

Foreword

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This issue of the Journal of Comparative Economic Studies combines two special issues—‘The Present Situation of the World Economic Crisis’ and ‘Dynamics of the Asian Economy’. It is based on a joint workshop of the European Association of Comparative Economic Studies (EACES) and the Japanese Society for Comparative Economic Studies (JSCES), which was hosted by the University of Kyoto’s Institute of Economic Research (KIER) in spring 2009. The conference brought together some 50 scholars and selected papers are presented in this volume.

The global crisis and the dynamics of the Asian economy are two subjects that are truly comparative in nature, as they allow the comparison of different experiences of and responses to contemporary challenges of economic policy. Even more interestingly, the current economic climate seems to inspire economic thought and also nourishes interest in economics as an academic discipline. In times like the current crisis, it becomes evident that the general public is economically illiterate to a large extent. In many countries, economics is not part of the regular secondary school curriculum.

On the other hand, economics as an academic discipline seems to be facing a crisis of legitimacy itself. Very few economists, apart from Victoria Chick or Robert Shiller, could foresee the emergence of the current global crisis. Most professionals seemed to have forgotten that capitalism is an inherently unstable process of economic development. Instead, there was a belief that the market process would be efficient, as epitomised by the so-called ‘efficient market hypothesis’, which relies on rational expectations. It took a global crisis to remind economists that we live in a world of uncertainty, which cannot be discounted. The aggressive spirits of the market participants drive the economy. Their liquidity preference can be above what would be the equilibrium level between demand and supply. This is of course not a new observation and therefore, Skidelsky¹ quite rightly points out the return of the master.

Notes

¹ Skidelsky, R. (2009) *Keynes: The Return of the Master*, Penguin Books Ltd.