outcome of trading among people with uncertain views of an uncertain future, motivated by hope of gain and fear of loss.

For the economy as a whole, saving is not providing for the future but refraining from consumption in the present; one person's increase in saving is another's decline in income. *Investment* provides for the future, and this depends not on saving but on views about future profitability, relative to interest rates. Firms do not need to get their hands on people's savings before they can invest; banks and financial markets can create and mobilize purchasing power.

Much of Minsky's work can be seen as an elaboration of this aspect of the *General Theory*. Keynes made his point in as spare and abstract a way as possible. Where Keynes focused on the interest rate, on a single type of bond, Minsky generalizes to the whole array of financial instruments, especially equities. Where Keynes described "liquidity preference" as demand for some quantity of money (however defined), for Minsky liquidity is a complex thing involving the interaction of balance sheets, *expected* cash flows, and *potential* cash flows. Where Keynes in the 1930s concentrated on dysfunctions of unemployment, Minsky in the 1970s focused on dysfunctions of inflation and asset price bubbles.

The underlying point is the same. There is no reason that the rational pursuit of individual self-interest on financial markets will generate a rational outcome for the system as a whole. There is no financial invisible hand.

But for Minsky in 1975, a stabilized capitalism would not be enough: the market also failed “in that it leads to a socially oppressive distribution of wealth.” A stable market may allocate efficiently, but efficiently much to the rich and efficiently little to the poor. “Acceptance of the market mechanism as the determinant of the direction of employment may rest upon a prior short-circuiting of the market distribution of income.”

Minsky’s Keynes saw this too and looked forward to the “euthanasia of the rentier,” but thought it would be all too easy. Keynes believed that returns to capital would diminish as wealth became abundant — in other words, there was a tendency for the rate of profit to fall. Rewards for mere wealth-holding would dwindle away. In fact, this was what would call for the “somewhat comprehensive socialization of investment”: the profit motive would dwindle away with it.

Alas, said Minsky, it was not so simple. Keynes thought capital would reach a saturation point because he mistakenly believed people would eventually be sated with commodities, at least commodities produced with substantial investments of capital. Rather than “philosophy and culture,” the rich continued to find new capital-intensive bundles of goods to desire and “their example filtered down to the not so rich.” Wave after wave of technological novelties hit the shops in the decades after World War II, while state contracts for capital-intensive weaponry continued to mount. There was no guarantee that capital would ever become abundant enough to wipe out returns from holding wealth. (This point, incidentally, was straight from Lange.)

Minsky thought that preferences *might* evolve in the direction of leisure and culture over gadgets and energy, but that this would be much more likely to happen in a society that was already egalitarian.

Keynes himself followed up his call for the “somewhat comprehensive socialization of investment” with the statement that “it is not the ownership of the instruments of production which it is important for the State to assume” — it was enough to “determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them.” But Minsky argued for taking socialization more literally, at least for the “towering heights” of industry. Keynes needed to be integrated with the market socialism of Keynes's contemporaries like Lange and Lerner — the visions were, Minsky believed, "in principle consistent."

Instead, Keynesian policy took a different route. Governments took the lesson from World War II that a large government budget was enough to stabilize the capitalist economy. Fiscal policy was a substitute for socialization. Macroeconomic policy worked by shoring up profitability in the hope of stoking *private* investment. Minsky complained that "full-employment policy has taken on a conservative coloration; what has been achieved might properly be called socialism for the rich." *Upward* financial instability was the side effect, as the automatic stabilizers of big government budgets and central bank backstops rescued capital from collapses in valuation without being able to rein in exuberance.

## Minsky's Retreat

A decade after Minsky's book on John Maynard Keynes, he produced his magnum opus, *Stabilizing an Unstable Economy* (1986). Much broader than the title suggests, it is nothing less than a framework for understanding capitalism. It blends economic theory with a treatment of American financial history since World War II. It is the definitive statement of Minsky's financial instability hypothesis, and ends with a much more detailed set of policy proposals.

