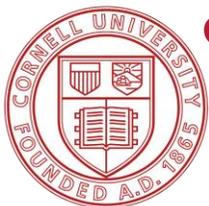


**Latter-Day Money Manager Capitalists vs. U.S. Economic Nationalist Populists:
Minsky's Theory of Capitalist Development...Updated**

Daniel Alpert

**32nd Annual Levy Economics Institute Conference
Money, Finance, and Economic Strategies in Fractured Times
June 16, 2025**



**Clarke Program on the Law and
Regulation of Financial
Institutions and Markets
Cornell Law School**



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The United States appears to be flirting with a transition from Hyman Minsky's accurately-described era of Global Money Manager Capitalism to a new period of capitalist political economic organization.

Towards the end of his life, Minsky prophetically observed that the next transition in the development of capitalism would likely feature either:

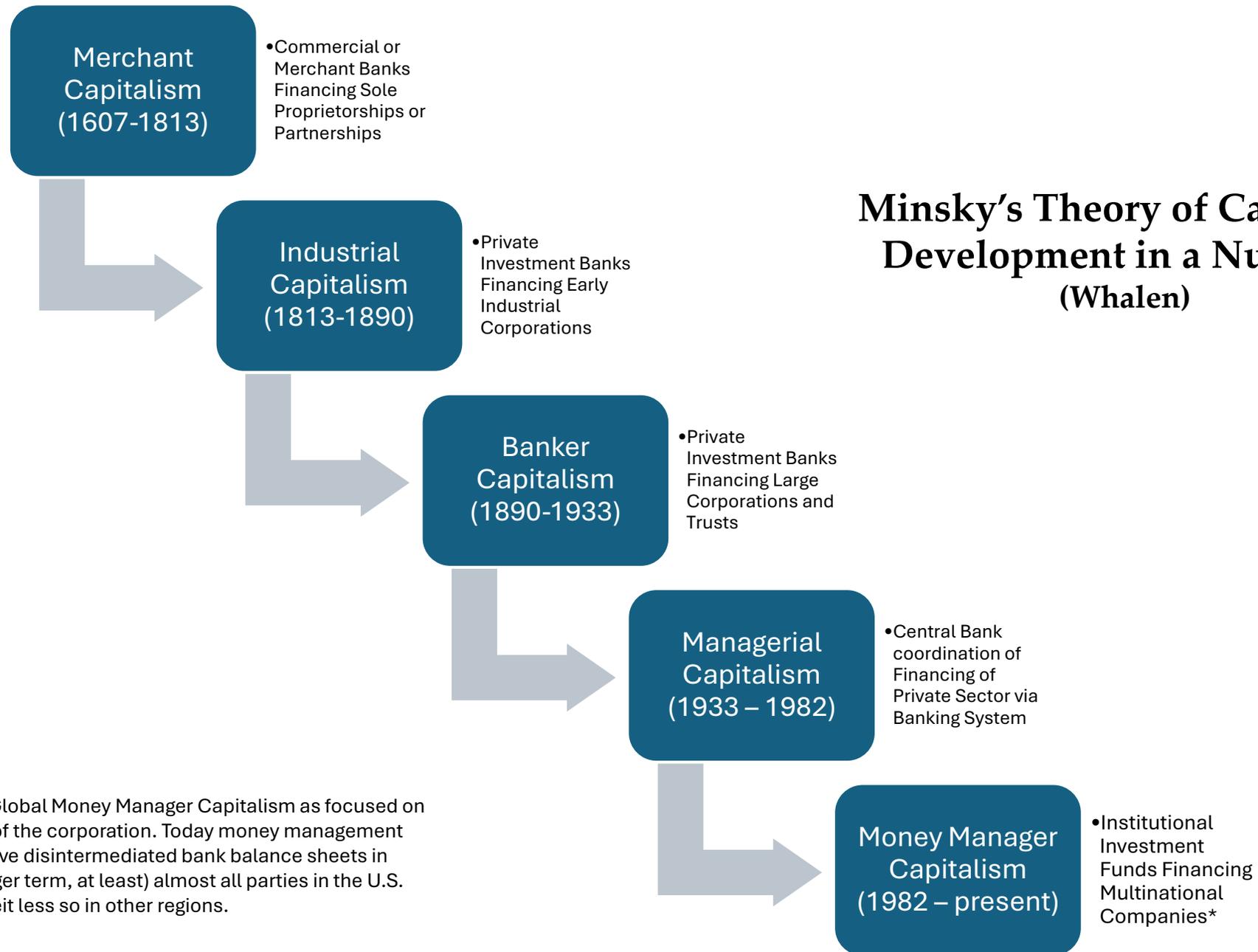
- A fortress-like oligarchic, *limited-democracy*, or
- a shared-prosperity, new *détente* between capital and labor, perpetuating *liberal-democracy* (i.e. within the bounds of the existing rule of law).

