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Competitive vs cumulative approach in teaching macroeconomics: Some thoughts on recent popular textbooks

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Abstract:

*This paper critically evaluates two different approaches to teaching macroeconomics at the undergraduate level through the comparison of two popular, recent handbooks: Olivier Blanchard's *Macroeconomics* (2021) and William Mitchell, Randall Wray and Martin Watts's *Macroeconomics* (2019). These textbooks are taken as benchmarks of two opposite views of the discipline: the cumulative – that is, followed by Blanchard and most “mainstream” textbooks – as opposed to the competitive view.*

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1. The importance of economics textbooks

Paul Samuelson, the author of one of the most popular economic textbooks in the history of economics, was well aware of his power as an educator when he wrote: “I don’t care who writes a nation’s laws – or crafts its advanced treaties – if I can write its economics textbooks” (Samuelson, 1990, p. ix). Still, the relationship between the discipline and its textbooks is today quite complicated. Many contemporary economists do *not* really care so much about textbooks.

Books and textbooks are far less relevant than in the past for the career progression of academic economists. From a career perspective, it is not a wise choice to stop publishing academic papers for some years to write a textbook that is not expected to feature much by way of original ideas.

This issue is related to another reason why textbooks – in particular undergraduate textbooks – are often disregarded: they are not considered a matter of proper, or “real”, economics. The models that are presented in textbooks are supposed to offer just a general

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introduction to the language and the methods that apply to the subject. Then, models for “grown-up economists” are presented in more advanced textbooks and in academic papers, where the same topics are re-addressed with a more rigorous and formal approach. In choosing the topics and the approach of his *Principles* textbook, Gregory Mankiw has declared he is “guided by the fact that, in introductory economics, the typical student is not a future economist but is a future voter” (Mankiw, 2016, p. 170). Indeed, students of introductory courses of economics are many: 40% of the students who matriculate in American universities take at least one economics course during their college career (Siegfried and Walstad, 2014). Very few of them go beyond this first exposure to the principles, meaning that they do not take any other economics course (Siegfried, 2000).

This fact should not be taken as a justification for the lack of rigorous academic standards or, even worse, for a lack of “care”. We think the opposite argument holds: the more popular a course or a textbook, the more accurate it should be, as its influence on the economic ideas of the students is likely to be substantive.

A rich literature on the analysis of economics textbooks or curricula exists. Several papers have focused on the treatment of specific topics. Among the most recent contributions, it is worth mentioning Madsen (2013) on the financial crisis, Fike and Gwartney (2015) on public choice, market failure and government failure, Holmgren (2017) on consumer choice, Wolla (2018) on net exports within the GDP expenditures approach, and Ihrig and Wolla (2020) on monetary policy. Other studies have focused on the university curricula and government guidelines: see, for instance, Mearman et al. (2018) on the British system, and Ihrig and Wolla (2020) on the American system.

This paper does not aim to offer a systematic analysis of textbooks. However, since we think that macroeconomic textbooks can be broadly classified through two different “ideal types”, we think that our contribution adds to this body of work with a hitherto untested approach.

Indeed, we analyse two possible ways of teaching macroeconomics at the undergraduate level through two recent and popular “exemplars” of textbooks. Both of them take teaching “seriously”, meaning that both of them implicitly or explicitly reject the idea that teaching materials are something different from “real economics”.

Our approach stems from the recognition of two different methodologies within the discipline, following the classic works on the history of economic thought of the Italian scholar Alessandro Roncaglia¹ (see, among other sources, Roncaglia, 1996, 2006): the cumulative view and the competitive view. “According to the ‘cumulative view’, the history of economic thought displays a progressive rise to higher and higher levels of understanding of economic reality. The provisional point of arrival – contemporary economic theory – incorporates all previous contributions” (Roncaglia, 1996, p. 297). The competitive view addresses some of the epistemological critiques developed towards the cumulative view of the scientific enterprise

