

Most tenured economics professors keep teaching the sam...

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Arturo Cifuentes, who is an adjunct professor at Columbia University, finance and economics division, in New York, had a [good article in the FT](#) yesterday in which he surveyed the wreckage ten years after Lehman. One of his commentaries was aimed at economists on which issue he said:

*Finally, the lack of *mea culpa* from the economics profession. Granted, many economists – Paul Krugman and Paul Romer are two notable examples – have acknowledged the shortcomings of most pre-crisis economics models. To be clear, nobody expects economic models to predict crises, future prices and recessions with total accuracy. But at least they should be able to explain the basic functioning of the economy.*

The admission by Olivier Blanchard, in 2016, that incorporating the financial sector to macro models would be a good idea is revealing. (In essence, Mr Blanchard's statement was akin to that of a structural engineer who realises that not incorporating gravity to its models might render them useless.) In any event, despite many exceptions, most tenured economics professors keep teaching the same simplistic, faith-based, empirically challenged models, combined with the belief that almost anything can be explained with a linear regression.

Spot on, I say.

And there's not a lot to add.

Except, maybe, that the alternative understanding does now exist, but that the economists of the world are refusing to accept it.