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	MERCHANT CAPITALISM	INDUSTRIAL CAPITALISM	BANKER CAPITALISM	MANAGERIAL CAPITALISM	MONEY-MANAGER CAPITALISM
What Distinctive Activity is Financed?	Transportation of Goods; Acquisition of Inventories; Goods Production	Industrial Expansion (Acquisition of Factories and Machines)	Industrial Consolidation (Trusts and Mergers)	Macroeconomic Growth and Stability	Increase of Stock —Market Values and Corporate Profits (Often Involves Merger, Buyout or Break-up)
What is the Pivotal Source of Financing?	Commercial or Merchant Bank	Investment Bank	Investment Bank	Central Bank	Institutional Investment Funds (Pension & Mutual Funds)
What is the Fundamental Enterprise or Entity Financed?	Proprietorship and Partnership	Industrial Corporation	Combined Corporation	Private Sector (Financed through the Banking System; Conglomerate Form Dominates in Business)	International Corporation
What Group Holds the Greatest Economic Power?	Power is Dispersed (Merchants and Bankers)	Investment Bankers	Investment Bankers	Corporate Managers (Assumes Government Macroeconomic Coordination)	Money-Fund Managers
What is the Distinctive Input?	Labor	Machinery	Management (Coordination of the Industry and the Firm)	Macroeconomic Coordination by Government; Microeconomic Coordination by Business Managers	Expertise in Finance and Accounting

	Merchant (Commercial) Capitalism	Industrial Capitalism (wildcat financing)	Banker Capitalism	Managerial and Welfare capitalism	Money Manager Capitalism	Global Finance Capitalism
Years	*1600s-1813*	*1813 – 1880s*	*1880/90-1933*	*1933-1980s*	*1980s-2001*	*1994-present?*
Some notable characteristics	Evolved out of feudal Europe until in 1813 Boston Manufacturing Company was the first cotton factory in the US. Depressions abound.	Industrial revolution and emergence of large banks to finance investment: JP Morgan, Era of New York Stock exchange. Depressions abound	Finance of Cartels, Mergers to reduce market competition, especially in early 1900s; big merger wave. Investment bankers take ownership (which is separated from control/management). Last depression in 1929.	Great Depression generates need for substantial public role: countercyclical fiscal policy, low and stable interest rates, Fed interventions, FDIC, a temporary national investment bank for investment in infrastructure, housing, agriculture. Government is the main source of finance.	Rise of managed money funds, pension and mutual funds. Spread of private funds, large portfolios, reduction of safety margins. Sole objective is maximizing the value of the portfolio of fund holders, i.e. maximizing the total return (dividend, interest, and asset price appreciation). Deregulation and mergers. Speculation.	Further deregulation and the emergence of mega mergers; rise of international corporations, holding companies and other global financial institutions.
Type of Financial / Industrial Crises	Crop failures, trade wars, Wars, gold shortage, colonial money. 1756 French Indian War 1776 US Independence (1783 recognized)	Cutthroat price competition threatening the financial health of industrial firms and their creditors (aversion to competitive markets) Civil war: 1861-65	Roaring 20s. Massive speculative boom. First case of unsustainable stock market bubble in US.	Up to 1966: era of financial tranquility. After 1996: deregulation and speculation in residential and nonresidential investment. Plus oil shocks and inflation.	Linked to financial instruments (hedge funds), stock market speculation, IT (roaring 90s)	Destabilizing international capital flows, international debt deflation, collapse of many fixed exchange rate regimes.
Examples	Rhode Island/MA Currency Inflation	Financial crisis linked to industrial crisis and depressions: *Panic of 1819*: slumps in agriculture and	1893-run on gold 1907 mining speculation. 1907-08 financial panic (Morgan steps	S&L crisis. Effects felt over 3 decades. Thrifts' assets are largely long-term fixed income	Enron, Long Term Capital Management 1998, NASDAQ	Tequila Crisis of 1994, South East Asian Crisis of 1998, Ruble Crisis of 1998, Brazilian

		manufacturing cause bank failures) *Panic of 1837*—5 yr depression. Government sells public land in parcels, subsequent massive speculator in land. *Panic of 1857* (gold rush in the 40s, inflated economy). Ohio Life Insurance massive embezzlement. Railroad failures, fall in grain prices. *Panic of 1873*-end of civil war, economic boom, speculation.	in to offer liquidity) cannot do it in 1929. Morgan organized a team of bank and trust executives. Redirected money between banks, secured further international lines of credit, and bought plummeting stocks of healthy corporations.	securities (which pay low interest rates), but on the liability side, they begin to offer increasingly higher interest rates on savings deposits (effective removal of Regulation Q). Insolvency.	No crisis yet, but indication that many mutual funds/pension funds are largely under-funded.	Crisis 1999, Argentinean Crisis of 2001/02
Regulation	England prohibits the issuing of paper currency in all US colonies: Currency Act of 1764 (except PA, NY). Outright ban on printed money everywhere in 1775. 1781 First National Bank chartered—bank of North America	First Bank Holiday. 1836 State Bank Notes, Inflation (civil war) End of civil war 1961-62: US issues its own Treasury Notes – Greenbacks 1965-33: Gold standard established	*Federal Reserve Act* 1913 – Lender of Last Resort, the Government's Bank, the Banks' Bank. *Sherman Antitrust Act* 1890 (largely ineffective at the time), *Glass Steagall Act* 1933: Regulation Q, FDIC, Separation of commercial from investment banking. *McFadden Act* 1927 (no interstate banking)	Deregulation: removal of regulation Q	Deregulation: *Interstate Banking and Branching Efficiency Act* 1994. *Gramm-Leach-Bliley Act* 1999 (allows the creation of holding companies which merges, commercial, investment banking and a whole slew of other financial services). Almost all regulations of the 30s are overruled, or circumvented by innovation or made ineffective (probably except FDIC to prevent bank runs)	New financial architecture needed. An international Lender of Last Resort. Countries continue to leave fixed exchange rate regimes behind, except the Eurozone.