¹ In this paper, we have used Roncaglia’s taxonomy, as it fits perfectly the purpose of our analysis of university textbooks. However, several other authors have reflected and written on the role of teaching from a historical perspective. According to Bellofiore (2018) it is possible to identify a specific “Italian tradition” characterised by the idea that “the amalgamation between economic theory and the history of economic thought was essential to the research [...] and to the teaching accompanying research and knowledge” (Bellofiore, 2018, p. 68). As the best representatives of this tradition, Bellofiore mentions Augusto Graziani, Claudio Napoleoni, Paolo Sylos Labini, Marcello de Cecco, Luigi Pasinetti, Pierangelo Garegnani, Fernando Vianello, Federico Caffè, Giacomo Becattini and Siro Lombardini. Unfortunately, Bellofiore’s assessment is quite pessimistic about the legacy of the Italian school: “Today we are witnessing the final phase of an ethnic cleansing against that tradition” (Bellofiore, 2018, p. 68).

(see, for instance, Kuhn, 1970, and Lakatos, 1970): “those who accept a ‘competitive view’ of the development of economic thought and participate in a debate between contending approaches, are induced to investigate the history of such a debate, looking for the points of strength and weakness which explain the dominance or decay of the different approaches” (Roncaglia, 1996, p. 299).

Olivier Blanchard’s *Macroeconomics* (here analysed in its 8th edition, 2021) is taken as a paradigm of the cumulative view, which is by far the most common among “mainstream” textbooks. Blanchard declares in the preface that “the book is built on one underlying model, a model that draws the implications of equilibrium conditions in three sets of markets. Depending on the issue at hand, the parts of the model relevant to the issue are developed in more detail while the other parts are simplified or lurk in the background. But the underlying model is always the same. This way, you will see macroeconomics as a coherent whole, not a collection of models” (Blanchard, 2021, p. 13). It is exactly this ambition to bring a plurality of models back to a unity, to a “coherent whole”, that qualifies the text as a paradigm of the cumulative approach.

By contrast, *Macroeconomics* by William Mitchell, Randall Wray and Martin Watts (2019) can be considered an interesting attempt to develop a macroeconomic course grounded on the competitive view. The latter is usually more popular among broadly defined “heterodox” economists.² These economists do not agree with the dominant theoretical framework in economics. Still, they must acknowledge that this is the dominant framework and that it is worth studying exactly because it is dominant. After all, “heterodox” economists like Karl Marx and John Maynard Keynes studied the dominant paradigm of their time before criticizing it. Moreover, the competitive view attaches great importance to the study of the history of economic thought. D’Ippoliti and Roncaglia (2016) have identified a series of profound reasons behind this attitude: a crucial explanation rests

in the respective methods and contents of mainstream and heterodox economics. Mainstream economics, at least since the post-World War II period, has become almost exclusively interested in mathematical formalization and econometric estimation of evermore specific and narrow models. Heterodox economics still regards history as a useful tool of analysis, rather than a specialist object of investigation (D’Ippoliti and Roncaglia, 2016, p. 23).

That said, there should be no automatic association between theoretical positions (orthodox vs heterodox) and methodological and epistemological approaches (cumulative vs competitive), as will become clear later.

In section 2 we will discuss the treatment of monetary policy issues in the two textbooks of interest. Section 3 is dedicated to the idea of the convergence to the equilibrium and to the discussion on whether or not there are forces in modern market economies that spontaneously drive the system towards full employment. We regard these two topics (monetary policy and convergence towards the equilibrium) as both crucial and sufficient for the understanding of the differences in the two approaches. The treatment of further topics would add little to the main points we would like to make with our analysis.

The conclusions (section 4) will make clear why even an orthodox standpoint on economic theory could benefit from a pluralist pedagogy.

² We acknowledge that the label “heterodox economists” is quite controversial. Yet, it will be used here for convenience in a very general sense. For an insightful analysis of the debate on its usefulness and limitations, see D’Ippoliti (2020).

2. Monetary policy

Thanks to its popularity and the authoritativeness of the author, Blanchard's macroeconomic textbook can be regarded as an indispensable tool to get an overview of the contemporary "state of the orthodoxy of macro" and follow the evolution of the discipline.³ Blanchard's peculiar vision of macroeconomics as a *unity* characterized by a *pluralistic* variety of models challenges the "paternalistic" perspective we have described in the introduction. Textbooks, even undergraduate textbooks, are not something different from the "real economics" the professional economists deal with.

