
Financialization and Hyman Minsky's Financial Theory of Investment: A Multilevel Investigation of US Manufacturing, 1962-2017

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Résumé

Of numerous themes found in the literature on financialization, perhaps the most dominant examines the impact on investment spending as governance practices have gradually shifted away from product-market objectives. Authors aligning themselves with a critical heterodox and/or post-Keynesian orientation are, in fact, primarily responsible for contributing to this strand of the literature. It would seem natural, then, that authors of such orientation would look to the works of economists in whose wake they practice, and particularly one credited with integrating finance into investment theory in an original and non-ad hoc fashion. Hyman Minsky was arguably the keenest theorist and chronicler of the evolving financial practices of corporations, their financial relations with markets and institutions, and chief proponent of the view that investment decisions were inherently financial decisions. Yet, despite the apparent affinities between the financialization literature and Minsky's approach and theoretical conclusions, the work of the self-described "financial Keynesian" has remained largely absent from this discourse. This paper addresses this seemingly counterintuitive gap by empirically investigating Minsky's financial theory of investment. Cross-sections of large US manufacturers are annually estimated using a multilevel model relating capital expenditures to cash commitments, liquid-asset holdings and cash flow. The results indicate the presence of a structural break following the early 1980s recessions: by the mid-1980s, capital expenditures become insensitive to leverage ratios; begin to compliment portfolio investment; and become increasingly insensitive to cash flows. The results cast doubt on the explanatory power of Minsky's investment theory for understanding contemporary growth strategy. Instead, they underscore the need to develop a "financialized" theory of investment, and one that may not be inconsistent with Minsky's last writings on money manager capitalism.

Mots-Clés: Financialization, Hyman Minsky, Investment Theory, Keynesian Economics

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