LEVY ECONOMICS INSTITUTE OF BARD COLLEGE BIENNIAL REPORT 2012–13

Levy Economics Institute of Bard College


LEVY ECONOMICS INSTITUTE
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LEVY ECONOMICS INSTITUTE

The Levy Economics Institute of Bard College, founded in 1986 through the generous support of Bard College Trustee Leon Levy (1925–2003), is a nonprofit, nonpartisan, public policy think tank. The Institute is independent of any political or other affiliation, and encourages diversity of opinion in the examination of economic policy issues.

The purpose of the Institute's research and other activities is to enable scholars and leaders in business, labor, and government to work together on problems of common interest. Its findings are disseminated—via publications, conferences, seminars, congressional testimony, and partnerships with other nonprofits—to a global audience of public officials, private sector executives, academics, and the general public. Through this process of scholarship, analysis, and informed debate, the Institute generates effective public policy responses to economic problems that profoundly influence the quality of life in the United States and abroad.

The Institute is housed on the campus of Bard College in Annandale-on-Hudson, New York, located 90 miles north of New York City. Bard College is an independent, nonsectarian, residential, coeducational institution offering a four-year BA program in the liberal arts and sciences; a five-year dual degree, BS and BA, in economics and finance; and, beginning in 2014, the Levy Institute Master of Science in Economics and Finance. Blithewood, a Georgian-style manor at the campus's western edge, is the Institute's main research and conference facility. Designed as a private residence by McKim, Mead & White alumnus Francis L. V. Hoppin, it was completed in 1900. The house and grounds, which include a classical Italianate garden overlooking the Hudson River, were incorporated as part of Bard College in 1951.

Above: Blithewood. Photo by Peter Aaron '68/Esto. Opposite: Speakers from left to right: Bruce C. N. Greenwald, Columbia University; Dimitri B. Papadimitriou, Levy Institute; Claudio Borio, Bank for International Settlements; Joseph E. Stiglitz, Columbia University. Photo by Harry Heleotis

CONTENTS

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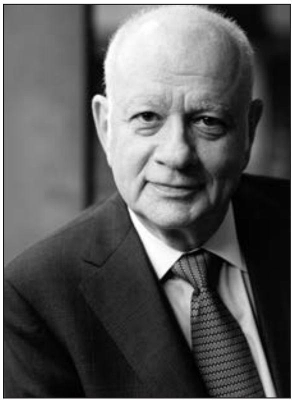
MESSAGE FROM THE PRESIDENT

Throughout its history, the Levy Economics Institute of Bard College has maintained its commitment to independent thinking and the belief that economics can and should make a profound contribution to improving the human condition. Our attention has been focused on strategic issues of economic policy with far-reaching implications: problems in achieving long-term sustainability of economic growth and higher employment in an era of low inflation; decreased public expenditures on human and physical infrastructure as a result of federal budget procedures; the relationship of monetary and fiscal policies to the declining fortunes of workers, and the ongoing maldistribution of income and wealth; systemic risks in the financial sector deriving from innovation, lax regulation, and inadequate supervision; and deteriorating international trade and balance of payments. The purpose of all our activities and research is to serve the wider policymaking community in the United States and the rest of the world.



In the two-year period covered by this report, the Institute continued to make significant contributions to the debate on fundamental public policy issues through its conferences, seminars, and publications program. The period also saw a series of new initiatives, including partnerships with other leading public policy institutions, and the expansion of its research agenda.

The Macro-Modeling Team, established by the late Levy Distinguished Scholar Wynne Godley and now under my direction, continued to simulate trends in the internal and external balances of our economy, and its projections remained consistently ahead of the curve. Our group, which includes longtime Research Scholars Greg Hannsgen and Gennaro Zezza, warned about a broad economic threat, explained how debt would drive it, and specified a remarkably accurate time frame for what would become the global financial crisis and subsequent Great Recession. The program expanded in 2012–13 with the appointment of Research Scholar Michalis Nikiforos and Research Associates Giorgos Argitis, Jesus Felipe, Eckhard Hein, C. J. Polychroniou, and Andrea Terzi.

Senior Scholar Jan Kregel, who heads its program on monetary policy and financial structure, leads the Levy Institute's research in macroeconomics and finance. In addition to Kregel, the team of researchers working in this program area includes Senior Scholar L. Randall Wray, as well as 12 research associates: Marshall Auerback, Jörg Bibow, Steven M. Fazzari, Jesus Felipe, Hein, Michael Hudson, Thorvald Grung Moe, Robert W. Parenteau, Sunanda Sen, Terzi, Willem Thorbecke, and Éric Tymoigne.

As part of its monetary policy research, the Institute continues to partner with the Ford Foundation to examine financial instability and reregulation within the context of our late Institute colleague Hyman Minsky's work on financial crises. The overarching goal of this project is a cohesive program of reforms for the financial system as a whole. Kregel heads the Levy Institute research team, and the annual Minsky Conference, held at the Ford Foundation's NYC headquarters, provides an international forum for the presentation of project outcomes. The Levy institute's partnership with the Ford Foundation also includes the annual Hyman P. Minsky Summer Seminar, a 10-day program designed for young economics and finance professionals and held at Blithewood each June. In 2011, the Ford-

Photo by Harry Heleotis

funded research and policy dialogue project on improving governance of the government safety net in times of financial crisis was instituted under the direction of Senior Scholar L. Randall Wray.

Activities within our program on the distribution of income, wealth, and economic well-being also expanded. A team led by Senior Scholars Edward N. Wolff and Ajit Zacharias and including Research Scholars Thomas Masterson and Selçuk Eren studied the feasibility of extending the Levy Institute's alternate, and more comprehensive, measure of economic well-being (LIMEW) to other countries within the Organisation for Economic Co-operation and Development. LIMEW measures were subsequently developed for Canada, France, Germany, and the UK. Research Scholar Fernando Rios-Avila joined the LIMEW group in 2013.

The program on gender equality and the economy (GEE), under the direction of Senior Scholar Rania Antonopoulos, received a series of grants in support of its work investigating public employment guarantees as a path toward inclusive development and pro-poor growth. In association with the LIMEW research group, the GEE program is also focusing on the intersection of gender inequality, time use, and income and time poverty, in order to support development of more targeted public policy. This research, underwritten by the United Nations Development Programme Regional Service Centre for Latin America and the Caribbean, led to the development in 2012–13 of the innovative Levy Institute Measure of Time and Income Poverty, which accounts for, and hence makes visible, the negative impact time deficits exert on living standards. Research Associates İpek İlkkaracan and Ebru Kongar are the newest members of the GEE program team.

Today, in the aftermath of the worst economic crisis since the Great Depression, there are 11.3 million unemployed—7.3 percent of the US labor force—and roughly 10.4 million full-time workers whose wages place them at or below the official poverty line. As part of its program on employment policy and labor markets, the Levy Institute has proposed a full employment, or job opportunity, program that would employ all who are willing to work while increasing flexibility between economic sectors, thereby lowering the social and economic costs of employment. Research Associate Giorgos Argitis joined the program's research group in 2013.

The program on immigration, ethnicity, and social structure (IESS) focuses on the processes by which immigrants and their descendants are assimilated into US economic life, shedding light on policy issues such as global competitiveness and the distribution of income and wealth. In addition to Senior Scholar and Program Director Joel Perlmann, the IESS group includes Research Associates Yinon Cohen; Sergio DellaPergola; Sanjaya DeSilva; Yuval Elmelech; Barbara S. Okun; and Seymour Spilerman.

The Levy Institute reflects a belief that sound public policy can assure prosperity. In that regard, we have partnered with the Labour Institute of the General Confederation of Greek Workers (INE-GSEE) to design and implement an emergency employment program for the social economy sector in Greece, along the lines of Minsky's employer-of-last-resort policy proposal. An outgrowth of this project was the development of the Levy Institute Model for Greece (LIMG), a stock-flow consistent macro model similar to the Institute's model of the US economy, with the goal of offering policy recommendations to restore growth and boost employment throughout the country. In addition, the Institute issues select publications in Greek translation, and is partnering with the leading Athens-based financial media outlet Capital.gr to make these publications available to a wider audience within Greece.

As the Institute's activities continue to expand and diversify, the encouragement and support of numerous individuals in the public and private sectors have become increasingly crucial to our success. I want to express my sincere thanks to our supporters, our Board of Governors, and the president and trustees of Bard College. Finally, a word of appreciation and admiration for the Levy Institute's scholars and staff, for their tireless efforts and willingness to contribute their talents toward fulfilling the Institute's ambitious goals.

Dimitri B. Papadimitriou
President

Photos by Timothy Fadek (top) and Harry Heleotis (bottom)

PUBLICATIONS PROGRAM

The Levy Institute's publications program forms the main pillar of its public education and outreach activities. In an effort to raise the level of public debate on a broad spectrum of economic matters, the Levy Institute publishes research findings, conference proceedings, policy discussions and analyses, and other material. Publications are aimed at academic, general, and policymaking audiences.

Opposite: top: Jan Kregel, Levy Institute; bottom: Sarah Bloom Raskin, Federal Reserve Board of Governors

RESEARCH PROJECT REPORTS

Reports outlining the structure and results of studies undertaken by Levy Institute scholars

STRATEGIC ANALYSIS

Reports based on Levy Institute macro models for the United States, Greece, and other countries. These publications analyze economic performance and assess various policies in the light of simulations produced by the Levy Institute models. The broad outlook and specific assumptions employed in these models allow for the development of alternative economic policies on the basis of information often unavailable to policymakers from other research institutes.

PUBLIC POLICY BRIEFS

Examinations of the policy aspects of contemporary economic issues. These texts focus on the consequences of those economic programs that are of significance in the formation of public policy; for example, government spending on an aging population.

POLICY NOTES

Short articles by Levy Institute scholars and other contributors, presenting up-to-date research conclusions or policy statements on a wide range of topics. *Policy Notes* are designed to reach policymakers, as well as business and general audiences.

LEVY INSTITUTE MEASURE OF ECONOMIC WELL-BEING (LIMEW) REPORTS

Statistical reports on the Levy Institute's own gauge of the ways in which three key institutions (market, state, and household) mediate access to the goods and services produced in a modern market economy

LEVY INSTITUTE MEASURE OF TIME AND INCOME POVERTY (LIMTIP) REPORTS

Statistical reports based on the Levy Institute's alternative poverty measure, which considers both time and income deficits in the determination of poverty levels

ONE-PAGERS

Up-to-the-minute analysis of economic issues and policy advocacy

WORKING PAPERS

In-progress research by Levy Institute scholars and conference participants. These documents cover areas of the Institute's research programs, such as the macroeconomic performance of the US and world economies, the effects of wealth distribution on living standards, and the impact that gender disparity has on the economy.

SUMMARY

Published three times a year and designed to reach both academic and general audiences. The *Summary* reports on current research by providing synopses of new publications, special features on continuing research projects, accounts of professional presentations by Levy Institute research staff, and overviews of Levy Institute events.

TESTIMONY

Transcripts of scholars' remarks presented to congressional panels

CONFERENCE, SYMPOSIUM, AND FORUM PROCEEDINGS

Summaries of presentations and discussion sessions

THE LEVY INSTITUTE BOOK SERIES

Ending Poverty: Jobs, Not Welfare

Hyman P. Minsky. Preface by Dimitri B. Papadimitriou. Introduction by L. Randall Wray

Levy Economics Institute of Bard College, 2013

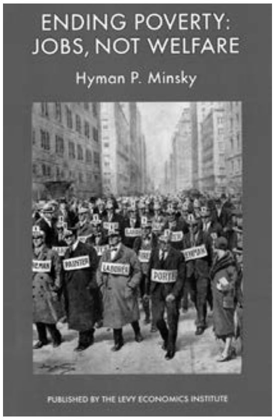
Contributions in Stock-flow Modeling: Essays in Honor of Wynne Godley

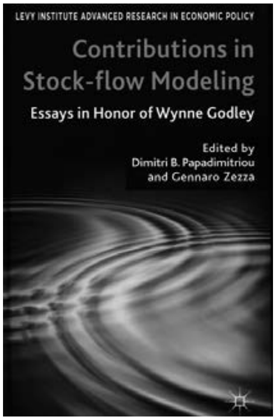
Dimitri B. Papadimitriou and Gennaro Zezza, eds.

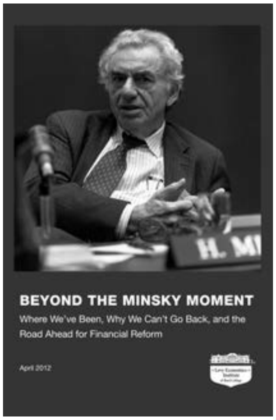
Palgrave Macmillan, 2012

Beyond the Minsky Moment: Where We've Been, Why We Can't Go Back, and the Road Ahead for Financial Reform

Levy Economics Institute of Bard College, 2012







THE LEVY INSTITUTE WEBSITE

Provides a critical means of outreach to the global community. Full-text versions of all Levy Institute publications can be downloaded from the website. Audio archives of past conferences and registration information for future events are also available. Completely redesigned in 2013, the site now features a Press Room, embedded conference video, Greek translations of selected Levy Institute publications, and sections devoted to joint initiatives with the Ford Foundation and the United Nations Development Programme.

The Levy Institute website serves a broad international community, with an average of 745,000 page views per month and visitors from over 50 countries. Those countries include the United States, Sweden, Russia, the Republic of South Africa, the United Kingdom, Canada, the People's Republic of China, Germany, France, Netherlands, Brazil, Japan, Republic of Korea, Australia, Turkey, Italy, Spain, Singapore, Norway, Czech Republic, Belgium, India, Greece, Mexico, Denmark, Finland, Austria, Taiwan, the Philippines, Poland, Ireland, Slovenia, United Arab Emirates, Ukraine, Romania, Bulgaria, and Thailand.

Photos by Timothy Fadek (top) and Harry Heleotis (bottom)

RESEARCH PROGRAMS

Program One: The State of the US and World Economies, including The Levy Institute Model for Greece; Program Two: Monetary Policy and Financial Structure; Program Three: The Distribution of Income and Wealth, including The Levy Institute Measure of Economic Well-Being and The Levy Institute Measure of Time and Income Poverty; Program Four: Gender Equality and the Economy; Program Five: Employment Policy and Labor Markets; Program Six: Immigration, Ethnicity, and Social Structure, including the Research Group on Israeli Social Structure and Inequality; Program Seven: Economic Policy for the 21st Century, including Federal Budget Policy and Explorations in Theory and Empirical Analysis

Opposite: top: L. Randall Wray, Levy Institute; bottom: Eric Rosengren, Federal Reserve Bank of Boston (left)

Traditionally, the distribution of wealth and income has not been a primary consideration in the way most macroeconomists think about business cycles. But if inequality played a role in the financial crisis, if it contributed to the severity of the recession, and if its effects create a lingering economic headwind today, then perhaps our thinking, and our macroeconomic models, should be adjusted.

—Sarah Bloom Raskin, Federal Reserve Board of Governors

THE STATE OF THE US AND WORLD ECONOMIES

RESEARCH PROGRAM ONE

INCLUDING THE LEVY INSTITUTE MODEL FOR GREECE (LIMG)

The central focus in this program area is the use of Levy Institute macroeconomic models in generating strategic analyses of the US and world economies. The outcomes of alternative scenarios are projected and analyzed, with the results—published as Strategic Analysis reports—serving to help policymakers understand the implications of various policy options.

The Levy Institute macroeconomic models, created by the late Distinguished Scholar Wynne Godley, are accounting based. The US model employs a complete and consistent system (in that all sectors "sum up," with no unaccounted leakages) of stocks and flows (such as income, production, and wealth). The world model is a "closed" system in which 11 trading blocs—of which the United States, China, Japan, and Western Europe are four—are represented. Each bloc's imports are described in terms of exports from the other 10 blocs. From this information, and using alternative assumptions (e.g., growth rates, trade shares, and energy demands and supplies), trends are identified and trade and production patterns assessed.

The projections derived from the models are not presented as short-term forecasts. The aim is to display, based on careful analysis of the recent past, what it seems reasonable to expect if current trends, policies, and relationships continue. To inform policy, it is not necessary to establish that a particular projection *will* come to pass, but only that it is something that must be given serious consideration as a possibility. The usefulness of such analyses is strategic: they can serve to warn policymakers of potential dangers and serve as a guide to policy instruments that are available to deal with those dangers, should they arise.

James Bullard, Federal Reserve Bank of St. Louis (right)

THE LEVY INSTITUTE MODEL FOR GREECE (LIMG)

With the support of the Labour Institute of the General Confederation of Greek Workers, the Levy Institute has developed a stock-flow consistent macro model for Greece similar to the Institute's model of the US economy. The goal: to analyze the economic crisis in Greece and offer policy recommendations to restore growth and increase employment.

The LIMG is a stock-flow consistent model that reflects the "New Cambridge" approach that builds on Godley's work and the current Levy Institute model for the US economy. LIMG is a flexible tool for the analysis of economic policy alternatives for the medium term and is also the analytic framework for a series of Strategic Analysis reports focusing on the Greek economy. The model considers the private sector as a whole, combining households and firms and considering their receipts and outlays with the other two sectors—the government and the rest of the world—focusing in particular on their financial balances, which in turn imply a path for the net wealth or debt of each sector.

RESEARCH GROUP

Dimitri B. Papadimitriou, *President and Program Director*
James K. Galbraith, *Senior Scholar*
Jan Kregel, *Senior Scholar*
L. Randall Wray, *Senior Scholar*
Greg Hannsgen, *Research Scholar*
Michalis Nikiforos, *Research Scholar*
Gennaro Zezza, *Research Scholar*
Giorgos Argitis, *Research Associate*
Marshall Auerback, *Research Associate*
Claudio H. Dos Santos, *Research Associate*
Jesus Felipe, *Research Associate*
Eckhard Hein, *Research Associate*
Michael Hudson, *Research Associate*
Robert W. Parenteau, *Research Associate*
C. J. Polychroniou, *Research Associate and Policy Fellow*
Andrea Terzi, *Research Associate*

Photo by Harry Heleotis

PUBLICATIONS

REGION: UNITED STATES

STRATEGIC ANALYSIS

Is the Link between Output and Jobs Broken?

Dimitri B. Papadimitriou, Michalis Nikiforos, Greg Hannsgen

Strategic Analysis, March 2013

The US economy seems once again to be in a "jobless recovery," though the unemployment rate has been steadily declining for years. At the same time, fiscal austerity has arrived, with the implementation of the sequester cuts, following tax increases and the ending of emergency extended unemployment benefits in January.