According to Blanchard, the financial crisis of 2007-08 has been "a traumatic event during which we all had to question many cherished beliefs" (Blanchard, 2018). That said, from a theoretical standpoint, the former chief economist of the International Monetary Fund still regards dynamic stochastic general equilibrium (DSGE) models as "central to the future of macroeconomics"⁴ (Blanchard, 2018, p. 44). However, he does not pit them against simpler models that traditionally represent the core of undergraduate textbooks:

I strongly believe that ad hoc macro models, from various versions of the IS-LM to the Mundell-Fleming model, have an important role to play in relation to DSGE models. They can be useful upstream, before DSGE modelling, as a first cut to think about the effects of a particular distortion or a particular policy. They can be useful downstream, after DSGE modelling, to present the major insight of the model in a lighter and pedagogical fashion (Blanchard, 2018, p. 48).

This vision can explain the care and the attention devoted by Blanchard to his pedagogical mission. The results are extraordinary, as he has nowadays contributed to the formation of more than a generation of economists in every part of the planet. His books are very well written and engaging. They contain a rich apparatus of real-life examples that perfectly relate the theoretical part with the actual world in which the students live. One does not have to agree with all of Blanchard's ideas on macroeconomics to recognise the merit of this work.

Still, it is possible to measure to what extent the heroic attempt to bring macroeconomics into a *unity* can be successful.

As in the previous edition (7th), Blanchard chooses to use a horizontal LM curve to set up the traditional IS-LM model in the first part of the book. He justifies the choice as a matter of realism: "Although, in the past, central banks thought of the money supply as the monetary policy variable, they now focus directly on the interest rate" (Blanchard, 2021, p. 113).

This conclusion is presented as consistent with a model on interest rate determination developed in Chapter 4 and based on the assumption that the central bank controls the money supply: if the money supply affects the interest rate and the central bank controls the monetary supply, the central bank controls the interest rate.

³ The centrality of Blanchard's book in contemporary macroeconomic teaching is proven by the fact that it has even inspired a series of "Anti-Blanchard Macroeconomics" textbooks endorsed by Blanchard himself (see Brancaccio and Califano, 2022, for the English edition, Brancaccio and Bibi, 2021, for the Spanish edition, and Brancaccio, 2021, for the Italian edition). Brancaccio and Califano write in the introduction of the first edition of the English version of the textbook: "In our view, Blanchard's textbook represents the most complete, accurate and advanced teaching narrative of the so-called 'mainstream' macroeconomics" (Brancaccio and Califano, 2019, p. 1).

⁴ In other papers, Blanchard has taken more radical positions with respect to the lessons that macroeconomists should have learnt from the financial crisis (see, for instance, Blanchard and Summers, 2019). However, the changes he champions refer more to the range of economic policies that could be implemented rather than the theoretical framework that underpins them.

The attempt by Blanchard to reconcile the traditional “intermediate macroeconomic textbook”⁵ approach to interest rate determination and the reality of contemporary central banking is generous and clever. However, it could be asked whether it is worth the effort, given the problems it raises. In Chapter 4, a first, simplified model is based only on the interaction between the central bank – which supplies money in the form of currency – and the public – which demands currency. The purchases of bonds by the central bank push up the price of bonds and push down the interest rate. The demand for (currency) money by the public decreases and adapts to the new level of the money supply.

Then the model is expanded to take into account the banking sector. The public only demands money in the form of bank deposits (no more currency). The equilibrium considered is the one between the supply of central bank reserves (M_0) and the demand for central bank reserves. This new starting point partially gets rid of the controversial assumption that the central bank can actually control the money supply (M_1), as this is no more a variable of the model. When banks hold more of the central bank’s money than they desire, they buy bonds and push the interest rate down. It is also explained why the interest rate cannot fall below zero (zero lower bound). Central bank reserves can accumulate without any further purchase of bonds by commercial banks, which would drive the interest rate below zero: banks have no interest in purchasing an asset that yields no returns. (There is no mention in the “main text” of this part of the book that in many countries a wide portion of the yield curve went below zero in recent times. The only reference we could find is in an exercise: exercise 6, p. 148 (Blanchard, 2021)).

