

A Brief History of Orthodox Macroeconomics

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SUN, Bianxia

The Classics



Neoclassical Synthesis



New Classical



New Keynesian



Theory of
Economic
Growth

New Neoclassical Synthesis

The Classics

- **Before the publication of The General Theory of Employment, Interest and Money (Keynes, 1936)**
- **Classical:** Adam Smith (1723-1790), David Ricardo (1772-1823), Thomas Malthus (1766-1834), John Mill (1806-1873), etc. They focused on macroeconomics, and believed the price was determined by the cost.
- **Neoclassical:** Cournot (1801-1877), Jevons (1835-1882), Walras (1834-1910), Marshall (1842-1924), etc. They paid more attention to microeconomics and used the supply and demand analysis. Irving Fisher (1867-1947) studied the money demand theory.
- **The Classics: strong belief in the power of market.**

1929-1933, The Great Depression

Keynes Revolution

Neoclassical Synthesis

- The publication of The General Theory marked the **Macroeconomics** as an independent branch of Economics.
- **Keynes (1883-1946)**: the important role of government.
- **Hayek (1899-1992)**: The Road to Serfdom (1944), contrary to the views of Keynes.
- **Neoclassical Synthesis**: “Keynesian in the short-run and neoclassical in the long run” by **Samuelson (1915-2009)**.
- **The core analysis framework of Neoclassical Synthesis is IS-LM-AS-AD models.** (IS-LM: Hicks, 1937; Modigliani, 1944)
短期凯恩斯, 长期古典

1970s, The Period of Stagflation

The Critiques on Keynesianism

New Classical

- **Milton Friedman** (1912-2006): Monetarist
- **Lucas (1976)**, “Econometric Policy Evaluation: a critique”, **Rational Expectation Revolution**.
- When people change their expectations, the relationship between macro variables may also change.
- Macroeconomic models should also have micro-foundation.
- Theory of **Real Business Cycle (RBC) of Kydland and Prescott (1982)**.
- RBC: economical fluctuations in real world are driven by the shocks of technological progress.

New Keynesian

- Barro and Grossman (1971): general equilibrium
- Fischer (1977): including rational expectation
- Taylor (1980): applicable inflation model
- Akerlof and Yellen (1985)
- Blanchard and Kiyotaki (1987)
- Ball and Romer (1990)
- Joseph Stiglitz
- Larry Summers
- Ben Bernake
- Mankiw

Digression

- The theory and empirics of long-run economic growth occupied much of the attention of macroeconomists during the decade of the 1990s.
- **Romer (1986)** relaunched the growth literature by presenting a model of a stable positive equilibrium growth rate that resulted from **endogenous accumulation of knowledge**.
- Previously, technological progress had largely been treated as completely exogenous.

New Neoclassical Synthesis

- **Proposed** in Marvin Goodfriend and Robert King (1997)
- **Applied** in Clarida, Gali, and Gertler (1999), McCallum and Nelson (1999).
- **Extended** in Michael Woodford (2003).
- Like the neoclassical-Keynesian synthesis of an earlier generation, the new synthesis attempts to merge the strengths of the competing approaches that preceded it.

- **From the new classical models**, it takes the tools of dynamic stochastic general equilibrium theory.
- Preferences, constraints, and optimization are the starting point, and the analysis builds up from these microeconomic foundations.
- **From the new Keynesian models**, it takes nominal rigidities and uses them to explain why monetary policy has real effects in the short run.
- **The heart of this new synthesis**—a dynamic general equilibrium system with nominal rigidities—**is precisely what one finds in the early Keynesian models.**

刻认识。

表 23-1

新一新古典综合思想的源流

名称	英文名称	时间	代表人物	核心思想	
古典理论	classics	1936 年《通论》问世之前		对“看不见的手”的高度信仰，相信“供给创造需求”的萨伊定律	
	古典	18 世纪到 19 世纪上半叶	斯密、李嘉图、密尔	注意力集中于宏观经济，相信商品的价格由生产商品的成本决定	
	新古典	neoclassical	19 世纪下半叶到 20 世纪初	马歇尔、瓦尔拉斯、古诺、杰文斯	边际革命兴起后注意力集中于微观经济学，认识到商品的价格由供给和需求共同决定
新古典综合		neoclassical synthesis	《通论》问世至 1976 年卢卡斯批判	凯恩斯、萨缪尔森	市场与政府的折中，凯恩斯需求管理思想与菲利普斯曲线的结合，IS—LM—AS—AD 模型
新古典理论		new classical	1976 年卢卡斯批判至今	卢卡斯、普雷斯科特	宏观经济模型必须有微观基础，对市场信仰的复兴，拉姆齐模型（RBC 模型）
	新一新古典综合	new neoclassical synthesis	20 世纪 80 年代至今		RBC 理论内核套上名义刚性给市场运行带来的短期摩擦力：政策可在短期内起效，长期经济运行由市场决定

来源：《宏观经济学二十五讲：中国视角》，徐高著，2019年。

In reality

- **Laurence Meyer:** *A Term at the Fed – An Insider's View (2004)*.
- This book leaves the reader with one clear impression: Recent developments in business cycle theory, promulgated by both new classicals and new Keynesians, have *had close to zero impact* on practical policymaking.

- Meyer's analysis of economic fluctuations and monetary policy would seem almost completely familiar to someone who was schooled in the neoclassical-Keynesian synthesis that prevailed around 1970 and has ignored the scholarly literature ever since.
- **Meyer's worldview is typical of economists who have held top positions in the world's central banks.**

Macroeconomic
Theories

Economic Policies
In Reality