Unfortunately, the policy is a retreat from his 1970s market socialism. Minsky's radicalism in the 1975 book should not be overstated. He called there for the socialization of the "towering heights" only. But the earlier sketch gave equal weight to macroeconomic stabilization, an expansion of "communal consumption," and an egalitarian distribution of income. Minsky was comfortable calling this "socialism." In the mid-1980s, stabilization absolutely dominates.

"Capitalism is flawed," he writes, "because it cannot readily assimilate production processes that use large-scale capital assets." This is the root of financial instability, upward and downward: production depends on long-lived assets, but their value is unstable because people cannot foresee the future. When they are confident of future profitability, valuations are high, firms invest in new capital goods, and the incomes created by investment validate the high valuations. When they become less confident, people prefer safety and liquidity, long-lived asset valuations fall, investment recedes, and lower-than-expected expenditures validate lower valuations.

Capitalism has other problems, too, but "distasteful as inequality and inefficiency may be, there is no scientific law or historical evidence that says that, to survive, an economic order must meet some standard of equity and efficiency.” The system is unviable if it “oscillates between threats of imminent collapse of asset values and threats of accelerating inflation and rampant speculation.”

His proposals are aimed, then, at the stability problem. Once this is solved “that economic program is best which minimizes inequality” — but the ranking is clear. The expansion of collective consumption is dropped entirely. Minsky supports what he calls “Big Government” mainly as a stabilizing macroeconomic force. The federal budget should be at least of the same order of magnitude as private investment, so that it can pick up the slack when the latter recedes — but it need be no bigger.

Minsky gives the “generous measure” that 20 percent of gross national product is about right, and by that yardstick federal government outlays in 1983 (his benchmark year) were more than $100 billion too high (at a total $826 billion) to balance the budget in full employment conditions. Instead of expanding the state, he proposes cutting federal expenditure by more than a tenth and letting the tax take fluctuate to stabilize demand.

Illustrations by Marco Miccichè

This means welfare reform: he proposes to “remove transfer payments as barriers to participation in the labor market.” He means *both* removing means-testing on what transfer payments remain but also dismantling “the massive transfer-payment apparatus.” There would be an end to federal aid to the unemployed beyond thirteen weeks of insurance. With economic stability at full employment, more would be unnecessary.

Instead, the government would maintain an employment safety net, promising jobs to anyone who would otherwise be unemployed. But these must be sufficiently low-paid to restrain market wages at the bottom end. Adults would get annual pay of $7,000 ($17,700 in 2018), roughly the minimum wage of the time, to perform unspecified “public services, environmental improvements, etc.” Young people would get $3,000 plus room and board to maintain national parks, or to staff the college cafeterias, libraries, etc. where they study. The low pay is regrettably necessary, says Minsky, because “constraints upon money wages and labor costs are corollaries of the commitment to maintain full employment.” The discipline of the labor market remains: working people may not fear unemployment, but would surely still fear a reduction to the minimum wage.

> If unemployment increases because wages in private employment are pushed up by trade union pressure, then the supply of workers to [the jobs guarantee program] will increase …. If the wage in the … employment program stands fast, however, the money wage increases in private employment are likely to be undone by market competition.

In 1975, Minsky had complained that postwar Keynesianism was based on subsidizing profits and putting a floor under them — "socialism for the rich" — and proposed an alternative "in which leading sectors are socialised, in which communal consumption satisfies a large proportion of private needs, in which taxation of income and wealth is designed to decrease inequality." These things were not only good in themselves, but helped deal with capitalism's instability problem, which called for "decreasing the dependence of the system upon private investment."

The 1986 plan goes in the opposite direction: stability is all about supporting profitability to sustain *private* expenditure. "Once we achieve an institutional structure in which upward explosions from full employment are constrained even as profits are stabilised, then the details of the economy can be left to market processes." This is much more Keynes than Lange.

