

# **THE SHIFT OF CYBERNETICS FROM THE U.S. TO EUROPE: IMPLICATIONS FOR UNDERSTANDING THE FINANCIAL CRISIS**

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The financial crisis requires an improvement in our understanding of economic systems. Although a few people foresaw the looming crisis, most economists and regulatory officials were surprised by the events of 2008. Would an expanded economic theory enhance our current understanding and help us to design an improved financial system? This article presents data that reveals a shift of research in cybernetics, a general theory of management, from the U.S. to Europe and Asia. Reflexivity is a key concept in contemporary cybernetics. Reflexivity is also the foundation of George Soros's theory of social systems. Hence, an understanding of cybernetics and therefore reflexivity would lead one to believe that Soros's work is a particularly important addition to contemporary discussions of the financial crisis. However, the shift of research in cybernetics from the U.S. to Europe, places the U.S. at a disadvantage in further developing this important field.