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I

In thought provoking paper presented at the June 1987 American History of Economics Society meeting held at Harvard University, David Colander (1987) argued that historians of thought should be more involved in discussing and appraising current developments in economics. He argued that "in addition to the [traditional] literary exegesis and archival "methods" historians of recent thought "must heavily rely on interviewing, surveying, and bibliometric methods".

One advantage of working on a topic in recent history, denied to historians working further back in time, is the opportunity to communicate with the research subjects (see Klamer 1984). Some classical scholars may say that they really do talk to Adam Smith in their dreams but we doubt it. In contrast, those studying recent events can interview their subjects, find what they think they are doing, how they relate to others in the field, their sense of history, and what has influenced them. The disadvantages, however, can be severe. Often the issues have not yet become settled, controversies still rage. The observer's scholarly detachment can be affected. The research subjects are sometimes too consumed with the latest developments at the frontier to be able to devote the time to reflect on the past. There is also greater technical expertise required by the investigator to comprehend the theoretical issues at stake. Yet the modern professional economist may find to his surprise that such undertakings carried out by historians of thought are both interesting and valuable.

II

In this spirit, Roy Weintraub in General Equilibrium Analysis: Studies in Appraisal writes that "It is a minor

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scandal that there is no comprehensive history of either the rise of econometrics or the mathematization of economics" (1985, p. 140). Weintraub's book itself is a history of modern general equilibrium analysis, whilst recent work by David Hendry, Mary Morgan, and Roy Epstein may remedy the history of econometrics gap, to some extent at least. We argue, in what follows, that the history and methodology of modern macroeconomics is another topic worthy of study.

At first cut a history of macroeconomic thinking since Keynes appears a formidable, even forbidding enterprise. There is an enormous literature. As in the writing of any history of economic thought a variety of approaches could be used to organise this literature. For example compare the internalist treatment of E.R. Weintraub (1979, Chap. 3-6) with the externalist one presented by R.J. Gordon (1980). It is hard to imagine that both these writers have the same purpose, namely to examine the development of macroeconomics. They do. Their approaches and interests however are distinctly different. Further, retrospective surveys will vary depending both on the time at which they were written (a mid sixties treatment would differ radically from one prepared now), and on the school of thought to which the author adheres, for example a monetarist interpretation would not coincide with a Neo-Keynesian history. Finally the clinching argument is that few economists have seriously attempted the task of explaining the evolution of American macroeconomics.

Nevertheless there remains an interesting story to be told, as an examination of three texts, Morgan (1947), Ackley (1961), and Barro (1984), shows. Theodore Morgan's Income and Employment (1947) was reputedly the first American macro text and the author acknowledges generous assistance from then leading figures in the profession (Dunlop, Haberler, Hansen, Leontief, Schumpeter and Slichter) in its preparation. The first six chapters (120 out of 400 pages) deal broadly with national income accounting and the findings of researchers in the tradition of Simon Kuznets and Colin Clark. The focus of the text however is on unemployment, and how to generate higher levels of employment motivates the next two chapters where we learn that employment depends on the level of total expenditures (consumption C plus Investment I plus Government Spending G). Each component of total expenditure is then examined in a separate chapter, followed by the most technical chapter in the text which examines fluctuations in production and employment through multiplier-accelerator interactions. How can high levels of economic activity be achieved? By

stimulating C, I and G. Chapter 15 deals with ways C can be raised, similarly chapter 16 looks at I and chapter 17 covers G.
Finally the last two chapters deal with inflation as an excess demand phenomenon arising "from too much spending just as plainly as depression comes from too little spending" (p.35). The book by modern standards is exceedingly discursive and descriptive, one has to look hard for any graphs, let alone algebra or equations. Fiscal policy gets a chapter, monetary policy only five pages because of the alleged problems inherent in using this tool and because the "quantity of money does not bear a close relationship to national income" (p.279). Keynes is mentioned only five times throughtout the text; three of those references are in footnotes.

