The 1966 Financial Crisis: financial instability or political economy?

L. RANDALL WRAY
Jerome Levy Economics Institute, Bard College, Annandale-on-Hudson,
New York 12504, USA

The credit crunch of 1966 has long been recognized as the first significant postwar financial crisis, and it was the first verification of the “financial instability hypothesis” that Minsky had been developing since the late 1950s. In the midst of the robust post-war expansion, the Fed tightened monetary policy to the point at which profitability of financial institutions was threatened. The Fed was forced to intervene to save the muni bond market, which in effect validated practices that were stretching liquidity. As a result of Fed intervention, the economy continued to expand, new financial practices emerged and were validated, leverage ratios increased, memories of the Great Depression faded, and markets came to expect that big government and the Fed would come to the rescue as needed. That 1966 crisis was only a minor speedbump on the road to Minskyan fragility—a transformation from a “robust” financial system toward the current “fragile” financial system.

1. Introduction

Professor Dickens (1999) argues rather persuasively that preceeding the ‘credit crunch’ of 1966, there was an intra-class conflict over the direction of monetary policy. Large New York banks favored a policy of higher interest rates, but lower interest rate ceilings on time deposits, while large regional banks preferred to retain the ceilings out of fear they would lose deposits to the New York banks. Dickens goes on to argue that the tight money policy was adopted as an alternative to incomes policy as a means of fighting inflation, and represented a victory of Wall Street over the Administration (and, by implication, of ‘capital’ over ‘labor’) by confirming the independence of the Federal Reserve Bank to place price stability over full employment as the top priority. He concludes that the 1966 financial crisis did not result from rising financial fragility, which increased susceptibility to ‘shocks’ such as higher interest rates, but rather from divergent class interests. Thus, the 1966 crisis cannot be used as evidence in support of Minsky’s financial instability hypothesis (FIH).

I do not intend to critique Professor Dickens’ analysis of the events surrounding 17 August 1966. His arguments could be strengthened by some

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more Smoking Guns and perhaps by a Deep Throat or two. Some readers may not be convinced by the frequent and easy resort to attribution of beliefs, desires, motivations, and conspiracies to ‘Wall Street’, ‘New York Banks’, ‘Regional Banks’, and other loosely defined characters involved in the story. However, one suspects that this is one of the occupational hazards of doing ‘political economy’ and I am quite willing to believe that such conspiracies are commonplace—although one would want to hold economists to a slightly higher standard than that expected of, say, a GOP-led House of Representatives Impeachment Hearing.

I am more troubled by the belief that this political economy story is somehow inconsistent with Minsky’s financial instability hypothesis, or, more importantly, that Minsky’s analysis cannot be applied to the 1966 credit crunch. After all, Minsky had argued that ‘The crunch of 1966 was the first serious financial disruption of the postwar era’ (Minsky, 1986, p. 91). To be sure, Minsky appears significantly only in the title of Professor Dickens’ piece and then disappears until the conclusion. Further, Minsky always loved analyses of which he was the subject, even if he played a bit role in a poorly caricatured story. Thus, while I am reluctant to get into debates about what Minsky really said or meant, I will use this opportunity to show that the events surrounding the credit crunch of 1966 are indeed consistent with Minsky’s analysis. I will also correct what I take to be some errors regarding the FIH and monetary theory and policy, in general.

2. The Credit Crunch of 1966

It is curious that Professor Dickens did not examine Minsky’s own analysis of the 1966 financial crisis. Minsky argued that this crisis was the first financial trauma since the 1930s that involved a run on a financial instrument or institution without a specific case of a failure or fraud (Minsky, 1986, p. 87). According to Minsky, the long expansion of the 1960s progressed as spending by non-financial corporations grew rapidly, fueled in part by external funds provided by banks (he shows that net external funds as a percentage of purchased physical assets grew from less than 4% in 1961 to more than 20% by 1966) (Minsky, 1986, p. 88). Worried about inflation, the Federal Reserve began to raise interest rates (the discount rate was raised from 4% to 4.5% in December 1965 where it remained for the rest of 1966; however, the Federal Funds rate was raised rapidly throughout the year, as Fig. 1 shows—see the right-hand scale). In addition, the Federal Reserve raised reserve requirements on time deposits and lowered ceiling interest rates on small time deposits in July.1 The higher reserve requirements would effectively raise the cost of making loans (since reserves are a non-earning asset), while the lower ceiling rates would force banks to turn to higher-cost, non-regulated sources of funds (by inducing