This report provides medium-term projections of employment and economic growth under four different scenarios. The baseline scenario assumes the same growth rates and government deficits as the Congressional Budget Office's (CBO) baseline projection from earlier this year. The result is a new surge of the unemployment rate to nearly 8 percent in the third quarter, followed by a gradual recovery. Scenarios 1 and 2 seek to reach unemployment-rate goals of 6.5 percent and 5.5 percent, respectively, by the end of 2014, using new fiscal stimulus. In each of these simulations we find that reaching the unemployment goal requires large amounts of stimulus, compared to the CBO baseline. For example, in order to reach 5.5 percent unemployment in 2014, scenario 2 assumes 11 percent growth in inflation-adjusted government spending and transfers, along with lower taxes. As an alternative, scenario 3 adds an extra increase to growth abroad and to private borrowing, along with the same amount of fiscal stimulus as in scenario 1. In this last scenario, the unemployment rate finally pierces the 5.5 percent threshold from the previous scenario in the third quarter of 2015. The report concludes with some thoughts about how such an increase in demand from all three sectors—government, private, and external—might be realistically obtained.

Back to Business as Usual? Or a Fiscal Boost?

Dimitri B. Papadimitriou, Greg Hannsgen, Gennaro Zezza

Strategic Analysis, April 2012

In this Strategic Analysis, we first discuss several slow-moving factors that make it difficult to achieve a full and sustainable economic recovery: the gradual redistribution of income toward the wealthiest 1 percent of households; a failure to fully stabilize and reregulate finance; serious fiscal troubles for state and local governments; and detritus from the financial crisis that remains on household and corporate balance sheets. These factors contribute to a situation in which employment has not risen fast enough since the (supposed) end of the recession to significantly increase the employment-population ratio. Meanwhile, public investment at all levels of government fell from roughly 3.7 percent of GDP in 2008 to 3.2 percent in the fourth quarter of 2011.

For this report, we use the Levy Institute macro model to simulate the economy under the following three scenarios: (1) a private borrowing scenario, in which we find the appropriate amount of private sector net borrowing/lending to achieve the path of employment growth projected by the Congressional Budget Office (CBO), in a report biased toward deficit reduction; (2) a more plausible scenario, in which we assume that the federal government extends certain key tax cuts and that household borrowing increases at a more reasonable rate than in the previous scenario; and (3) a fiscal stimulus scenario, in which we simulate the effects of a fully "paid for" 1 percent increase in government investment.

The results show the importance of debt accumulation as a consideration in macro policymaking. The first scenario reproduces the CBO's relatively optimistic employment projections, but our results indicate that this private-sector-led growth scenario quickly brings household and business debt to new all-time highs as percentages of GDP. The policies weighed in the second scenario do not perform much better, despite a looser fiscal stance. Finally, our third scenario illustrates that a small, tax-financed increase in government investment could lower the unemployment rate significantly—by about one-half of 1 percent.

Is the Recovery Sustainable?

Dimitri B. Papadimitriou, Greg Hannsgen, Gennaro Zezza

Strategic Analysis, December 2011

Fiscal austerity is now a worldwide phenomenon, and the global growth slowdown is highly unfavorable for policymakers at the national level. According to our baseline forecast, fears of prolonged stagnation and a moribund employment market are well justified. Assuming no change in the value of the dollar or interest rates, and deficit levels consistent with the Congressional Budget Office's most recent "no-change" scenario, growth will remain very weak through 2016 and unemployment will exceed 9 percent.

In an alternate scenario, we simulate the effect of new austerity measures that are commensurate with the implementation of large federal budget cuts. Here, growth falls to 0.06 percent in the second quarter of 2014 before leveling off at approximately 1 percent, and unemployment rises to 10.7 percent by the end of 2016. In our fiscal stimulus scenario, real GDP growth increases rapidly, unemployment declines to 7.2 percent, and the US current account balance reaches 1.9 percent by the end of 2016—with a debt-to-GDP ratio that, at 97.4 percent, is only slightly higher than in the baseline scenario. Further fiscal stimulus is clearly in order.

PUBLIC POLICY BRIEF

The Contradictions of Export-led Growth

Thomas I. Palley

Public Policy Brief No. 119, August 2011

The export-led growth paradigm is a development strategy aimed at growing productive capacity by focusing on foreign markets. It rose to prominence in the late 1970s and became part of a "new consensus" among economists about the benefits of economic openness. According to Thomas I. Palley, this paradigm is no longer relevant because of changed conditions in both emerging-market and developed economies. He outlines the stages of the export-led growth paradigm that led to its adoption worldwide, as well as the various critiques of this agenda that have become increasingly prescient. He concludes that we should reduce reliance on strategies aimed at attracting export-oriented foreign direct investment and institute a new paradigm based on a domestic demand–led growth model.

POLICY NOTE

Employment Recovery(?) after the Great Recession
Michalis Nikiforos
Policy Note 2013/3, April 2013
This policy note discusses the prospects for job creation in the United States based on the Strategic Analysis report *Is the Link between Jobs and Output Broken?* The results of our analysis confirm the continued weakness of the US economy in terms of job creation—a phenomenon that has come to be known as a "jobless recovery." We argue that in order to understand the problem we must look beyond the unemployment rate. A prolonged recession can discourage workers, causing them to drop out of the labor market and thus lowering the unemployment rate without increasing employment. Therefore, the total number of people employed should be considered in tandem with the unemployment rate.

ONE-PAGER

Not Your Father's Recession
Dimitri B. Papadimitriou, Greg Hannsgen
One-Pager No. 12, August 2011
President Dimitri B. Papadimitriou and Research Scholar Greg Hannsgen make the case that the recession has turned into a prolonged and very unusual slump in growth, preventing a labor-market recovery—and the government lags far behind in creating the new jobs needed to deal with this disaster.

WORKING PAPERS

Fiscal Policy, Unemployment Insurance, and Financial Crises in a Model of Growth and Distribution
Greg Hannsgen
Working Paper No. 723, May 2012

Reorienting Fiscal Policy after the Great Recession
Pavlina R. Tcherneva
Working Paper No. 719, May 2012

What Ended the Great Depression? Reevaluating the Role of Fiscal Policy
Nathan Perry, Matías Vernengo
Working Paper No. 678, July 2011

REGION: EUROPE

RESEARCH PROJECT REPORTS

A Levy Institute Model for Greece: Technical Paper
Dimitri B. Papadimitriou, Gennaro Zezza, Michalis Nikiforos
Research Project Report, July 2013
This report outlines the technical structure of the Levy Institute's new macroeconomic model for Greece (LIMG). This stock-flow consistent model reflects the "New Cambridge" approach that builds on the work of Distinguished Scholar Wynne Godley and the current Levy Institute model for the US economy. The LIMG is a flexible tool for the analysis of economic policy alternatives for the medium term and is also the analytic framework for a Strategic Analysis series focusing on the Greek economy.

Current Prospects for the Greek Economy: Interim Report
Dimitri B. Papadimitriou, Gennaro Zezza, Vincent Duwicquet
Research Project Report, October 2012
In this interim report, we discuss the evolution of major macroeconomic variables for the Greek economy, focusing on the sources of growth before and after the euro era, the causes and consequences of the continuing recession, and the likely results of the policies currently being implemented. Some preliminary suggestions for alternative policies are included.

Underwriting for this project was provided by the Labour Institute of the General Confederation of Greek Workers (INE-GSEE), and the European Social Fund and Greek Ministry of Labour and Social Insurance as part of the Development of Human Manpower program.

STRATEGIC ANALYSIS

The Greek Economic Crisis and the Experience of Austerity: A Strategic Analysis
Dimitri B. Papadimitriou, Michalis Nikiforos, Gennaro Zezza
Strategic Analysis, July 2013
In this report, Levy Institute President Dimitri B. Papadimitriou and Research Scholars Michalis Nikiforos and Gennaro Zezza analyze the economic crisis in Greece and offer policy recommendations to restore growth and increase employment. This analysis relies on the Levy Institute model for Greece (LIMG), a stock-flow consistent macro model similar to the Institute's model of the US economy. Based on the LIMG simulations, the authors find that a continuation of austerity policies would decrease GDP and increase unemployment.

Instead, they recommend a recovery strategy, similar to the Marshall Plan, to increase public consumption and investment—a strategy centered on an expanded direct public-service job creation program.

PUBLIC POLICY BRIEFS

The Mediterranean Conundrum: The Link between the State and the Macroeconomy, and the Disastrous Effects of the European Policy of Austerity

C. J. Polychroniou

Public Policy Brief No. 124, May 2012

As Research Associate and Policy Fellow C. J. Polychroniou demonstrates in this policy brief, the part played by southern European political regimes in the eurozone's evolving crisis is quite different from the one implied in the press. Instead of out-of-control, overly generous progressive agendas, the countries at the core of the crisis in southern Europe—Greece, Spain, and Portugal—have seen their macroeconomic environments shaped by regressive political regimes and an embrace of neoliberal policies; an embrace that contributed to the unenviable economic position they find themselves in today.

Fiddling in Euroland as the Global Meltdown Nears

Dimitri B. Papadimitriou, L. Randall Wray

Public Policy Brief No. 122, February 2012

The common diagnosis of a "sovereign debt crisis" ignores the crucial role of rising private debt loads and the significance of current account imbalances within the eurozone. Moreover, pushing austerity in the periphery while ignoring these imbalances is a recipe for deflationary disaster. The various rescue packages on offer for Greece will not ultimately solve the problem, and a default is a very real possibility. If a new approach is not embraced, we are likely seeing the end of the European Monetary Union and the possible beginnings of the next global financial crisis.

Debtors' Crisis or Creditors' Crisis? Who Pays for the European Sovereign and Subprime Mortgage Losses?

Jan Kregel

Public Policy Brief No. 121, November 2011

In the context of the eurozone's sovereign debt crisis and the US subprime mortgage crisis, Senior Scholar Jan Kregel looks at the question of how we ought to distribute losses between borrowers and lenders in cases of debt resolution. Kregel tackles a prominent approach to this question that is grounded in an analysis of individual action and behavioral characteristics—an approach that tends toward the conclusion that the borrower should be responsible for making creditors whole.

POLICY NOTES

A Failure by Any Other Name: The International Bailouts of Greece

C. J. Polychroniou

Policy Note 2013/6, July 2013

Research Associate and Policy Fellow C. J. Polychroniou observes that what began in Greece as a financial crisis has been transformed into a full-fledged economic and social crisis by the neoliberal policies of the International Monetary Fund and the European Union (EU). Instead of growth, these policies have destroyed Greece's economy, divided the eurozone member-states, and hobbled a fragile global recovery. Exiting the current crisis, for Greece and other countries throughout the eurozone, requires more than an end to austerity. Broadly, EU institutions must be restructured around the principles of sustainable, equitable growth. Specifically, Greece needs a comprehensive development plan, with massive public spending and investment.

The New Rome: The EU and the Pillage of the Indebted Countries

C. J. Polychroniou

Policy Note 2013/5, May 2013

The European experiment—the formation of a Common Market, which led eventually to economic and monetary union—has been linked to some remarkable outcomes: Europe has experienced its longest period of peace since the end of World War II, and war among European member-states now seems highly unlikely. Naturally, senior European Union (EU) officials never miss an opportunity to remind the public of this achievement whenever the policies of the "new Rome" are questioned by a European citizenship fed up with authoritarian decision-making processes by the EU core, bank bailouts masquerading as national bailouts, austerity policies—and what amounts to the pillaging of the debtor countries by the center.

Toward a Post-Keynesian Political Economy for the 21st Century: General Reflections and Considerations on an Era Ripe for Change

C. J. Polychroniou

Policy Note 2013/2, March 2013

Global neoliberalism suppresses wages, increases inequality, and destroys the social fabric. It is a socioeconomic system in dire need of a replacement—and the responsibility falls clearly on progressive economics to chart an alternative course.

The Tragedy of Greece: A Case against Neoliberal Economics, the Domestic Political Elite, and the EU/IMF Duo

C. J. Polychroniou

Policy Note 2013/1, March 2013

The economic crisis in Greece reflects the country's deep structural problems, its bureaucratic inefficiency, and a pervasive culture of corruption. But it also reflects the deadly failure of the neoliberal project, which has become institutionalized throughout the European Union's operational framework—with the International Monetary Fund the world's single most powerful enforcer of market fundamentalism.

Greece: Caught Fast in the Troika's Austerity Trap

Giorgos Argitis

Policy Note 2012/12, December 2012

On November 27, 2012, the Eurogroup reached a new "Greek deal" that once more discloses that there is no political will to address Greece's debt crisis—or the country's economic and social catastrophe.

Greece's Bailouts and the Economics of Social Disaster

C. J. Polychroniou

Policy Note 2012/11, September 2012

The situation in Greece today is catastrophic. The economy is in free fall, and the social consequences are being widely felt. The main culprit? The harsh austerity regime imposed by the European Union and the International Monetary Fund as a condition of bailing out the Greek economy.

Six Lessons from the Euro Crisis

Jan Kregel

Policy Note 2012/10, August 2012

Every crisis reveals unexpected consequences of economic policies, and the current euro crisis should be no exception. As European Union governments search for a solution, there are already a number of lessons to be learned. Senior Scholar Jan Kregel outlines the top six.

Euroland's Original Sin

Dimitri B. Papadimitriou, L. Randall Wray

Policy Note 2012/8, July 2012

From the very start, the European Monetary Union (EMU) was set up to fail. The host of problems we are now witnessing, from the solvency crises in the periphery to the bank runs in Spain, Greece, and Italy, are the results of a design flaw. When individual nations like Greece or Italy joined the EMU, they essentially adopted a foreign currency—the euro—but retained responsibility for their nation's fiscal policy. This attempted separation of fiscal policy from a sovereign currency is the fatal defect that is tearing the eurozone apart.

The Greek Crisis: Possible Costs and Likely Outcomes of a Grexit

C. J. Polychroniou

Policy Note 2012/7, June 2012

After more than two years of a "kicking the can down the road" policy response, it's a do-or-die situation for Euroland. Greece has reached the point where an exit looks imminent, Portugal is bleeding heavily, Spain is about to go under, and Italy is in a state of despair. This policy note examines why the bailout policies failed to rescue Greece and boost the eurozone, and what effects a "Grexit" might possibly have—on Greece and the rest of the eurozone.

Austerity that Never Was? The Baltic States and the Crisis

Rainer Kattel, Ringa Raudia

Policy Note No. 2012/5, June 2012

The commonly cited example of the successful application of "internal" devaluation as a strategy for economic recovery is that of the Baltic economies. The authors of this policy note discuss whether the Baltic austerity plan worked, how it was designed to work—and whether it can be replicated anywhere else.

Tax-backed Bonds—A National Solution to the European Debt Crisis

Philip Pilkington, Warren Mosler

Policy Note 2012/4, March 2012

The root of Europe's sovereign debt crisis can be found in the fact that investors are concerned that countries in the periphery might default, causing them to demand a higher yield on government bonds. A simple solution to this problem would be for peripheral countries to begin issuing a new type of government debt: the "tax-backed bond." Tax-backed bonds would be similar to current government bonds except that they would contain a clause stating that if the country failed to make its payments when due—and only if this happened—the bonds would be acceptable to make tax payments within the country in question. This would set an absolute floor below which the value of the asset could not fall, assuring investors that the bond was always "money good," leading to lower bond rates and thus ensuring that peripheral countries would not be driven to default.

Reconceiving Change in the Age of Parasitic Capitalism: Writing Down Debt, Returning to Democratic Governance, and Setting Up Alternative Financial Systems—Now

C. J. Polychroniou

Policy Note 2012/3, March 2012

The five-year-long crisis of Western finance capitalism is pushing advanced liberal societies to a breaking point. If governments continue to be proxies of finance capital and aspiring political leaders cheerleaders for their financial backers, a catastrophic economic scenario is not really as far-fetched as some might like to think.

Neo-Hooverian Policies Threaten to Turn Europe into an Economic Wasteland

C. J. Polychroniou

Policy Note 2012/1, March 2012

Large-scale government intervention is critical in reviving an economy, but the current public policy mania, which imposes fiscal tightening in the midst of recession, can only lead to catastrophic failure. Bailouts, for example, will not solve Greece's debt crisis but simply postpone an official default. What is needed is a political and economic revolution that includes a return to Keynesian measures and a new institutional architecture—a United States of Europe.

Toward a Workable Solution for the Eurozone

Marshall Auerback

Policy Note 2011/6, November 2011

Europe's leaders steadfastly refuse to acknowledge that the eurozone's problem is fundamentally one of flawed financial architecture. Today's crisis has arisen because the creation of the euro has robbed nations of their sovereign ability to engage in a fiscal counterresponse against sudden external demand shocks of the kind we experienced in 2008. And it is being exacerbated by the ongoing reluctance of the European Union, European Central Bank, and International Monetary Fund—the "troika"—to abandon fiscal austerity as a quid pro quo for backstopping these nations' bonds.

Resolving the Eurozone Crisis—without Debt Buyouts, National Guarantees, Mutual Insurance, or Fiscal Transfers

Stuart Holland

Policy Note 2011/5, November 2011

One reason for the failure of Europe's governing bodies to resolve the eurozone crisis is resistance to debt buyouts, national guarantees, mutual insurance, and fiscal transfers between member-states. Stuart Holland argues that none of these are necessary to convert a share of national bonds to Union bonds or for net issues of eurobonds—two alternative approaches to the debt crisis that would offset default risk and, by securing the euro as a reserve currency, contribute to more balanced global growth.

ONE-PAGERS

The Collapse of a Nation: Who's Afraid of Greece?

C. J. Polychroniou

One-Pager No. 33, September 2012

Based on Policy Note 2012/11.

Baltic Austerity—The New False Hope

Rainer Kattel, Ringa Raudia

One-Pager No. 32, June 2012

Based on Policy Note 2012/5.

Is an Austerity-induced Depression about to Bring Down the Final Curtain on the Greek Drama?

C. J. Polychroniou

One-Pager No. 31, May 2012

The outcome of the upcoming elections in Greece might force the European Union to halt all financial assistance to the debt-strapped country. What Greece desperately needs is a leadership with the ability to explore all possible options and to prepare the nation for the tough challenges that may lie ahead—and to make them aware of the opportunities available to a government in charge of its own currency.

Eurozone Crisis 2.0

C. J. Polychroniou

One-Paper No. 29, April 2012

Since last month's Greek bond swap, various European leaders have declared the eurozone crisis over or "almost over." But Euroland's current economic reality begs to differ. No matter how much cheap money the European Central Bank provides or how high the European Commission "firewall" rises, the region's economic malaise can't be cured without the implementation of strong, proactive economic policies that will put people back to work and increase state revenues.

Greece's Pyrrhic Victories Over the Bond Swap and New Bailout

C. J. Polychroniou

One-Pager No. 28, March 2012

Based on Policy Note 2012/1.

EU's Anorexic Mindset Drives the Region's Economies into Depression

C. J. Polychroniou

One-Pager No. 27, February 2012

The coordinated contractionary policy on the part of the European Union is inspired by its belief that this is the most effective way to tackle the eurozone's "debt crisis." However, by ignoring the endemic problems of unemployment, poverty, and homelessness—all of which have as their underlying cause the contraction of economic activity—European economic policy reveals a growing gap with the real world.

The New European Economic Dogma: Improving Competitiveness by Reducing Living Standards and Increasing Poverty

C. J. Polychroniou

One-Pager No. 26, February 2012

Greece's new bailout package is all about private sector wage cuts and an overhaul of labor rights. In short, it will do absolutely nothing to address the nation's economic crisis because it is not designed to rescue Greece's embattled economy. In fact, it will have the unwanted effect of keeping the nation locked in a vicious cycle of debt—and leading, finally, to its exit from the eurozone.