Gardner Ackley's Macroeconomic Theory (1961), in contrast, is full of graphs, equations, algebraic manipulations, and a succession of models. The first three chapters (80 pages out of 600) cover national income accounting. Four chapters on classical macroeconomics follow which are used as a contrast with the focus of the text, the presentation and development of Keynesian macroeconomics. This is accomplished through the building-block approach, constructing the simple Keynesian model from its components up, deriving the implications and then making the model more complicated and comparing the new results with the old ones. This procedure takes up seven chapters, three of which, an inordinate amount it seems, deal with the technicalities of the consumption function, for Ackley believed that the "consumption function is at the heart of modern macroeconomics" (p.viii). Further chapters extend the model and deal with inflation of both demand-pull and cost-push varieties. Monetary policy absorbs only seventeen pages of the text. Two chapters on economic growth follow, while the connection between micro and macro concerns is tucked away in a concluding chapter.

Vastly different again is Robert Barro's Macroeconomics (1984). The issues that consumed Ackley--Keynesian income-expenditure analysis, multipliers, consumption and investment functions, and IS-LM graphs--are relegated by Barro to chapter 19 which is the second to last chapter in the text. National income accounting, to which Morgan devoted six chapters, is dispensed with in eight pages by Barro in a book of 550 pages. One searches almost in vain for an fiscal policy discussion and finds it hidden away in a chapter on the public debt amid a consideration of crowding-out conditions. Six out of twenty chapters treat money and monetary policy, including a chapter on financial intermediation; the author argues that inflation is primarily a monetary phenomenon. and we should aim for a monetary policy that is "predictable" (p. 481). Perhaps the biggest surprise is the first six chapters. If it were not for the cover a student might think he bought the wrong book, for it is really microeconomics he is reading. Barro eschews the use of the Keynesian model for most of the analyses of economic events or policies. He begins by developing basic price theory or the microeconomic foundations which underlie the macroeconomic analysis of the aggregate variables. These microfoundations stem from the optimizing behaviour of individuals subject to budget constraints and depend on market clearing conditions reflecting the efficient operation of markets in matching buyers and sellers of goods and services (p.12). Macroeconomic analysis for Barro is just a continuation of the economic reasoning used to explain the behaviour of individual households and firms (p.9).

A cursory examination of these three texts reveals the evolution of macroeconomic thinking in terms of method, style, focus and content. How can these developments be explained?

III

Looking amongst existing literature for histories of macroeconomic thought does not provide solace. There is a dearth of treatment of the development of macroeconomics from a historical perspective. There are a few exceptions, for example, works by Cochrane (1970), Humphrey (1983), and Hutchison (1980). We found particularly useful two relatively little known works co-authored by Hsieh (Aschheim & Hsieh 1969; Hsieh & Mangum 1983). Humphrey's purpose is to show that "virtually all the ideas, arguments, and policy views underlying modern inflation debates have their roots in earlier [classical] policy controversies" (1983, p.v). Hsieh also searches for historical antecedents. He is primarily a macroeconomist with an interest in early macro-thinking, and attempts to model these earlier doctrines with the tools and concepts of modern macroeconomics. There has been little work on the literature from the thirties to the present, examining each period on its own terms, with respect to problems and issues particular to the times, and to trace and explain the evolution of macroeconomic thinking.

Such an analysis of modern macroeconomics could focus on the rise (and fall?) of the neo-Keynesian orthodoxy, although the British and American versions differed. One saw the rise of a mainstream position which formed the basis of teaching material in most, if not all, western universities, which guided research in economics, which was supported by the allocation of substantial academic and financial resources in the construction of ever larger macroeconometric models, and which informed public policy making.

However, this mainstream view was subjected to pressures which have led to its increasing dissolution during the course of the last two decades. An historical perspective could attempt to account for this phenomenon. Both externalist and internalist accounts referred to earlier would assist in this analysis. The perceived increasing inability of this approach to macroeconomics to account for changes in the economy in the 1960s and 1970s brought attention to its limitations, whilst the monetarist and new classical counterrevolutions hammered away at the orthodoxy from within the neoclassical paradigm.

This account would also include the impact of competing paradigms on the stability of the orthodoxy (Post Keynesians, disequilibrium theorists, Marxists, neo-Austrians, and Institutionalists). The result has been an increasing fragmentation of the profession and its research program which contrasts starkly with the relative unity amongst macro theorists at the start of the period in question. Methodologically-oriented writers, such as Dow (1985), have provided some insights, and a useful survey and appraisal of work on the methodology of new classical macroeconomics has become available (Kamath 1987). But we would argue that the methodological issues cannot be examined in isolation from the history of the subject. We strongly encourage historians of thought to give this research topic in particular, and developments in modern economics generally, more attention.

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