

Critical Review >

A Journal of Politics and Society

Volume 21, 2009 - Issue 2-3: Causes of the Financial Crisis

6,664 Views

226 CrossRef citations to date

24 Altmetric

Essays

THE FINANCIAL CRISIS AND THE SYSTEMIC FAILURE OF THE ECONOMICS PROFESSION

David Colander, Michael Goldberg, Armin Haas, Katarina Juselius, Alan Kirman, Thomas Lux & ...show all

Pages 249-267 | Published online: 13 Jul 2009

Cite this article <https://doi.org/10.1080/08913810902934109>

Sample our
Politics & International
Relations Journals

>> [Sign in here](#) to start your access to the latest two volumes for 14 days

We Care About Your Privacy

We and our 854 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting "I Accept" enables tracking technologies to support the purposes shown under "we and our partners process data to provide," whereas selecting "Reject All" or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the ["privacy preferences"] link on the bottom of the webpage [or the floating icon on the bottom-left of the webpage, if applicable]. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

I Accept

Reject All

Show Purpose



study by grounding it more solidly in reality.

Notes

1. Carmen Reinhart and Kenneth Rogoff ([2008](#)) argue that the current financial crisis differs little from a long chain of similar crises in developed and developing countries. We certainly share their view. The problem is that the received body of models in macro finance, to which these authors have prominently contributed, provides no room whatsoever for such recurrent boom and bust cycles. The literature has, therefore, been a major source of the illusory “this time it is different” view that the authors themselves criticize.
2. Indeed, few researchers explored the consequences of a breakdown of their assumptions, even though this was rather likely.
3. The historical emergence of the representative-agent paradigm is a mystery. Ironically, it appeared during the 1970s, after a period of intense discussion of the problem of aggregation in economics (which basically yielded negative results). The representative agent, however, appeared without similar methodological discussion. In the words of Deirdre McCloskey, “It became a rule in the conversation of some economists that, by this conventional wisdom, the only alternative to the representative agent was a world of an infinite number of agents, which is remarkably different from the world of “more is different” agents.”
4. The representative agent paradigm is a mystery. Ironically, it appeared during the 1970s, after a period of intense discussion of the problem of aggregation in economics (which basically yielded negative results). The representative agent, however, appeared without similar methodological discussion. In the words of Deirdre McCloskey, “It became a rule in the conversation of some economists that, by this conventional wisdom, the only alternative to the representative agent was a world of an infinite number of agents, which is remarkably different from the world of “more is different” agents.”
5. It is a mystery. Ironically, it appeared during the 1970s, after a period of intense discussion of the problem of aggregation in economics (which basically yielded negative results). The representative agent, however, appeared without similar methodological discussion. In the words of Deirdre McCloskey, “It became a rule in the conversation of some economists that, by this conventional wisdom, the only alternative to the representative agent was a world of an infinite number of agents, which is remarkably different from the world of “more is different” agents.”
6. Robert Lucas Jr. argued that the representative agent paradigm is a mystery. Ironically, it appeared during the 1970s, after a period of intense discussion of the problem of aggregation in economics (which basically yielded negative results). The representative agent, however, appeared without similar methodological discussion. In the words of Deirdre McCloskey, “It became a rule in the conversation of some economists that, by this conventional wisdom, the only alternative to the representative agent was a world of an infinite number of agents, which is remarkably different from the world of “more is different” agents.”



Related Research Data

The performativity of potential output: pro-cyclicality and path dependency in coordinating European fiscal policies

Source: Informa UK Limited

Dynamic Econometrics

Source: Oxford University Press

Beyond the Dynamic Stochastic General Equilibrium Model

Source: Cambridge University Press

Macroeconomic Instability and Coordination

Source: Edward Elgar Publishing

What economics education is missing: the real world

Source: Emerald Publishing

Drawing on different disciplines: macroeconomic agent-based models

Source: Springer Science and Business Media LLC

Manias, Panics and Crashes

Source: Palgrave Macmillan UK

A Complex Systems Approach to the Study of Ideology: Cognitive-Affective Structures and the Dynamics of Belief Systems

Source: PsychOpen

The Properties of Automatic Gets Modelling

Source: Oxford University Press (OUP)

RESE

in ass

mode

Source

The M

Source

A Sim

Source

T

Gove

Source

This T

Source

From

Crisis

Source

From the Hybrids to Fairness in Nations



ashes

based

sion? *

ancial



Source: World Scientific Pub Co Pte Lt

How to Repair a Failed System

Source: John Wiley & Sons, Inc.

Economics crisis

Source: Springer Science and Business Media LLC

Agent-based financial markets and New Keynesian macroeconomics: a synthesis

Source: Springer Science and Business Media LLC

Broken symmetry and the nature of the hierarchical structure of science.

Source: American Association for the Advancement of Science (AAAS)

Asset diversification and systemic risk in the financial system

Source: Springer Science and Business Media LLC

Core---Periphery Structure in the Overnight Money Market: Evidence from the e-MID Trading Platform

Source: Springer Science and Business Media LLC

'Piketty is a genius, but ... ': an analysis of journalistic delegitimation of Thomas Piketty's economic policy proposals

Source: Routledge: Taylor and Francis Ltd.,

Images of Eyes Enhance Investments in a Real-Life Public Good

Source: Public Library of Science (PLoS)

Endogenous steroids and financial risk taking on a London trading floor.

Source: Proceedings of the National Academy of Sciences

Governance and Systemic Risk

Source

Evolu

Source

Agen

Source

What

surve

Source

In

la

Source

The I

Source

Effect

Source

Linkin



Related research

People also read

Recommended articles

Cited by
226

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Opportunities

Reprints and e-prints
Advertising solutions
Accelerated publication
Corporate access solutions

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research
Help and information

Help and contact
Newsroom
All journals
Books

Keep up

Register to receive updates
by email

 Sign up

 

 

Copyright

Accessibility

Registered
5 Howick Place



Wiley & Francis Group
Wiley is a John Wiley & Sons business