It is questionable whether all this can help the students to grasp the real mechanism of interest rate determination. When one wonders which interest *rate* we are talking about in the different versions of the model, a section at the end of Chapter 4 provides the answer: in the US, this is the Federal Funds Rate, which brings into equilibrium the supply and demand of central bank reserves. This is somehow puzzling, given the fact that so far in the chapter the interest rate assumed by the different versions of the model was linked with bonds (the numerical example at p. 94 uses a one-year US Treasury bill). The reader who is familiar with monetary economics and with the traditional treatment of these topics in university textbooks can follow the heroic effort by Blanchard of keeping everything together. Yet, from the point of view of students exposed to these themes for the first time, it is not clear whether the endeavour can be successful.

Blanchard falls short of endorsing any endogenous money theory. But the ground seems to be ready to leave the topic at least “open” for further analysis, given the passive role that is attributed to the management of the money supply by the central bank: “Thus, in the rest of the book, we shall think of the central bank as choosing the interest rate (and doing what it needs to do with the money supply to achieve this interest rate)” (Blanchard, 2021, p. 113). He also introduces a more sophisticated description of the financial sector in Chapter 6 (where different interest rates capture different risk premia of different financial assets) and in Chapter 13 (where bonds differ also in terms of their maturities). The corridor system for the management of the policy rate is explained in Chapter 23. But this chapter is hard to cover in courses with less than 20 lectures (the standard full semester course in British universities consists of 12 lectures).

⁵ A discussion of the original IS-LM model proposed by Hicks in his famous article “Mr Keynes and the ‘Classics’” (1937) and the role that the model played in macroeconomic teaching for generations goes beyond the scope of this book review.

For all these reasons, one could think it would be more convenient to get rid from the onset of the assumption that central banks primarily control a not well defined “money supply”.

A simpler and more effective way to deal with the subject could be to put Blanchard’s conclusion (central banks “now focus directly on the interest rate”) at the beginning.

The Federal Reserve and several other central banks now operate with an ample-reserves regime. Here we will focus our explanation on the Fed, but the mechanism works very similarly in other ample-reserve regimes. When reserves are ample, the target interest rate (or policy rate) “spontaneously” falls to the floor of the corridor whose upper limit is the discount rate and whose lower limit is the interest on reserve balances. More precisely, since not all financial institutions that can hold an account at the Fed can earn an interest on deposits (and not all financial institutions can have an account at the Fed), the target interest rate tends to fluctuate slightly below the interest rate on reserve balances. The Fed makes sure that the policy rate does not fall too much below the interest on reserve balances through another facility, the overnight reverse repurchase agreement facility. The technicalities of these mechanisms can surely be skipped in an undergraduate textbook. Still, the core of the message on how the central bank sets the short-term interest rate should be retained: as the Fed itself explained in a recent press release, in an ample-reserves regime the “control over the level of the federal funds rate and other short-term interest rates is exercised primarily through the setting of the Federal Reserve’s administered rates, and in which active management of the supply of reserves is not required” (FOMC, 2019). Another publication of the Fed recently complained that “some textbooks [...] inaccurately explain how the Fed implements monetary policy, and contain outdated descriptions of the linkage between banks and the Fed” (Ihrig et al., 2021, p. 1).

Mitchell et al. choose to explain the hypothesis that the central bank does control the money supply through an explicit description of the money multiplier theory in Chapter 10 of their textbook. Then they compare this paradigm with the endogenous money theory, according to which “loans create deposits” and the “bank lending decisions are affected by the price of reserves and expected returns, not by reserve positions” (Mitchell et al., 2019, pp. 154-155). Although one could wonder why the traditional endogenous money theory is presented as the “MMT [Modern Monetary Theory] representation of the credit creation process”⁶ (Mitchell et al., 2019, pp. 154-155), the explanation is consistent with what the Fed itself has recently declared about the “irrelevance of the money multiplier” (Ihrig et al., 2021, p. 7). Indeed, this article is significantly entitled: “Teaching the linkage between banks and the Fed: RIP Money Multiplier”. The Bundesbank (Deutsche Bundesbank, 2017) and the Bank of England (McLeay et al., 2014) have expressed very similar positions: “The reality of how money is created today differs from the description found in some economics textbooks: rather than banks receiving deposits when households save and then lending them out, bank lending creates deposits” (McLeay et al., 2014, p. 14).

