

The Making of a Revolution – how important are economic crises?

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Abstract:

As a consequence of The Great Depression in the 1930s, the mainstream economic understanding was seriously challenged by empirical facts, theoretically as well as methodologically. As such, The Great Depression gave way to what latter on become termed the Keynesian Revolution which for decades came to dominate the scene of macroeconomics.

Later on, the understanding of macroeconomics once again became classical in its core contents.

Today, modern macroeconomic mainstream is characterised and benchmarked by the use of DSGE models. Due to the present economic crisis of resent years – the Great Recession – the mainstream macroeconomic understanding is once again challenged (both theoretically as methodologically). However, although acknowledging the importance of many critical contributions made by for instance Post Keynesians, is it debatable if the critic and the present economic crisis will launch the making of a new revolution in macroeconomics as was the case in the 1930s. In general, the macroeconomic mainstream, despite the empirical facts of the resent years, seems to be totally deaf when it comes to listen to non-mainstreamers such as Post Keynesians.