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Special Feature: An important failure: knowledge limits and the financial crisis

Misrule of experts? The financial crisis as elite debacle

Ewald Engelen, Ismail Ertürk, Julie Froud, Sukhdev Johal, Adam Leaver ,
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Abstract

This paper is about knowledge limits and the financial crisis. It begins by examining various existing accounts of crisis which disagree about the causes, but share the belief that the crisis represents a problem of socio-technical malfunction which requires some kind of technocratic fix: the three variants on this explanation are the crisis as accident, conspiracy or calculative failure. This paper proposes an alternative explanation which frames the crisis differently as an elite political debacle. Political and technocratic elites were hubristically detached from the process of financial innovation as it took the form of 'bricolage', which put finance beyond technical control or management. The paper raises fundamental questions about the politicized role of technocrats after the 1980s and emphasizes the need to bring private finance and its public regulators under democratic political control whose technical precondition is a dramatic simplification of finance.

Keywords:

knowledge

experts

elites

financial crisis

financialization

bricolage

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Additional information

Notes on contributors

Ewald Engelen

Ewald Engelen is Professor of Financial Geography at the University of Amsterdam. His interests range from migration and the welfare state to shareholder value and corporate governance. He is currently directing a research project on the decline of the Amsterdam financial centre after financialization

Ismail Ertürk

Ismail Ertürk is Senior Lecturer in Banking at Manchester Business School and a member of the Centre for Research in Socio-Cultural Change (CRESC) at the University of Manchester. His current research interests include corporate governance, emerging markets and the reinvention of banking. Recent books include *Financialization at Work* (2008) and CRESC's *Alternative Banking Report* (2009)

Julie Froud

Julie Froud is Professor of Financial Innovation at Manchester Business School and a member of the Centre for Research in Socio-Cultural Change (CRESC) at the University of Manchester. Her current research interests include elites and financialization. Recent books include *Financialization at Work* (2008) with Ismail Ertürk et al. and *Financialization and Strategy* (2006) with Adam Leaver et al

Sukhdev Johal

Sukhdev Johal is a Reader in the Management School at Royal Holloway. His expertise is in social and economic statistics. He is currently working on British manufacturing and the national business model and was responsible for argument and exhibits in CRESC's Alternative Banking Report and Working Paper 75 on the national business model

Adam Leaver

Adam Leaver is Senior Lecturer at Manchester Business School and a member of the Centre for Research in Socio-Cultural Change (CRESC) at the University of Manchester. His research interests in financialization include new actors such as hedge funds as well as analysis of the film and music industries. Recent books include *Financialization at Work* (2008) with Ismail Ertürk et al. and *Financialization and Strategy* (2006) with Julie Froud et al

Michael Moran

Michael Moran is Mackenzie Professor in the Politics Department at the University of Manchester. His current research focuses on the politics of the financial crisis from 2007. Recent publications include *The British Regulatory State* (2007) and articles on the politics of financial regulation and reform, including a contribution to the 2011 Socialist Register

Karel Williams

Karel Williams is Convening Director of the Centre for Research in Socio-Cultural Change (CRESC) at the University of Manchester and Professor at Manchester Business School. His current research interests include financial elites and the politics of financial crisis. Recent books include *Remembering Elites* (2008) with Mike Savage and *Financialization at Work* (2008) with Ismail Ertürk et al.

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