

Revere Award for Economics

for the 3 economists who warned the world

Results

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Keen, Roubini and Baker win Revere Award for Economics

Steve Keen (University of Western Sydney), receiving more than twice as many votes as his nearest rival, has been judged the economist who first and most cogently warned the world of the coming Global Financial Crisis. He and 2nd and 3rd place finishers **Nouriel Roubini** (New York University) and **Dean Baker** (Center for Economic and Policy Research) have won the *Revere Award for Economics* . The award, sponsored by the [Real World Economics Review Blog](#) is named in honour of Paul Revere and his famous ride through the night to warn Americans of the approaching British army.

In announcing the winners, Edward Fullbrook, editor of the *Real World Economics Review*, said:

Keen , Roubini and Baker have been judged in a poll by their peers, over 2,500 of them, to be the three economists who first and most cogently warned of the approaching Global Financial Collapse. If the powers of the world had listened to these guys or any of the other finalists, instead of Greenspan, Summers and that lot, the collapse and all the human misery and lost opportunity it caused and is still causing would have been avoided.

More than **2,500** people voted — most of whom were economists themselves from the 11,000 subscribers to the [real-world economics review](#) . With a maximum of three votes per voter, a total of **5,062** votes were cast. The voters were asked to vote for

the three economists who first **and** most clearly anticipated **and** gave public warning of the Global Financial Collapse **and** whose work is most likely to prevent another GFC in the future.

The poll was conducted by PollDaddy. Cookies were used to prevent repeat voting.

Commenting on the results, Fullbrook said:

The general failure to warn of the approaching Global Financial Collapse showed that in the economics profession today the general level of competence at real-world economics is grievously less than what society requires. Worse, some people in the economics establishment have attempted to evade all responsibility for the Collapse by calling it an unpredictable, “Black Swan” event. Such statements are plainly untruthful. Some economists did, and on the basis of deep analysis, foresee the crisis and warn the public of its approach. At the time they were widely ridiculed for doing so. Hopefully the **Revere Award** will give these economists some of the professional and public recognition they deserve, and encourage others to utilize their methods, and increase the likelihood that, for the benefit of humankind, empirically responsible economists, instead of faith-based ones, will be listened to in the future. I must emphasize that it is not just for the winners' sake but for everyone's that **Keen, Roubini and Baker** should be given public credit for their competence and courage.

Revere Award Citations

Steve Keen (1,152 votes)

Keen's 1995 paper "Finance and economic breakdown" concluded as follows:

The chaotic dynamics explored in this paper should warn us against accepting a period of relative tranquillity in a capitalist economy as anything other than a lull before the storm .

In December 2005, drawing heavily on his 1995 theoretical paper and convinced that a financial crisis was fast approaching, Keen went high-profile public with his analysis and predictions. He registered the webpage www.debtdeflation.com dedicated to analyzing the "global debt bubble", which soon attracted a large international audience. At the same time he began appearing on Australian radio and television with his message of approaching financial collapse and how to avoid it. In November 2006 he began publishing his monthly *DebtWatch Reports* (33 in total). These were substantial papers (upwards of 20 pages on average) that applied his previously developed analytical framework to large amounts of empirical data. Initially these papers analyzed the Global Financial Collapse that he was predicting and then its realization.

Nouriel Roubini (566 votes)

In summer 2005 Roubini predicted that real home prices in the United States were likely to fall at least 30% over the next 3 years. In 2006 he wrote on August 23:

By itself this [house price] slump is enough to trigger a US recession.

And on August 30 he wrote:

The recent increased financial problems of ... sub-prime lending institutions may thus be the proverbial canary in the mine – or tip of the iceberg – and signal the more severe financial distress that many housing lenders will face when the current housing slump turns into a broader and uglier housing bust that will be associated with a broader economic recession. You can then have millions of households with falling wealth, reduced real incomes and lost jobs...

In November 2006 on his blog he wrote:

[t]he housing recession is now becoming a construction recession; and the construction recession is now turning into a clear auto and manufacturing recession; and the manufacturing recession will soon turn into a retail recession as squeezed households – facing falling home prices and rising mortgage servicing costs – sharply contract their rate of consumption.

Dean Baker (495 votes)

In August 2002 Baker published “The Run-Up in Home Prices: Is It Real or Is It Another Bubble?” in which he concluded that it was the latter. In December 2003 he published in the *Los Angeles Times* “Who to Blame When the Next Bubble Bursts”. This was the first of dozens of columns appearing in US newspapers that Baker wrote on the bubble. In one from May 2004, “Building on the Bubble”, he wrote:

The fact that people are borrowing against their homes at a rapid rate (more than \$750 billion in 2003) is more evidence of an unsustainable bubble. The ratio of mortgage debt to home equity is at record highs.

In 2006 he put out repeated warnings of the systemic implications of the housing bubble, and in November published the paper “Recession Looms for the U.S. Economy in 2007” in which he wrote:

The wealth effect created by the housing bubble fuelled an extraordinary surge in consumption over the last five years, as savings actually turned negative. ... This home equity fuelled consumption will be sharply curtailed in the near future.... The result will be a downturn in consumption spending, which together with plunging housing investment, will likely push the economy into recession.

The vote totals for the other finalists were:

Joseph Stiglitz 480

Ann Pettifor 435

Robert Shiller 409

Paul Krugman 399

Michael Hudson 351

Wynne Godley 281

George Soros 262

Kurt Richebächer 168

Jakob Brøchner Madsen 64

More information about the contributions of the winners and finalists is available at [Foresight and Fait Accompli: Two Timelines for the Global Financial Collapse](#)