power, the story neglects the ordoliberal endeavors with regard to the first drafts of cartel legislation before 1950 and their role in the debates on cartel and anti-monopoly legislation up to 1958, when the respective law was eventually enacted.

In this vein, there may be some readers whose expectations will be disappointed by this book's specific approach, but it certainly does not count among the reviewer's prerogatives to impose his own set of preferences on the author. In any case, anyone interested in ordoliberal thought may be assured that reading this book will provide many illuminating insights. It is a welcome addition to the literature.

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COMPETING INTERESTS

The author declares no competing interests exist.

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Arie Arnon, *Debates in Macroeconomics from the Great Depression to the Long Recession: Cycles, Crises and Policy Responses* (Cham: Springer Nature, 2022), pp. xxvi + 318, $109.99 (hardcover). ISBN: 9783030977023.

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Arie Arnon's previous book traced the evolution of *Monetary Theory and Policy from Hume and Smith to Wicksell* (2011). This one starts from Knut Wicksell and continues the story to the present, and in this respect it can be read as the culmination of Arnon's lifelong scholarly project. This perhaps explains the unusually large number of glowing endorsements, three pages of them (pp. vii–ix)!

But it is a more urgent book than that. It is the very opposite of a Whig history, and Arnon is explicitly writing in response to the "dismal state" of macroeconomics as revealed by the global financial crisis of 2008–09, and also to the inadequate attempts (as he sees it) at reconstruction since then. In this regard, the historical comparison with the Great Depression is compelling and revealing. While it is true that the Depression came as a shock to most economists, there were some intellectual resources at hand, namely the past work by Wicksell (among others) with which both John Maynard

Keynes and Friedrich Hayek had grappled before the Depression (chs. 1–3). The response of these two men to the Depression was therefore to redouble their efforts along these lines.

Arnon tells us “one could argue that monetary theory was in many ways a kind of predecessor to macroeconomics” (p. 215). Keynes’s *General Theory* (1936) and Hayek’s *Pure Theory of Capital* (1941) both represent such efforts, although in the event it was Keynes who better captured the spirit of the age (chs. 5–7). The result was the creation of a new subfield of economics called “macroeconomics,” with the task of understanding system-wide phenomena, and also the task of directing government intervention, now expanded beyond monetary to include fiscal intervention as well.

The contrast with the global financial crisis could not be sharper. This crisis, too, came as a shock, but in this case the “hegemony” of new classical macroeconomics, instantiated in the Dynamic Stochastic General Equilibrium (DSGE) model, meant that there were essentially no intellectual resources on which economics could draw. Policymakers, to their credit, put their professed analytical beliefs to one side and fought the fire, with the result that there was no Great Depression, only a long recession. The puzzling thing, however, is that, once the fire was out, they essentially returned to the same set of analytical beliefs that had proven so useless during the crisis. Thus, no Keynes or Hayek has emerged from this experience with the project of remaking economics, and there has been no revival of the macroeconomics subfield, which had essentially reverted to pre-Depression microeconomic orthodoxy by the time of the global financial crisis, and which returned there as soon as the crisis was over. Ten years after the crisis, the DSGE model remains hegemonic, albeit with extensions to include financial frictions and heterogeneity.

What accounts for this different experience? The concluding chapter of the book points to “broader social, philosophical and methodological debates” (p. 264). “Economics tended to support leaving capitalism to manage itself while disapproving and minimizing the downsides that necessitated a role for active interventions, by government or public agencies, in the economy” (p. 273). In Arnon’s account, it is these broader debates that explain the evolution of macroeconomics up to the financial crisis, and after as well. The adoption of IS/LM (not Keynes) as the framework for “Keynesian orthodoxy” (ch. 8), the monetarist counterrevolution (ch. 9), and Hayek’s second coming now as Austrian libertarian sage (ch. 10), all prepared the ground for new classical macroeconomics (ch. 11), which was then taken to have been empirically validated by the subsequent “great moderation.”

Already in the immediate postwar period IS/LM pushed pre-war concerns about crisis off the agenda in order to focus on cycle stabilization, and then real business cycle theory and the great moderation ultimately pushed even that off the agenda as well. Arnon quotes Robert Lucas in 2003 about the limits of the new models: “They don’t let us think about the U.S. experience in the 1930s or about financial crises and their real consequences in Asia and Latin America” (p. 205). Arnon’s story is thus about “how a profession, born in a crisis, lost somehow at least part of its collective memory” (p. xvi). The new models of which Lucas speaks are of course exactly the models that the economics profession had at hand when the global financial crisis of 2008 hit, and the models to which the profession returned after the crisis quieted down.

Economics may well tend toward support of laissez-faire, and for that reason may well tend to favor economic models that support that result. But, Arnon reminds us, the economy is another thing. Crisis may not be in our economic models, but it is most certainly in our economic reality, and that means intellectual opportunity. "Both the analysis of crises before they appear, curing the system to avoid them, identify when they are coming and then proposing policies to deal with them *leave open space for macroeconomists.* The claim that the system has built-in instability and fragility is still a strong claim" (p. 264; my emphasis). In this regard, Arnon points us to two underutilized resources in the history of economic thought: early John Hicks (1939) and early Hayek, both of which he hears dimly echoed in present-day dissenting voices to DSGE hegemony, Hicks in the work of post-Keynesians and Hyman Minsky (ch. 13), and Hayek in so-called complexity economics (ch. 14). For a historian, it is too soon to say for sure that no new Keynes and no revived macroeconomic subfield will eventually emerge from the financial crisis, only that there are none yet visible.

I began this review by drawing attention to the large number of endorsements. I should emphasize in closing that the praise is not just for the capstone of a long and productive career but even more for the urgency of this book's message, which the endorsers share. Perhaps this book can serve as a ground-clearing exercise from which a new direction in macroeconomics can spring? Nothing would please the author more.

This book is explicitly a work of the history of economic thought, engaging with the literature on the history of thought as much as with the primary texts that mark milestones in that history. As a sometime historian of economic thought myself, there is much here that is familiar but also much that is new. The account of young Hayek, for example, helps us to understand the mature work better, rather than simplistically reading that mature work back onto the earlier. Hayek's debate with Keynes emerges as much more nuanced and interesting than the subsequent 1960s debate between monetarists and Keynesians, which is the usual frame. Similarly, the account of the original microfoundations-of-macro debate avoids reading back the subsequent rational expectations and representative agent construct. Hicks's urging of a "micro-Keynesian" analytical direction building from *Value and Capital* thus emerges as a potential direction for the urgent intellectual work ahead of us (p. 224).

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