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1 On 20 July 1966, the Federal Reserve lowered ceiling interest rates on multiple maturity time deposits from 5.5% to 5% in the case of maturities longer than 90 days and to 4% for those with maturity from 30–89 days. Ceiling rates for single maturity time deposits remained at 5.5%. Reserve requirements for time deposits were raised from 4% to 5% on July 14 and to 6% on 8 September for all but the smallest of banks. Source: Federal Reserve Bulletin, January 1970.
Fig. 1. Commercial bank holdings of government debt and the Federal Funds rate

‘disintermediation’—see below). Finally, after April, the Federal Reserve directed that reserve growth should be restricted and tried to discourage discount window borrowing; Minsky reports that by July and August, the ‘window was so tightly administered that there was no increase in borrowing by member banks, and the money-market banks believed that the discount window was effectively closed to them’ (Minsky, 1986, p. 90). Leaving aside the political economy analysis of the class conflicts, there appears to be no dispute over these matters: monetary policy was tightened significantly in the belief that banks could be pressured to reduce the lending that was fueling the expansion.

The controversy is over the nature of the crisis. According to Professor Dickens, the crisis was not caused by financial instability. A very simple explanation of the financial instability approach to the 1966 crisis runs as follows. The tight monetary policy raised market interest rates above regulated deposit rates so that banks could not retain deposits; in order to continue to provide loans to non-financial firms, banks were forced to sell-off government bonds, disrupting bond markets. The Federal Reserve was then forced to intervene, opening the discount window to banks and easing monetary policy to save bond markets. Professor Dickens disputes this account because, first, while the large New York banks did lose time deposits, they were able to borrow in Eurodollar markets to offset the loss; second, there was really no danger of a forced sell-off of bonds since banks had access to Eurodollars; and third, Federal Reserve easing occurred after the crisis had abated. Thus, the 1966 crisis did not unfold in a manner consistent with Minsky’s FIH.
However, this simple account of the crisis is not Minsky’s. But before turning to Minsky’s explanation, we need to examine some monetary theory and policy issues.

3. Disintermediation, Asset Management and Horizontal Leveraging

Far too much ink has already been spilled on disintermediation and the supposed move from asset management to liability management in the early 1960s, which plays a role in the accounts of the 1966 crisis provided by Dickens, Minsky and Wolfson. It is worth the effort to try to dispel some myths.

First, it is critical to understand that bank deposits are liabilities; while this may seem too obvious to warrant mention, casual discussion of bank operations often neglects to consider that a deposit makes a bank liable for something. For what is the bank liable? High powered money (HPM—reserves or cash). Deposits are simply a ‘horizontal’ leveraging of HPM—a promise to deliver high powered money according to the contractual agreement (on demand in the case of demand deposits, on a specific future date in the case of a time deposit). Effectively, the bank is short HPM, betting it will be able to obtain the necessary HPM in a timely manner at a not-too-prohibitive cost. Reserve requirements are simply minimum HPM balance requirements. These, in no direct way, constrain the bank’s ability to ‘make loans’, although they raise the bank cost of shorting HPM (much as compensating balance requirements raise the cost to a firm of taking out a bank loan—shorting bank money). Thus, reserve requirements increase the return that must be obtained on assets. When a bank fails to meet the minimum HPM balance required, the Federal Reserve automatically books the ‘fail’ as a loan of reserves (much as ‘overdraft’ facilities routinely protect depositors of UK banks; American depositors can usually purchase overdraft insurance). In any case, a bank ‘makes a loan’, that is, purchases an asset, by ‘creating a deposit’, that is, shorting HPM.

As deposits are liabilities, banks could care less about retaining them. However, when a check is written on a demand deposit, or when a maturing time deposit is not rolled-over, the bank is subject to a reserve, HPM, clearing drain. Since banks do not keep significant excess HPM balances, a clearing drain will cause a bank to fall below minimum HPM balance requirements. An individual

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2 One could also look at it from the perspective of borrowers and depositors: the depositor has a long position in bank money, while the borrower is short bank money. The bank ‘intermediates’ between the longs and shorts, but one must remember that ‘loans make deposits’—in other words, it is only because the bank is willing to take its own long position in the IOU of the borrower that the long position of the depositor is created.

