The Great Mortification: Economists' Responses to the Crisis of 2007–(and counting)[1]

Philip Mirowski

Economists have not comported themselves with much dignity of late. Normally so quick off the mark to ferret out and expose irrationality in others, currently they have been distinctly loathe to recognize a pandemic within their own ranks. I refer here to the outpourings spewn forth by the economists themselves, provoked by the numerous embarrassments that have been visited upon them consequent to the onset of the world economic crisis.

The figure of the economist has more often than not served as a butt for jokes or the template for an unsympathetic protagonist in the larger culture; economists make for lousy celebrities.[2] Yet something novel and not a little creepy has happened since 2008. General interest magazines, from *Business Week* to *The Economist* to *The New York Times*—previously cheerleaders for the economics profession—turned openly hostile in 2008, hectoring whole schools of thought for their failures, grasping randomly for "new paradigms," rooting around for sixth-round draft picks and telegenic wicked rebels to replace their prior stable of catallactic pundits. Lusting for scapegoats, journalists initially scoured the landscape for miscreants like Bernie Madoff, Dick Fuld, and Joseph Cassano, and then instinctively sought to find their counterparts inside the economics profession. There was even an online ballot for receipt of the Ignoble (or "Dynamite") Prize, to be awarded to the three economists deemed to have contributed the most to the global financial collapse.[3]

The search for culprits proved frustrating. There existed no equivalent of the Justice Department or the Securities and Exchange Commission to actually police the econo-

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mists, just as there were no detectives and DAs to do the hard investigative work. And it dawned upon some that (unlike medicine and even sociology) there was not even a professional code of ethics to which *bona fide* economists were enjoined to subscribe. You can't transgress a law that doesn't exist. Contrary to first impressions, then, it was going to be a long hard slog to make any indictments stick. Furthermore, some of the self-appointed cops (and not a few of the political protagonists) turned out to be card-carrying economists themselves. *Quis custodiet ipsos custodes?*

Hence the jejune American habit of dividing up the *dramatis personae* into the "good guys" and "bad guys" ran smack dab into the journalists' nightmare, namely, the Sargasso Sea of Ambiguity, where all shadows were gray and all doctrines context-laden. That didn't stop the attacks on economics, but it did encourage certain lazy journalistic practices, like uncritically conflating the Nobel Prize (which, of course, due to its provenance was itself not a fully legitimate Nobel in the first place) with an imprimatur of generic intellectual legitimacy and relevance to issues of crisis. (No journalist would ever be reprimanded by their editor for consulting a Nobel winner, however irrelevant the actual work of the person in question had been to the matters at hand.) Hence, it became a cliché to array one Nobel economist against another and to substitute kabuki blood sport for serious thought concerning the really interesting question of the culpability of the existing economics profession in bringing about the current crisis.

Public disputations on the crisis began to take on the air of a bad Rodney Dangerfield film. People who normally spoke in mind-numbing monotones about optimal monetary rules and time-inconsistent policies suddenly started getting feisty and trash talking others.[4] After a couple of rounds of this, the question that began to nag at many journalists was: just how far should we trust these guys, anyway? James K. Galbraith was about the only high-profile economist to echo an attitude that had become commonplace in the blogs:

> Leading active members of today's economics profession…have formed themselves into a kind of Politburo for correct economic thinking. As a general rule—as one might generally expect from a gentleman's club—this has placed them on the wrong side of every important policy issue, and not just recently but for decades. They predict disaster where none occurs. They deny the possibility of events that then happen.… They oppose the most basic, decent and sensible reforms, while offering placebos instead. They are always surprised when something untoward (like a recession) actually occurs. And when finally they sense that some position cannot be sustained, they do not reexamine their ideas. They do not consider the possibility of a flaw in logic or theory. Rather, they simply change the subject. No one loses face, in this club, for having been wrong.[5]