Monetary policy is then explained in Chapters 20 and 23. Chapter 23 features a comparison between the monetary targets strategy that was implemented by many central

⁶ Obviously, the endogenous money theory is not something “invented” by MMT economists, as a beginner economist could be induced to think by reading the book. As Lavoie pointed out, endogenous money is the common core of “Keynesians of various strands [...] whether they are Sraffians, French and Italian circuitists, Kaleckians, Fundamentalist Keynesians or neo-chartalists” (Lavoie, 2015, p. 182). In 1949, well before the MMT reached notoriety, the Italian economist Paolo Sylos Labini wrote that “the banks, continuously, create means of payment on behalf of the non-banking firms” (Sylos Labini, 1949, p. 240). And they have done so since the end of monetary systems based on a purely metallic currency, two centuries earlier (Sylos Labini, 1949).

banks (USA, UK, Canada, Germany, Australia) in the late 1970s and 1980s and the current interest rate target strategy. A brief explanation of how the central bank practically controls the overnight rate in Chapter 20 implicitly assumes a scarce reserves regime, and no distinction between different implementation regimes (scarce vs ample-reserves regime) is made.⁷ However, since the focus is always on the capacity of the central bank to set the interest rates and its incapacity to control monetary aggregate, the description of the general mechanism is, overall, accurate.

The textbook by Mitchell et al. also contains a very enlightening analysis of the balance sheets of the financial sector (comprising both the central bank and the private banking sector) associated with net government spending. Both the examples at p. 321 (Chapter 20) and p. 339 (Chapter 21) are adapted from Lavoie (2013). However, the choice of presenting first of all a hypothetical situation in which the central bank can purchase treasury debt on the primary market (Chapter 20) is not totally convincing. This approach risks being misleading for students who are exposed to this topic for the first time. It could be clearer to start with an example consistent with the current institutional framework in most countries, where central banks are banned from buying government bonds in the primary market. The hypothetical example could be shown later, to demonstrate that, with interest rate targeting, the ex-post results in terms of the composition of the balance sheets of the central bank and the banking sector are virtually the same, whether or not the central bank purchases treasury bonds directly from the government. More generally, a better distinction between the normative and the descriptive levels in some parts of the Mitchell et al. textbook would facilitate the students' comprehension.

3. Convergence towards the equilibrium

In Blanchard's textbook, another sensitive juncture in the process of developing the unique "underlying model" can be found in the passage between the short run and the medium run. The short-run level of output is demand-driven (in keeping with the "amended" IS-LM model presented in chapters 3-6). The medium-run level of output is not. The concept of a natural rate of unemployment/output is introduced via an adaptation of the imperfect competition model of the labour market by Carlin and Soskice (1990). The natural rate is the point at which price setters and wage setters agree on the level of real wages they are ready to pay or get. The dynamics of the adjustment is similar to the one we can expect in a standard labour supply/labour demand model, where real wages decrease if demand is lower than supply and increase if it is higher ("a higher unemployment rate brings the real wage back to what firms are willing to pay" (Blanchard, 2021, p. 166). In other words, there is a "natural" and spontaneous convergence of the system toward the natural rate of employment or output.

However, when the short and the medium run are put side by side (via the so-called IS-LM-PC model, where PC stands for Phillips curve⁸), the "endogenous movement" towards the

⁷ In Chapter 22 it is possible to find a mention that, since the financial crisis, central banks have been operating with "large quantities of excess reserves in the banking system" (Mitchell et al., 2019, p. 366). However, there is no systematic treatment of the ample-reserves framework in the book.

⁸ The original paper by A.W. Phillips (1958) is mentioned several times in Blanchard's handbook (e.g.: "In 1958, A.W. Phillips drew a diagram plotting the inflation rate against the unemployment rate in the United Kingdom" (Blanchard, 2021, p. 173). It is true that the so-called Phillips curve has become known in economic literature as the relationship between prices and unemployment firstly presented in Samuelson and Solow (1960). However, the

natural rate disappears.⁹ When the system is out of the medium-run equilibrium, the central bank has the responsibility to bring the economy back to square one via real interest rate management.