While there is evidence that both Minsky, and his early mentor Joseph Schumpeter, were in agreement with each other (and with Marx) that capitalism itself would likely not survive future tests, they each had very different views of why this would come about. Put simplistically:

- Marx: Proletariat revolution.
- Schumpeter: Weakening of the capitalist class as the result of the initiative of entrepreneurs be overtaken by the large, risk-averse, firm.
- Minsky: Financialization and concentration of wealth developing into (i) a Keynesian casino-like economy prone to financial instability, and (ii) underinvestment in capital goods of wealthy nations and, therefore, stalled growth and social instability.

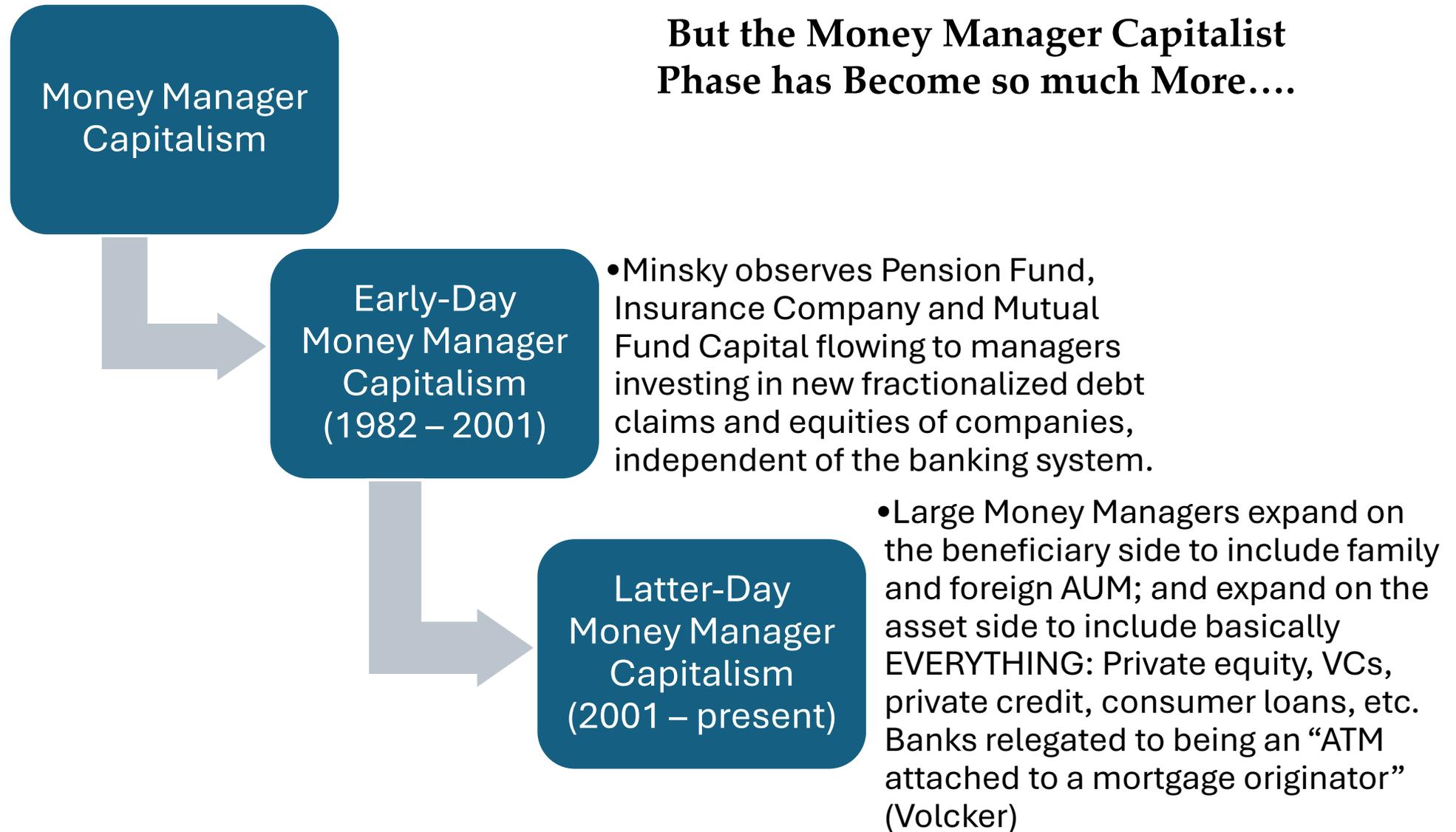
Preview of forthcoming paper:

- Brief review of Minsky's theory of capitalist development.
- 21st century update to the present Money Manager Capitalism phase:
 - Developments in Capital Markets
 - Global Macroeconomic Changes
- U.S. Economic Stresses Leading to Advancement of Economic Nationalist Agenda (Right and Left)
- The Outlines of the Battlefield: Money Manager Capitalists vs. Economic Nationalist Populists
- Minsky Moment v2
- What Emerges?



*Minsky saw Global Money Manager Capitalism as focused on the financing of the corporation. Today money management institutions have disintermediated bank balance sheets in financing (longer term, at least) almost all parties in the U.S. economy, albeit less so in other regions.

But the Money Manager Capitalist Phase has Become so much More....



Latter-day Money Manager Capitalism Period Accompanies Institutional Changes in the Money Management Capital Markets and a new Global Macroeconomic Ecosystem

- Continued evolutionary shift from corporate responsibility to multiple stakeholders; to maximization of shareholder value over the long-term; to today's maximization of near-term share value, dividends and "de-equitization" (concentration of ownership) via buybacks.
- The co-option of corporate management (and systemic governance), via direct financial incentives, to serve the goal of near-term maximization of share value and dividend/distributions.
- The compensation model of money management firms being oriented towards *maximization of assets under management (AUM), as opposed to the maximization of relative returns.*

Δ: Holdings of most money managers, in any given sector, must therefore relatively align with those of competitors.

Δ: In part due to the macro-fundamentals set forth in the following slide, and more generally, a given equity money manager cannot exit ownership of a company that is not being managed to their liking, without risking sub-par performance in the event they make the wrong call (with the opposite – a failure to own – also being true).

