This “Response to Professor Brazelton” is followed by the relevant excerpt from my “Roundabout Aproach to Macronomics” and then by Professor Brazelston’s “Comment.” —RWG

Response to Professor Brazelton

Roger W. Garrison

Memories fade over a period of three decades, but Professor Brazelton has jogged mine into realizing that I did indeed do a disservice to him and to the institution he has long served.

The storyline in my autobiographical article (Fall 2004) included an account of my exposure to macroeconomics in the Masters Program at the University of Missouri at Kansas City. The intended emphasis was on my abrupt transition from an electronics research lab in the Air Force to graduate studies in economics—followed in short order by an unexpected opportunity, which was created by Professor Brazelton himself, for me to present a term paper on Austrian macroeconomics at a professional meeting. Needless to say, I hardly felt up to the task—which is why I solicited help from Murray Rothbard, whose writings I had heavily relied upon in completing the term paper.

But the point could have been made without my suggesting—wrongly, I now believe—that I had received *no* helpful feedback from Professor Brazelton. In fact, I now have to wonder if there wasn’t more insight in that feedback than I was then able to appreciate. I don’t think I realized at the time that he too had studied F. A. Hayek’s business cycle theory (along with Keynes’s and Hawtrey’s) and had even written a term paper on the particulars of the cycle as envisioned by Hayek. (If Professor Brazelton is as big a packrat as I am, maybe he can send me a copy of that term paper; I would cherish it!)

Pursuing graduate studies in UMKC’s Haag Hall was both pleasant and rewarding. There was a good chemistry between student and faculty—with informal instruction adding significantly to the classroom experiences. And the student was put on a long leash, allowing for the fullest development of his or her own particular interests. Professor Brazelton’s characterization of the department as inclusive and diverse is well justified. My remark that “it is a wonder I was admitted to the program” was based not on some perceived exclusiveness of the department but on the less-than-scholarly nature of the supporting material I submitted with my application.

At UMKC Marx, Keynes, and Veblen did get a lot of attention, as did John Dewey and Clarence Ayers. But Haag Hall was no monolith. The neoclassical theory of production and consumption was eloquently presented by Professor Ross Shepherd and was put through its paces in applied fields by other able professors.

It is worth noting that UMKC’s reputation as a defender of heterodoxy has grown in recent years. In 2003, UMKC hosted a conference organized by the International Confederation of Associations for Pluralism in Economics. The conference topic was “The Future of Heterodox Economics,” and a session on “Knowledge and Welfare, focusing on contributions of Hayek, Sen, and Schumacher, was included in the program.

But in the 1970s, students in the graduate macro course got a hefty dose of Gradner Ackley and IS/LM analysis. I’d like to comment on the judgments about IS/LM made by one of Professor Brazelton’s more recent students. The time spent on those interlocking diagrams seemed to be too little (presumably in light of all the interconnections and implications that those diagrams entail) and then, on reflection, too much (presumably in light of the critical aspects of a decentralized economic system that are unavoidably eclipsed by the diagrammatical construction). These conflicted judgments are undoubtedly shared by many. I have to say, however, that I’ve never regretted the many hours I spent learning IS/LM. That framework has paid me good dividends. For all its faults, it has facilitated the learning of much else—including many of the extra-IS/LM features of the macroeconomy. For instance, knowing IS/LM is a prerequisite to appreciating a recent article by Roger E. Backhouse and David Laidler titled “What Was Lost with IS/LM” (*History of Political Economy*, vol. 36 Annual Supplement, 2004). This paper was one of a number of insightful papers presented at the 2003 HOPE Conference on the History of IS/LM.

David Colander’s article in that same conference volume deals with “The Strange Persistence of IS/LM.” Colander argues that, as a staple of macroeconomic pedagogy, the IS/LM model lost its dominance only with the emergence of models that feature optimizing agents, rational expectations, and continuous market clearing. I suspect that Professor Brazelton and I would share the judgment that the modern new classical models are even less adequate than IS/LM is shedding light on the real-world macroeconomy.

Professor Brazelton’s preferred macroeconomics is Post Keynesianism; mine is Austrianism. These two schools of macroeconomic thought are widely recognized as having a common denominator—namely, the critical roles of time and uncertainty in theorizing about the nature of macroeconomic problems and in identifying potentially helpful institutional reforms. To this extent, then Professor Brazelton and I are traveling the same road.

Finally, I’d like to express my appreciation for both the substance and the tone of Professor Brazelton’s comment and to thank him for allowing me the opportunity to set the record straight about my years at UMKC.

A Roundabout Approach to Macroeconomics: Some Autobiographical Reflection (excerpt)

Roger W. Garrison

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IV. From Engineering to Economics

The engineering market was glutted in 1971 when Vietnam was winding down and I was making my exit from the military. Electrical Engineering was second only to Aerospace in terms of the difficulty of making the transition from guns to butter. An electrical engineer with four-years' experience in warfare electronics could not compete effectively with an entry-level applicant with a fresh degree. One option popular among my peers was to work on an MBA degree while waiting for better times. An EE/MBA was considered to be a very marketable combination. I chose to pursue a masters in economics instead, knowing that the course work would be more interesting and thinking (erroneously) that an EE/MA combination would also be marketable. I applied for admission into the masters program at the University of Missouri at Kansas City. Attempting to compensate for having very little formal undergraduate training in economics, I attached to my application a list of books I had read in preparation for graduate school. The books ranged from Ludwig von Mises's *Theory of Money and Credit* (1912) to Shirley Schiebla's *Poverty is Where the Money Is* (1968). It is a wonder that I was admitted into the program.