Put an End to the Farce that's Turned into a Tragedy

C. J. Polychroniou

One-Pager No. 25, February 2012

Thanks to severe austerity measures and a fanatical commitment to fiscal consolidation, Europe's overall economy is now close to stagnation and extremely high levels of unemployment prevail in many countries. In Greece, the situation is completely out of control, with the standard of living rapidly declining to 1960s levels and the number of unemployed having reached one in five. The second bailout plan will do nothing more than buy extra time for the European Union to build firewalls to prevent contagion—and prepare the ground for Greece's eventual exit from the euro.

Delaying the Next Global Meltdown

Dimitri B. Papadimitriou, L. Randall Wray

One-Pager No. 24, February 2012

It's a mistake to interpret the unfolding disaster in Europe as primarily a "sovereign debt crisis." The underlying problem is not periphery profligacy but rather the very setup of the European Monetary Union, which separates nations from their currencies without providing them with adequate overarching fiscal or monetary policy structures. Without addressing this basic structural weakness, Euroland will continue to stumble toward the cliff's edge—and threaten to pull a tottering US financial system over with it.

A Crisis of Advanced Capitalism?

C. J. Polychroniou

One-Pager No. 22, December 2011

As the eurozone crisis continues and the US economy keeps muddling through, we need to reexamine what is actually going on, and sharpen our political-economy tools by considering that what may be taking place today in the advanced economies is not just a banking or a financial crisis but a broader crisis of capitalism.

Biopolitics and Neoliberalism: The Future of the Eurozone

C. J. Polychroniou

One-Pager No. 21, November 2011

With the crisis in the eurozone threatening the integrity of the European Union itself, German Chancellor Angela Merkel continues to brush aside calls to allow the European Central Bank to act as lender of last resort, and she remains steadfast against suggestions for the issuing of a eurobond. Yet Germany does have a plan for the eurozone, even if many prefer not to see it—a plan centered on Darwinian biopolitics and neoliberal economics.

Confusion in Euroland

Dimitri B. Papadimitriou, L. Randall Wray

One-Pager No. 20, November 2011

As the crisis in Europe spreads, policymakers trot out one inadequate proposal after another, all of which fail to address the core problem. The possibility of dissolution, whether complete or partial, is looking less and less farfetched. Alongside political obstacles to reform, there is widespread failure to understand the nature of this crisis. And without seeing clearly, policymakers will continue to focus on the wrong solutions.

The Future of the Eurozone Does Not Lie with Enlargement

C. J. Polychroniou

One-Pager No. 19, November 2011

The European Union's survival depends on its ability to reform itself, either through enlargement—greater economic and fiscal coordination, in the direction of some sort of federal state—or by getting smaller, with the eurozone becoming a true optimum currency area. Most analysts support the former proposition. But the rush to strengthen and expand the Union is precisely what led to the current crisis in the eurozone.

Twin Strategies to Resolve the Eurozone Crisis—without Debt Buyouts, Sovereign Guarantees, Insurance Schemes, or Fiscal Transfers
Stuart Holland
One-Pager No. 18, November 2011
Based on Policy Notes 2011/3 and 2011/5

Greece in the Aftermath of the Debt Haircut: More Austerity, a Deeper Slump, and the Surrender of National Sovereignty
C. J. Polychroniou
One-Pager No. 17, November 2011
It is a well-recognized fact that the Greek economy has been going from bad to worse since the first bailout in May 2010, and a leaked document relating to the bailout talks ahead of last week's European Union (EU) summit openly admitted that the policy of expansionary fiscal consolidation had been a blatant failure. So why did it take the EU leadership almost two years to recognize the need for a significant haircut on Greek debt?

Dawn of a New Day for Europe: The Merkel-Sarkozy Promise to End the Eurozone Crisis
C. J. Polychroniou
One-Pager No. 15, October 2011
Failure on the part of EU leaders to address the eurozone crisis is in large part due to the fact that Germany and France are at opposite poles—politically, economically, and culturally. In this context, the announcement by Germany's Angela Merkel and French President Nicolas Sarkozy that they've agreed to a comprehensive package of proposals to solve the eurozone debt crisis is definitely a positive development. It indicates that they have set aside their disagreements in order to provide the leadership necessary for euro stability.

Neoliberalism and the State of the Advanced World Economy: Can the Blind Heal the Crippled?
C. J. Polychroniou
One-Pager No. 14, October 2011
Whoever said that economic science is free of ideological bias and political prejudice? Three hundred years of financial and economic crises have meant nothing to die-hard neoliberals, who believe in (among other things) self-regulating markets and trickle-down theory. With so many incorrect assumptions guiding market liberalism, it's no wonder neoliberals have failed to draw the proper lessons from the Great Depression and turned a blind eye to the real causes of the global financial crisis and ensuing recession.

WORKING PAPERS

Foreign and Public Deficits in Greece: In Search of Causality
Michalis Nikiforos, Laura Carvalho, Christian Schoder
Working Paper No. 771, August 2013

Germany and the Euroland Crisis: The Making of a Vulnerable Haven
Jörg Bibow
Working Paper No. 767, June 2013

On the Franco-German Euro Contradiction and Ultimate Euro Battleground
Jörg Bibow
Working Paper No. 762, April 2013

ECB Worries / European Woes: The Economic Consequences of Parochial Policy
Robert J. Barbera, Gerald Holtham
Working Paper No. 742, December 2012

Conflicting Claims in the Eurozone? Austerity's Myopic Logic and the Need for a European Federal Union in a Post-Keynesian Eurozone Center–Periphery Model
Alberto Botta
Working Paper No. 740, December 2012

At the Crossroads: The Euro and Its Central Bank Guardian (and Savior?)
Jörg Bibow
Working Paper No. 738, November 2012

The Crisis of Finance-dominated Capitalism in the Euro Area, Deficiencies in the Economic Policy Architecture, and Deflationary Stagnation Policies
Eckhard Hein
Working Paper No. 734, October 2012

The Euro Debt Crisis and Germany's Euro Trilemma
Jörg Bibow
Working Paper No. 721, May 2012

The European Central Bank and Why Things Are the Way They Are: A Historic Monetary Policy Pivot Point and Moment of (Relative) Clarity
Robert Dubois
Working Paper No. 710, March 2012

The Euro Crisis and the Job Guarantee: A Proposal for Ireland
L. Randall Wray
Working Paper No. 707, February 2012

The Euro Imbalances and Financial Deregulation: A Post-Keynesian Interpretation of the European Debt Crisis
Matías Vernengo
Working Paper No. 702, January 2012

Reducing Economic Imbalances in the Euro Area: Some Remarks on the Current Stability Programs, 2011–14
Gregor Semieniuk, Till van Treeck, Achim Truger
Working Paper No. 694, October 2011

Euroland in Crisis as the Global Meltdown Picks Up Speed
Dimitri B. Papadimitriou, L. Randall Wray
Working Paper No. 693, October 2011

An Unblinking Glance at a National Catastrophe and the Potential Dissolution of the Eurozone: Greece's Debt Crisis in Context
C. J. Polychroniou
Working Paper No. 688, September 2011

REGION: ASIA

WORKING PAPERS

Managing Global Financial Flows at the Cost of National Autonomy: China and India
Sunanda Sen
Working Paper No. 714, April 2012

The Rise and Fall of Export-led Growth
Thomas I. Palley
Working Paper No. 675, July 2011

REGION: LATIN AMERICA

WORKING PAPERS

Indirect Domestic Value Added in Mexico's Manufacturing Exports, by Origin and Destination Sector
Gerardo Fujii-Gambero, Rosario Cervantes-Martínez
Working Paper No. 760, March 2013

Toward an Understanding of Crises Episodes in Latin America: A Post-Keynesian Approach
Esteban Pérez Caldentey, Matías Vernengo
Working Paper No. 728, July 2012

Reconfiguring the financial system would accomplish many goals. It would level the competitive playing field. It would invigorate the capital markets by removing the disparity between investment firms inside the safety net and their competitors that are outside. It would strengthen the economy—not by preventing crises, but by stabilizing the system so that when crises do arise, faltering firms and not the public are held accountable.

—FDIC Vice Chairman Thomas M. Hoenig

MONETARY POLICY AND FINANCIAL STRUCTURE

RESEARCH PROGRAM TWO

This program explores the structure of markets and institutions operating in the financial sector. Research builds on the work of the late financial economist and Levy Institute Distinguished Scholar Hyman Minsky—notably, his financial instability hypothesis—and explores the institutional, regulatory, and market arrangements that contribute to financial instability. Research also examines policies—such as changes to the regulatory structure and the development of new types of institutions—necessary to contain instability.

Recent research has concentrated on the structure of financial markets and institutions, with the aim of determining the fragility, and potential failure, of financial systems. Issues explored include the extent to which domestic and international economic events (such as the financial meltdown of 2007–08 and current global recession) coincide with the types of instabilities Minsky describes, and involve analyses of his policy recommendations for alleviating instability and other economic problems. Beginning in 2008, this research was extended to include financial reregulation and, in 2011, provision of a government safety net in times of financial crisis, the focus of two multiyear projects underwritten by the Ford Foundation (see opposite). Other research in this program area includes the distributional effects of monetary policy, central banking and structural issues related to the European Monetary Union, the role of finance in small business investment, capital account management regimes in emerging-market economies, the impact of financial reform on Federal Reserve autonomy, and the role of finance in small business investment.

Esther L. George, Federal Reserve Bank of Kansas City

FINANCIAL INSTABILITY AND THE REREGULATION OF FINANCIAL INSTITUTIONS AND MARKETS

This multiyear project, undertaken with support from the Ford Foundation and directed by Senior Scholar and Program Director Jan Kregel, investigates the nature and dynamics of the crisis in the US subprime mortgage market, and to generate a new regulatory framework to address it. Its analytical framework is based on the work of Hyman Minsky, who considered financial crises an endemic, permanent internal process of any capitalist system. From this point of view, the recent crisis was not a peculiar event but rather a natural response of financial markets to a period of relative stability and innovations in risk management.

One of the main drawbacks of the current regulatory framework is that it was designed for a financial architecture that no longer exists. The main sources of private sector financing are not commercial or investment banks but rather private investment vehicles such as hedge funds and sovereign wealth funds. Most of these vehicles are highly leveraged, via securitized loans obtained from financial holding companies, making the ultimate risk holders difficult to identify. It also means that they cross multiple lines of regulatory jurisdiction as well as national borders—as evidenced by how quickly the US subprime crisis became a systemic, global one. The 2010 Dodd-Frank financial reform bill has done little to address these issues, nor has it sufficiently expanded consumer protections.

The challenge is to design regulations that are compatible across different countries and regimes while preventing regulatory arbitrage and ensuring client protection. An important focus of this project is extending Minsky's framework to an analysis of the ad hoc regulatory responses to the subprime crisis and the formal government proposals that arose from it. The ultimate goal is a cohesive program of reforms of the financial architecture and associated regulatory reforms at both the national and international levels.

Photo by Harry Heleotis

A RESEARCH AND POLICY DIALOGUE PROJECT ON IMPROVING GOVERNANCE OF THE GOVERNMENT SAFETY NET IN FINANCIAL CRISIS

This two-year project, underwritten by the Ford Foundation and directed by Senior Scholar L. Randall Wray, explores alternative methods of providing a government safety net in times of financial crisis. In the present crisis, the United States has used two primary methods: a stimulus package approved and budgeted by Congress, and a huge, complex bailout by the Federal Reserve. The project examines the benefits and drawbacks of each method, focusing on questions of accountability, democratic governance and transparency, and mission consistency. It also explores the possibility of reforms that might place on Congress more responsibility for provision of a safety net, with a smaller role to be played by the Fed. A major goal of this project is to provide a clear and unbiased analysis of the issues as well as a series of proposals on how the Federal Reserve could be reformed to offer more effective governance and more effective integration with both Treasury operations and congressional fiscal policy.

RESEARCH GROUP

Jan Kregel, *Senior Scholar and Program Director*
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PUBLICATIONS

RESEARCH PROJECT REPORTS

The Lender of Last Resort: A Critical Analysis of the Federal Reserve's Unprecedented Intervention after 2007
L. Randall Wray
Research Project Report, April 2013
"Never waste a crisis." Those words were often invoked by reformers who wanted to tighten regulations and financial supervision in the aftermath of the global financial crisis that began in late 2007. Many of them have been disappointed, since the relatively weak reforms adopted appear to have fallen far short of what is needed. But the same words can be invoked in reference to the crisis policy response—that is, to the rescue of the financial system. To date, the crisis has been wasted in that area, too. If anything, the crisis response largely restored the deeply flawed system that existed before the crisis began. But it may not be too late to use the crisis, and the crisis response, to formulate a different approach to dealing with the next financial crisis—and another crisis is inevitable—by learning from the

From left to right: Robert J. Barbera, Mount Lucas Management LP; Jack Ewing, *International Herald Tribune*; Klaus Günter Deutsch, Deutsche Bank AG

policy mistakes made in reaction to the last one, and by looking to successful policy responses around the globe.

This monograph is part of the Ford–Levy Research and Policy Dialogue Project on Improving Governance of the Government Safety Net in Financial Crisis.

Using Minsky to Simplify Financial Regulation

Research Project Report, April 2012

This monograph draws on Hyman Minsky's work on financial regulation to assess the efficacy of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, enacted in response to the 2008 subprime crisis and subsequent recession. Some two years after its adoption, the implementation of Dodd-Frank is still far from complete. And despite the fact that a principal objective of this legislation was to remove the threat of taxpayer bailouts for banks deemed "too big to fail," the financial system is now more concentrated than ever and the largest banks even larger. As economic recovery seems somewhat more assured and most financial institutions have regrouped sufficiently to repay the governmental support they received, the specific rules and regulations required to make Dodd-Frank operational are facing increasing resistance from both the financial services industry and from within the US judicial system. This suggests that the Dodd-Frank legislation may be too extensive, too complicated, and too concerned with eliminating past abuses to ever be fully implemented, much less met with compliance. The result has been a call for a more fundamental review of the extant financial legislation, with some suggesting a return to a regulatory framework closer to Glass-Steagall's separation of institutions by function—a cornerstone of Minsky's extensive work on regulation in the 1990s.

This monograph is part of the Ford–Levy Research Project on Financial Instability and the Reregulation of Financial Institutions and Markets.

Photo by Timothy Fadek

Improving Governance of the Government Safety Net in Financial Crisis

L. Randall Wray

Research Project Report, April 2012

In the current financial crisis, the United States has relied on two primary methods of extending the government safety net: a stimulus package approved and budgeted by Congress, and a massive and unprecedented response by the Federal Reserve in the fulfillment of its lender-of-last-resort function. This monograph examines the benefits and drawbacks of each method, focusing on questions of accountability, democratic governance and transparency, and mission consistency. The aim is to explore the possibility of reform that would place more responsibility for provision of a safety net on Congress, with a smaller role to be played by the Fed.

This monograph is part of the Ford–Levy Research and Policy Dialogue Project on Improving Governance of the Government Safety Net in Financial Crisis.

PUBLIC POLICY BRIEFS

More Swimming Lessons from the London Whale

Jan Kregel

Policy Brief No. 129, April 2013

This policy brief builds on an earlier analysis (Policy Note 2012/6) of JPMorgan Chase and the actions of the "London Whale," and what this episode reveals about the larger risks inherent in the financial system. It is clear that the Dodd-Frank Act failed to prevent massive losses by one of the world's largest banks. This is undeniable evidence that work remains to be done to reform the financial system. Toward this end, the author reviews the findings of a recent report by the Senate Permanent Subcommittee on Investigations and expands on the lessons that we can draw from the evolution of the London Whale episode.

Fiscal Traps and Macro Policy after the Eurozone Crisis

Greg Hannsgen, Dimitri B. Papadimitriou

Public Policy Brief No. 127, November 2012

Pundits and policymakers are divided over how to address what is widely referred to as the "fiscal cliff," a combination of tax increases and spending cuts that will further weaken the domestic economy. Will the United States continue its current, misguided, policy of implementing European-style austerity measures, and the economic contraction that is the inevitable consequence of such policies? Or will it turn aside from the fiscal cliff, using its sovereign currency system and Keynesian fiscal policy to strengthen aggregate demand?

The authors' analysis centers on a model of what they call the "fiscal trap"—a self-imposed spiral of economic contraction resulting from a fundamental misunderstanding of the role and function of fiscal policy in times of economic weakness. Within this framework, they analyze the disastrous results of austerity policies in the European Union and the UK—an account meant as a cautionary tale for the United States, not as a model.

Minsky and the Narrow Banking Proposal: No Solution for Financial Reform

Jan Kregel

Public Policy Brief No. 125, August 2012

Financial scandal by financial scandal, the realization is hardening that there is a pressing need to search for more robust regulatory alternatives. The real challenge for financial reform is to develop a vision for a financial structure that will simplify the activities of financial institutions so that they can be regulated and supervised effectively. Against the backdrop of renewed interest in the Depression-era "Chicago Plan," featuring 100 percent reserve backing for deposits, Senior Scholar Jan Kregel turns to Hyman Minsky's consideration of a similar "narrow banking" proposal in the mid-1990s.

A Detailed Look at the Fed's Crisis Response by Funding Facility and Recipient

James Andrew Felkerson

Public Policy Brief No. 123, April 2012

The extraordinary scope and magnitude of the financial crisis of 2007–09 required an extraordinary response by the Federal Reserve in the fulfillment of its lender-of-last-resort (LOLR) function. In an attempt to stabilize financial markets during the worst financial crisis since the Great Crash of 1929, the Fed engaged in loans, guarantees, and outright purchases of financial assets that were not only unprecedented but also cumulatively amounted to over twice current US GDP. This brief provides a descriptive account of the Fed's response to the crisis, delineating the essential characteristics and logistical specifics of the veritable "alphabet soup" of LOLR machinery rolled out to save the global financial system. It represents the most comprehensive investigation of the raw data to date, one that draws on three discrete measures: the peak outstanding commitment at a given point in time; the total peak flow of commitments (loans plus asset purchases), which helps identify periods of maximum financial system distress; and the total amount of loans and asset purchases made between January 2007 and March 2012—a cumulative measure that reveals a total Fed response in excess of $29 trillion.

Waiting for the Next Crash: The Minskyan Lessons We Failed to Learn

L. Randall Wray

Public Policy Brief No. 120, October 2011

This brief lays out the numerous and critical ways in which we have failed to learn from the latest global financial crisis, and identifies the underlying trends and structural vulnerabilities that make it likely a new crisis is right around the corner. The author also suggests some policy changes that would shore up the financial system while reinvigorating the real economy, including the clear separation of commercial and investment banking.

