Abstract: The economist Nouriel Roubini said that is a sin to waste a crisis without learning something of the causes that generated it. Although three years have passed since the onset of the global crisis in 2008, we don't know very clearly what are the causes that led to its appearance and even less who are those responsible for this great recession. And unless we understand what leads to economic instability and financial crises, we can not prescribe policy for crisis prevention and sustainable economic growth.

This paper aims to highlight some of the key issues that have favored the emergence of the global crisis in 2008, many of which national economies have not yet emerged, and some of those who have passed the crisis there are on the brink of a return to recession.

In this paper we want to answer the question if the current global crisis can be considered a failure of the economist profession and therefore of economic science, being necessary at this time a new paradigm in economics or the fault belong of the political class, and the economic science has no fault in this regard and it will need to maintain the mechanistic vision of the market, going on the rational line and on the idea that natural state of a market is the balance.

Key words: economic crisis, recession, financial market, economic governance

1. Introduction

The current economic science is based on economic theory forming the so-called neoclassical synthesis, integrating some aspects of the theory developed by Keynes and the monetarist, developed by Milton Friedman, based on classical principles. As we know, both theories that form the neoclassical synthesis, have focused on the assumption that the natural state of a market economy is the balance and that participants on economic life always act rationally pursuing their own purposes.

The reality of recent years, culminating with the current global crisis, shows us something else, namely that the economies are rather unstable, and the participants on the economic life, respectively the consumers and the companies don't always act rationally when pursuing their own interests.

The same opinion is shared by Soros, who referring to the inefficiency of markets and their ability to balance themselves, says: "If markets are so efficient, why ever fall? and how it was possible for me to do so much money counting on their collapse?" (Soros, 2008).

Keynes noticed that the economy is governed not only by rational factors, which "as a invisible hand" will be arranged in any transaction for the mutual benefit of the individuals, as the classics believed and appreciated that people have uneconomic reasons and don’t always act rationally when they follow their economic goals. Keynes considers that a significant proportion of economic activity is governed by "animal spirits", there are the main cause of the economic fluctuations. Also, the animal spirits there are the main cause for the voluntary unemployment. Thus, as "invisible hand" of Smith is the key of the classical economics, "animal spirits" of Keynes is a key for a different view on the economy, a view that could explain the fundamental instabilities of capitalism (Akerlof, Shiller, 2010, p. 15–17).

2. The causes of the current global crisis

In the economic literature, there are two different kind of views on financial crisis (Mishkin, 1991). The first theory is the monetarist, developed by Friedman and Schwartz, who believes that the banks panic is the trigger of the financial crisis, because the massive bank withdrawals in a relatively short time lead to decreasing of monetary reserves and unable to cope with demands and also the tightening of economic activities. As a solution in this case, the monetarists proposed that the central banks to take the lead and to became the "creditor of last resort" as a
measure to prevent crisis. This, exceeds the neoliberal ideology that promotes the idea of restricting the state's role in the economy (Friedman si Schwartz, 1963).

So it happened with the economic crisis of 2008: until the outbreak of the crisis, it went on a broad deregulation of the financial system, and after the crisis, it was considered that "banks are too big to be allowed to fall", and the state, through the central bank, must come to save it.

The second theory on financial crisis belongs to Minsky (1986). Unlike other studies that blame the "shock", the "irrational exuberance" or "reckless policies", Minsky argued that the processes that generate financial fragility are natural, endogenous of the system. Minsky rejects the notion of “balance state” of prevailing economic science, as irrelevant in analyzing of a real world belonging to a capitalist economy with complex and overstated inputs and instead of the balance, he proposes "quiet period", characterized by a robust financial system and less innovation.

Minsky believes that market forces acting when a system is stable, it will push it towards instability, which means that even if they could reach to balance state, this should trigger some behavior reactions which would quickly remove the economy from the balance state (Minsky, 2010, p. 363).