Now, assume that the level of unemployment is higher than the natural rate. If the central bank does not intervene, inflation will be lower than expected. And if expected inflation undershoots actual inflation for several periods, then it could de-anchor and the economy could enter a dangerous deflation spiral. In contrast, an accelerating rate of inflation is the outcome of persistent unemployment lower than the natural rate and the result of a central bank that does not intervene to raise the interest rate (the treatment of the Philips curve relationship in Chapter 8 is one of the novelties of the 8th edition with respect to the 7th edition). Fiscal policy can take the place of monetary policy, but in both cases no “natural forces” act to restore the equilibrium. This is explicitly recognized by Blanchard: “I believe that the economy does not self-stabilize, and that an active policy response, whether through monetary policy or through fiscal policy, is typically needed” (Blanchard, 2021, p. 212).

Although we are sympathetic with Blanchard’s argument, we wonder to what extent students can reconcile this approach with the labour market representation given in Chapter 7. Furthermore, a medium-run equilibrium that is achieved only via policy intervention is a merely “temporal” concept within a chronological sequence, not a self-sustained logical sequence. In other words, it is not an evolution of the same model from the short run to the medium run. That was the case in traditional AS-AD textbook models in which the IS-LM model was initially presented with the assumption of fixed prices, then the relaxation of that assumption brought about the convergence of the system toward the medium-run equilibrium.¹⁰

It is understandable what Blanchard is trying to do with his syncretistic approach. Given the fact that the topic is “controversial” (to use his own words; see Blanchard, 2021, p. 212), he tries to put forward both approaches in a fair and balanced presentation. Yet, again, the effort to “squeeze” everything into a supposedly unique and consistent framework shows its limits.

The controversy on the convergence of the economic system towards the (full employment) equilibrium is addressed by Mitchell et al., again, with their typical comparative approach. A super-simplified neoclassical labour market model is used as a starting point of a

original paper by Phillips was focused on the relationship between nominal wages and unemployment, hence the title: “The relation between unemployment and the rate of change of money wage rates in the United Kingdom, 1861-1957”. It could seem a pedantic philological note, but the confusion has been far from innocent in the history of economic thought. Phillips’ original empirical work does not provide any evidence on the relationship between real wages and unemployment. Its non-linearity – nominal wages do not decline even when unemployment is very high – has posed a challenge to neoclassical theory (see, for instance, Lipsey, 1960, on the attempt to reconcile Phillips’ conclusions with a traditional labour supply/labour demand scheme). For all these reasons, it could be worth mentioning that the so-called Phillips curve is *not* the one originally conceived by A.W. Phillips. In the Mitchell et al. textbook, the distinction between the original Phillips curve and Samuelson and Solow’s “Phillips” curve is clearly explained in Chapter 18.

⁹ It is worth noticing that, in the first six editions of his handbook, Blanchard used a traditional aggregate supply-aggregate demand model (AS-AD) for the medium run. According to this model, price and wage adjustments can easily facilitate the convergence of the system towards the equilibrium. With the 7th edition, the AS-AD model has been replaced with the IS-LM-PC model. As observed by Brancaccio and Califano, after the financial crisis of 2007-2008 “Blanchard did not remain insensitive to the blast of criticism” towards the idea that “deflation alone can resolve recessions” (Brancaccio and Califano, 2019, p.2).

¹⁰ In Blanchard’s handbook, a “spontaneous” convergence towards the medium-run equilibrium emerges only when the open economy is treated. Indeed, in a fixed exchange rate regime, output below the potential slows down the inflation and triggers a recovery via a depreciation of the real exchange rate (Blanchard, 2021, Chapter 20, paragraph 20-1, p. 440).

larger macro model where the level of output is determined primarily by the level of technology. The adjustments of the real wages in the presence of excess supply or demand of labour in the labour market guarantee that the system naturally converges towards full employment. The adjustment of the real interest rate, in keeping with the loanable fund theory presented in Chapter 11, ensures that investments are always equal to desired savings.