Lessons from the Cypriot Deposit Haircut for EU Deposit Insurance Schemes

Jan Kregel

Policy Note 2013/4, April 2013

In March 2013, the government of Cyprus, as part of a negotiation to secure emergency financial support for its banking system from the European Union and International Monetary Fund, proposed the assessment of a tax on bank deposits, including a levy (later dropped from the final plan) on insured demand deposits below the 100,000 euro threshold. An understanding of banks' dual operations and the relationship between two types of deposits—deposits of customers' currency and coin, and deposit accounts created by bank loans—helps clarify some of the problems with the Cypriot deposit tax, as well as the purpose and limitations of deposit insurance.

The Libor Scandal: The Fix Is In—The Bank of England Did It!

Jan Kregel

Policy Note 2012/9, August 2012

As the results of the various official investigations spread, it becomes more and more apparent that a large majority of financial institutions engaged in fraudulent manipulation of the benchmark London Interbank Offered Rate to their own advantage, and that bank management and regulators were unable to effectively monitor the activity of institutions because they were too big to manage or regulate. However, instead of drawing the obvious conclusion—that structural changes are needed to reduce banks to a size that can be effectively regulated—discussion in the media and political circles has turned to whether the problem was the result of a failure on the part of central bank officials and government regulators to respond to repeated suggestions of manipulation, and to stop the fraudulent behavior.

The Wrong Risks: What a Hedge Gone Awry at JPMorgan Chase Tells Us about What's Wrong with Dodd-Frank

Jan Kregel

Policy Note 2012/6, June 2012

What can we learn from JPMorgan Chase's recent self-proclaimed "stupidity" in attempting to hedge the bank's global risk position? Clearly, the description of the bank's trading as "sloppy" and reflecting "bad judgment" was designed to prevent the press reports of large losses from being used to justify the introduction of more stringent regulation of large, multifunction financial institutions. But the lessons to be drawn are not to be found in the specifics of its global portfolio hedging activities. The first lesson is this: despite their acumen in avoiding the worst excesses of the subprime crisis, the bank's top managers did not have a good idea of its exposure, which serves as evidence that the bank was "too big to manage." And if it was too big to manage, it was clearly too big to regulate effectively.

ONE-PAGERS

Financial Reform and the London Whale

Jan Kregel

One-Pager No. 38, June 2013

The recent report by the Senate Permanent Subcommittee on Investigations on the operations of JPMorgan Chase's Synthetic Credit Portfolio unit—aka the London Whale—has brought renewed attention to the risks of proprietary trading for insured banks, and provides depth to the larger risks inherent in the financial system after Dodd-Frank.

Lessons from an Unconventional Central Banker

Thorvald Grung Moe

One-Pager No. 37, January 2013

A broader interpretation of the 1951 Treasury – Federal Reserve Accord and of Marriner S. Eccles's role at the Fed should teach central bankers that independence can be crucial for fighting inflation, but also encourage them to be more supportive of government efforts to fight deflation and mass unemployment.

Expansion of Federal Reserve Authority in the Recent Financial Crisis Raises Questions about Governance

Bernard Shull

One-Pager No. 36, January 2013

Ex – Federal Reserve Board Member Laurence Meyer wrote that the Fed "is often called the most powerful institution in America," its key decisions made by 19 people whose names are known by few, meeting behind closed doors. Bernard Shull examines the origin and nature of Fed authority and independence, and reviews the impact of Dodd-Frank on our central bank.

A Brief Guide to the US Stimulus and Austerity Debates

Greg Hannsgen

One-Pager No. 35, October 2012

Should we allow the fiscal cliff, with its across-the-board spending cuts and big tax increases that will affect almost every American, to take effect? Economists have been weighing in on such fiscal policy questions in what seems to be the most intense election-year debate in many years. To help our readers keep track of this debate, we offer a list of some of the specious arguments against fiscal stimulus and for austerity, together with our responses.

Building Effective Regulation Requires a Theory of Financial Instability

Jan Kregel, Dimitri B. Papadimitriou

One-Pager No. 30, May 2012

One of the many lessons we can learn from Hyman Minsky's work is that there is an intimate connection between how we think about the prospect of financial market instability and how we approach financial regulation. Regulation cannot be effective if it is simply based on "piecemeal" measures produced in response to the current "moment," Minsky wrote. It needs to reformulate the structure of the financial system itself.

$29,000,000,000,000: A Detailed Look at the Fed's Bailout of the Financial System

L. Randall Wray

One-Pager No. 23, December 2011

Estimates of the total amount of bailout funding provided by the Federal Reserve during the financial crisis of 2007–09 have ranged from its own lowball claim of $1.2 trillion to Bloomberg's estimate of $7.7 trillion (for the biggest banks) to the GAO tally of $16 trillion. But new research conducted as part of the Research and Policy Dialogue Project on Improving Governance of the Government Safety Net in Financial Crisis finds that the Fed's commitments—in the form of loans and asset purchases to prop up the global financial system—far exceeded even the highest estimates.

Beyond Pump Priming

Pavlina R. Tcherneva

One-Pager No. 16, October 2011

The American Jobs Act relies largely on a policy of aggregate demand management, or "pump priming": injecting demand into a frail economy in hopes of boosting growth and lowering unemployment. But this strategy, while beneficial in setting a floor beneath economic collapse, fails to produce and maintain full employment, while doing little to address income inequality. The alternative? Fiscal policy that directly targets unemployment by providing paid work to all those willing to do their part.

WORKING PAPERS

The Problem of Excess Reserves, Then and Now

Walker F. Todd

Working Paper No. 763, May 2013

Currency Concerns under Uncertainty: The Case of China

Sunanda Sen

Working Paper No. 761, March 2013

Wages, Exchange Rates, and the Great Inflation Moderation: A Post-Keynesian View

Nathan Perry, Nathaniel Cline

Working Paper No. 759, March 2013

How the Fed Reanimated Wall Street: The Low and Extended Lending Rates that Revived the Big Banks

Nicola Matthews

Working Paper No. 758, March 2013

The Missing Macro Link

Eugenio Caverzasi

Working Paper No. 753, February 2013

Inequality and Household Finance during the Consumer Age
Barry Z. Cynamon, Steven M. Fazzari
Working Paper No. 752, February 2013

Arresting Financial Crises: The Fed versus the Classicals
Thomas M. Humphrey
Working Paper No. 751, February 2013

Endogenous Bank Credit and Its Link to Housing in OECD Countries
Philip Arestis, Ana Rosa González
Working Paper No. 750, January 2013

Marriner S. Eccles and the 1951 Treasury – Federal Reserve Accord: Lessons for Central Bank Independence
Thorvald Grung Moe
Working Paper No. 747, January 2013

Investment, Financial Markets, and Uncertainty
Philip Arestis, Ana Rosa González, Óscar Dejuán
Working Paper No. 743, December 2012

A Meme for Money
L. Randall Wray
Working Paper No. 736, November 2012

The Impact of Financial Reform on Federal Reserve Autonomy
Bernard Shull
Working Paper No. 735, November 2012

Diversity and Uniformity in Economic Theory as an Explanation of the Recent Economic Crisis
Jan Kregel
Working Paper No. 730, August 2012

Post-Keynesian Institutionalism after the Great Recession
Charles J. Whalen
Working Paper No. 724, May 2012

What Are the Driving Factors behind the Rise of Spreads and CDSs of Euro-area Sovereign Bonds? A FAVAR Model for Greece and Ireland
Nicholas Apergis, Emmanuel Mamatzakis
Working Paper No. 720, May 2012

Introduction to an Alternative History of Money
L. Randall Wray
Working Paper No. 717, May 2012

Measuring Macroprudential Risk through Financial Fragility: A Minskyan Approach
Éric Tymoigne
Working Paper No. 716, April 2012

Control of Finance as a Prerequisite for Successful Monetary Policy: A Reinterpretation of Henry Simons's "Rules versus Authorities in Monetary Policy"
Thorvald Grung Moe
Working Paper No. 713, April 2012

Shadow Banking and the Limits of Central Bank Liquidity Support: How to Achieve a Better Balance between Global and Official Liquidity
Thorvald Grung Moe
Working Paper No. 712, April 2012

Global Financial Crisis: A Minskyan Interpretation of the Causes, the Fed's Bailout, and the Future
L. Randall Wray
Working Paper No. 711, March 2012

Too Big to Fail: Motives, Countermeasures, and the Dodd-Frank Response
Bernard Shull
Working Paper No. 709, February 2012

Imbalances? What Imbalances? A Dissenting View
L. Randall Wray
Working Paper No. 704, January 2012

Is There Room for Bulls, Bears, and States in the Circuit?
L. Randall Wray
Working Paper No. 700, December 2011

$29,000,000,000,000: A Detailed Look at the Fed's Bailout by Funding Facility and Recipient
James Andrew Felkerson
Working Paper No. 698, December 2011

Orthodox versus Heterodox (Minskyan) Perspectives of Financial Crises: Explosion in the 1990s versus Implosion in the 2000s
Jesús Muñoz
Working Paper No. 695, November 2011

Quantitative Easing, Functional Finance, and the "Neutral" Interest Rate
Alfonso Palacio-Vera
Working Paper No. 685, September 2011

Central Banking in an Era of Quantitative Easing
Andrew Sheng
Working Paper No. 684, September 2011

Permanent and Selective Capital Account Management Regimes as an Alternative to Self-Insurance Strategies in Emerging-market Economies
Jörg Bibow
Working Paper No. 683, September 2011

Infinite-variance, Alpha-stable Shocks in Monetary SVAR: Final Working Paper Version
Greg Hannsgen
Working Paper No. 682, August 2011

Lessons We Should Have Learned from the Global Financial Crisis but Didn't
L. Randall Wray
Working Paper No. 681, August 2011

Institutional Prerequisites of Financial Fragility within Minsky's Financial Instability Hypothesis: A Proposal in Terms of "Institutional Fragility"
Christine Sinapi
Working Paper No. 674, July 2011

We cannot adequately assess how much or how little progress we have made in addressing the condition of the most vulnerable in our societies, or provide accurate guidance to policymakers intent on improving each individual's and household's ability to reach a basic standard of living, if we do not have a reliable means of measuring who is being left behind.

—*It's About Time: Why Time Deficits Matter for Poverty*

THE DISTRIBUTION OF INCOME AND WEALTH

RESEARCH PROGRAM THREE

INCLUDING THE LEVY INSTITUTE MEASURE OF ECONOMIC WELL-BEING AND THE LEVY INSTITUTE MEASURE OF TIME AND INCOME POVERTY

Economic inequality is a prominent and perennial concern in economics and public policy. The rise in inequality that occurred during the 1970s and early 1980s stimulated interest in the study of its causes and consequences. Experience from the 1990s suggests that economic growth and prosperity no longer dramatically reduce economic inequality. The persistent inequalities within nations and across nations raise several key issues that demand scholarship and innovative policies to aid in their resolution.

Recognizing this, the Levy Institute has maintained since its inception an active research program on the distribution of earnings, income, and wealth. Research in this area includes studies on the economic well-being of the elderly, public and private pensions, well-being over the life course, the role of assets in economic well-being, and the determinants of the accumulation of wealth.

It is widely acknowledged that existing official measures of economic well-being need to be improved in order to generate accurate cross-sectional and intertemporal comparisons. The picture of economic well-being can vary significantly depending on the measure used. Alternative measures are also crucially important for the formulation and evaluation of a wide variety of social and economic policies. The Levy Institute Measure of Economic Well-Being (LIMEW) and Levy Institute Measure of Time and Income Poverty (LIMTIP) are aimed at bridging this gap.

Ajit Zacharias, Levy Institute

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THE LEVY INSTITUTE MEASURE OF ECONOMIC WELL-BEING

The Levy Institute Measure of Economic Well-Being (LIMEW) is informed by the view that three key institutions—the market, state, and household—mediate the access of household members to the goods and services produced in a modern market economy. These institutions form interdependent parts of an organic entity, and household economic well-being is fundamentally shaped by the complex functioning of this entity.

The LIMEW has two crucial characteristics. First, its focus is limited to components that can be converted into money equivalents. Second, it is a household-level measure that can be evaluated for households in different economic and demographic groups, such as those in different percentiles of the income distribution or those in different racial groups.

The LIMEW is constructed as the sum of the following components: base money income (gross money income less government cash transfers and property income), the value of certain employer-provided in-kind benefits, income from wealth, net government expenditures (transfers and public consumption net of taxes), and the value of household

Photo by Karl Rabe

production. In the absence of an ideal, unified database to measure household economic well-being, the LIMEW is built using mainly information from income and employment surveys (e.g., the Annual Demographic Supplement of the Current Population Survey conducted by the US Census Bureau), other surveys on wealth and time use, National Income and Product Accounts, and government agencies.

One strand of research related to the LIMEW focuses on the conceptual, methodological, and data problems involved in measuring economic well-being; another analyzes specific aspects of the level and distribution of economic well-being. The ultimate goals of the project are to provide LIMEW estimates for the United States and other OECD countries, at regular intervals, and to relate the measure and its components to the changing economic and policy environment.

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THE LEVY INSTITUTE MEASURE OF TIME AND INCOME POVERTY

In addition to income inadequacies, the Levy Institute Measure of Time and Income Poverty (LIMTIP) accounts for, and hence makes visible, the negative impact of time deficits on living standards.

Income poverty customarily ascertains the ability of individuals and households to gain access to some minimal level of income (i.e., the poverty line), on the premise that such access ensures the fulfillment of a designated set of basic material needs. However, this approach neglects the fact that, in addition to a minimal basket of market purchases, individual household members must dedicate a certain amount of time to necessary (unpaid) household production activities each day. Just as some households fail to gain access to sufficient income, we must also consider the possibility that households may fail to meet their basic household production requirements for lack of time. Time deficits may be so severe that, when accounted for, they bring to the fore households that are in fact in poverty but remain "hidden" from the policy radar.

Furthermore, LIMTIP builds on the supposition that, within the household, women and men do not partake equally in meeting household production requirements, nor do they face identical time deficits: existing data reveal that women contribute their time disproportionately to unpaid household activities. Accordingly, to assess inequalities between households and among individuals within households requires that we consider differentiation *jointly* across both income and household production dimensions. For that, it is imperative to understand how labor force participation and earnings interact with time allocations for necessary household production. Such an understanding is particularly important for

Branko Milanovic, Levy Institute

formulating policies that promote gender, social, and economic justice coherently and consistently.

In addition to providing a measurement framework that allows a better informed estimation of poverty rates and depth of poverty we employ a microsimulation model that is especially useful for policy impact analysis. Designed to track both income gaps and time deficits, it can be used to evaluate the effectiveness of a policy intervention (or an economic event) in the reduction of time poverty and income poverty simultaneously.

The LIMTIP project is a joint initiative of the Distribution of Income and Wealth and Gender Equality and the Economy research programs. The generous support of the United Nations Development Programme (UNDP) Regional Service Centre for Latin America and the Caribbean, particularly the Gender Practice, Poverty, and Millennium Development Goals areas, made the development of this framework possible.

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Photo by Harry Heleotis

PUBLICATIONS

RESEARCH PROJECT REPORTS

The Interlocking of Time and Income Deficits: Revisiting Poverty Measurement, Informing Policy Responses

Rania Antonopoulos, Thomas Masterson, Ajit Zacharias

Research Project Report, December 2012

This report includes findings from a research project undertaken in 2011 by the Levy Institute with the objective of proposing an alternative to official income poverty measures, one that takes into account household production (unpaid work) requirements—an issue still largely ignored by official poverty estimates. This has significant consequences for policymaking. The resulting Levy Institute Measure of Time and Income Poverty is a two-dimensional measure that jointly tracks income gaps and time deficits. Using this alternative measure, the authors present selected results of empirical estimates of poverty and compare them with official income poverty rates for Argentina, Chile, and Mexico, with a focus on the study's policy implications.

Underwriting for this project was provided by the United Nations Development Programme Regional Service Centre for Latin America and the Caribbean.

Why Time Deficits Matter: Implications for the Measurement of Poverty

Ajit Zacharias, Rania Antonopoulos, Thomas Masterson

Research Project Report, August 2012

This report addresses an identified need to expand the knowledge base—conceptually, analytically, and empirically—on the links between (official) income poverty and the time allocation of households between paid and unpaid work. It provides a new analytical and empirical framework that includes unpaid household production work in the very conceptualization and calculation of poverty: the Levy Institute Measure of Time and Income Poverty (LIMTIP). Based on this framework, empirical estimates of poverty are presented and compared with those calculated according to the official income poverty lines for Argentina, Chile, and Mexico. In addition, an employment-generating poverty-reduction policy is simulated in each country, and the results are assessed using the official and LIMTIP poverty lines.

PUBLIC POLICY BRIEF

It's About "Time": Why Time Deficits Matter for Poverty

Rania Antonopoulos, Thomas Masterson, Ajit Zacharias

Public Policy Brief No. 126, November 2012

We cannot adequately assess how much or how little progress we have made in addressing the condition of the most vulnerable in our societies, or provide accurate guidance to policymakers intent on improving each individual's and household's ability to reach a basic standard of living, if we do not have a reliable means of measuring who is being left behind. Levy Institute Senior Scholars Rania Antonopoulos and Ajit Zacharias and Research Scholar Thomas Masterson have constructed an alternative measure of poverty that, when applied to the cases of Argentina, Chile, and Mexico, reveals significant blind spots in the official numbers.

ONE-PAGERS

The Impact of a Path to Citizenship on the US Economy and Social Insurance System
Selçuk Eren
One-Pager No. 39, July 2013
Comprehensive immigration reform has long eluded Congress. Although the Senate recently passed a bill—S. 744, or the Border Security, Economic Opportunity, and Immigration Modernization Act—that would take significant steps toward comprehensive reform, it is currently being held up in the Republican-controlled House. The sticking point? The "path to citizenship" provision for undocumented immigrants included in the Senate bill. Yet legalizing a significant proportion of the undocumented immigrant population would not impose serious costs on either the economy in general or the social insurance system in particular. On the contrary: maintaining the status quo would be economically wasteful.

Uncovering the Hidden Poor: The Importance of Time Deficits
Rania Antonopoulos, Thomas Masterson, Ajit Zacharias
One-Pager No. 34, October 2012
Standard measurements of poverty assume that all households have enough time to attend to the needs of household members, but many, in fact, do not, and thus experience "time deficits" that are not reflected in the official numbers. The new Levy Institute Measure of Time and Income Poverty, which takes into account both the necessary income and household production time needed to achieve a minimum standard of living, addresses this shortfall.

