

FROM THE VILLAGE FAIR TO WALL STREET: THE ITALIAN RECEPTION OF MINSKY'S ECONOMIC THOUGHT¹

Abstract. *Dalla fiera del villaggio a Wall Street: la ricezione italiana del pensiero economico di Minsky.* Il rapporto scientifico, e umano, di Hyman P. Minsky con l'Italia e gli studiosi italiani è stato molto intenso fin dalla metà degli anni '70. Il pensiero economico di Minsky ha influenzato tre generazioni di economisti italiani, e continua ad ispirare i giovani studiosi che non si accontentano della rassicurante narrazione proposta dal pensiero economico dominante. In effetti, riferimenti al pensiero di Minsky possono essere rinvenuti non solo nel lavoro dei post-keynesiani italiani, ma anche nelle riflessioni di altri economisti eterodossi, e perfino in un certo numero di contributi di autori "di confine". Obiettivo dell'articolo è di fornire una rassegna ragionata circa la ricezione italiana dell'analisi minskiana della fragilità finanziaria e dell'instabilità economica. Si mostrerà, in particolare, che tale ricezione è stata caratterizzata dal tentativo di aggiornare e rafforzare il pensiero di Minsky mediante l'adozione di nuovi strumenti analitici e tramite un processo di ibridazione con elementi provenienti da altri approcci teorici: dalla teoria nuovo-keynesiana delle asimmetrie informative alla teoria marxista della moneta e della crisi; dalla teoria franco-italiana del circuito monetario alla modellistica cosiddetta "stock-flow consistent" (o "New Cambridge"); dalla teoria del ciclo di Goodwin all'applicazione dei modelli ad agenti eterogenei (o "agent-based") allo studio della diffusione della fragilità finanziaria. Tutti questi tentativi condividono l'enfasi posta sulla natura dinamica ed instabile del capitalismo, riguardato come un'economia monetaria di produzione "finanziariamente sofisticata" – sulla scia del ben noto "paradigma di Wall Street" proposto da Minsky.

Keywords: current heterodox approaches, Minsky's economic thought, italian economists

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1. INTRODUCTION

The scientific, and human, relationship of Hyman P. Minsky (1919-1996) with Italy and its scholars has been very close since the mid-1970s. Minsky's economic thought has influenced three generations of Italian economists, and it keeps on affecting young scholars who do not settle for mainstream economics narration. Outlines of Minsky's thought can be found not only in the works of Italian post-Keynesians, but also in the reflections of other heterodox economists, and even in a number of contributions by 'dissenters' among orthodox authors (see Figure 1). This paper aims to provide an overview of the Italian reception of Minsky's analysis of the financial fragility and

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economic instability which characterize modern capitalist economies. More precisely, we will address a number of questions regarding the relationship between the father of the so-called ‘financial instability hypothesis’ (FIH hereafter) and the Italian academic world. For this purpose, we will use some interviews made with some of the Italian scholars who had direct contact with Minsky and/or who keep on referring to Minsky’s work. Basic queries are: how (and to what extent) has Minsky’s economic thought influenced Italian economists? Has there been an ‘Italian specificity’ in this reception? Are there Italian scholars who still refer to Minsky’s analysis now? What are the current approaches which, either directly or indirectly, draw on Minsky’s work?

In order to answer these questions, the paper is organized as follows. Section 1 provides both some biographical notes and a short comparison between Minsky’s analysis of the causes of instability (within a ‘financially sophisticated’ monetary economy of production) and the state of the Italian debate in the 1970s. Section 2 deals with those Italian authors who – in the wake of Minsky – have delved into the nexus between economic-financial instability and the presence of institutional ‘ceilings and floors’ which constrain the dynamic forces of capitalist economies. In this section, it is also shown that, to some extent, the ‘new Keynesian’ approach of asymmetric information is more consistent with Minsky’s view than with mainstream macroeconomics. Section 3 deals mainly with a new research field in economics that is linked to the increase in the availability of computational power and which is known as ‘agent-based modeling’. The reason is that this approach, which can be used in order to analyze the process of diffusion of financial fragility from one economic unit to another, is supported by a number of Minsky’s Italian pupils (and young colleagues). Finally, Sections 4 and 5 deal with the other current approaches (the Franco-Italian theory of monetary circuit, the ‘New Cambridge’ formal modeling and the Marxian theory of money and crisis, among others) with which Minsky’s thought has been cross-bred by Italian heterodox economists. Concluding remarks are provided in the last section of the paper.