Minsky's earlier ideals are still there in the general principles — he still calls for "public control, if not out-and-out public ownership of large-scale capital-intensive production." But when these general principles are turned into detailed proposals, this is limited to railroads and nuclear power; elsewhere competition policy and limits on corporate size are enough. He suggests that finance favors oligopolies because market power defends their cash flows from macroeconomic instability. "Once Big Government stabilizes aggregate profits, the banker's reason for market power loses its force." The solution for the "bureaucratic corporation" is finance for the "entrepreneurial corporation."

All in all, it seems Minsky repackaged his ideas for the Reagan era. He continued to talk about "Keynesian socialism" elsewhere, but what this meant was watered down, and he became more likely to talk about "varieties of capitalism." With the collapse of the Eastern bloc, he put forward proposals for the transition that began in a very Langean way, with planners using price signals to manage public enterprises — but here too he seems to have lost confidence, and the later plans end in privatization.

The main focus of his plan was financial regulation. The great irony of *Stabilizing an Unstable Economy* is that the brilliance of Minsky's analysis and history in most of the book undermines the reader's confidence in his proposals at the end. For his whole career Minsky had been writing about ways in which finance eventually routed its way around any blockage regulators placed in its path, and thwarted tight monetary policy by inventing new ways to stretch liquidity.

The centerpiece was a set of bank balance-sheet controls. He recommends a capital adequacy ratio — a ratio of assets to equity of 5 percent as the norm, but variable at the discretion of the central bank "if aggregate bank capital is compromised."

We don't have to imagine what would have happened had Minsky's plan been put into action, because it is not that far from the capital adequacy requirements imposed on banking systems in the United States and elsewhere in the 1980s and enshrined in the Basel Accord of 1988. The banking system routed around them, just as it had earlier with liquidity requirements — as told by Minsky himself in great detail in *Stabilizing an Unstable Economy*. It was harder to manage a balance sheet around capital requirements than it had been with liquidity requirements. But that was no problem if banks could carry out business off-balance-sheet.

We now know exactly that turned out: capital requirements did not prevent a massive banking crisis, but shaped the form it would take. Minsky the financial historian would not have been surprised at all.

## Instability Can Be Stabilizing

"Stability is destabilizing": this is the catchphrase of Minsky's "financial instability hypothesis." He meant that periods of financial and macroeconomic tranquility feed confidence in the future that leads to financial overextension and fragility.

But politically speaking, the opposite is also true: capitalism's instability can be stabilizing.

Anticipating the next crisis is not a strategy for socialists, because socialism is not just the absence of capitalism. It is not as if capitalism is a shell that just needs to break and fall away to reveal a new mode of production ready made. Socialism will succeed only when people are convinced it is a viable way of organizing the complex division of labor on which modern life depends.

Even the worst financial crises in history have not been fatal to capitalist economic structures — or anything close. In deep recessions, many people are thrown out of work and into poverty or insecurity, and stuck there for a long time. Many people lose their life savings, their homes, and many more fear losing them. Financial instability threatens working-class livelihoods, but it doesn't threaten capitalism itself unless it stokes political responses that credibly promise to build something better.

And we have seen time and again that crises feed technocratic and reactionary political responses as much as those of the Left. A financial crisis reveals how much everybody's livelihoods depend on the confidence of private investors. Restoring confidence by restoring profitability naturally seems like a path of much less *political* resistance than a plan to end our dependence on private investment. Nothing is more likely to further dampen business confidence than a plan to socialize investment, "somewhat comprehensive" or otherwise — as Oskar Lange argued in the 1930s.

This is the great paradox of socialist strategy, which no one has yet resolved: its program undermines the basis for the present system before it can build the next. The very weakness that makes capitalism prone to crisis gives it an excellent defense against political attack.

Minsky inherited from the market socialists and from Keynes a political program with three planks: equality, expanded public provision, and stability. When it came to the crunch, in the 1980s, he found himself sacrificing the first two goals for an exclusive focus on the third. This wasn't a personal failing; he surely read the political winds of the 1980s correctly and concluded there was then no viable path to the "somewhat comprehensive socialization of investment."

Bad times may make people angry, but they also leave them fearful and vulnerable to politics promising to restore normality. When the crisis comes, it is often too late for the Left.

## About the Author

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