WORKING PAPERS

Quality of Statistical Match and Simulations Used in the Estimation of the Levy Institute Measure of Time and Consumption Poverty (LIMTCP) for Turkey in 2006
Thomas Masterson
Working Paper No. 769, July 2013

Simulations of Full-Time Employment and Household Work in the Levy Institute Measure of Time and Income Poverty (LIMTIP) for Argentina, Chile, and Mexico
Thomas Masterson
Working Paper No. 727, July 2012

A Comparison of Inequality and Living Standards in Canada and the United States Using an Expanded Measure of Economic Well-Being
Edward N. Wolff, Ajit Zacharias, Thomas Masterson, Selçuk Eren, Andrew Sharpe, Elspeth Hazell
Working Paper No. 703, January 2012

Quality of Match for Statistical Matches Used in the Development of the Levy Institute Measure of Time and Income Poverty (LIMTIP) for Argentina, Chile, and Mexico
Thomas Masterson
Working Paper No. 692, October 2011

The Measurement of Time and Income Poverty
Ajit Zacharias
Working Paper No. 690, October 2011

The Levy Institute Measure of Economic Well-Being: Estimates for Canada, 1999 and 2005
Andrew Sharpe, Alexander Murray, Benjamin Evans, Elspeth Hazell
Working Paper No. 680, July 2011

The Levy Institute Measure of Economic Well-Being: France, 1989 and 2000
Thomas Masterson, Ajit Zacharias, Selçuk Eren, Edward N. Wolff
Working Paper No. 679, July 2011

Quality of Match for Statistical Matches Used in the 1989 and 2000 LIMEW: Estimates for France
Thomas Masterson
Working Paper No. 676, July 2011

Given that the social and economic risks and vulnerabilities women face are the result of multiple and overlapping binding constraints, social protection policies alone cannot be expected to lead the way toward women's empowerment. Rather, gender awareness can contribute to making social protection consistent with principles of equality and economic inclusion.

—From Safety Nets to Economic Empowerment

RESEARCH PROGRAM FOUR

GENDER EQUALITY AND THE ECONOMY

While gender inequalities have diminished in some aspects of life, they remain deeply rooted in others. In no country around the world do men and women enjoy equality in economic and political participation, earnings, educational attainment, general health, and physical security. These gender gaps undermine economic growth and development and are costly to individuals and households.

The Levy Institute's Gender Equality and the Economy (GEE) program focuses on the ways in which economic processes and policies affect gender equality and examines the influence of gender inequalities on economic outcomes. GEE's goal is to stimulate reexamination of key economic concepts, models, and indicators—with a particular view to reformulating policy. It offers a broad view of what an economy is and how it functions, bringing into the analysis not only paid work but also the unpaid work (e.g., caring for families and community volunteerism) that enables the market economy to function. Ultimately, the program seeks to contribute knowledge that improves women's status and helps them realize their rights in the United States and other countries.

RESEARCH

GEE research concentrates on two primary themes: the gender dimensions of macroeconomic issues and international economic policy; and gender equality, poverty, and well-being in national and international perspective. In the past decade, a growing body of

Jan Kregel and Rania Antonopoulos, Levy Institute

work has explored how macroeconomic outcomes are affected by gender inequalities, and how gender inequalities are influenced by macroeconomic policies. Although gender equality is not the focus of macroeconomic policy, such policies cannot be assumed to be gender neutral. Does a requirement to balance budgets make it more difficult to reduce gender inequality? Given the inability of markets to guarantee a job for all who seek one, how can public policy that promotes full employment be inclusive of gender equality considerations? How can economic growth and gender equality be made compatible? Can gender equality improve the employment/inflation trade-off?

THE LEVY INSTITUTE MEASURE OF TIME AND INCOME POVERTY

The Levy Institute Measure of Economic Well-Being (see pages 43–44) was established in order to improve existing official measures of economic well-being and to allow for accurate cross-sectional and intertemporal comparisons. GEE has enhanced this area of the Levy Institute's work by developing research on the intersection of gender inequality, expanded income, and time poverty. This research—including the reexamination of UN indicators for measuring gender inequality, new analyses of time-use data, and work preparatory to formulating alternative policy indicators—was central to the development of the Levy Institute Measure of Time and Income Poverty, a new, innovative income measure that accounts for the negative impact time deficits exert on living standards. For more information on this joint project of the GEE and Distribution of Income and Wealth programs, see pages 44–45.

Photo by Karl Rabe

GEM-IWG

The International Working Group on Gender, Macroeconomics, and International Economics (GEM-IWG) is a global network of economists formed for the purpose of promoting gender equity in the context of the world economy. Since 2009, GEE has partnered with GEM-IWG in organizing a series of seminars and conferences that are designed to promote a more focused international dialogue on the social dimension of globalization, and to explore the relationship between gender inequality and the economic liberalization policies that underpin the globalization process.

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PUBLICATIONS

PUBLIC POLICY BRIEF

From Safety Nets to Economic Empowerment: Is There Space to Promote Gender Equality in the Evolution of Social Protection?
Rania Antonopoulos
Public Policy Brief No. 128, April 2013
Social protection systems comprise public policies designed to prevent or alleviate economic insecurity and poverty. Throughout the developing world, social protection strategies and the dialogue surrounding them have recently been undergoing an important evolution. This policy brief highlights the opportunities and challenges for promoting gender equality and empowerment within this shifting policy landscape. Developed with financial support from the United Nations Development Programme, the brief is intended as an advocacy tool in the service of amplifying gender-informed policy considerations in country-level social protection debates.

WORKING PAPERS

Evaluating the Gender Wage Gap in Georgia, 2004–2011
Tamar Khitarishvili
Working Paper No. 768, July 2013

The Economic Crisis of 2008 and the Added Worker Effect in Transition Countries
Tamar Khitarishvili
Working Paper No. 765, May 2013

Expanding Social Protection in Developing Countries: A Gender Perspective
Rania Antonopoulos
Working Paper No. 757, March 2013

Time Use of Mothers and Fathers in Hard Times and Better Times: The US Business Cycle of 2003–10
Günseli Berik, Ebru Kongar
Working Paper No. 696, November 2011

Unpaid and Paid Care: The Effects of Child Care and Elder Care on the Standard of Living
Kijong Kim, Rania Antonopoulos
Working Paper No. 691, October 2011

Estimating the Impact of the Recent Economic Crisis on Work Time in Turkey
Emel Memis, S. A. Kaya Bahçe
Working Paper No. 686, September 2011

There is no economic policy more important than employment creation. The private sector plays an invaluable and dynamic role in creating employment, but during a recession it cannot ensure enough jobs to speed up recovery or keep up with population growth. But there is an alternative: a job guarantee through a government-provided "employer-of-last-resort" program offering a job to anyone who is ready, willing, and able to work.

—Direct Job Creation for Turbulent Times in Greece

RESEARCH PROGRAM FIVE

EMPLOYMENT POLICY AND LABOR MARKETS

Today, in the aftermath of the worst economic crisis since the Great Depression, there are 11.3 million unemployed—7.3 percent of the labor force. Involuntary part-time workers—those employed less than full-time for economic reasons—number approximately 9 million. And there are roughly 10.4 million full-time workers whose wages place them at or below the official poverty line. Clearly, there is room for improvement on the jobs front.

In response to this problem, Levy Institute scholars have proposed a full employment, or job opportunity, program that would employ all who are willing to work and increase flexibility between economic sectors, thereby lowering the social and economic costs of unemployment.

In the postwar period, "Keynesian" policies to promote full employment have relied on a favorable business environment to stimulate investment spending, and they have been largely ineffective: unemployment rates have trended upward, long-term unemployment has become increasingly concentrated among the labor force's disadvantaged, real wages for most workers have declined, and poverty rates have remained stubbornly high.

The missing ingredient in today's policy strategies is a commitment to what Hyman Minsky called "tight full employment," which he associated with an unemployment rate as low as 2.5 percent. In Minsky's view, the key to sustained, tight full employment is direct job

James K. Galbraith, Levy Institute

creation, whereby the government acts as an "employer of last resort" (ELR) by offering a job at a minimum wage to anyone willing and able to work. This is the framework on which the Levy Institute job opportunity program is based. The implementation of an ELR program would help alleviate periodic deep unemployment crises like the one the US economy is currently limping through. And without direct job creation programs underpinning a commitment to full employment, many conventional policy tools, on their own, are going to be inadequate to the challenge of alleviating poverty.

Other labor market policies studied by Levy Institute scholars include the job creation potential of social service–delivery sectors, the effects of joblessness and employment expansion on poverty, and targeted versus aggregate demand management as a means of delivering economic stabilization.

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Photo by Karl Rabe

PUBLICATIONS

RESEARCH PROJECT REPORT

Direct Job Creation for Turbulent Times in Greece

Rania Antonopoulos, Dimitri B. Papadimitriou, Taun Toay

Research Project Report, November 2011

Countries in crisis around the world face the daunting task of dealing with abrupt increases in unemployment and associated deepening poverty. Greece, in the face of a sovereign debt crisis, has been hit the hardest. Remediating employment policies, including workweek reductions and employment subsidies, abound but for the most part have failed. Direct public-service job creation, on the other hand, would enable communities to mitigate risks and vulnerabilities that rise in turbulent times by actively transforming their own economic and social environment.

This report traces the economic trends preceding and surrounding the economic crisis in Greece, with particular emphasis on recent labor market trends and emerging gaps in social safety net coverage. While its primary focus is identifying the needs in Greece, broader lessons for direct job creation are highlighted, and could be applied to countries entertaining targeted employment creation as a means of alleviating social strains during crisis periods.

Underwriting for this project was provided by the Labour Institute of the General Confederation of Greek Workers (INE-GSEE).

POLICY NOTE

Full Employment through Social Entrepreneurship: The Nonprofit Model for Implementing a Job Guarantee

Pavlina R. Tcherneva

Policy Note 2012/2, March 2012

The conventional approach of fiscal policy is to create jobs by boosting private investment and growth. This approach is backward, says Research Associate Pavlina R. Tcherneva. Policy must begin by fixing the unemployment situation because growth is a byproduct of strong employment—not the other way around. Tcherneva proposes a bottom-up approach based on community programs that can be implemented at all phases of the business cycle; that is, a grass-roots job-guarantee program run by the nonprofit sector (with participation by the social entrepreneurial sector) and financed by the government.

ONE-PAGER

Investing in Social Care Delivery

Rania Antonopoulos, Kijong Kim, Thomas Masterson, Ajit Zacharias

One-Pager No. 11, August 2011

The Bureau of Economic Analysis recently revised its figures on GDP growth, and revealed that not only was the recession worse than advertised, but recent growth rates have been overstated as well. Simply put, the economy has failed to recover to the point where it can generate sufficient job growth. In the event that Congress should turn its attention away from the (so far) purely notional dangers of rising debt levels and back to the immediate and tangible jobs crisis, it might consider a solution that has been overlooked so far: job creation through social care investment.

WORKING PAPERS

Beyond Full Employment: The Employer of Last Resort as an Institution for Change

Pavlina R. Tcherneva

Working Paper No. 732, September 2012

Guaranteed Green Jobs: Sustainable Full Employment

Antoine Godin

Working Paper No. 722, May 2012

Inflationary and Distributional Effects of Alternative Fiscal Policies: An Augmented Minskyan-Kaleckian Model

Pavlina R. Tcherneva

Working Paper No. 706, February 2012

What Do Poor Women Want? Public Employment or Cash Transfers? Lessons from Argentina

Pavlina R. Tcherneva

Working Paper No. 705, February 2012

If documented immigrants save more domestically while undocumented immigrants send a higher proportion of their resources overseas, any reform might have a sizable positive effect on economic growth via savings. . . .

—"Effects of Legal and Unauthorized Immigration on the US Social Security System"

RESEARCH PROGRAM SIX

IMMIGRATION, ETHNICITY, AND SOCIAL STRUCTURE

Central to this program is the research initiative "Ethnicity and Economy in America—Past and Present," which focuses on the processes by which immigrants and their descendants are assimilated into US economic life—work that sheds light on current policy issues such as international competitiveness, income distribution, and poverty. The initiative comprises three research projects:

(1) "The Jews circa 1900: Social Structure in Europe and America" focuses on social characteristics that help to explain the rapid socioeconomic rise of Eastern European Jewish immigrants who entered the American economy at the turn of the 20th century.

(2) "Assimilation and the Third Generation" explores the assimilation of immigrants into the socioeconomic mainstream of the United States, and the social and economic experiences of their American-born children and grandchildren.

(3) "The New Immigration's Second Generation" reviews literature that deals with the economic progress and difficulties faced by children of today's immigrants (i.e., at the turn of the 21st century). Their experiences are compared with those faced by children of immigrants at the turn of the 20th century.

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Seymour Spilerman, *Research Associate*

RESEARCH GROUP ON ISRAELI SOCIAL STRUCTURE AND INEQUALITY

This second long-term research initiative focuses on three domains of inequality in Israel. First, ethnic origin and immigration status play key roles in shaping the Israeli stratification system. Crucial is the division between Jews and Arabs, and, among Jews, the division between Mizrachim (Jews from Muslim, mostly Arab, lands) and Ashkenazim (Jews of European descent). First- and second-generation Mizrachim lag behind Ashkenazim on the various measures of economic well-being, and the issue of second-generation catch-up or decline is common in the social science literature on Israel. The Levy Institute's approach is characterized by a closer look at the evidence, especially by country of origin and over time, and a perspective of international comparisons.

Second, Israel has one of the highest poverty rates in the developed world, and the gap between rich and poor has widened substantially over the past three decades. The Levy Institute will explore the shifting income and wealth distributions in Israel during this period of increasing privatization and globalization.

Third, the Institute will study the results of the massive restructuring of Israeli higher education over the past two decades—the creation of a large number of smaller "colleges" where before there had been only a half dozen universities—and the connection between the expansion of the educational system and returns to schooling.

THE 1967 CENSUS OF THE WEST BANK AND GAZA STRIP: A DIGITIZED VERSION

In the summer of 1967, just after the Six-Day War brought the West Bank and Gaza Strip under Israel's control, the Israeli Central Bureau of Statistics conducted a census of the occupied territories—seven volumes of reports that provide the earliest detailed description of this population, including crucial data about respondents' 1948 refugee status. In 2012, the Levy Institute made the contents of these volumes available in machine-readable form for the first time, in the hope that the data will provide researchers a broader understanding of the social history of the Palestinian people in the occupied territories.

PUBLICATIONS

WORKING PAPERS

Long-Term Benefits from Temporary Migration: Does the Gender of the Migrant Matter?
Sanjaya DeSilva
Working Paper No. 756, February 2013

Effects of Legal and Unauthorized Immigration on the US Social Security System
Selçuk Eren, Hugo Benítez-Silva, Eva Cárceles-Poveda
Working Paper No. 689, October 2011

Economies are complex systems whose interconnections are broader than current trade theory takes into account. To analyze costs and trade competition requires integrating the "real" production and consumption economy with balance-sheet transactions in assets and the debt overhead, as well as with government fiscal policy.

—"Trade and Payments Theory in a Financialized Economy"

RESEARCH PROGRAM SEVEN

ECONOMIC POLICY FOR THE 21ST CENTURY

INCLUDING FEDERAL BUDGET POLICY AND EXPLORATIONS IN THEORY AND EMPIRICAL ANALYSIS

Nearly all Levy Institute research focuses not only on economic analysis but also on the creation of possible strategies through which policymakers may solve the issue at hand. This program includes research on those macroeconomic policy areas most closely associated with public sector activities: monetary policy and financial institutions, federal budget policy, and the labor market. Examples of studies on monetary policy and financial institutions include explorations of the euro's impact on monetary and fiscal policies and monetary institutions within the European Union, the effectiveness of monetary policy, and Minskyan analyses of the current global recession. Examinations of federal budget policies cover such topics as the effects of budget surpluses on the economy, the need for fiscal expansion to combat economic torpor, and analyses of the Social Security and health care systems.

FEDERAL BUDGET POLICY

The demographic shift resulting from the aging of the baby boomer generation presents a number of potential dilemmas for policymakers. Whether a shrinking working-age population can support its own dependents, in addition to retirees, has led to debates about the increasing size of Social Security, Medicare, and Medicaid budgets—now and in the future. Can these government programs continue to function in the same manner, and achieve the same goals, as they do today? Will structural reform be necessary? Do we wish to provide the same (or higher) level of support equally throughout the aging population? Should some, or all, benefits be "income tested"?

Jörg Bibow, Levy Institute

In aggregate terms, fiscal debates have turned from what constitutes the necessary size and composition of a stimulus package to what should be done about the federal deficit. Some economists have argued that, by creating a wider pool of funds available for investment, "fiscal responsibility" resulted in greater access to investment funds by private sector firms, which, in turn, stimulated economic growth. Others contend that the unprecedented growth of the 1990s happened in spite of budget surpluses, and that if the composition of private versus public funding had been more in balance, growth and employment would have expanded even further. These debates are related to those that surround the current demand shortfall and to calls for additional fiscal stimulus: if budget surpluses were the cause of economic growth, an argument can be made that fiscal stimulus should focus on investment-targeted tax cuts. If, however, surpluses were the result of economic growth, then demand-led fiscal policies, such as spending programs and broad tax cuts, should be the focus.

In responding to these issues, Levy Institute scholars have concentrated recent research on evaluating proposals that would alter the structure of Social Security to deal with future funding shortfalls, privatize any or all of the Social Security program, and restructure Medicaid financing to widen the availability of funding for long-term care. Other recent analyses deal with specific budgetary issues, such as various tax-cut proposals and the efficacy of quantitative easing.

EXPLORATIONS IN THEORY AND EMPIRICAL ANALYSIS

On occasion, scholars at the Levy Institute conduct research that does not fall within a current program or general topic area. Such study might include examination of a subject of particular policy interest, or initial exploration in an area being considered for a new research program. Recent studies have focused on the policy implications of postwar growth trends

Photo by Timothy Fadek

and cycles in the United States, the role of finance in fostering innovation, and the development of a theoretical model for the housing market in various OECD countries.

RESEARCH GROUP

Dimitri B. Papadimitriou, *President*
James K. Galbraith, *Senior Scholar*
Rania Antonopoulos, *Research Scholar*
Tamar Khitarishvili, *Research Scholar*
Philip Arestis, *Research Associate*
Giorgos Argitis, *Research Associate*
Marshall Auerback, *Research Associate*
William J. Baumol, *Research Associate*
Jörg Bibow, *Research Associate*
Lekha S. Chakraborty, *Research Associate*
Pinaki Chakraborty, *Research Associate*
Sanjaya DeSilva, *Research Associate*
Steven M. Fazzari, *Research Associate*
Jesus Felipe, *Research Associate*
Giuseppe Fontana, *Research Associate*
Mathew Forstater, *Research Associate*
Greg Hannsgen, *Research Scholar*
Michael Hudson, *Research Associate*
Thomas Karier, *Research Associate*
Stephanie A. Kelton, *Research Associate*
William H. Lazonick, *Research Associate*
Mary O'Sullivan, *Research Associate*
Robert W. Parenteau, *Research Associate*
C. J. Polychroniou, *Research Associate and Policy Fellow*
James B. Rebitzer, *Research Associate*
Malcolm Sawyer, *Research Associate*
Martin Shubik, *Research Associate*
Michael Stephens, *Senior Editor and Policy Fellow*
Willem Thorbecke, *Research Associate*
Éric Tymoigne, *Research Associate*
L. Randall Wray, *Senior Scholar*
Ajit Zacharias, *Senior Scholar*

PUBLICATIONS

ONE-PAGER

Social Security Data Belie Loopy Claims of a Fraud
Greg Hannsgen, Dimitri B. Papadimitriou
One-Pager No. 13, September 2011
A number of presidential candidates have claimed that the Social Security program is a "Ponzi scheme," but the dynamic of entry and exit puts a growing program into perspective.