At UMKC the most revered economists were the Institutionalists—Thorstein Veblen and Clarence Ayers. But the courses in macroeconomics offered a heavy doses of Keynesianism. Direct references to Keynes's *General Theory*, however, were rare. Instead, his analytical framework was presented in the conventional form of IS-LM analysis, those interlocking diagrams that jointly determine the equilibrium values for the economy's income and its interest rate. Gardner Ackley's *Macroeconomic Theory* (1961) was the assigned text. The substantial investment involved in mastering the diagrammatical technique seemed to give professors and students alike a special interest in defending Keynesian views. Further, the only alternative mentioned was the trumped-up classical model devised by Ackley himself as a foil for understanding and appreciating the revolutionary character of the Keynesian system.

I vividly remember reporting to my brother on the state of macroeconomic pedagogy. I explained how the Keynesians had a virtual lock on macroeconomics. The interlocking graphics yielded up answers to macroeconomic questions, and if the students didn't give those answers, they had no answers at all to give. Hayek was a genuine alternative to Keynes in the 1930s. Forty years later there was a glaring need, Jim and I agreed, for a genuine alternative to the Keynesian graphics.

In late 1972 I began to devise an Austrian counterpart to the Keynesian diagrams. Rothbard's *Man, Economy, and State* (1962) provided the primary source material. In the end, I was able to draw together individual diagrams taken from or inspired by Rothbard, Mises, Hayek, Böhm-Bawerk and Wicksell and show that they all fit together into a coherent story about boom and bust. I wrote a term paper titled "Austrian Macroeconomics: A Diagrammatical Exposition." My graphics were three-dimensional: the Austrian view was represented in one plane, the Keynesian view in another, orthogonal plane. This construction allowed me to show the definitional connections between the two views as well as the key substantive differences.

The professor gave me a high mark on the paper but confessed that he hadn't actually worked through the graphical analysis and wasn't familiar with Austrian economics. To my surprise, though, he offered to arrange for me to present the paper at the Midwest Economic Association meetings to be held in Chicago in April 1973. With some urging from this professor, I agreed to go to Chicago. I soon realized, however, that neither he nor anyone else had provided me with critical feedback. No one had actually read the paper. And I was to present it to a professional audience in April! The one action item that occurred to me was to send the paper to Rothbard. Maybe he would respond in time to give me some confidence about Chicago—or to allow me to renege on my agreement to go.

About a week after mailing the paper, I got a phone call from Rothbard. He was clearly enthused about the diagrammatical exposition; he saw it as beating the Keynesians at their own game. "Would you be coming to New York anytime soon?" he asked. Although I had no plans whatever to go to New York, I managed to announce: "I'll be there during spring break," at which point he invited me for dinner and further discussion of the diagrams.

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A “Comment”:
A Roundabout Approach to Macroeconomics: Some Autobiographical Reflections

W. Robert Brazelton, Phd.

The autobiographical article by Roger Garrison (Fall, 2004) told of a journey from his days as a potential engineer to a leading and respected Austrian Economist. However, there were therein some unfair and misleading statements aimed at this University and its faculty.

Garrison indicated that he was surprised that we admitted him to our Masters program due to our Veblenian and Ayresian (Institutional/Evolutionary) leanings vis a vis his then stated interest to us in Mises and others. Our Department has had and does have a history of inclusiveness and diversity—Orthodox, Institutional, Keynesian, Post Keynesian, conservative, liberal, et cetera. As an Austrian, he was welcome to join us in our belief in and practice of academic and philosophical diversity.

Garrison did mention his macroeconomics course (501) which, at that time Garrison took the course, used the Ackley text. Although rigorous, the text's many graphs were daunting and, to some economists, neutered the real message of Keynes as does the IS/LM analysis. One student said to me lately that spending so little time on IS/LM per se she believed was too little until she later realized that it was too much time spent on it, especially its supposed mathematical certainty, as has been indicated elsewhere. Thus, on this point, there is general agreement here with Garrison.

Garrison later indicated (page 32) that he apparently thought that no one had really read or understood his Austrian paper written here in Macro 501. However, the professor not only read it, but discussed the diagrammatical approach with Garrison before its being written. It was an excellent paper which the Rothbards later found very promising-rightfully so! As to the "hint" of his belief that no one here really under stood the Austrian analysis, there is no one here of the high degree of Austrian expertise as Roger, but the Macro-instructor in said Macro course did at Dartmouth have a course in business cycles that covered three economists: Hawtrey, Keynes, Hayek-an excellent selection of theorists. Later, at Oklahoma University, the same professor wrote a graduate paper on Hayek in which there was a general agreement with the mechanism of the Hayek cycle after the initial disturbance, but with less certainty concerning its causation and implications thereof. In his later course in business cycles, Hayek was included. Thus, the instructor did and does have a degree of Austrian understanding. As to the apparent belief by Garrison (p. 32) that his paper was not really read or understood, it was read.

Papers here are not graded without being read-and I hope that is the case everywhere else as well. The autobiographical article by Garrison was of interest and relevance. At this University, we are glad that Roger was with us; and we are glad of his many successes. The field of Economics can learn something of value from many paradigms of analysis. Roger's journey from engineering to Austrianism is proof of this. As for myself, I have gone from Orthodoxy to Post Keynesian with an Institutionalist underpinning. Roger and I have both traveled an academic journey of interest and relevance. Happily, our journeys are not yet over. Perhaps, we can both say of our journeys as did the poet, Robert Frost, in his poem “Stopping By Woods on a Snowy Evening”:

The woods are lovely, dark and deep,
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep.

I hope that our diverse readers feel the same for themselves in their own on-going journey towards a more adequate degree of Economic analysis and realize that no paradigm has a monopoly on a complete adequacy of Economic knowledge. I close by congratulating Roger on his journey and his well-deserved successes therein.

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