As shown the current financial crisis, we find that it is not a typical crisis and therefore, the classical solutions applied in such situations do not work. The same opinion is share by Akerlof and Shiller that says: "This recession is different. It’s not caused only by the low demand. It will be difficult and perhaps impossible to achieve the objective of full employment if the loan falls considerably below its normal levels. In the financial sector the problems have arisen in the past, too. But now, the crisis is widespread, it involves the whole economy. The crisis was not foreseen and also not entirely understood by the public or by some important deciders, because there were no principles of classical economic theory to have regard to animal spirits. Also, the classical theory, which is part of economic science mainstream, excludes the modes of the business behavior that generates crisis, excluding trust, corruption and the role of the stories that we interpret the economy" (Akerlof, Shiller, 2010, p. 151 – 168).

Stiglitz speaks about the existence of a "toxic combination" that led to the crisis, that consists among others of: the existence of a deregulated market with excess liquidity and low interest rates, a speculative bubble on the real estate market and the exponential rate of credit in substandard conditions. Stiglitz believes, however, that these three lethal combinations to unbalance a market, are linked in the sense that the existence of a deregulated market with excess liquidity and low interest rates influenced the credit and the excessive and substandard loan led to a speculative real estate bubble, that caused the economic crisis when it has broken (Stiglitz, 2010).

According to Minsky, there are facts that moved the feelings of the authorities and corporations from fear to greed, facts that led to revitalization of the “animal spirits”, about Keynes talked, respectively: Greenspan's option - belief that the Fed will not allow to happen nothing bad, the proof being the saving of the investment fund, Long Term Capital Management and the monetary policy of the Fed, to promptly reduce the interest rate in the following period to the crash of the “dot-com” shares; Clinton’s boom and the small recession of 2001, that increased the idea, without inflation the expansions could be more robust, and recessions could be benign and short; securitization, hedge funds that seem to transfer the risk only to those able to bear it. (Minsky, 2010, p. 39).

Starting from his famous taxonomy of financing profiles, Minsky says, that during an expansion, the financial statements evolve from a fully funding covered to a speculative funding or even Ponzi type, and for this reason the fundamental instability of capitalist economy will grow up to become a state of frenzy speculative (Minsky, 2010, p. 23.)

"Moral hazard" is seen by the great prophet of the crisis, Nouriel Roubini, as one of the main causes of financial crisis. By "moral hazard" Roubini understands the exuberance with which the customers gave rush to the bank to borrow to buy housing. In his opinion, the "moral hazard" is "the action of the broker that brought to a bank a credit without a proper risk assessment and for this he was rewarded with a substantial commission, although he had no responsibility if the loan became nonperforming (Roubini, 2010). In another definition less plastic than Roubini’s definition, "moral hazard" refers to changes in behavior of the economic agents, when there is an insurance against risk, the change producing in sense of decrease the aversion agains risk. The "moral hazard" specific to the present crisis, means that both banking and non-financial system expects the state to intervene to restore liquidity in the banking system, or to relax the credit conditions (Dinga, 2009, p. 487).

Another approach of the irrational behavior on the market is related to the information asymmetry. Grossman and Stiglitz were the first economists who have argued that the market efficiency is not possible, primarily in terms of information, because the efficiency disturbs the balance. The market efficiency hypothesis according to which the prices reflect all available information and the informations have a cost would leads, in fact, to the collapse of competitive markets (Grossman, Stiglitz, 1980).

Thus, "adverse selection" and "moral hazard" increases the possibility of financial crisis, causing serious damage in the real economy, as happened in 2008. Another reason that caused the financial crisis was a lack of regulation of the financial institutions, role that belongs to the state.

According to Roubini, Alan Greenspan, the former Fed chairman, is responsible for the financial crisis, during which the speculative bubble on the real estate has formed, considered the main factor behind the economic crisis. The reproches to Greenspan, concerns on the one hand too lax monetary policy that the Fed chairman took it during his term, which allowed the excess loans of the population, by keeping the refinancing rate at a level too low for too long, and the intervention on the market was late and slow.
On the other hand, Greenspan is criticized he didn't intervene in time to regulate the shadow financial system that has developed due to cheap money and also to regulate financial markets, that respectively substandard loans. The Shadow banking system looks and behaves like banks that give loans and borrowing money but they are not regulated like banks. It's about investment banks and other financial corporations, which, besides it has traded the financial assets and it has granted loans, were not required to have reserve requirements to the central bank and not guarantee the customer deposits. Lately these shadow banks competed with the commercial banks, and not seriously checked the creditworthiness of customers when gave a loan. They were also the first institutions that started to trade the securitized mortgages and turned into securities, and passing, with those mortgages, the credit risk to the new investors.