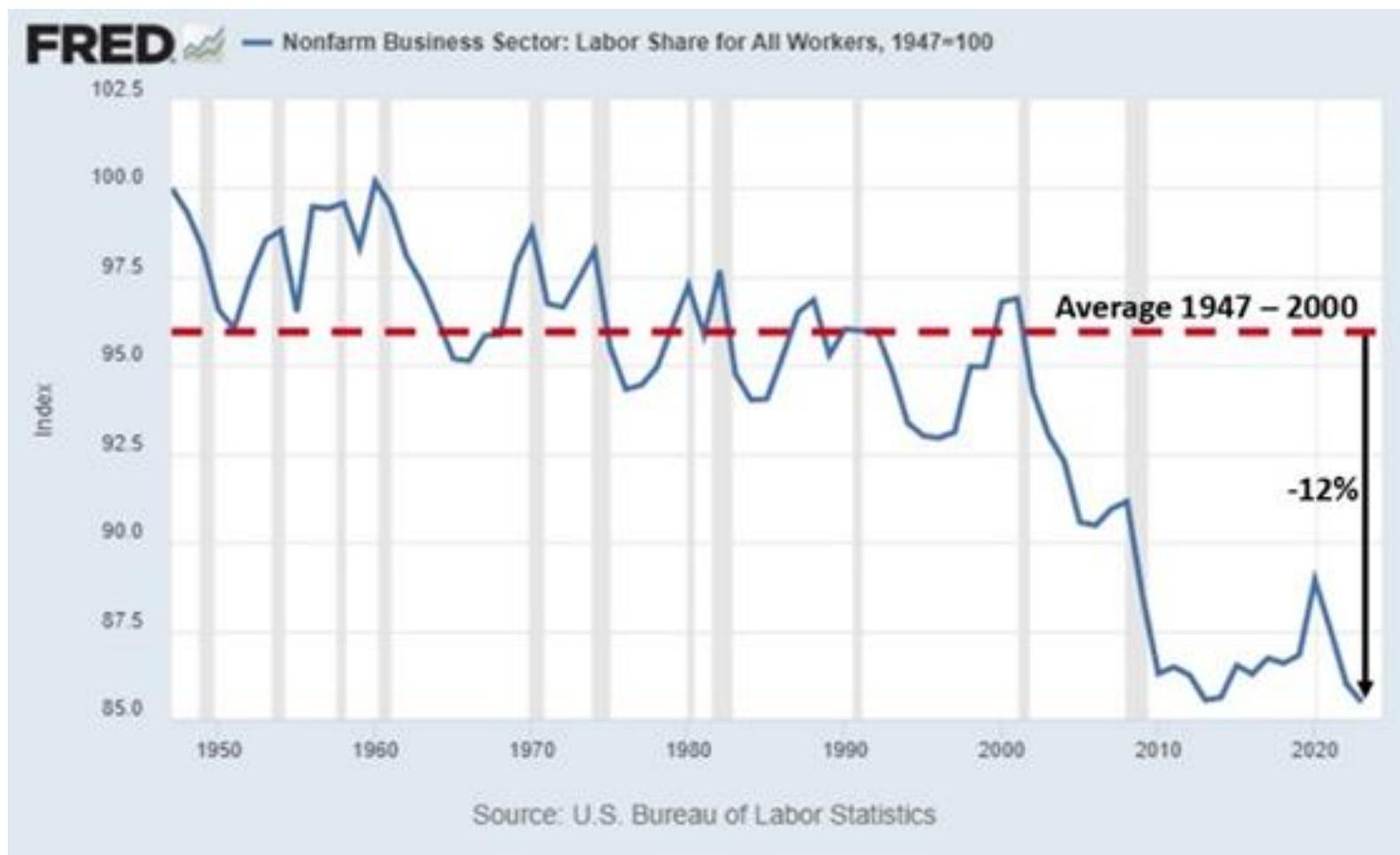
Latter-day Money Manager Capitalism Period Accompanies Institutional Changes in the Money Management Capital Markets and a new Global Macroeconomic Ecosystem

- The persistent excess of global capital available for investment, relative to demand there for (Bernanke: capital glut) for most of the 21st century (with the exception of the era surrounding the Global Pandemic).
- Notwithstanding the availability of capital, the consolidation of production into fewer established entities into which capital can be deployed.
- A persistent excess of global production capacity to produce most tradable goods, relative to aggregate demand there for, and the consequent shortage of proven investment opportunities for growing pool of excess global capital
- An excess of underutilized labor in both recently emerged and, now, advanced nations. All nations are fighting to keep their workers employed as a living wage.
- An almost totally “post-Ricardian” condition in which every nation is able to produce everything (with the exception of a relatively limited number of primary inputs).

