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How has the crisis changed economics?

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THIS week, we asked the economists at [Economics by invitation](http://www.economist.com/economics/by-invitation/questions/how_has_crisis_changed_teaching_economics) (http://www.economist.com/economics/by-invitation/questions/how_has_crisis_changed_teaching_economics) to reflect on the way the crisis has changed and will change economics instruction and research. The question has generated quite a response. Not everyone concedes that a major change was necessary. Gilles Saint-Paul [writes](http://www.economist.com/economics/by-invitation/guest-contributions/there_will_be_adjustments_no_paradigm_shift) (http://www.economist.com/economics/by-invitation/guest-contributions/there_will_be_adjustments_no_paradigm_shift) :

While the ultimate cause of the crisis is not entirely understood, many of its mechanisms are familiar to economists...

In that sense there is no reason why economics should change because of the crisis. This does not mean that we could not entirely change it for the better, it just means that the crisis is not a major challenge for economics research. In fact the crisis has triggered an explosion of research in the areas I mentioned but this new research uses the same methodology and assumptions as the preceding one.

Paul Seabright makes the [interesting point](http://www.economist.com/economics/by-invitation/guest-contributions/demand_better_economists_hasnt_changed) (http://www.economist.com/economics/by-invitation/guest-contributions/demand_better_economists_hasnt_changed) that the wave of new economic thought that developed in and after the Great Depression was driven by new demand for economists

[I]t may be over-optimistic to think that the current financial crisis will involve anything like the same degree of re-evaluation of the profession's habits. Most importantly, the Roosevelt administration vastly increased the numbers of economists employed by the federal government (similar changes occurred in Europe but on a smaller scale). While some degree of idealism and reaction to the events of the 1930s undoubtedly played its part in shaping what was taught, the expansion of job opportunities also created an incentive to create and remodel university courses to meet this demand; ideas and incentives complemented one another.

Today there are no such equivalent incentives.

Many contributors argue that instruction should place a stronger emphasis on economic history. Tyler Cowen, for example, [writes](http://www.economist.com/economics/by-invitation/guest-contributions/emphasise_finance_history_and_generalism) (http://www.economist.com/economics/by-invitation/guest-contributions/emphasise_finance_history_and_generalism) :

At the graduate level, we should go to much greater lengths to teach both economic history and the history of economic thought. It's the people schooled in economic history who came to terms with the crisis most readily, including of course Bernanke, even if he didn't foresee it. Gary Gorton, an economic historian, has written the most insightful pieces on why the crash was so bad and what we need to do to fix things; he explicitly compares the problems of the crash to America's earlier "free banking era". We're realising that a lot of today's problems have had precedents in earlier times, and if we wish to understand tomorrow we again need to look back to economic history and also to the writings of earlier economists. When I try to understand contemporary China, for instance, I look to the early nineteenth century writings of Thomas Robert Malthus on overproduction and excess capacity.

There is a great deal more worth reading [at the forum](http://www.economist.com/economics/by-invitation/questions/how_has_crisis_changed_teaching_economics) (http://www.economist.com/economics/by-invitation/questions/how_has_crisis_changed_teaching_economics) . Have a look, and offer your own thoughts in comments.