Then Mitchell et al. present Keynes's critique of the neoclassical employment theory. Three chapters (12, 13 and 14) are dedicated to the analysis of the main propositions of *The General Theory*. This is a particularly commendable endeavour, as undergraduate students in contemporary universities are rarely involved in the study of Keynes's original works. Many even end up thinking that the IS-LM model is Keynes's original model (see footnote 5). The IS-LM model is presented by Mitchell et al. only towards the end of the book (Chapter 28), as an important contribution of the so-called neoclassical synthesis, before a long excursus on the "Modern Schools of Economic Thought" (Chapter 29).

The main takeaway of the chapters on Keynes is his argument that "mass unemployment is an equilibrium state that the capitalist monetary economy tends towards, and in which it can remain indefinitely, in the absence of government intervention" (Mitchell et al., 2019, p. 181).

Then a purely demand-driven model (the "aggregate expenditure model") is presented in Chapter 15 as an attempt to capture the main Keynesian insights in a formal and simplified model. Investments are addressed in Chapter 25, after an explanation of fiscal and monetary policy. However, the link between the short and the long term that is briefly discussed in Chapter 25 could have been better developed. This is an area that could be improved in a new edition of the book.

It is worth noting that even the problem of inflation (Chapters 17 and 18) is treated through the comparison of different theories and brief descriptions of the historical context in which they were developed. Chapter 19 offers an interesting assessment of the inflation-targeting monetary policy regime that is supposed to operate through the adjustment of an unemployment buffer stock to achieve a desirable inflation outcome. An alternative approach is put forward, through the idea of "an employment buffer stock" way to price stability. In short, it refers to the proposal of a Job Guarantee, that "defines a policy framework in which the government operates a buffer stock of jobs to absorb workers who are unable to find employment in the private sector" (Mitchell et al., 2019, p. 301).

Unfortunately, these chapters, like other parts of the books, are not immune from some Manichean or militant comments¹¹ and the tendency to reduce a vast heterodox economic literature under the umbrella of the "Modern Monetary Theory".¹² This could undermine a more widespread adoption of the textbook.

¹¹ An example of this kind of comment is the following: "It is commonly accepted that attempts to fine-tune the economy through Keynesian aggregate demand manipulation have proven to be largely unsuccessful. Even if these policies had been successful, there is little political will to return to them today. However, the chosen replacement – neoliberalism – has not succeeded either" (Mitchell et al., 2019, p. 294). These comments are made to introduce the MMT proposal of a Job Guarantee programme, that is pitched as a better alternative to both paradigms. Yet the MMT is ultimately part of the post-Keynesian tradition, and it does not actually share the opinion that aggregate demand manipulation has proven to be *largely unsuccessful*. Fortunately, in other parts of the textbooks, comments on similar topics are far more articulated and subtle.

¹² See footnote 6 for an example of this attitude.

4. Conclusions

In this short paper, we have tried to reflect on two different approaches to macroeconomic teaching through the analysis of two important contemporary textbooks. They share the merit of taking teaching “seriously” and they strive to offer a rigorous presentation of how the economy “really works” (or is supposed to work) by the community of professional economists, not just a general introduction to a method or a “way of thinking”.

The two textbooks have been taken as exemplars of two different views of the discipline: the cumulative and the competitive views.

Like a modern-day Scholastic thinker, Blanchard is engaged in a brilliant and generous attempt at the systematization of different traditions and cultures. After all, if Catholicism and Aristotle could find a stable and long-lasting synthesis, why should not the main strands of contemporary economic thought?

Still, from a pedagogic perspective, we regard the competitive approach as a better instrument to initiate students to the discipline. The clear contraposition between theories and theoretical frameworks could represent a better way to understand how economic ideas have been influenced by historically determined policy debates, and how different assumptions behind the models can generate very different economic dynamics and policy prescriptions. Such understanding could even be seen as the necessary preparation for an informed and personal synthesis produced by the students themselves later in their careers. In other words, it could help a critical appraisal of the different alternatives for a more original recombination of them. From this perspective, even supporters of the cumulative approach to macroeconomics could appreciate the benefit of “competitive teaching”.

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