WORKING PAPERS

Heterodox Shocks
Greg Hannsgen
Working Paper No. 766, June 2013

Modeling the Housing Market in OECD Countries
Philip Arestis, Ana Rosa González
Working Paper No. 764, May 2013

The Economics of Inclusion: Building an Argument for a Shared Society
Michael A. Valenti, Olivier Giovannoni
Working Paper No. 755, February 2013

Growth Trends and Cycles in the American Postwar Period, with Implications for Policy
Olivier Giovannoni
Working Paper No. 754, February 2013

Weak Expansions: A Distinctive Feature of the Business Cycle in Latin America and the Caribbean
Esteban Pérez Caldentey, Daniel Titelman, Pablo Carvallo
Working Paper No. 749, January 2013

Analyzing Public Expenditure Benefit Incidence in Health Care: Evidence from India
Lekha S. Chakraborty, Yadawendra Singh, Jannet Farida Jacob
Working Paper No. 748, January 2013

Finance-dominated Capitalism and Redistribution of Income: A Kaleckian Perspective
Eckhard Hein
Working Paper No. 746, January 2013

Stock-flow Consistent Modeling through the Ages
Eugenio Caverzasi, Antoine Godin
Working Paper No. 745, January 2013

Interest Rate Determination in India: Empirical Evidence on Fiscal Deficit – Interest Rate Linkages and Financial Crowding Out
Lekha S. Chakraborty
Working Paper No. 744, December 2012

Primary and Secondary Markets
Egmont Kakarot-Handtke
Working Paper No. 741, December 2012

On the "Utilization Controversy": A Theoretical and Empirical Discussion of the Kaleckian Model of Growth and Distribution
Michalis Nikiforos
Working Paper No. 739, November 2012

The (Normal) Rate of Capacity Utilization at the Firm Level
Michalis Nikiforos
Working Paper No. 737, November 2012

Innovation and Finance: An SFC Analysis of Great Surges of Development
Alessandro Caiani, Antoine Godin, Stefano Lucarelli
Working Paper No. 733, October 2012

The Common Error of Common Sense: An Essential Rectification of the Accounting Approach
Egmont Kakarot-Handtke
Working Paper No. 731, September 2012

Veblen's Institutionalist Elaboration of Rent Theory
Michael Hudson
Working Paper No. 729, August 2012

Problems with Regional Production Functions and Estimates of Agglomeration Economies: Caveat Emptor for Regional Scientists
Jesus Felipe, John McCombie
Working Paper No. 725, May 2012

Aggregate Production Functions and the Accounting Identity Critique: Further Reflections on Temple's Criticisms and Misunderstanding
Jesus Felipe, John McCombie
Working Paper No. 718, May 2012

Tracking the Middle-income Trap: *What* Is It, *Who* Is in It, and *Why*?
Jesus Felipe, Arnelyn Abdon, Utsav Kumar
Working Paper No. 715, April 2012

The Road to Debt Deflation, Debt Peonage, and Neofeudalism
Michael Hudson
Working Paper No. 708, February 2012

Women, Schooling, and Marriage in Rural Philippines
Sanjaya DeSilva, Mohammed Mehrab Bin Bakhtiar
Working Paper No. 701, December 2011

Trade and Payments Theory in a Financialized Economy
Michael Hudson
Working Paper No. 699, December 2011

Distribution and Growth: A Dynamic Kaleckian Approach
F. Patriarca, C. Sardoni
Working Paper No. 697, November 2011

Access to Markets and Farm Efficiency: A Study of Rice Farms in the Bicol Region, Philippines
Sanjaya DeSilva
Working Paper No. 687, September 2011

The Global Crisis and the Remedial Actions: A Nonmainstream Perspective
Sunanda Sen
Working Paper No. 677, July 2011

Photos by Timothy Fadek (top) and Harry Heleotis (bottom)

CONFERENCES AND SYMPOSIA

The Hyman P. Minsky Summer Seminar; 22nd Annual Hyman P. Minsky Conference on the State of the US and World Economies: Building a Financial Structure for a More Stable and Equitable Economy; Exiting the Crisis: the Challenge of an Alternative Policy Road Map; Hyman P. Minsky Conference on Financial Instability; Minsky: Global Financial Fragility and the Development of Capitalist Finance; 21st Annual Hyman P. Minsky Conference on the State of the US and World Economies: Debt, Deficits, and Financial Instability

Opposite top: Richard W. Fisher, Federal Reserve Bank of Dallas; bottom from left to right: John Cassidy, *The New Yorker*; Alan S. Blinder, Princeton University; Research Associate Steven M. Fazzari, Washington University–St. Louis

THE HYMAN P. MINSKY SUMMER SEMINAR

June 14–22, 2013
Levy Economics Institute of Bard College

The Summer Seminar provides a rigorous discussion of both theoretical and applied aspects of Minskyan economics, with an examination of meaningful prescriptive policies relevant to the current economic and financial crisis. Organized by Jan Kregel, Dimitri B. Papadimitriou, and L. Randall Wray, this annual program is of particular interest to graduate students and those at the beginning of their academic or professional careers. Fifty-six students, representing 25 countries, attended the 2013 Seminar, which offered lectures and discussion sessions on topics ranging from Minsky's theory of investment to financial imbalances in the eurozone.

FACULTY

Rania Antonopoulos, *Levy Institute*
Robert J. Barbera, *The Johns Hopkins University*
Gary A. Dymski, *University of Leeds*
Steven M. Fazzari, *Levy Institute* and *Washington University–St. Louis*
Mathew Forstater, *Levy Institute* and *University of Missouri–Kansas City*
Scott Fullwiler, *Wartburg College*
James K. Galbraith, *Levy Institute* and *University of Texas at Austin*
John F. Henry, *University of Missouri–Kansas City*
Fadhel Kaboub, *Levy Institute* and *Denison University*
Rainer Kattel, *Tallin University of Technology*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Marc Lavoie, *University of Ottawa*
Paul A. McCulley, *Society of Fellows, Global Interdependence Center*
Dimitri B. Papadimitriou, *Levy Institute*
Pavlina R. Tcherneva, *Levy Institute* and *Bard College*
Mario Tonveronachi, *Università di Siena*
Éric Tymoigne, *Levy Institute* and *Lewis and Clark College*
Frank Veneroso, *Veneroso Associates, LLC*
L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*
Gennaro Zezza, *Levy Institute* and *Università di Cassino*

PARTICIPANTS

Elina Aaltio, *University of Helsinki*
Saulo Cabello Abouchedid, *Universidade Estadual de Campinas–UNICAMP*
Antti Kustaa Alaja, *Kalevi Sorsa Foundation*
Marcio Alvarenga Jr., *Universidade Federal Fluminense*
Iwo Augustynski, *Wroclaw University of Economics*
Ricardo Barone, *Universidade Estadual de Campinas–UNICAMP*

Nicholas Magnus Deleuse Blikstad, *Universidade Estadual de Campinas–UNICAMP*
Bruno Bonizzi, *SOAS, University of London*
Lidia Brochier, *Universidade Estadual de Campinas–UNICAMP*
Victor Omar Cadena Torres, *Universidad Nacional Autónoma de México*
Camille Louison Cahen-Fourot, *Université Paris Nord–Villetaneuse*
José G. Caraballo, *The New School for Social Research*
Sebastian Carvajal Mantilla, *Ecuadorian Tax Administration, Center for Fiscal Studies*
Shouvik Chakraborty, *PERI, University of Massachusetts Amherst*
Nicholas Curott, *SUNY Delhi*
Mine Aysen Doyran, *Lehman College–CUNY*
Patricia Duarte Rodríguez, *Universidad Nacional Autónoma de México*
Bilge Erten, *Columbia University*
André Escobar, *Universidad de Cartagena*
Shant Fabricatorian, *University of Sydney*
Apostolos Fasianos, *University of Athens*
Eloy Fisher, *The New School for Social Research*
Olimpia Fontana, *Université Cattolica del Sacro Cuore*
Will Georgic, *The Ohio State University*
Diego Guevara, *Universidad Nacional de Columbia, Bogotá*
Idir Hafrad, *Université Paris Nord*
Jaime Ernesto Winter Hughes León, *Universidade Estadual de Campinas–UNICAMP*
Jesse Hurwitz, *MIT Sloan School of Management*
Irwin, *Ritsumeikan Asia Pacific University*
Saliha Jlassi, *Université de Sfax*
Margaret R. Jones, *US Census Bureau*
Gabriel Gdalevici Junqueira, *Federal University of Rio de Janeiro*
Lili Li, *University of Missouri–Kansas City* and *Renmin University of China*
Javier López Bernardo, *Kingston University of London*
David Maldonado Tafoya, *Universidad Nacional Autónoma de México*
Reynold F. Nesiba, *Augustana College*
Daniel Nobre Martins Pinheiro, *Insper (Institute of Education and Research)*
Francisco Ohana Pinto de Sant'Ana, *Banco Nacional de Desenvolvimento Econômico y Social (BNDES)*
Philip Pilkington, *Kingston University of London*
Sibyl Italia Pineda Salazar, *Universidad Autónoma Metropolitana*
Raquel Almeida Ramos, *Université Paris Nord*
Alvaro Santos-Rivera, *European Central Bank*
Garth Sheldon-Coulson, *Harvard University*
Luma Sousa Ramos, *Universidade Estadual de Campinas–UNICAMP*
Danilo Sartorello Spinola, *Universidade Estadual de Campinas–UNICAMP*
Jacopo Staccioli, *Università di Pisa* and *Scuola Superiore Sant'Anna*
Daniel deSantanaVasconcelos, *Federal University of Rio de Janeiro*
Camila Veneo Campos Fonseca, *Universidade Estadual de Campinas–UNICAMP*
Maria Enrica Virgillito, *Università di Pisa* and *Scuola Superiore Sant'Anna*
Andreas von Ah, *Université de Fribourg*
Wen Xian, *University of Missouri–Kansas City*
Srinivas Yanamandra, *ICICI Bank*
Sakir Devrim Yilmaz, *University of Manchester*
Jing Zhang, *University of Missouri–Kansas City*

22ND ANNUAL HYMAN P. MINSKY CONFERENCE ON THE STATE OF THE US AND WORLD ECONOMIES

BUILDING A FINANCIAL STRUCTURE FOR A MORE STABLE AND EQUITABLE ECONOMY

April 17–19, 2013
Ford Foundation, New York City
Organized by the Levy Economics Institute of Bard College with support from the Ford Foundation

In 2008–09, the world experienced its worst financial and economic crisis since the Great Depression. Global employment and output collapsed, and an estimated 84 million people fell into extreme poverty. Given the fragility and uneven progress of the economic recovery, social conditions are expected to improve only slowly. Meanwhile, austerity measures in response to high government debt in some of the advanced economies are making the recovery even more uncertain.

It's time to put global finance back in its proper place as a tool to achieving sustainable development. This means substantial downsizing, careful reregulation, universal social protections, and an active, permanent employment-creation program. For this reason, the 2013 Minsky Conference addressed both financial reform and poverty in the context of Minsky's work on financial instability and his proposal for a public job guarantee. Panels focused on the design of a new, more robust, and stable financial architecture; fiscal austerity and the sustainability of the US economic recovery; central bank independence and financial reform; the larger implications of the eurozone debt crisis for the global economic system; improving governance of the social safety net; the institutional shape of the future financial system; strategies for promoting poverty eradication and an inclusive economy; sustainable development and market transformation; time poverty and the gender pay gap; and policy and regulatory challenges for emerging-market economies.

PARTICIPANTS

Emilios Avgouleas, *University of Edinburgh*
Robert J. Barbera, *The Johns Hopkins University*
Alan S. Blinder, *Princeton University*
James Bullard, *Federal Reserve Bank of St. Louis*
Leonardo Burlamaqui, *Ford Foundation*
John Cassidy, The New Yorker
Peter Coy, Bloomberg Businessweek
Paula Dwyer, Bloomberg View
Steven M. Fazzari, *Levy Institute* and *Washington University–St. Louis*

Left: Narayana Kocherlakota;
far right: Thomas M. Hoenig

José Gabilondo, *Florida International University*
Thomas M. Hoenig, *Federal Deposit Insurance Corporation*
Narayana Kocherlakota, *Federal Reserve Bank of Minneapolis*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Robert Kuttner, The American Prospect
Justin Lahart, The Wall Street Journal
Benjamin M. Lawsky, *New York State Department of Financial Services*
Nora Lustig, *Tulane University* and *Center for Global Development and the Inter-American Dialogue*
Jeff Madrick, *Roosevelt Institute*; Challenge; *The Cooper Union*; and Harper's *Magazine*
Thomas Masterson, *Levy Institute*
Branko Milanovic, *The World Bank*
Mary John Miller, *US Department of the Treasury*
Floyd Norris, The New York Times
José Antonio Ocampo, *Columbia University*
Yalman Onaran, Bloomberg News; *author*, Zombie Banks
Dimitri B. Papadimitriou, *Levy Institute*
Alex J. Pollock, *American Enterprise Institute*
Sarah Bloom Raskin, *Board of Governors, Federal Reserve System*
Stephan G. Richter, The Globalist and *The Globalist Research Center*
Eric Rosengren, *Federal Reserve Bank of Boston*
Walker F. Todd, *American Institute for Economic Research*
Frank Veneroso, *Veneroso Associates, LLC*
Edward N. Wolff, *Levy Institute* and *New York University*
L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*
George S. Zavvos, *European Commission*

Photos by Harry Heleotis

EXITING THE CRISIS: THE CHALLENGE OF AN ALTERNATIVE POLICY ROAD MAP

PROGRAM: THE STATE OF THE US AND WORLD ECONOMIES

March 8–9, 2013
Athinais Cultural Centre, Athens, Greece
Organized by the Athens Development and Governance Institute and the Levy Economics Institute of Bard College

This two-day forum drew academics, journalists, and policymakers from throughout the United States and the European Union (EU). Topics included postcrisis challenges and policy choices in the EU; national strategic and security challenges in southeast Europe and the eastern Mediterranean; democratic governance, accountability, and social oversight; sustainable development; social cohesion; and prerequisites and priorities for social change.

PARTICIPANTS

Kyra Adam, *Journalist*
Aris Alexopoulos, *University of Crete*
Rania Antonopoulos, *Levy Institute*
Giorgos Argitis, *University of Crete*
Gerassimos Arsenis, ADGI INERPOST
Costas Arvanitis, *Journalist*
Wellington Chibebe, *International Trade Union Confederation*
Nikos Chrysogelos, *European Parliament*
Van Coufoudakis, *Indiana University, Purdue*
Dora Dailiana, *Journalist*
Yiannis Dragasakis, *Greek Parliament (SYRIZA-EKM)*
Yiannis Z. Drossos, *University of Athens*
Nikos Filis, *Avgi*
James K. Galbraith, *Levy Institute* and *University of Texas at Austin*
Konstantine Gatsios, *Athens University of Economics and Business*
Dionyssis Gravaris, *University of Crete*
Eckhard Hein, *Berlin School of Economics and Law*
Nikitas Kanakis, *Doctors of the World*
Panagiotis Karkatsoulis, *National School of Public Administration*
Charis Kastanidis, *Attorney*
Louka T. Katseli, *University of Athens* and *Social Pact Party*
Elias Kikilias, *Manpower Employment Organization of Greece (OAED)* and *National Center for Social Research of Greece (EKKE)*
Stelios Kouloglou, *Journalist*
Spyros Kouvelis, *"Greeks Can" Initiative*

Jan Kregel, *Levy Institute* and *Tallinn University of Technology*

Stavros Lygeros, *Journalist*

Lambros Mihos, *Attorney, Social Pact Party*

John Milios, *National Technical University of Athens*

Andreas Nefeloudis, *Municipal Councilor, Nea Smyrni*

Yiannis Panoussis, *University of Athens*

Dimitri B. Papadimitriou, *Levy Institute*

Antonis Papagiannidis, *Journalist*

Christos Papatheodorou, *Democritus University of Thrace* and *Labour Institute of the General Confederation of Greek Workers (INE-GSEE)*

Apostolos Papatolias, *SG Union of Hellenic Peripheries*

Anny Podimata, *European Parliament*

Savas Robolis, *Panteion University* and *Labour Institute of the General Confederation of Greek Workers (INE-GSEE)*

Dani Rodrik, *Harvard University*

Panayotis Roumeliotis, *Panteion University*

Sotiris Roussos, *University of Peloponnese*

Jordi Sevilla, *former Minister of Public Administration, Spain*

Gamal Soltan, *The American University, Cairo*

Michalis Spourdalakis, *University of Athens*

George Stathakis, *University of Crete* and *Greek Parliament (SYRIZA-EKM)*

Beatriz Talegón, *International Union of Socialist Youth*

Yiannis Triantis, *Journalist*

Efklidis Tsakalotos, *University of Athens* and *Greek Parliament (SYRIZA-EKM)*

Alexis Tsipras, *Greek Parliament (SYRIZA-EKM)*

Lefteris Tzellas, *Operational Researcher*

Yiannis Varoufakis, *University of Athens*

Christoforos Vernardakis, *Aristotle University of Thessaloniki*

Dimitris Vervesos, *Organization for Mediation and Arbitration*

Mariliza Xenogiannakopoulou, *Attorney*

HYMAN P. MINSKY CONFERENCE ON FINANCIAL INSTABILITY

PROGRAMS: THE STATE OF THE US AND WORLD ECONOMIES; MONETARY POLICY AND FINANCIAL STRUCTURE

November 26–27, 2012
Deutsche Bank AG, Berlin, Germany
Organized by the Levy Economics Institute and ECLA of Bard with support from the Ford Foundation, The German Marshall Fund of the United States, and Deutsche Bank AG

The purpose of this conference was to gain a better understanding of the causes of financial instability and its implications for the global economy. Key discussion areas included the challenge to global growth affected by the eurozone debt crisis; the impact of the credit crunch on economic and financial markets; the larger implications of government deficits and the debt crisis for US, European, and Asian economic policy; and central bank independence and financial reform.