3 Bank HPM deposits at the Federal Reserve can be thought of as clearing balances—deposits held to facilitate clearing among banks as well as clearing with the Federal Reserve (for example, when tax payments are made). Even if legally required reserve ratios are removed, banks will still demand HPM for clearing purposes (as in Canada, which now operates with a target of zero net clearing balances), which changes nothing of substance (see Wray, 1998).

4 Some might believe that it is only recently that banks have discovered methods to ensure that excess reserves are kept to a minimum. However, for the four weeks ending 25 May 1966, commercial banks held $22.512 billion of reserves, of which $22.197 billion were required and $315 million (little over 1%) were excess. Source: Federal Reserve Bulletin, August 1966, p. 1184.
bank will thus try to ‘purchase’ HPM balances from the Federal Reserve, ‘borrow’ federal funds, ‘sell’ certificates of deposit, or ‘repo’ government bonds to meet minimum balance requirements. In the aggregate, the only ‘net’ source of HPM is the government, either the Treasury or the central bank. When the Treasury buys goods or services or provides transfer payments, it writes a check on its account at the Federal Reserve, which ends up as a bank deposit of HPM at the Federal Reserve. When the Federal Reserve buys assets (government bonds, foreign currency, or commercial bank IOUs) it credits a bank deposit of HPM. In other words, any time the Treasury or central bank spends, HPM is created. On the other hand, tax payments destroy HPM as bank deposits at the Federal Reserve are debited. Furthermore, Treasury or central bank sales of government bonds also drain HPM, and thus reduce bank deposits at the Federal Reserve. The excess of government purchases over tax receipts (or ‘deficit spending’) generates an equivalent net injection of HPM.5

All else being equal, government deficit spending generates excess reserves (or HPM deposits in excess of minimum balance requirements); bond sales by the government are thus required to offer an interest-earning alternative to non-interest-earning excess reserves. Over the very short run (e.g. a day or two), the central bank ensures that the banking system as a whole has just the right amount of HPM to meet minimum balance requirements—mainly through open market sales and purchases of government bonds, although the discount window is also used—in order to maintain orderly overnight (Federal Funds) markets. In other words, regardless of its announced policy, the central bank always chooses a short-term (overnight) interest rate target and then ensures that the quantity of reserves is just sufficient to allow banks to meet minimum balance requirements. Over the longer run, it is primarily the Treasury that supplies the right amount of bonds to drain excess reserves from the system. The Treasury and central bank develop complex, coordinated operating procedures to ensure that the banking system is continuously supplied with the correct quantity of reserves (see Bell, 1998; Wray, 1998.)

Previous to the development of the Federal Funds market (created in the mid 1950s, but maturing in the early 1960s), individual banks used government bond sales or purchases to adjust HPM balances. A sale of a bond by a bank to a bond dealer would result in an HPM debit of the dealer’s bank’s reserves and a credit to the HPM reserves of the selling bank. Purchase of a bond would debit the bank’s HPM reserves and lead to a credit of HPM to the bond dealer’s bank. Thus, banks effectively used the bond dealers as ‘middlemen’ to shift bank reserves from those with excessive balances to those who were deficient. Apparently this led to the widespread belief that banks ‘operated on assets’, selling out bond positions in order to make loans. With the development of the Federal Funds market, banks cut out the middlemen to market excess reserves, or HPM balances, directly. Many economists came to believe that something of fundamental importance had changed—that banks had ‘discovered’ liability

5 Federal Reserve purchases of gold or foreign currencies, as well as Fed open market purchases or loans at the discount window also inject reserves into the system—these injections need to be added to deficit spending by the treasury to obtain total net injections of HPM (see Wray, 1998).
management, so that they would no longer need to sell bonds before making loans. While it is possible that many bankers believed they were subject to reserve constraints, and would need to sell assets to obtain the reserves supposedly required to make loans, it is clear from balance sheet analysis that this was an imaginary constraint. Banks always ‘operated on liabilities’.