Economists were not of a temperament to suffer what they deemed the New Disrespect lying down. It was galling to turn the other cheek when reputable news outlets were asking "What Good Are Economists, Anyway?", "How Did Economists Get It So Wrong?", and "What Went Wrong with Economics?"; and books were trumpeting *The Myth of the Rational Market* and *A Failure of Capitalism*.[6] Remonstrants

flocked to the talk shows, newspapers, magazines, and op-ed pages, but beyond that, they also entered the blogosphere in a big way for perhaps the first time. Not only did hallowed Big Names begin posting blogs, but so did previously unsung obscure economics faculty and, more significantly, students of the subject.[7] Prior to the crisis, economics was something that the average person had gone out of their way to avoid. Suddenly, it seemed like everyone with a web browser harbored a quick opinion about what had gone wrong with economics, and was not at all shy about broadcasting it to the world. Consequently, the question of the content and significance of modern economics for the crisis collapsed into an unseemly free-for-all, only intermittently abated, pitched somewhere between a barroom brawl and a roller derby, a scrum which summoned forth the current paper.

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I'm not interested in getting in a few sucker punches of my own, and I'm not congenitally a peacemonger or a conciliator, much less inclined to preach the virtues of a quiet life, but there does seem some virtue in taking a deep breath and surveying the aftermath. Maybe we might extract a few lessons from the fiasco and entertain the possibility of analysis of the cut and thrust of recriminations as a phenomenon in their own right, if only to preserve some small part of it before it is expunged from the collective memory of the profession (a purge I fully expect is already underway). Apologists are already hyperventilating that *nothing untoward has happened*.[8]

Lesson 1: This Is What Happens When You Banish History and Philosophy

The readers may struggle to find it within their own hearts to feel sorry for economists in their plight, and it is not the intention of the current author to stoke pity or even *schadenfreude* in readers. Rather, the task is to recount these events as a sequence of otherwise avoidable tragedies, the first of which must be conceded to have been the exile of history and philosophy from any place within the contemporary economic orthodoxy. After a brief flirtation in the 1960s and 1970s, the grandees of the profession took it upon themselves to express their disdain and scorn for the types of self-reflection practiced by "methodologists" and historians of economics and to go out of their way to prevent those so inclined from occupying any tenured foothold in reputable economics departments.[9]

It was perhaps no coincidence that history and philosophy were the areas where one found the greatest concentrations of skeptics concerning the shape and substance of the postwar American economic orthodoxy. High-ranking journals, such as the *American Economic Review*, the *Quarterly Journal of Economics*, and the *Journal of Political Economy*, declared they would cease publication of any articles whatsoever in these areas, after a long history of acceptance. Once this policy was put in place, then journal rankings were used to deny hiring and promotion at the commanding heights of economics to

those with methodological leanings. Consequently, the greybeards summarily expelled both philosophy and history from the graduate economics curriculum, and then they chased it out of the undergraduate curriculum as well. This latter exile was the bitterest, if only because many undergraduates often want to ask why the profession believes what it does, since their own allegiances are still in the process of being formed. The excuse tendered to repress this demand was that the students needed still more mathematics preparation, more statistics, and more tutelage in "theory," which meant in practice a boot camp regimen consisting of endless working of problem sets, problem sets, and more problem sets, until the poor tyros were so dizzy they didn't have the spunk left to interrogate the masses of journal articles they had struggled to absorb.

How this encouraged students to become acquainted with the shape of the economy was a bit of a mystery—or maybe it telegraphed the lesson that you didn't need to attend to the specifics of actual existing economies.[10] It was brainwashing, pure and simple, carried out under the banner of rigor. Then, by the 1990s there was no longer any call for offering courses in philosophy or history of doctrine any longer, since there were no economists with sufficient training (not to mention interest) left in order to staff the courses.[11]