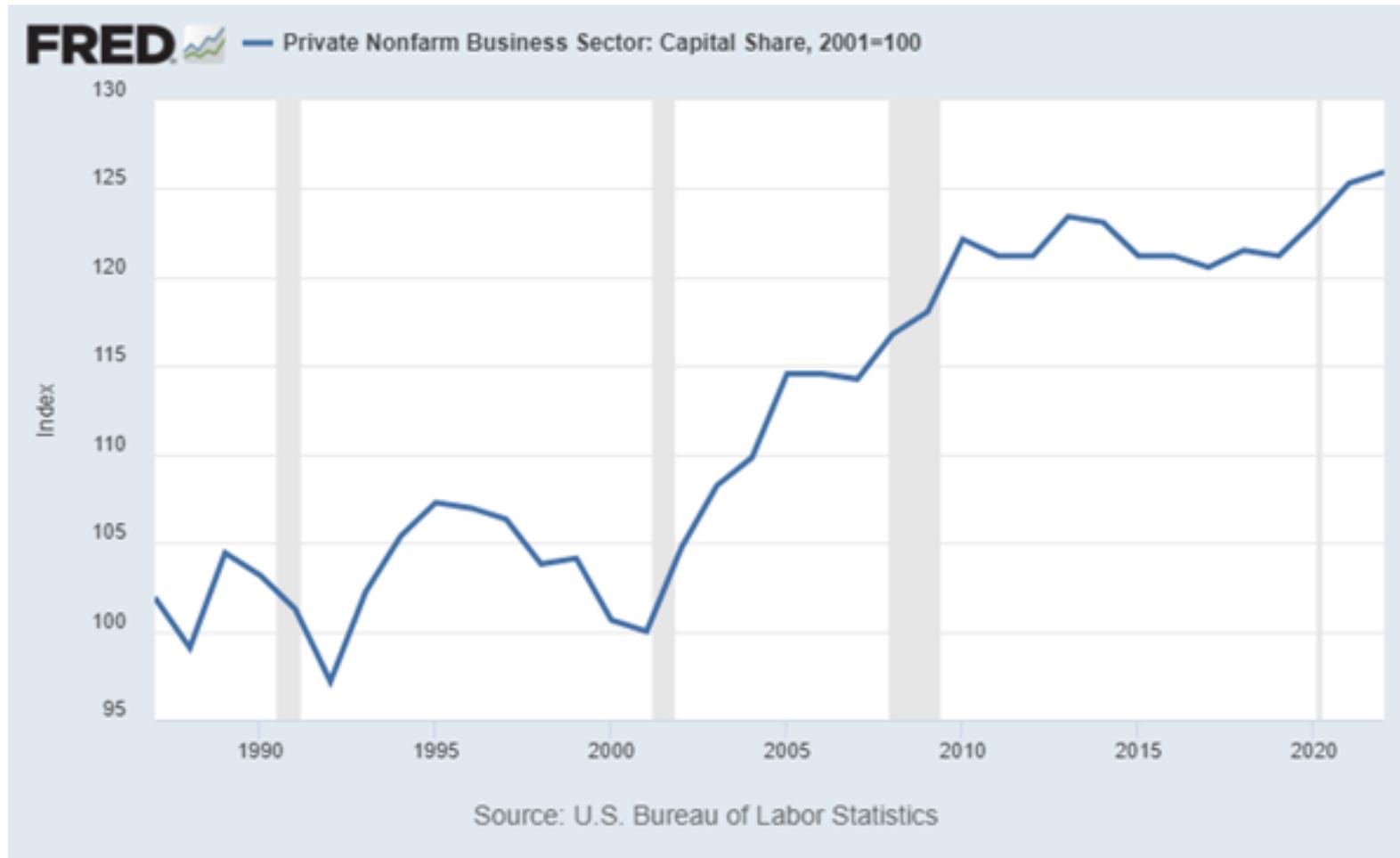
**Which is to say:
Yes, THE AGE OF OVERSUPPLY is still with us.
(Team Transient won...eventually!)**