From the perspective of the bank, loans to customers generate long positions in IOUs; similarly, its holdings of government bonds are long positions in securities. A bank is not forced to liquidate its long position in bonds in order to obtain a long position in IOUs. Rather, it simply needs to short HPM to go long in IOUs. There are many factors that determine the willingness of banks to take long positions in IOUs and short positions in HPM. Obviously, one of the most important factors is the existing differential between the interest rate it expects to earn on the IOUs and the rate it must pay to short HPM (or, equivalently, to get depositors to go long in ‘bank money’). However, the bank must also factor into the analysis other costs (minimum HPM balances that have to be maintained against some of its short positions; capital requirements against its long positions—which reduces the return on capital). More importantly, because the short positions commit the bank to delivering HPM in the future (for the most part on uncertain dates), it must be concerned with the future terms on which HPM can be obtained. This is why the expected course of interest rates will be (perhaps imperfectly) reflected in today’s quotes. A ‘panic’ or market break can occur when it is feared that HPM may not be obtainable on reasonable terms in the future—in which case banks will not go short to take long positions.

None of this should be interpreted to mean that the quantity of HPM acts as a constraint on bank lending ability. When all is said and done, the Federal Reserve will supply exactly the quantity of reserves it requires banks to hold. The question concerns the conditions that will be placed on obtaining HPM: what will be the cost of ‘purchasing’ HPM when reserves are needed, and what sorts of hoops will the Federal Reserve require a bank to jump through to obtain them?

When the Federal Reserve began raising interest rates in 1966, market rates were quickly pushed above Regulation Q ceilings. Market savvy ‘depositors’ liquidated their long positions in regulated deposits and searched for better returns. This hurt the large New York banks relatively more than it would hurt, say, mid-western thrifts that relied on small accounts of ‘mom-and-pop’ depositors. Deposits tended to ‘flow out’ of New York banks and into Eurodollar

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6 The Federal Reserve may have played a role in promulgating the belief that banks sell government bonds to raise the funds required to make loans. For example, the Federal Reserve argued ‘Government securities—because of their greater liquidity and lower yield compared with most other banking assets—traditionally provide banks with an important source of funds for balancing available resources with demands for credit’ (Federal Reserve Bulletin, July 1966, pp. 942–943).

7 Or, more generally, the quantity of settlement balances banks wish to hold (as in a system without legally required reserve ratios). Even in the case of the US, it is possible that required reserve ratios could be reduced so low that they are not effective, that is, so low that banks would desire to hold more reserves than legally required. Still, the Federal Reserve would have to ensure that the banking system had the desired level of reserves, for otherwise overnight (Federal Funds) rates would rise above targets.
accounts of foreign banks, or, more simply, into accounts of foreign branches of US banks. Note that the deposits do not really flow anywhere. At most, the nominal holder of the US bank deposit merely shifts from a US household to a foreign commercial bank. In other words, there is no 'disintermediation'—only the name of the account holder changes from John Q. Public to Eurobank (and, in the case of a transfer to a foreign branch of a US bank, not even the name changes). The foreign commercial bank then holds a long position in dollar deposits, which is leveraged as the bank takes long positions in dollar IOUs, matched by short positions in created dollar deposits.

The problem, then, was not that banks 'lost' deposits, but that costs rose. Eurodollar deposits were not covered by Regulation Q (thus, costs were raised) but did not require minimum HPM balance requirements (legally required reserves) until 1969 (which offset some of the increased cost). In addition, banks innovated to provide Americans with deposit accounts that circumvented Regulation Q, but these, too, promised higher interest rates—especially in comparison with zero-interest-earning checking accounts. Not only were costs higher, but there was no way to know how high the Federal Reserve was going to push interest rates, and there was every indication that the Federal Reserve was going to erect more hoops for the banks to jump through. As Professor Dickens indicates, fiscal policy remained expansive and the administration's success at informal wage and price controls was questionable at best. As a result, it was reasonable for 'the market' to conclude that monetary policy, alone, would be responsible for inflation-fighting, and that meant that interest rates could rise sharply higher. In such an expectational environment, banks were reluctant to 'short' HPM in order to go long in IOUs and securities. Some might even have tried to liquidate some long positions in securities in order to continue to service valued customers (providing additional loans) without increasing short positions. However, while sales of bonds by an individual bank could increase its own deposits of HPM, this could not increase system-wide HPM deposits unless the sales were to the Federal Reserve.

Fig. 1 shows that commercial bank holdings of US government securities remained at a level of approximately $65 billion from 1955 through 1969. In other words, there is no evidence of a general trend for banks to 'operate on assets', selling securities in order to make loans. There is a small cyclical

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9 Between March and November 1966, short term liabilities ('HPM shorts') of US commercial banks to European commercial banks increased by $3.2 billion (Rainett, 1977, p. 93).

