

Proper Theorist Behavior

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“Like any good [theory], it provides an explanation for something that is previously unexplainable. Just as important, it makes predictions that can be tested.” That is from Mike Brown’s review of *When the Earth Had Two Moons* (2019) by Eric Asphaugh. (*Wall Street Journal*, January 4-5, 2020). Asphaugh’s idea is that random catastrophic collisions of debris during the Solar System’s long period of organization after the Big Bang caused the astounding diversity of the planets. That is what needs explanation. Who knew it is still a burning question?

Brown is a distinguished professor of planetary astronomy at Caltech and the author of *How I Killed Pluto and Why It had It Coming*. It is his response to Asphaugh’s theory, which uncomfortably challenges how mainstream astronomers like Brown think about the solar system, that most interests me: “Mr. Asphaugh’s thesis ... is humbling to a planetary astronomer like me. We are always trying to understand why the planets and other bodies in the solar system have the specific characteristics they do. It is initially depressing to think that the answer to many of the questions is simply dumb luck. But I think that embracing the chaos around us, as Mr. Asphaugh does, ultimately makes the solar system an even more wonderful than it seemed before.”

That openness to new, especially evidence-consistent, ideas is how research ought to be conducted. The failure to do so is a fundamental reason why mainstream macro theory explains so little about its most important problem, i.e., periodic instability characterized by millions of involuntary job losers. Stabilization policymakers made no secret that they found consensus macro modeling useless during the 2008-09 Great Recession.

Mainstream macro theorists do not play by Brown’s rules of research. Leading macroeconomists prefer to ignore rational, evidence-consistent explanations of forced layoffs rather than rework their comfortable market-centric general-equilibrium model class that has never come close to explaining the sort market failure that occurred in 2008-09. They won’t give up on the admittedly beautiful general-market-equilibrium that has dominated economic research for a century and a half. As a result, today’s mainstream policy-related research agenda focuses on preventing the next big financial crisis. Practitioners know that objective is simply not feasible. Practical research needs redirection to how to prevent the propagation of macro crises, financial or not, that will eventually occur. While the generalization of rational exchange from the marketplace to the information-challenged workplace does that, the macro academy remains disinterested in upsetting consensus market-centric modeling.

What makes the high-stakes mainstream failure to adequately model extreme instability particularly discouraging is that the hard work has already been done. GEM theory, robustly and intuitively, explains macro instability of all sizes. It also makes a host of testable predictions. Mike Brown would be satisfied.

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