

Conflicting Views over the Causes of the Great Recession and the Appropriate Policy
Response: Two Case Studies

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Abstract: This paper considers why disputes in macroeconomics seem have regularly occurred from a methodological point of view. It analyses the problem from a Kuhnian point of view and also draws on McCloskey's use of rhetorical analysis. Two recent debates concerning the subprime crisis and its aftermath are considered as case studies. The reasons behind conflicting views of Wade (2008, 2009, 2010), Miskin (2006) and Portes (2007) over whether or not there was likely to be a serious financial crisis in Iceland (and the actual outcome) are analysed from a methodological viewpoint. The debate between the Keynesians and the Austerians over the desirability of fiscal consolidation and the controversy surrounding the Rhiemhart and Roggoff (2010) are discussed in terms of competing paradigms.