10 Note that Professor Dickens is right to emphasize 'intra-class' differences. Even as late as 1 May 1966, the vast majority of banks had not raised interest rates on savings deposits since 3 December, 1965—in other words, the Federal Reserve tightening had not increased rates actually paid on savings deposits to the ceiling rates permitted. Indeed, according to the Federal Reserve's survey, the 'bulk of all member banks as of May 11, 1966, were still paying a maximum rate no higher than 4 1/2 per cent on most types of time deposits' even though they could pay the ceiling rate of 5.5%. On the other hand, 79% of banks which issued negotiable certificates of deposit with denominations of $100,000 or more reported that they had raised interest rates paid (Federal Reserve Bulletin, August 1966, p. 1104). However, as the tight money policy continued in the third quarter, the percentage of banks that raised interest rates between 11 May, 1966 and 31 January 1967 climbed to 54% for consumer-type time deposits and to 71% for business-type time deposits (Federal Reserve Bulletin, April 1967, p. 520).
component; banks tended to buy government securities around the 1958 and 1960 recessions (shaded in the figure)—probably because the demand for loans, and bank willingness to lend to the private sector, falls—although the effect is not large (and in the case of the 1960 recession, is evident only after the midpoint). Fig. 1 also shows that bank holdings of municipal securities increased strongly from 1961—through 1968.\footnote{Between 1962 and 1965, banks took up an average of more than 72\% of all state and local government bond issues (Federal Reserve Bulletin, December 1966, p. 1745).} The only break in that trend occurs between the third and fourth quarters of 1966—when bank holdings actually fell by almost half a billion dollars. Note that bank holdings of US government securities also fell rather sharply from the first through the third quarters of 1966.

This certainly seems consistent with the Wolfson story, according to which banks chose to continue to service their customers rather than to buy government securities. Banks also sold off $340 million of corporate and foreign bonds between mid 1965 and midyear 1966, adding further support to this view. However, Dickens is quite correct to argue that banks were not forced by disintermediation to sell bonds—they did not lose any deposits to disintermediation. In any case, it is clear from Fig. 1 that tight money episodes reduce bank willingness to buy bonds—the Federal Funds rate spiked in 1957, 1960, 1966 and 1969, and in every case bank holdings of US government securities fell sharply. This probably has more to do with the uncertainty generated by tight policy over the terms on which HPM could be obtained, as well as with the possible capital losses on bonds if the Federal Reserve persisted in interest rate hikes.

4. Minsky’s FIH and the 1966 Crisis

According to Minsky, the US economy emerged from the Second World War with a ‘robust’ financial system and a predominance of ‘hedge’ financing. As Fig. 2 shows, bank balance sheets were flush with US government securities—about 40\% of total banking credit in 1955. This was a consequence of conservative financial practices (due in part to supervision and regulation, but also due to memories of the Great Depression and to ‘revolutionary’ forces that had eliminated risk-lovers during the 1930s), the tremendous government deficits of the Second World War (and the consequent issue of government bonds), and the lack of opportunity to lend to the private sector (due to war-time controls, temporary nationalization of industry, and large household savings). Gradually, as the private sector began to grow, and as memories of the Great Crash receded, balance sheet leveraging increased. Non-financial firms increased borrowing, committing larger portions of expected income flows to debt service; financial firms, including banks, financed this activity by increasing the ratio of loans (and other riskier assets) to government securities. As Fig. 2 shows, US government securities fell to less than a fifth of bank credit by 1966; in contrast, bank loans (excluding mortgages and consumer credit) rose rapidly from 24\% of bank credit in 1955 to 33\% by 1966.\footnote{In Fig. 2, loans to business are included as ‘loans not elsewhere classified’ (nec), of which most are commercial and industrial loans.} Financial innovations allowed banks to increase HPM
Fig. 2. The composition of commercial banking credit

leverage ratios—that is, to issue more liabilities without increasing reserves. Furthermore, banks moved from reliance on relatively stable demand deposits (which, while payable on demand are actually quite predictable) to greater reliance on time deposits (which, except for passbook savings accounts, are unstable). As Minsky shows, demand deposits made up approximately 70% of total bank liabilities in 1952, but this had already fallen to about 40% by 1966.