PARTICIPANTS

Robert J. Barbera, *Mount Lucas Management LP*
Jörg Bibow, *Levy Institute* and *Skidmore College*
Brian Blackstone, The Wall Street Journal
Leonardo Burlamaqui, *Ford Foundation*
Vítor Constâncio, *European Central Bank*
Christine M. Cumming, *Federal Reserve Bank of New York*
Klaus Günter Deutsch, *Deutsche Bank AG*

From left to right:
Vítor Constâncio,
Steffen Kampeter,
Dennis Lockhart

Jack Ewing, International Herald Tribune
Richard W. Fisher, *Federal Reserve Bank of Dallas*
Michael Greenberger, *The University of Maryland*
Eckhard Hein, *Berlin School of Economics and Law*
Steffen Kampeter, *German Federal Ministry of Finance*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Dennis P. Lockhart, *Federal Reserve Bank of Atlanta*
Philip D. Murphy, *US Ambassador, Federal Republic of Germany*
Dimitri B. Papadimitriou, *Levy Institute*
Michael Pettis, *Peking University* and *Carnegie Endowment for International Peace*
C. J. Polychroniou, *Levy Institute*
Peter Praet, *European Central Bank*
Andrew Smithers, *Smithers & Co.*
George Stathakis, *Greek Parliament (SYRIZA)* and *University of Crete*
Taun Toay, *Levy Institute*
Dimitrios Tsomocos, *University of Oxford*
Éric Tymoigne, *Levy Institute* and *Lewis and Clark College*
Alexandros Vardoulakis, *European Central Bank* and *Banque de France*
Frank Veneroso, *Veneroso Associates, LLC*
L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*

Photos by Timothy Fadek

THE HYMAN P. MINSKY SUMMER SEMINAR

PROGRAMS: THE STATE OF THE US AND WORLD ECONOMIES; MONETARY POLICY AND FINANCIAL STRUCTURE

June 16–24, 2012
Levy Economics Institute of Bard College

The Levy Economics Institute held its third annual Minsky Summer Seminar June 16–24, 2012, with 57 students from 24 countries attending. The annual Seminar provides a rigorous discussion of both the theoretical and applied aspects of Minsky's economics, with an examination of meaningful prescriptive policies relevant to the current economic and financial crisis. Topics at the 2012 Seminar ranged from Minsky's Big Bank – Big Government interpretation of postwar stability, to his theory of asset market speculation, to the international dimensions of financial fragility and the need for systemic regulatory reform.

FACULTY

Marshall Auerback, *Levy Institute* and *Economists for Peace and Security*
Robert J. Barbera, *Mount Lucas Management LP*
Gary A. Dymski, *University of California, Riverside*
Steven M. Fazzari, *Levy Institute* and *Washington University–St. Louis*
Mathew Forstater, *Levy Institute* and *University of Missouri–Kansas City*
Scott T. Fullwiler, *Wartburg College*
John F. Henry, *University of Missouri–Kansas City*
Fadhel Kaboub, *Levy Institute* and *Denison University*
Stephanie A. Kelton, *Levy Institute* and *University of Missouri–Kansas City*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Paul A. McCulley, *Society of Fellows, Global Interdependence Center*
Dimitri B. Papadimitriou, *Levy Institute*
Mario Seccareccia, *University of Ottawa*
Pavlina R. Tcherneva, *Levy Institute*
Mario Tonveronachi, *Università di Siena*
Éric Tymoigne, *Levy Institute* and *Lewis and Clark College*
Frank Veneroso, *Veneroso Associates, LLC*
L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*
Gennaro Zezza, *Levy Institute* and *Università di Cassino*

PARTICIPANTS

Maureen M. Ballard, *New York University*
José Pedro Bastos Neves, *Federal University of Rio de Janeiro*
Diego A. Bastourre, *Central Bank of Argentina*
Pablo G. Bortz, *Delft University of Technology*
Alberto Botta, *University of Pavia*
Miguel Carrion Alvarez, *Grupo Santander*
Alessandro Cesana, *City University of London*
Gonzalo Combita Mora, *LaSalle University*

Georgios Dafnos, *University of Piraeus*
Ourania Dimakou, *SOAS, University of London*
Dirk Ehnts, *Berlin School of Economics and Law*
Frank Felgendreher, *University of Hamburg*
James Andrew Felkerson, *University of Missouri–Kansas City*
Ilias Filippou, *Warwick Business School*
Patrick Fontaine Reis de Araujo, *Université Paris 12*
Francisco González, *Universidad Nacional Autónoma de México*
Steven Hail, *University of Adelaide*
Stefanos Ioannou, *University of Athens*
Neophytos Kathitziotis, *University of Hamburg*
Olesia Kozlova, *University of New Hampshire*
Krishna Kumar, *Goose Hollow Capital Advisors*
Daniel Sandoval Lima, *Universidad Autonóma Metropolitana*
Pedro Mendes Loureiro, *Universidade Estadual de Campinas*
Carlos Ludovico Belli, *City University of London*
Marcos Puccioni de Oliveira Lyra, *Federal University of Rio de Janeiro*
Pedro Machado, *Federal University of Rio de Janeiro*
Francisco A. Martínez-Hernández, *The New School for Social Research*
Norberto Montani Martins, *Federal University of Rio de Janeiro*
Natalya Naqvi, *Darwin College, University of Cambridge*
Pedro H. Navarrete, *Federal University of Rio de Janeiro*
Antonio Octavio Niemeyer, *Federal University of Rio de Janeiro*
Gökçer Özgür, *Hacettepe University*
Italo Pedrosa Gomes Martins, *University of Campinas*
Marco Antonio Piña Sandoval, *Universidad Autónoma Metropolitana*
Luis Reyes Ortiz, *Centre d'Economie Paris Nord*
Sam Rolland, *University of Stellenbosch*
Luis D. Rosero, *Fitchburg State University*
Fernando Rugitsky, *The New School for Social Research*
Kobil Ruziev, *Aberystwyth University*
Josh Ryan-Collins, *University of Southampton*
Philippe Sabuco, *BNP Paribas*
Adriano Vilela Sampaio, *Universidade Estadual de Campinas*
Peter Sang, *ING Bank*
Ellis Scharfenaker, *The New School for Social Research*
Vinícius Diniz Schuabb, *Federal University of Rio de Janeiro*
Gregor Semieniuk, *The New School for Social Research*
Valentin Tataru, *ING Bank NV Amsterdam*
João Marcos Hausmann Tavares, *Federal University of Rio de Janeiro*
Lorenzo Toffoli, *Università Cattolica del Sacro Cuore*
Erkan Tokucu, *Kafkas University* and *University of Missouri–Kansas City*
Judith Tyson, *SOAS, University of London*
Sebastian Valdecantos, *Université Paris Nord*
Paola S. Vera, *Universidad Nacional Autónoma de México*
José Luis Viveros Añorve, *University of Bonn*
Cho Cho Wai, *Taylor's University*
John Taiowa Young-Taft, *New York University*
Zhun Zhao, *Tsinghua University* and *The New School for Social Research*

MINSKY: GLOBAL FINANCIAL FRAGILITY AND THE DEVELOPMENT OF CAPITALIST FINANCE

PROGRAMS: THE STATE OF THE US AND WORLD ECONOMIES; MONETARY POLICY AND FINANCIAL STRUCTURE

June 9–10, 2012
Tianjin, China
A conference organized by the Levy Economics Institute of Bard College, The Institute of Economics of Nankai University (NKIE), and The Center for Political Economics Studies of Nankai University

The objective of this conference was to increase the understanding of financial crisis from the points of view of Hyman P. Minsky and Post Keynesian theory, and to assess the impact of the recent financial crisis in the United States and Europe on China and the global economy. Topics of discussion included the Minskyan approach to financial fragility and its role in reshaping the capitalist system; analysis of the causes of financial fragility and its transformation into the recent crisis in developed countries; the impacts of the financial crisis in the United States and Europe on China and the global economy; and the development of new approaches to capitalist development in the aftermath of the crisis.

PARTICIPANTS

Leonardo Burlamaqui, *Ford Foundation*
Chen Fuzhong, *Renmin University*
Duan Wenbin, *Nankai University*
Eamonn Fingleton, *Author,* Unsustainable: How Economic Dogma Is Destroying American Prosperity
Gong Ke, *Nankai University*
He Zili, *Nankai University*
Huang Taiyan, *Liaoning University*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Li Baowei, *Nankai University*
Li Cheng, *Nankai University*
Josefina Y. Li, *University of Missouri–Kansas City*
Li Lili, *Renmin University*
Liao Hui, *Nankai University*
Liu Fengyi, *Nankai University*
Liu Gang, *Nankai University*
Liu Xin, *Nankai University*
Liu Xinhua, *Shaanxi Normal University*
Luo Yi, *Renmin University*
Ming Wei, *Nankai University*
Michael J. Murray, *Bemidji State University*

Left: conference hall, Tianjin, China; right: Pang Jinju

Pang Jinju, *Nankai University*

Dimitri B. Papadimitriou, *Levy Institute*

Cheol Soo Park, *Kumamoto Gakuen University*

Wang Lu, *Nankai University*

Wang Manshu, *Nankai University*

Charles J. Whalen, *Congressional Budget Office*

L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*

Xiao Hengzhong, *Peking University*

Xie Siqun, *Nankai University*

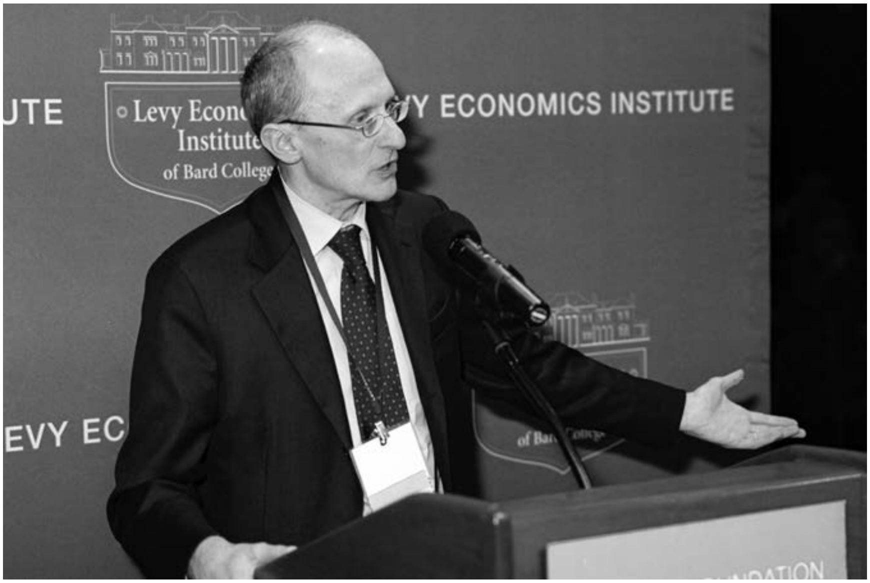
Ying Wu, *Salisbury University*

Zhang Junshan, *Nankai University*

Zhang Yu, *Renmin University*

Zhou Liqun, *Nankai University*

Photos by Sun Xiao-chuan



21ST ANNUAL HYMAN P. MINSKY CONFERENCE ON THE STATE OF THE US AND WORLD ECONOMIES

DEBT, DEFICITS, AND FINANCIAL INSTABILITY

PROGRAMS: THE STATE OF THE US AND WORLD ECONOMIES; MONETARY POLICY AND FINANCIAL STRUCTURE

April 11–12, 2012
Ford Foundation, New York City
Organized by the Levy Economics Institute of Bard College with support from the Ford Foundation

In April 2012, leading policymakers, economists, and analysts gathered at the New York headquarters of the Ford Foundation to take part in the Levy Institute's 21st Annual Hyman P. Minsky Conference. This conference addressed, among other issues, the challenge to global growth represented by the eurozone debt crisis; the impact of the credit crunch on the economic and financial markets outlook; the sustainability of the US economic recovery in the absence of support from monetary and fiscal policy; reregulation of the financial system and the design of a new financial architecture; and the larger implications of the debt crisis for US economic policy, and for the international financial and monetary system as a whole.

PARTICIPANTS

Cyrus Amir-Mokri, *US Department of the Treasury*
Claudio Borio, *Bank for International Settlements*
Peter Coy, Bloomberg Businessweek

From left to right:
Andrea Enria; Peter Praet;
Martin Wolf, Dimitri B. Papadimitriou,
Martin J. Gruenberg

Christine M. Cumming, *Federal Reserve Bank of New York*
Andrea Enria, *European Banking Authority*
Roberto Frenkel, *Centro de Estudios de Estado y Sociedad (CEDES)*
Esther L. George, *Federal Reserve Bank of Kansas City*
Michael Greenberger, *The University of Maryland*
Bruce C. N. Greenwald, *Columbia University*
Martin J. Gruenberg, *Federal Deposit Insurance Corporation*
Henry Kaufman, *Henry Kaufman & Company, Inc.*
Jan Kregel, *Levy Institute* and *Tallinn University of Technology*
Justin Lahart, *The Wall Street Journal*
J. Nellie Liang, *Office of Financial Stability Policy and Research, Federal Reserve Board*
Jeff Madrick, Challenge; *Roosevelt Institute*; and *The New School*
Yalman Onaran, Bloomberg News; *author*, Zombie Banks
Dimitri B. Papadimitriou, *Levy Institute*
Frank Partnoy, *University of San Diego School of Law*
Avinash Persaud, *Intelligence Capital Ltd.*
Adam Posen, *Peterson Institute for International Economics*
Peter Praet, *European Central Bank*
P. Morgan Ricks, *Harvard Law School*
Bernard Shull, *Hunter College (emeritus)* and *NERA Economic Consulting*
Deborah Solomon, Bloomberg View
Joseph E. Stiglitz, *Columbia University*
Gillian Tett, Financial Times
Luis A. Ubiñas, *Ford Foundation*
Louis Uchitelle, The New York Times
Martin Wolf, Financial Times
L. Randall Wray, *Levy Institute* and *University of Missouri–Kansas City*

Photos by Harry Heleotis

Photos by Timothy Fadek

GRANTS AND NEW INITIATIVES

The Levy Economics Institute of Bard College gratefully acknowledges the financial support provided by the following organizations: Ford Foundation; United Nations Development Programme Regional Service Centre for Latin America and the Caribbean; Institute for New Economic Thinking; Korea Employment Information Service; Asian Development Bank; United Nations Entity for Gender Equality and the Empowerment of Women; International Development Research Centre; Michigan Retirement Research Center

Opposite: top: Dimitrios Tsomocos, University of Oxford, and C. J. Polychroniou, Levy Institute; bottom: Andrew Smithers, Smithers & Co.

Leonardo Burlamaqui, Ford Foundation

FORD FOUNDATION – LEVY INSTITUTE PROJECT ON FINANCIAL INSTABILITY AND THE REREGULATION OF FINANCIAL INSTITUTIONS AND MARKETS

In 2008, 2010, and 2012, the Levy Institute received generous underwriting grants from the **Ford Foundation** in support of research to examine financial instability and reregulation in light of the global financial crisis. The original goals of the Ford–Levy project were to formulate proposals for the reform of mortgage finance and a new regulatory framework for the financial system as a whole, and to assess the implications of domestic reregulation on the global financial system. Senior Scholar Jan Kregel, director of the Institute's Monetary Policy and Financial Structure program, heads the Levy research team, and the Institute's annual Minsky Conference provides a forum for the presentation of project outcomes.

In 2013, funding was extended for an additional three years, and although the primary objective of the project remains the provision of an integrated, coherent, global approach to a regulatory framework based on Minsky's alternative approach, the project will also explore the recent implementation of financial sector reregulation, the continued financial instability resulting from the global recession, and the need to reevaluate the role of central banks in implementing fiscal policy. In addition, the evolution of financial regulation and fiscal policy and the resulting impact on the stability of the financial systems in the United States, Europe, and Latin America, as well as globally, will be evaluated. This extended research will provide a compelling assessment of the prevention of, and recovery from, financial crises. This funding will also support a series of global Minsky conferences; publication of Minsky's late essays on financial regulation; and the launch of a formal book series detailing the various outcomes of the Ford–Levy collaboration, including the global mapping of financial institutions and their governance structures.

Photo by Harry Heleotis

WHY TIME DEFICITS MATTER: IMPLICATIONS FOR POVERTY MEASUREMENT AND POVERTY REDUCTION STRATEGIES

In a joint initiative with the **United Nations Development Programme (UNDP) Regional Service Centre for Latin America and the Caribbean**, the Levy Institute has developed estimates of time poverty and time-adjusted income poverty for Argentina, Chile, and Mexico, to more accurately measure poverty in these areas and to formulate more effective policies for reducing poverty while promoting gender equity. The new, alternative Levy Institute Measure of Time and Income Poverty (LIMTIP; see pages 44–45) provides a true profile of poverty—its incidence, depth, and demographic characteristics—and highlights the connection between time constraints and poverty status. This two-year study concluded that a coherent set of interlinked interventions that address the triple deficit of jobs, earnings, and social provisioning must lie at the core of any inclusive and gender-equitable development strategy.

In 2012, the Levy Institute received additional UNDP funding to prepare a brief outlining the analytical framework of the new measure and highlighting the policy recommendations that arose from the initial study, and to extend the LIMTIP project for the case of Turkey. Senior Scholars Rania Antonopoulos and Ajit Zacharias are co-directors of the LIMTIP initiative.

LEVY INSTITUTE MODEL FOR GREECE

Three years into the austerity regimen imposed as a condition of Greece's bailout by international lenders, the country's unemployment rate has reached an unprecedented 27 percent—the highest in the European Union. Youth unemployment is approaching 60 percent. More than 1.3 million people are without jobs, and reports suggest that one out of three Greek households is living in poverty. Greece has become the epicenter of the worst crisis of capitalism since the interwar depression.

The Levy Institute reflects a belief that sound public policy can lead to full employment and sustained growth. We designed an emergency employment program for the social economy sector in Greece (instituted in 2013) and developed a stock-flow consistent model for simulating the Greek economy, formulated along the lines of the US macro model on which the Institute's Strategic Analysis series is based. The Levy Institute Model for Greece (LIMG) builds on the work of the late Distinguished Scholar Wynne Godley, and is a flexible tool for the analysis of economic policy alternatives for the medium term (see page 15). The LIMG is part of an expanded effort to develop individual models for other eurozone countries that will, in addition, reveal the effects of intra-country trade and financial flows.

FINANCING INNOVATION: AN APPLICATION OF A KEYNES-SCHUMPETER-MINSKY SYNTHESIS

In collaboration with Mariana Mazzucato of the University of Sussex science and technology research department (SPRU) and with the generous support of the **Institute for New Economic Thinking**, Levy Institute Senior Scholar L. Randall Wray is exploring the relationship between finance and innovation, the changing nature of each, and how the financial system might be restructured to better support the capital development of the economy—in contrast with a system that seems to revolve around financial innovation (the focus of Hyman Minsky's earliest work) for the sake of speculation. The goal of this project is to identify the micro-level obstacles to channeling investment into new growth-promoting technologies and the macro-level effects of disruptive innovation, by applying Minsky's insights on financial innovation and the Evolutionary-Schumpeterian insights on "real sector" innovations. Given institutional barriers worsened by the financial crisis, the role of government must increase. Exactly how government can play that role, however, and how it can encourage private finance, is an open question, and is a central focus of this study.

EMPLOYMENT AND SOCIAL POLICIES FOR THE TIME AND INCOME POOR: APPLICATION OF LIMTIP IN SOUTH KOREA

Underwritten by the **Korea Employment Information Service**, this project aims to develop effective employment and social policies in South Korea by implementing an alternative measure that better reflects the reality of poverty: the Levy Institute Measure of Time and Income Poverty (LIMTIP). Unlike conventional poverty measures, LIMTIP accounts for time deficits in basic household production and the opportunity costs of paid work. Researchers will use statistical matching for synthetic data construction to estimate time deficits and construct an adjusted poverty threshold, then develop relevant policy scenarios with respect to promoting married women's labor force participation and reducing income inequality and the number of working poor. The project team includes Senior Scholars Rania Antonopoulos and Ajit Zacharias, and Research Scholars Kijong Kim and Thomas Masterson.