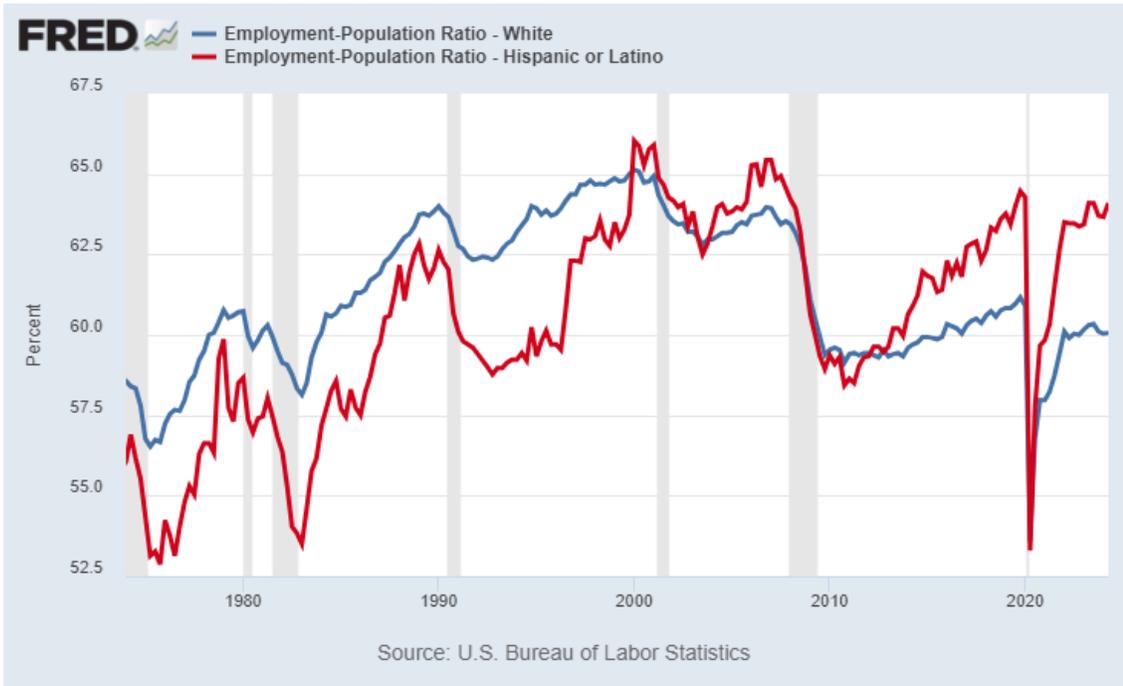
Inflation may have been Transient (and Elected Trump)...but the Economic Pressure on the American Worker has Been Relentless During Latter-day Money Manager Capitalism



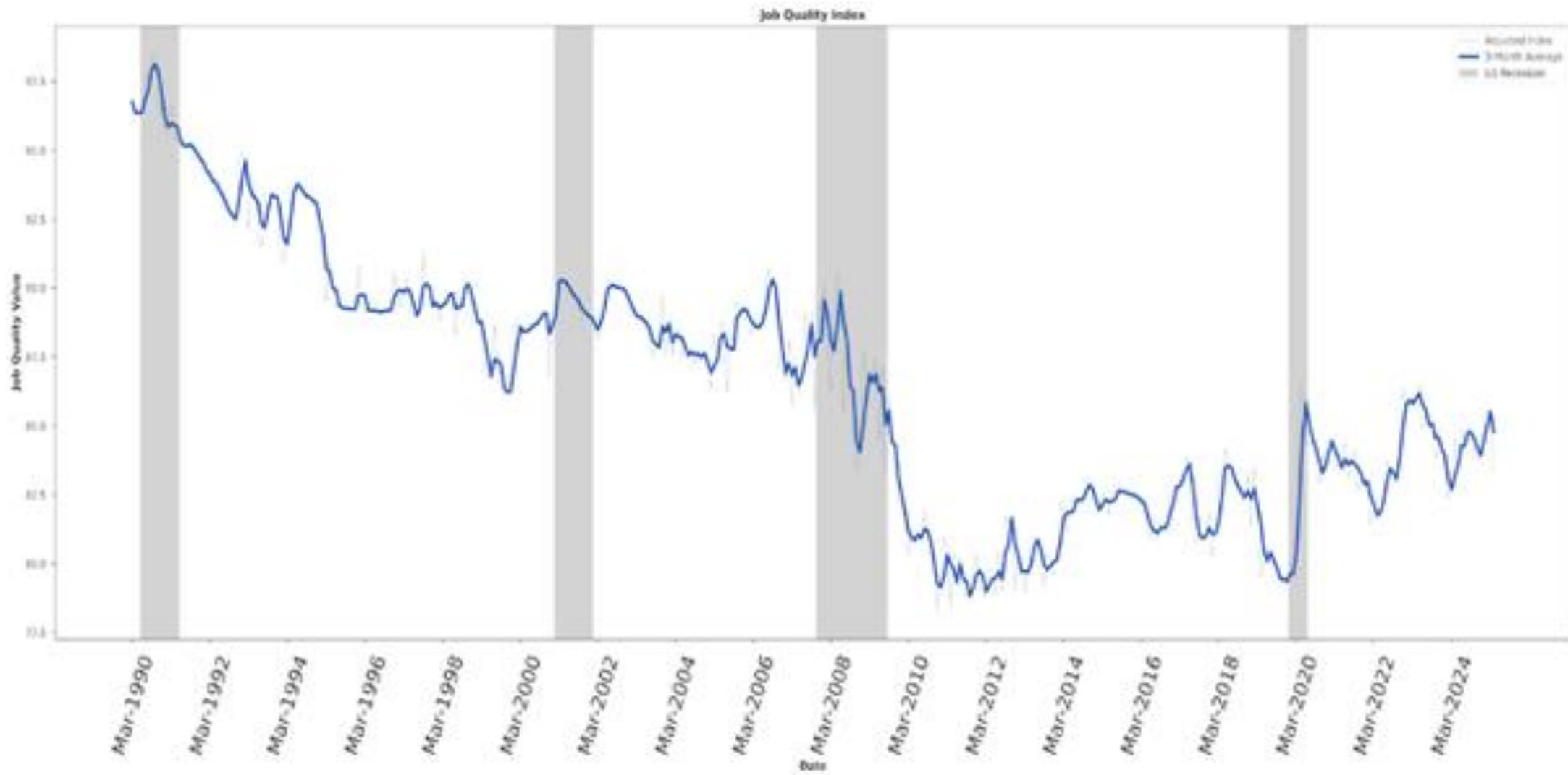
Inflation may have been Transient (and Elected Trump)...but the Economic Pressure on the American Worker has Been Relentless During Latter-day Money Manager Capitalism