As discussed fear of inflation led the Federal Reserve to increase interest rates over the course of the expansion; the Federal Funds rate rose from less than 2% in 1961 to 5.75% in 1966, causing market rates to rise sharply (the six month certificate of deposit rate peaked at nearly 6.15% in mid 1966). While banks can always eventually adjust to higher rates, rising rates reduce profitability because assets are generally longer-term than liabilities. This is particularly true of thrifts—whose problem in 1966 was not so much that Regulation Q limited the interest rate they could pay on deposits but rather that they could not ‘afford’ to pay market rates given their return on mortgage assets.\(^\text{13}\) Similarly, as noted above, the problem faced by commercial banks was not ‘disintermediation’ but rising costs of issuing liabilities and uncertainty regarding the future course of interest rates. Finally, while banks could continue to provide loans to their customers, the loans required higher interest rates and thus required that borrowers would devote ever-higher portions of expected income flows to debt

\(^{13}\) However, rate hikes affected New York and large regional banks first, while only gradually spreading to smaller, country banks that generally did not rely on negotiable certificates of deposit in any case (see footnote 9).
service. Given all these factors, but especially uncertainty over exactly how high the Federal Reserve would push interest rates, banks reduced their demand for government bonds—including US treasuries as well as municipal bonds. By late August, the large New York banks had withdrawn altogether from the municipal new issues market (Minsky, 1986, p. 89).

Minsky (1986, p. 90) argues ‘By the end of August, the disorganization in the municipals market, rumors about the solvency and liquidity of savings institutions, and the frantic position-making efforts by money-market banks generated what can be characterized as a controlled panic. The situation clearly called for Federal Reserve action.’ There is no doubt that the Federal Reserve was concerned about a potential mass bank withdrawal from the municipal bond market. As Dickens, Minsky and Wolfson all note, the Federal Reserve sent a letter on 1 September to all member banks emphasizing that ‘[f]urther substantial adjustment through bank liquidation of municipal securities or other investments would add to pressures on financial markets’ (quoted in Wolfson, 1994, p. 38). Effectively, the Federal Reserve announced it would open the discount window to all banks that would continue to hold municipal bonds so long as they could show they were constraining business lending. Professor Dickens notes that the municipal bond market had begun to recover a day or two before this letter was sent, indicating to him that the letter was superfluous. However, this is no way proves that Federal Reserve intentions had nothing to do with the willingness of bond dealers to take inventories of municipal bonds before the letter was sent. While we do not have the Smoking Guns to indicate exactly what the Federal Reserve did in the days prior to posting the letter, Professor Dickens’ political economy approach should suggest that it is highly unlikely that the Federal Reserve would have sent the letter without first consulting with the large New York banks (who would have informed their bond dealers).

What we have, then, is a robust postwar expansion during which liquidity is stretched. Fearing inflation, the Federal Reserve tightens monetary policy to the point at which the profitability of at least some financial institutions is threatened. Growing uncertainty causes a run out of a portion of the securities market. The Federal Reserve enters as lender of last resort to stop the run and, within a few months, it is forced to loosen money policy. The financial crisis is quickly relieved, although the conditions placed on the lender of last resort intervention (that is, that borrowing banks must show they are attempting to reduce loans to private business) cause a sharp reduction of investment (‘gross private domestic investment decreased at an annual rate of 26 percent between the fourth quarter of 1966 and the second quarter of 1967’ (Minsky, 1986, p. 90)). However, a recession did not result because government spending more than compensated for the fall of investment; ‘big government’ maintained aggregate demand. The economy continued to expand, new financial practices emerged and were validated, leverage ratios increased, memories of the Great Depression faded, and markets came to expect that big government and the Federal Reserve would come to the rescue as needed. The 1966 credit crunch was followed by extremely tight money policy at the end of the 1960s, then by the ‘liquidity squeeze’ and commercial paper run of 1970, the bank failures of 1973–75, the silver crisis of 1980, the LDC debt crisis of 1982, the saving and
loan fiasco of the mid 1980s (and similar banking problems throughout the world), the 1987 stock market crash, the bond market crash of 1994, the Asian meltdown of 1997, and the Russian default and hedge fund crisis of 1998. Sounds downright Minskian. That 1966 crisis was only a minor speedbump on the road to Minskian fragility.

References