Consequently, when the Great Mortification followed in the wake of the demise of the Great Moderation, those occupying the commanding heights of the profession were bereft of any sophisticated resources to understand their predicament. In a pinch, many fell back on the most superficial of personal recollections, or else the last refuge of scoundrels: the proposition that "we" already knew how to handle the seemingly anomalous phenomena, but had unaccountably neglected to incorporate these crucial ideas into our pedagogy and cutting-edge research. It takes some thick skin not to cringe at the performance of four famous economists at the January 2010 meeting of the American Economics Association in Atlanta, in a session expressly titled, "How Should the Financial Crisis Change How We Teach Economics?"[12] Three out of four could not even be bothered to actually address the posited question, so concerned were they to foster the impression that they personally had not been caught with their pants down by the crisis. The fourth thought that simply augmenting his existing textbook with another chapter defining collateralized debt obligations and some simple orthodox finance theory would do the trick. No second thoughts for us foxes, thank you.

For the ragged remnants of economic methodologists, it was a sorry sight to watch a few older economists rummaging around in the stale vague recesses of memories of undergraduate courses criticizing Milton Friedman's little 1954 benediction for believing whatever you pleased as long as it was neoclassical, and coming up with nothing better than badly garbled versions of Popper and Kuhn.[13] Of course quite a few had premonitions that something had gone very wrong, but the sad truth was that they were clueless when it came to the analytical construction of an abstract philosophical argument in isolating just where the flaws in professional practice could be traced and assessing the extent to which they were susceptible to methodological remedies. Mired in banality, the best they could prescribe was more of the same. No wonder almost every economist took their philosophical perplexity as an occasion to settle internecine scores within the narrow confines of the orthodox neoclassical profession:

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Treasury Secretary Henry M. Paulson, Jr., and Chairman of the Federal Reserve Ben Bernanke testify at a House Financial Services Committee hearing on the Troubled Asset Relief Program being managed by the Treasury Department on November 18, 2008, in Washington, DC.

MIT v. Chicago, Walras v. Marshall, mindless econometrics v. mindless axiomatics, New Keynesians v. New Classicals, Pareto sub-optima v. rational bubbles, efficient markets v. informationally challenged markets…

This was all so boring one can't help thinking it was being done on purpose, to lull the rabble back to sleep.

Lesson 2: Economists Lost Control of the Discussion of the Crisis Early On

Exhibit #1 demonstrating that the economics profession was caught unawares by the meltdown in 2008 is the fact that they rapidly lost any control over how the crisis was discussed in public that year. From the failure of Bear Stearns forward, journalists scrambled to understand how it could be that problems in one sector would ramify and amplify into other sectors, such that the entire financial system seemed poised on the brink of utter failure. There had been bankruptcies and dodgy financial deals before: what was so different this time around? Reporters started out by interviewing the usual suspects (Greenspan, Bernanke—himself prophet of the Great Moderation of 2004) and economists from gold-plated schools (Martin Feldstein, Gregory Mankiw, Matthew Slaughter, Glen Hubbard, Larry Summers, Allan Meltzer), but you could tell that the tendering of lame reassurances was not holding up against the tsunami of bad news. Of course, the keening public just wanted simple answers, but the economists didn't seem to have any answers whatsoever. So the journalists, with a little help from the chattering classes, came up with the metaphors that ultimately rose to dominate initial discussions of the crisis.

Upon reflection, it is perhaps not a shock that the concepts which came to dominate "explanation" in the generalist press were a mélange of biological and religious metaphors: Nature and God usually trump the Market in America. Although the actual array of metaphors used poses all sorts of interesting questions from a rhetorical point of view, the main lesson we shall draw here is that none of them had anything whatsoever to do with economic theory.

The first and most persistent explanation of the nature of the crisis involved repeated reference to "toxic assets." A quick content search reveals the term first surfacing in the *Wall Street Journal* in January 2004. What started out as a mere figure of speech suddenly blossomed in 2008 to constitute Finance for Dummies in the heat of the crisis—and even seems to have influenced the shape of the original three-page Troubled Asset Relief Program (TARP) sent to Congress. People liked it because it embodied both a notion of the problem and the cure—if you "ingest/invest" too many "toxic assets" you die, but the way to get rid of poison is to flush it out of your system. Hence the entire crisis was not so different from an outbreak of *E. coli* in your spinach: dangerous, to be sure, but not a system pathology. All we had to do was detox, and everything would return to health. The beauty of the metaphor was it elided all the hard work of explaining ABSs, CDOs, CDSs, SIVs, and nearly everything else that actually caused the crisis. The assets were toxic; we didn't need to know how or why. We didn't stop to think that the financial system *intentionally produced them* and therefore the entire metaphor was

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wonky at base. (It would be as if a snake naturally produced venom, only to kill itself.)

But more to the point, the metaphor had no basis whatsoever in the orthodox theory of finance. In that theory, efficient markets are arbitrage-free, and any contingent claim can be reduced to any other contingent claim through some stochastic wizardry. Hence risk itself can always be commodified and traded away—that is the service the financial sector supposedly performs for the rest of the economy. The system as a whole simply cannot fail to price and allocate risks; hence there are no such things as virulently "toxic" assets. Crappy assets, junk bonds, dogs with fleas, yes, but inherently "toxic," never.

The other dominant metaphor was the Biblical "Day of Reckoning." Americans love a good apocalypse, and journalists found some figures who were willing to deliver it, from Nassim Taleb and his "Black Swan" to Nouriel Roubini as "Dr. Doom." The evil will be punished, the last shall be made first, the moneychangers will be ejected from the Temple, and the righteous shall triumph. I hope I need not expound upon the fact that there is no such Reckoning in orthodox economic theory: the Market correctly evaluates everything in real time, and no one is really punished, but rather experiences depreciation of his or her human capital (or something like that). This metaphor lacked staying power, however, once it started to become clear that the putative sinners, the investment bankers, never had to face the music at all. Instead, they were bailed out by the taxpayers and went on to enjoy their most profitable year in history in 2009.

The last dominant metaphor was the myth of Eternal Return—usually phrased as the question, "Is this another Great Depression?" This was not an attempt to channel Nietzsche as much as it was a quest to normalize events by suggesting however bad things got, it had all happened once before. The economists Barry Eichengreen and Kevin O'Rourke did some serious work attempting quantitative comparisons, but the truth was no one really cared about the specifics of history. The underlying motivation was to recast system breakdown as *repetition*, and therefore something partaking of a modicum of reassurance. But economists could not begin to discuss the major difference between 1929 and 2008: this time around, professional economists had played a much larger role in producing the conditions leading to systemic breakdown, from theorizing the financial innovations and staffing the financial institutions to justifying the deconstruction of regulatory structures held over from the last Great Depression. The profession did not entirely succeed in distracting public attention from that fact, either.

Lesson 3: Rationality Doesn't Begin to Scratch the Surface

One of the greatest ironies of the disputation was that a fair cadre of neoclassical economists had conceived of an enthusiasm for "behavioral economics" early in the new millennium, by which they meant minor emendations to conventional microeco-

nomics informed through putative recourse to the findings of psychologists. It should be noted they almost never once regarded *economists* as suitable grist for their behavioral mills. Perhaps it was due to an instinctive fear of paradoxes of self-reference, but more likely, it could be attributed to lack of familiarity with the great bulk of the literature of psychology. One subset of that literature most pertinent to the reactions of economists to the crisis was the key concept of *cognitive dissonance*.

The father of "cognitive dissonance" theory was the social psychologist Leon Festinger. In his premier work on the subject, he addressed the canonical problem situation that captures the predicament of the contemporary economics profession:

> Suppose an individual believes something with his whole heart…suppose that he is presented with evidence, unequivocal and undeniable evidence, that his belief is wrong; what will happen? The individual will frequently emerge, not only unshaken, but even more convinced of the truth of his beliefs than ever before. Indeed, he may even show a new fervor about convincing and converting people to his view.[14]

Festinger's insight was to explain this augmented and sharpened conviction and enthusiasm of the believer as a response to the cognitive dissonance evoked by a disconfirmation of strongly held beliefs. Cognitive dissonance and the responses it provokes go well beyond literature in the philosophy of science, in that the former plumbs response mechanisms to emotional chagrin, whereas the latter sketches the myriad ways in which auxiliary hypotheses *may* be evoked in order to blunt the threat of disconfirmation. Philosophy of science revels in the ways in which it may be rational to discount contrary evidence, but the social psychology of cognitive dissonance reveals just how elastic the concept of rationality can be in social life. Festinger and his colleagues illustrated these lessons in his first book (1956) by reporting in a neutral manner the vicissitudes of a group of Midwesterners they called "The Seekers," who developed a belief that they would be rescued by flying saucers on a specific date in 1954, prior to a great flood coming to engulf Lake City (a pseudonym). Festinger documents in great detail the hour-by-hour reactions of the Seekers as the date of their rescue came and passed with no spaceships arriving and no flood welling up to swallow Lake City. At first, the Seekers withdrew from representatives of the press seeking to upbraid them for their failed prophecies, but rapidly reversed their stance, welcoming any and all opportunities to expound and elaborate upon their (revised and expanded) faith. A minority of their group did fall away, but Festinger notes they tended to be lukewarm peripheral members of the group. Predominantly, the Seekers never renounced their challenged doctrines. The ringleaders tended to redouble their proselytizing, so long as they were able to maintain interaction with a coterie of fellow covenanters.

The parallels between the Seekers and the contemporary economics profession are, of course, not exact. The Seekers were disappointed when their world didn't come to an end; economists were convinced their Great Moderation and neoliberal triumph would last forever and were disappointed when it did come to an end. The stipulated turning point never arrived for the Seekers, while the unsuspected turning point got the drop on the economists. The Seekers garnered no external support for their doctrines, indeed, quitting their jobs and contracts prior to their Fated Day; the economists, on

the other hand, are still richly rewarded by many constituencies for remaining stalwart in their beliefs. The public press was never friendly towards the Seekers; it only turned on the economists with the financial collapse. But nonetheless, the shape of the reactions to cognitive dissonance was amazingly similar. The crisis, which might seem to have refuted most of everything that the economic orthodoxy believed in, was trumpeted from both the Left and the Right as reinforcing their adherence to neoclassical economic theory.

Lesson 4: Science Is Part of the Problem, Not Obviously the Solution

Whenever economists hit a bad patch, it is inevitable that outsiders will begin to sneer how it is not a science and proceed to prognosticate how "real science" would make short work of the crisis. This is such a tired Western obsession that it is astounding that it has not occurred to critics that such proleptic emotions must have occurred before, and are thus themselves a part of a chronic debility in our understanding of economic history. As I have shown elsewhere in detail, neoclassical economics was born of a crude attempt to directly imitate physics in the 1870s, and American orthodoxy was the product of further waves of physicists cascading over into economics in the Great Depression and WWII.[15] It is thus not such a stretch that, for instance, Paul Krugman became an economist because he had fallen in love with science fiction as a child.[16] So, if anything, economics has suffered a surfeit of saviors (and their theories) transported from the natural sciences: the real question should be, why should we expect things to work any better this time around?

Economists were poorly placed to lecture others on the scientific method; although they trafficked in mathematical models, statistics, and even "experimentation," their practices and standards barely resembled those found in physics or biology or astronomy.

Actually, it is understood among the cognoscenti that physicists have again been tumbling head over heels into economics since the 1980s, as their own field experienced severe contraction at the cessation of the Cold War. And where did most of them end up? Why, in the banks, of course, inventing all those ultra-complex models for estimating and parceling out risk. Some troubled to attain some formal degree in economics, while others felt it superfluous to their career paths. In any event, the exodus of natural scientists into economics was one of the (minor) determinants of the crisis itself—without "rocket scientists" and "quants," it would have been a lot harder for banks and hedge funds to bamboozle all those gullible investors. So much for the bracing regimen of a background in the natural sciences.

If anything, responses to critics that tended to pontificate upon the nature of "science" were even more baffling than the original calls for deliverance through natural science in the first place. Economists were poorly placed to lecture others on the scientific

method; although they trafficked in mathematical models, statistics, and even "experimentation," their practices and standards barely resembled those found in physics or biology or astronomy. Fundamental constants or structural invariants were notable by their absence. Indeed, one would be hard pressed to find an experimental refutation of any orthodox neoclassical proposition in the last four decades, so appeals to Popper were more ceremonial than substantial. Of course, sometimes the natural sciences encountered something commensurable to a crisis in their own fields of endeavor—think of dark matter and dark energy, or the quantum breakdown of causality in the 1920s—but they didn't respond by evasive maneuvers and suppressing its consideration, as did the economists.

In retrospect, science will be seen to have been a bit of a red herring in coming to terms with the current crisis. In the heat of battle, economists purported to be defending "science," when in fact, they were only defending themselves and their minions.

Lesson 5: The Failure of the Economics Profession Is a Social Dysfunction

> The completeness of the [orthodox] victory is something of a curiosity and a mystery. It must have been due to a complex of suitabilities in the doctrine to the environment into which it was projected. That it reached conclusions quite different from what the ordinary uninstructed person would expect, added, I suppose, to its intellectual prestige. That its teaching, translated into practice, was austere and often unpalatable, lent it virtue. That it was adapted to carry a vast and consistent logical superstructure, gave it beauty. That it could explain much social injustice and apparent cruelty as an inevitable incident in the scheme of progress, [with] the attempt to change such things as likely on the whole to do more harm than good, commended it to authority. That it afforded a measure of justification to the free activities of the individual capitalist, attracted to it the support of the dominant social force behind authority. But although the doctrine itself has remained unquestioned by orthodox economists up to a late date, its signal failure for purposes of scientific prediction has greatly impaired, in the course of time, the prestige of its practitioners. For professional economists…were apparently unmoved by the lack of correspondence between the results of their theory and the facts of observation—a discrepancy which the ordinary man has not failed to observe, with the result of his growing unwillingness to accord to economists that measure of respect which he gives to other groups of scientists…

Is this the writing of some superficial blogger venting intemperate spleen, spitting on economists when they are down? Or perhaps some unreconstructed conspiracy theorist, anxious to see the nefarious plot behind the rise and fall of intellectual orthodoxies? Or instead, is it the rumination of some crude externalist sociologist of science, who can only explain the behavior of intellectuals as sock puppets for the interests they repre-

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Lawrence "Larry" Summers, director of the U.S. National Economic Council, speaks during a television interview in Washington, DC, on Thursday, February 4, 2010.

sent? Or, horrors, yet another Foucauldian exercise in ferreting out the subterranean connections between power and knowledge? I expect that few will recognize the author as one of the figures whose stock has risen since 2007, John Maynard Keynes.[17]

I hold no brief for Keynesian economics as an automatic prescription for whatever ails us in the twenty-first century. However, it is striking the way that it could be taken for granted in the 1930s that the social position of economists might tend to lead them to exhibit biases in certain predictable directions, and that respected members of the profession could concede that those social structures would mount obstacles to serious analysis of economic breakdown. This was not flaming Marxism; it was just commonsense sociology of knowledge. Yet where are the comparable analyses today?[18] Is it just because we now have come to suspect that there is no direct connection between socialization and thought, or is it something more insidious, like unconscious capitulation to the neoliberal epistemic doctrine of the prevalence of an efficient marketplace for ideas?

What set of social institutions has led us to accept that we have to keep getting exposed to this utterly predictable but uninformative stuff from economists?

In any case, most conventional outlets for economic ideas have become willfully uninterested in the tangled conflicts of interest of the modern economics profession. Does anyone care that Martin Feldstein was on the board of AIG in the runup to its disastrous failure? Or that Paul Krugman once consulted for Enron (and got radicalized after the *New York Times* made him foreswear such perks)? Is anyone curious about the tangled history of the funding and organization of the Chicago School of economics? Does anyone care that Larry Summers worked for numerous hedge funds and investment firms before they had to be rescued by an administration that included…Larry Summers?

As late as February 17, 2010, the PBS Newshour gave a platform to Chicago economist, Cato Institute member, and financial consultant John Cochrane to simply assert that government spending has no net effect on the economy. Insiders to the profession know this as "Ricardian Equivalence," but that is tantamount to insisting, "You can't fool Mother Market." But fooling the Market was how the crisis developed in the first place. You should view the segment for yourself to gain an impression of the smug demeanor of someone who has drunk the Kool-Aid a little too avidly. I had to check my browser to make sure I wasn't watching a clip from the Colbert Report. Perhaps Cochrane and I had been living in parallel universes over the previous two years. Just one representative quote: "The economy can recover very quickly from a credit crunch if left on its own."[19] Maybe in the Chicago Wormhole Universe. The real questions are: Why do the intrepid journalists of public television think that giving this guy a platform is "balance" in reporting? What set of social institutions has led us to accept that we have to keep getting exposed to this utterly predictable but uninformative stuff from economists? Where is Keynes when we really need him?

Endnotes

[1] I want to thank audiences at the University of Virginia, the Allied Social Science Association meetings in January 2010 in Atlanta, and the Harvard Political Economy Workshop for their comments. My home institution declined to provide any support for this research.

[2] See, for instance, Jane Smiley's novel *Moo* (New York: Ballantine, 1995); or Olivier Assayas's film *Summer Hours* (France, 2008).

[3] See the *Real-World Economics Review Blog*: <http://rwer.wordpress.com/vote-for-the-ignoble-prize-for-economics/>.

[4] You may think I am exaggerating, but check out the level of calumny, defamation, and gross slander collected in this single footnote. Here is the economist David Levine: "I was reading your article 'How Did Economists Get It So Wrong.' Who are these economists who got it so wrong? Speak for yourself kemo sabe. And since you got it wrong—why should we believe your discredited theories?" ("An Open Letter to Paul Krugman," *The Huffington Post* [18 September 2009]: <http://www.huffingtonpost.com/david-k-levine/an-open-letter-to-paul-kr_b_289768.html?view=print>). In a different register, Jagdish Bhagwati accused his Columbia colleague Joseph Stiglitz of being one of "capitalism's petty detractors" ("Feeble Critiques: Capitalism's Petty Detractors," *World Affairs* [Fall 2009]: <www.worldaffairsjournal.org/articles/2009-Fall/full-Bhagwati-Fall-2009.html>). Eugene Fama in an interview with John Cassidy of the *New Yorker*: "Krugman wants to be czar of the world. There are no economists that he likes (laughs). *And Larry Summers?* What other position could he take and still have a job?" ("Chicago Interviews: Interview with Eugene Fama," *The New Yorker* [21 January 2010]: <www.newyorker.com/online/blogs/johncassidy/chicago-interviews>). Brad de Long on John Cochrane: "No one could be that ignorant…to fail to have noticed that commercial banks are more tightly regulated than investment banks…. Cochrane may be completely ignorant about the macro literature except for that recently written somewhere near a great lake, but he must know that investment banks suffered more dramatically than commercial banks" (*Grasping Reality with Both Hands* [9 October 2009]: <http://delong.typepad.com/sdj/>). Paul Krugman: "Eugene Fama, at least, and perhaps Cochrane too, began this debate from a position of complete ignorance—not understanding at all the logic of Keynesian models (even for the purposes of debunking), and imagining that the savings-investment identity necessarily implies 100-percent crowding out. There was no deeper logic. And since then, what we've been witnessing is a simple matter of digging in, refusing to admit a mistake. I do not believe that Cochrane has, in his head or on the back of his envelope, a maximization-and-equilibrium model that justifies what he's saying" ("Brad DeLong's Foolishness," *The New York Times* [23 February 2010]: <http://krugman.blogs.nytimes.com/2010/02/23/brad-delongs-foolishness>).

[5] James K. Galbraith, "Who Are These Economists, Anyway?" *Thought and Action* (Fall 2009): 95.

[6] Peter Coy, "What Good Are Economists Anyway?" *Business Week* (16 April 2009); Paul Krugman, "How Did Economists Get It So Wrong?" *The New York Times* (2 September 2009); The Editors, "What Went Wrong with Economics?" *The Economist* (16 July 2009); Justin Fox, *The Myth of the Rational Market* (New York: Harper Collins, 2009); Richard Posner, *A Failure of Capitalism* (Cambridge: Harvard University Press, 2009).

[7] Some brand-name economists greatly expanded and extended their influence through their blogs, like Simon Johnson, Tyler Cohen, Richard Posner, Steven Levitt, Mark Thoma, and Paul Krugman. The right wing of the profession was generally more successful in this regard than the left, in my estimation. I would like to acknowledge some of the better quasi-anonymous blogs as well, such as nakedcapitalism.com and *Economists for Firing Larry Summers* at <http://firelarrysummersnow.blogspot.com/>.

[8] A random sample: Robert E. Litan, "In Defense of Much, But Not All, Financial Innovation," *Brookings Institution Papers* (17 February 2010): <http://www.brookings.edu/papers/2010/0217_financial_innovation_litan.aspx>; John Cochrane, "Lessons from the Financial Crisis," *Regulation* (Winter 2009/2010); John Cassidy, "No Credit: Tim Geithner's Financial Plan Is Working," *The New Yorker* (March 15 2010).

[9] Here is not the place to document this trend, but see Paul Samuelson's setting the tone for the community in the 1970s: "Those who can, do science; those who can't prattle about its methodology" (quoted in Randall G. Holcombe, *Economic Models and Methodology* [New York: Greenwood, 1989]).

[10] Arjo Klamer and David Colander, *The Making of an Economist* (Boulder: Westview, 1990).

[11] This dynamic is described from various vantage points in Roy Weintraub, ed., *The Future of the History of Economics*, supplement ed., volume 24 (Durham: Duke University Press, 2002).

[12] Available at <http://www.aeaweb.org/webcasts/assa2010.php>.

[13] See, for instance: Mark Thoma (24 August 2009): <http://economistsview.typepad.com/economistsview/2009/08/why-this-new-crisis-needs-a-new-paradigm-of-economic-thought.html#more>; or Willem Butler (6 March 2009): <http://www.voxeu.org/index.php?q=node/3210>; or Keiichiro Kobayashi (31 July 2009): <http://www.rieti.go.jp/en/rieti_report/108.html>.

[14] Leon Festinger, et al., *When Prophecy Fails* (Minneapolis: University of Minnesota Press, 1956) 3.

[15] For the 1870s, see Philip Mirowski, *More Heat than Light: Economics as Social Physics* (New York: Cambridge University Press, 1989). For WWII, see Philip Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science* (New York: Cambridge University Press, 2002).

[16] Larissa MacFarquahar, "The Deflationist: How Paul Krugman Found Politics," *The New Yorker* (1 March 2010).

[17] More unexpected, it comes from his most cited work, John Maynard Keynes, *The General Theory of Employment, Interest and Money* (1936; London: Macmillan, 1964) 32–3.

[18] This is not to suggest there are not some important beginnings, such as Geoffrey M. Hodgson, "The Great Crash of 2008 and the Reform of Economics," *Cambridge Journal of Economics* 33.6 (November 2009): 205–21.

[19] John Cochrane, "One Year Later, Stimulus Appears to Yield Mixed Results," *PBS News Hour* (17 February 2010): <http://www.pbs.org/newshour/bb/business/jan-june10/stimulus_02-17.html>.