Paul Krugman believes that the crisis was not caused by the deregulated institutions that have assumed new risks, but especially the risks taken over by some institutions, unregulated from the beginning. For this reason, Krugman not considered a big problem the repeal of the Glass-Seagall Law in 1999, a measure that allowed to commercial banks to engage in securities transactions, specific operations to the investment banks and to take more risks. The main problem was the shadowy banking system that increasingly expanded, exceeding at some point the regulated system. Krugman accuses politicians and officials for not extending regulations and "financial safety net" to cover these new institutions, saying that "any institution that acts as a bank, and that has to be saved in crisis as the banks are saved, should be regulated as a bank " (Krugman, 2008).

The same opinion is share by the businessmen, George Soros and John Paulson, who believes the Fed contributed to the financial crisis through lack of supervision and delayed reaction. Paulson believes that a better supervision by the central bank of U.S. credit market could help prevent the crisis. George Soros argues, in turn, that the Fed would have had to save from bankruptcy in 2008, bank Lehman Brothers. Its collapse created panic in the entire world financial system and sent the message that any bank in the world is vulnerable. However, Alan Greenspan, considered by many economists the main culprit for the poor regulations of the financial system, believes that the current crisis was a psychological certainty because if the subprime secured (no guarantee) loans of the United States would have not appeared as the weak link of the global financial system, this role was played by any other financial product or any other market because the detraction of the risk had to face the risk inherent aversion of the human beings.

Although, there have been warnings in this regard, but the deciders acting on behalf of the state, haven’t taken them into consideration. Keynes talked about the role of government in our economy to prevent the consumer excesses due to the emotional states, respectively animal spirits. Thus, left on their own to adjust alone, "led by that invisible hand", the capitalist economies will hunt the excess, will create anger, which will be followed by panic. People will consume too much and will save too least. And, in this case the state must intervene (Keynes, 2010, p. 150)

From the above assertions of the great economists, we conclude that the poor regulating of the financial markets, which is the responsibility of the state, was one of the main reasons that favored financial crisis of 2008. The economic science based on neoclassical doctrine, which requires only rational market behavior, promised us only the balance and welfare, we conclude that the decision of governments (which can be considered political decision) to not regulate financial markets, can be held responsible for triggering of the financial crisis.

Because we talked about the state and about the policy decision, we can mention that it can be influenced by the "corruption" and by the "immoral conduct" of the politicians and of those who are put at the service of the state, which is seen by Daniel Daianu as "the features of the institutional fragility and the lack of democratic references that are specific mainly in developing countries. Most post-communist countries in transition were, by definition, included in this category " (Dăianu, 2009, p. 58).

3. Conclusions

Therefore, we can conclude, that the participants on the economic life, namely consumers, firms and the state does not always act rationally, their decisions were influenced by animal spirits, moral hazard or irrational exuberance, and in case of the state, it is characterized by corruption, inefficiency and can be accused of insufficient regulation of the markets, leading to unbalanced economic markets and even to the economic crisis.

Although every time, the trigger factor of the crisis was different, there is a common point, and this is the "Bermuda Triangle", respectively the three common elements of each economic crisis, namely: the innovation (which gave rise to the speculative bubble), the psychological factor (represented by animal spirits, moral hazard and irrational exuberance) and insufficient regulation of the financial system (which refers to the political decision).

For this reason, we believe that the main blame for the current state of the economy, which instead of welfare for all gives us a profound social inequality, the economic imbalance and even global crisis, belong to both, the economic science, which is based on the wrong assumptions and which provides us the economic theories and models could not predict economic phenomena and can not provide solutions for recovery and sustainable growth, but also the politicians, that influenced by corruption, guided by an unethical conduct and starting from wrong economic principles, they let the markets free, deregulated and applied the public policies in the last twenty years, that have only increased the profit of the companies and enlarged the social inequality between the individuals.
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5. Bibliography