Immigration is the Republican's Second Most Successful Issue after Inflation – But the White Base is Aging, while Immigrants are able to Work, while Population Growth Slows



Portion of Private Employment in Low-Wage/Low-Hours Jobs is Growing Again



Burden Transfer to Workers of all Classes (except the Top 1%)

- Healthcare Premiums, Deductibles, Uninsured Medications, etc.
- Underfunding of Public Schools (parents and teachers come out of pocket)
- Higher Education Loan Burden
- Worker Training – Vocational Certificates, Licensing
- 80% of households with older adults—or 47 million of such households—are financially struggling today or are at risk of falling into economic insecurity as they age.
- And Gen-Z is FR not happy:

JESSICA GROSE

No Home, No Retirement, No Kids: How Gen Z-ers See Their Future

June 11, 2025



Elizabeth Swan is a teacher. Her dad was a teacher. Her aunt was a teacher. “I went to school to teach during a time we were told, ‘There’s a teacher shortage. You will always have a job and be in high demand.’ And that has simply not been true,” Swan, a 27-year-old Illinois resident, told me. She is licensed to teach middle and high school history and social studies yet has been able to find only a substitute position that pays her \$32,000 a year. She’s in a long-term relationship with a software engineer, and they each live with their families in the south suburbs of Chicago.

The Battle is Joined...

- Both the populist left and the populist right have assembled large followings with messages and policy proposals that attempt to rectify the economic breakdown of society.
- Both groups face a common foe in the form of Money Manager Capitalism and its beneficiaries:
 - The populist right is in a particularly difficult bind, given that its politicians are heavily supported by those who benefit from the status quo as well as from further deregulation, additional burden shifting and preferential tax policy. Trump's tariff policy is likely doomed and was self-ingested pabulum to begin with.
 - The left populists are closely aligned with the far left on culture issues that are anathema to much of the electorate.
- The Trump administration's experimentation with the limits of unitary executive, authoritarian actions, and non-compliance with the judiciary provides a roadmap for limited democracy.
- The lines of resistance are not yet established and appear nebulous given the absence of a convincing message to those in the electorate seeking an improvement in their well-being.
- It should come as no surprise then that I believe we are facing a Minsky Moment v2:
 - The second time this century that the darker forewarnings of Hyman Minsky will come starkly into play.

It is Now More Likely that the Next Slump will Result in a Phase Shift in Capitalism Minsky Already Knew the Choices Ahead:

