

The Nobel prize for economics

Published: January 14, 2026, 2:22 am

I'm not claiming to be an expert in the work of Eugene Fama, Lars Peter Hansen and Robert Shiller who won the Nobel prize for economics yesterday.

I am, however, well aware of the Fama's work on the efficient market hypothesis.

I am surprised he won: I think the efficient market hypothesis helped create the 2008 bubble and crash. It's maths and extraordinary assumptions contributed enormously to the aberrant behaviour of the banks that resulted in the crisis.

In that context I note a new spin on his work now in the FT, who say today that 'Fama's ideas have helped discredit the idea that masters of the financial universe should be richly rewarded for their stockpicking ability'.

I call that unseemly spin. Yes, the EMH says you can't beat the market. Maybe that's true. But no one listened pre 2008 and I don't think anyone is listening now. And that make's the spin decidedly unpalatable for a prize that indicates to me that economics is not moving on.

That conclusion is, however, I guess no surprise to anyone who reads this blog regularly.