OPTIONS FOR CHINA IN A DOLLAR STANDARD WORLD

With funding from the **Asian Development Bank**, the Institute is analyzing China's prospects for continued growth given a Western recovery that remains highly problematic. Can China resume robust growth without relying on exports? And how will that affect China's ability to manage its exchange rate? Using an alternative framework based on modern money theory, the study will examine the fiscal and monetary policy options available to China in a "dollar standard" world, consider the implications for future growth, and analyze the probability of a crisis occurring in one of the world's fastest-growing economies. The project is being carried out under the direction of Senior Scholar L. Randall Wray.

INTEGRATING GENDER INTO ECONOMIC ANALYSIS: PROMOTING A NETWORK OF SOUTHERN SCHOLARS

Canada's **International Development Research Centre (IDRC)** awarded the Levy Institute grant funding for a project to establish a permanent consortium of the International Working Group on Gender, Macroeconomics, and International Economics (GEM-IWG) in the Global South, and to support publications, including a white paper on gender and the global economic crisis in emerging economies, to be shared with key players in the development field. Senior Scholar Rania Antonopoulos is project leader.

The IDRC also provided funding for the 2012 GEM-IWG Knowledge Networking Program Summer Institute and International Symposium, held in Krakow, Poland. The Knowledge Networking Program is designed to strengthen intellectual links among economists whose work focuses on the interface of gender, globalization, and macroeconomic policy. The 2012 program, organized in partnership with the Levy Institute's Gender Equality and the Economy program, centered on the economic crisis in Europe and the formulation of gender-equitable policy responses.

ENGENDERING MACROECONOMIC POLICY IN THE PERIPHERY OF EUROPE

In 2011, GEM-IWG, together with the GEM-Europe and GEM-Turkey working groups, formed a regional Knowledge Networking Program that aims to facilitate the integration of a gender perspective into macroeconomic research and policy formulation in Europe, with a focus on the transition economies of Eastern and Southern Europe, the Caucasus, and Central Asia. The first European Regional GEM Workshop and Symposium, "Engendering Macroeconomic Policy in the Periphery of Europe," was held in Istanbul, Turkey, in October 2011. This initiative, undertaken in partnership with the Levy Institute, was funded in part by the **United Nations Entity for Gender Equality and the Empowerment of Women (UN WOMEN)**.

DISTRIBUTIONAL IMPACTS OF CLIMATE POLICY: A COMPREHENSIVE APPROACH

With underwriting from the **Institute for New Economic Thinking**, the Levy Institute is investigating the need for a more comprehensive estimation of the distributional impact of various policies attempting to limit US carbon emissions. This study incorporates fiscal (government revenue and spending) as well as employment impacts of a range of policy alternatives to achieving carbon emissions reduction. One of the project outcomes will be to provide estimates of the effect on individual households in terms of earnings, income, and wealth. This project hopes to further understanding of the impacts of the Environmental Protection Agency's regulatory approach, as well as proposed legislative measures, by more fully estimating the direct and indirect costs and benefits to US households of a variety of policy options for mitigation (e.g., carbon emissions taxation and cap-and-trade approaches). Research Scholar Thomas Masterson heads the project team.

EFFECTS OF LEGAL AND UNAUTHORIZED IMMIGRATION ON THE US SOCIAL SECURITY SYSTEM

With funding support from the **Michigan Retirement Research Center**, the Levy Institute conducted a study based on a life-cycle overlapping-generations model in a general equilibrium framework of legal and undocumented immigrants' decisions regarding consumption, savings, and program participation to analyze their role in the financial sustainability of the system. Our analysis of the effects of potential policy changes, such as giving some undocumented immigrants legal status, showed increases in capital stock, output, consumption, labor productivity, and overall welfare—effects that are relatively small in percentage terms but considerable given the size of the US economy.

Photos by China Jorrin (top) and Karl Rabe (bottom)

NETWORK AND AFFILIATED PROGRAMS

The Economic Program at Bard; The Bard Program in Economics and Finance; Labour Institute of the General Confederation of Greek Workers; Economists for Peace and Security; Economists for Full Employment; The International Working Group on Gender, Macroeconomics, and International Economics

Opposite: top: Thomas Masterson, Levy Institute; bottom: Sanjaya DeSilva, Levy Institute

THE ECONOMICS PROGRAM AT BARD

The Economics Program at Bard is the branch of the College's Division of Social Studies that inquires into "the nature and causes of the wealth of nations" (Adam Smith). The principal aim of an economics program offered within a liberal arts setting is not to train students in how to manage a business or maximize the value of an investment portfolio, but to show how alternative economic systems arise, why they succeed, and why they fail. Because issues of public policy invariably have an economic dimension, all informed citizens should be familiar with basic economic principles. The Economics Program offers several courses of general interest at the 100 level (no prerequisites), as well as courses of special interest to students concentrating in political studies, historical studies, sociology, philosophy, American studies, or community, regional, and environmental studies. The Program is a cosponsor, with the Levy Institute, of the Economics Seminar Series, established in 2012 to further the exchange of economic ideas within the greater Bard community.

THE BARD PROGRAM IN ECONOMICS AND FINANCE

In the fall of 2007, Bard College began offering a five-year BS/BA degree program in economics and finance. Students receive both a BS degree in economics and finance and a BA degree in one of four academic divisions: Arts; Languages and Literature; Science, Mathematics, and Computing; or Social Studies (in a field other than economics). The Bard Program in Economics and Finance is designed to meet the needs of students who wish to achieve a broad education in the liberal arts and sciences, even as they prepare themselves for careers in the financial world. Candidates for the dual degree must fulfill all general educational requirements of the College's BA program, in addition to completing the Economics and Finance core curriculum and a Senior Project relating to finance.

LABOUR INSTITUTE OF THE GENERAL CONFEDERATION OF GREEK WORKERS

The Labour Institute (INE) was created in 1990 as the research arm of the General Confederation of Greek Workers (GSEE), the national trade union association that represents workers in the private sector. The strategy of the INE consists mainly in supporting the GSEE through the elaboration of research and studies on labor and employment issues. The focus of the INE is research and the implementation of studies in areas relevant to the Greek economy and social policy, the GSEE, and the trade unions that are members of the Confederation—at the regional, sectoral, and industry levels as well as all employees, the unemployed, and retirees. Its research is divided into five areas: economic development, industrial relations, employment and social policy, vocational training, and the Eastern and Balkan countries. In 2012–13, its principal research concerned the Greek and European economies, regional development, labor markets, unemployment, health and social protection, trade union organization, new technologies and innovation, economic policy, immigration, poverty, and education.

ECONOMISTS FOR PEACE AND SECURITY

Economists for Peace and Security (EPS), an independent not-for-profit organization housed at the Levy Institute, is an international network of economists with affiliates in 17 countries. Since 1989, EPS has been the economic community's voice on issues of war, armaments, and conflict reduction, and has served as a clearinghouse for research on these issues. The organization works to inform social scientists, citizens, journalists, and policymakers about the full costs of war and conflict, and to propose feasible alternative approaches to building international security. EPS is accredited with special consultative status by the United Nations' Department of Public Information, as well as its Economic and Social Council.

ECONOMISTS FOR FULL EMPLOYMENT

Economists for Full Employment (EFE) is a knowledge-sharing initiative designed to link and mobilize a global community of economists, academics, public policy advocates, nongovernmental organizations, and nonprofits. EFE's principal objective is to place decent job creation at the center of development and macroeconomic policy strategies. EFE advances policy-oriented research that is linked to the design and implementation of full-employment schemes and works to improve employment outcomes by influencing and leveraging the policies and programs of development agencies and financial institutions.

THE INTERNATIONAL WORKING GROUP ON GENDER, MACROECONOMICS, AND INTERNATIONAL ECONOMICS

The International Working Group on Gender, Macroeconomics, and International Economics (GEM-IWG) was formed in 1994 for the purpose of promoting research, teaching, policymaking, and advocacy on gender-equitable approaches to macroeconomics, international economics, and globalization. GEM-IWG comprises five regional groups, as well as nine thematic groups focusing on specific subjects. These groups are composed of fellows, instructors, and participants from GEM-IWG's summer courses and conferences. GEM-IWG's Knowledge Networking Program, inaugurated in the summer of 2003, is designed to strengthen intellectual links among economists whose work resides at the interface of gender, globalization, and macroeconomic policy. The program consists of a self-study module and an intensive two-week course, followed by a conference.

LEVY INSTITUTE SCHOLARS

RANIA ANTONOPOULOS

Ph.D., The New School for Social Research. *Current Position:* Senior Scholar and Program Director, Gender Equality and the Economy, Levy Institute. *Areas of Interest:* International competition and long-run determinants of exchange rates, gender and economics, gender dimensions of asset ownership

SELECTED RECENT PUBLICATIONS

"Misplaced Government Responses Will Not Be Able to Contain the Specter of Unemployment in Greece." *Avgi*, March 8, 2013.

"The Importance of the Policy of 'Employer of Last Resort' for Greece Today." *Kathimerini*, January 13, 2013.

"Economic Turbulence in Greece" (with D. B. Papadimitriou). *Economic and Political Weekly* (India), Vol. 47, No. 5, February 6, 2012.

"Explaining Long-Term Exchange Rate Behavior in the United States and Japan" (with A. Shaikh). In J. K. Moudud, C. Bina, and P. L. Mason, eds. *Alternative Theories of Competition: Challenges to the Orthodoxy*. Routledge, 2012.

"Grecja potrzebuje oddechu" (Greece needs breathing room). In *Gra o Europ* (Gameplan for Europe). Strefa Zieleni Foundation, 2012.

Direct Job Creation for Turbulent Times in Greece (with D. B. Papadimitriou and T. Toay). *Μελέτες* (Studies) 15, December 2011. Labour Institute of the General Confederation of Greek Workers (INE-GSEE). In Greek.

SELÇUK EREN

BA in economics, Istanbul Bilgi University; MA and Ph.D., State University of New York at Stony Brook. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* migration of labor; income and educational mobility in developing countries; applied microeconomics

JAMES K. GALBRAITH

AB, Harvard University; MA, M.Phil., Ph.D., Yale University. *Current Positions:* Senior Scholar, Levy Institute; Lloyd M. Bentsen Jr. Chair in Government/Business Relations and Professor of Government, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin; Director, The University of Texas Inequality Project; Chair, Board of Directors, Economists for Peace and Security. *Areas of Interest:* Employment and inequality, especially determinants of global inequality

SELECTED RECENT PUBLICATIONS

"Only Syriza Can Save Greece" (with Y. Varoufakis). *The New York Times*, June 23, 2013.

"Europe Must Be Saved." *Deutsche Welle*, January 24, 2013.

"Austerity and Fraud under Different Structures of Technology and Resource Abundance" (with J. Chen). *Cambridge Journal of Economics*, Vol. 36, No. 1, January 2012.

Inequality and Instability: A Study of the World Economy Just Before the Great Crisis. Oxford University Press, 2012.

"The Final Death and Next Life of Maynard Keynes." In J. Jesperson and M. O. Madsen, eds. *Keynes's* General Theory *for Today: Contemporary Perspectives*. Edward Elgar, 2012.

"Predation from Veblen until Now: Remarks to the Veblen Sesquicentennial Conference." In E. S. Reinert and F. L. Viano, eds. *Thorstein Veblen: Economics for an Age of Crises*. Anthem, 2012.

"Who Are These Economists, Anyway?" In D. B. Papadimitriou and G. Zezza, eds. *Contributions in Stock-Flow Modeling: Essays in Honor of Wynne Godley*. Palgrave Macmillan, 2012.

"Reducing Poverty—What Might We Learn?" *European Journal of Development Research*, Vol. 23, No. 4, September 2011.

Photos by Richard Renaldi (top) and Karl Rabe (center and bottom)

GREG HANNSGEN

BA, Swarthmore College; MA, Humphrey School of Public Affairs, University of Minnesota; MA, Ph.D., University of Notre Dame. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* Macroeconomics, monetary economics, social economics

SELECTED RECENT PUBLICATIONS

"Europe Is Now Stuck in a Fiscal Trap, Brought About by the Failure of Orthodox Economics to Provide an Effective Strategy for Economic Growth" (with D. B. Papadimitriou). *EUROPP,* December 2012.
"Avoiding the US Fiscal Cliff" (with D. B. Papadimitriou). *Naftemporiki* (Athens), November 5, 2012.
"Infinite Variance, Alpha-stable Shocks in Monetary SVAR." *International Review of Applied Economics*, Vol. 26, No. 6, November 2012.
Contributor, **"Seven Ways to Fix the Economy."** *Kiplinger.com*, December 2011.

TAMAR KHITARISHVILI

BS, University of Georgia; MS, Ph.D., University of Minnesota, St. Paul. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* Human capital and economic development, gender economics, economics of transition countries

KIJONG KIM

BS, Korea University; Ph.D., University of Minnesota**,** St. Paul. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* Distributional impact analyses of public employment guarantees and other fiscal policies, social care investment, time-income poverty measurement, gender-oriented macro modeling

SELECTED RECENT PUBLICATION

"Ex-ante Evaluation of a Targeted Job Program: Hypothetical Integration in a Social Accounting Matrix of South Africa." *Economic Modelling*, Vol. 28, No. 6, November 2011.

JAN KREGEL

Studied primarily at the University of Cambridge; Ph.D., Rutgers University. *Current Positions:* Senior Scholar and Program Director, Monetary Policy and Financial Structure, Levy Institute; Professor of Development Finance, Ragner Nurkse School of Innovation and Governance, Tallinn University of Technology; Distinguished Research Professor, University of Missouri–Kansas City; Life Fellow, Royal Economic Society (UK); Member, Accademia Nazionale dei Lincei. Recipient, Veblen-Commons Award. *Areas of Interest:* Financial instability, financial regulation, financial macroeconomics, international finance and development

SELECTED RECENT PUBLICATIONS

"Political Economy Approaches to Financial Crisis: Hyman Minsky's Financial Fragility Hypothesis." In M. H. Wolfson and G. A. Epstein, eds. *The Handbook of the Political Economy of Financial Crises*. Oxford University Press, 2013.
"Trying to Serve Two Masters: The Dilemma of Financial Regulation." In B. Z. Cynamon, S. M. Fazzari, and M. Setterfield, eds. *After the Great Recession: The Struggle for Economic Recovery and Growth*. Cambridge University Press, 2013.
"Was Keynes's Monetary Policy, *à outrance* in the *Treatise*, the Model for ZIRP and QE?" In T. Hirai, M. C. Marcuzzo, and P. Mehrling, eds. *Keynesian Reflections: Effective Demand, Money, Finance, and Policies in the Crisis*. Oxford University Press, 2013.

Photos by Karl Rabe

"¿Fue la política monetaria de Keynes en el *Tratado sobre el dinero*, la precursora de la política de tasa de interés cero y del *quantitative easing*?" *Ensayos Económicos*, Vol. 1, No. 65–66, 2012.
"Hyman P. Minsky." In J. Toporowski and J. Michell, eds. *Handbook of Critical Issues in Finance*. Edward Elgar, 2012.
"Proteção natural e regulação das instituições financeiras pós-Basileia II." In F. Ferrari Filho and L. Fernando de Paula, eds. *A crise financeira internacional: Origens, desdobramentos e perspectivas*. Editora Unesp, 2012.
"**Seis lições extraídas da crise europeia."** In A. de Melo Modenesi et al., eds. *Sistema financeiro e política econômica em uma era de instabilidade: Tendências, mundiais e perspectivas para a economia Brasileira*. Elsevier and Associação Keynesiana Brasileira, 2012.

THOMAS MASTERSON

Ph.D., University of Massachusetts Amherst. *Current Position:* Research Scholar and Director of Applied Micromodeling, Levy Institute. *Area of Interest:* Distribution of land, income, and wealth

SELECTED RECENT PUBLICATIONS

"Trends in American Living Standards and Inequality, 1959–2007" (with E. N. Wolff and A. Zacharias). *Research on Income and Wealth*, Vol. 58, No. 2, June 2012.
"An Empirical Analysis of Gender Bias in Education Spending in Paraguay." *World Development*, Vol. 40, No. 3, March 2012.
"Growth and Inequality in the United States" (with E. N. Wolff and A. Zacharias). In J. Xue, ed. *Growth with Inequality: An International Comparison on Income Distribution*. World Scientific, 2012.

MICHALIS NIKIFOROS

BA, MS, Athens University of Economics and Business; MS, Ph.D., The New School for Social Research. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* Macroeconomics, institutions and economic development, political economy, the theory of production, economics of monetary union, development economics

SELECTED RECENT PUBLICATION

"Distribution and Capacity Utilization: Conceptual Issues and Empirical Evidence" (with D. K. Foley). *Metroeconomica*, Special Issue on the Kaleckian Model of Growth and Distribution, February 2012.

DIMITRI B. PAPADIMITRIOU

BA, Columbia University; MA, Ph.D., The New School for Social Research. *Current Positions:* President and Program Director, The State of the US and World Economies, Levy Institute; Executive Vice President and Jerome Levy Professor of Economics, Bard College. *Areas of Interest:* Financial structure reform; fiscal and monetary policy; community development banking; employment policy; distribution of income, wealth, and well-being

SELECTED RECENT PUBLICATIONS

"To Create Jobs, the US Must Spend." *Los Angeles Times*, April 5, 2013.
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BA, Hebrew University, Jerusalem; Ph.D. in history and sociology, Harvard University. *Current Positions:* Senior Scholar and Program Director, Immigration, Ethnicity, and Social Structure, Levy Institute; Levy Institute Research Professor, Bard College. *Areas of Interest:* Use of ethnic categories in the collection of government data, 1890–1940; American ethnic and racial intermarriage and the economic advancement of their descendants since 1880; Mexican-American second-generation education and wages since Census 2000; self-selection in Russian Jewish immigration (ca. 1900) and its relevance to the group's economic advancement

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C. J. POLYCHRONIOU

Ph.D., University of Delaware. *Current Position:* Research Associate and Policy Fellow, Levy Institute. *Areas of Interest:* International, Greek, and US political economy; globalization; neoliberalism; European Union economic policy and governance

SELECTED RECENT PUBLICATIONS

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Licenciatura en Economia, Universidad Católica Boliviana; M.Sc., Kiel University; Ph.D., Georgia State University. *Current Position:* Research Scholar, Levy Institute. *Areas of Interest:* Labor economics, applied microeconomics, development economics, poverty and inequality

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SELECTED RECENT PUBLICATIONS

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M.Phil., The New School for Social Research. *Current Positions:* Research Analyst, Levy Institute; Associate Vice President, Bard College. *Research Interests:* Macroeconomic modeling, gender-aware analysis

SELECTED RECENT PUBLICATIONS

The Intellectual Origins of the Global Financial Crisis (edited with R. Berkowitz). Fordham University Press, 2012.

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SELECTED RECENT PUBLICATIONS

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SELECTED RECENT PUBLICATIONS

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SELECTED RECENT PUBLICATIONS

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