



Introduction: Lucas's enduring impact on macroeconomic thinking

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ARTICLE HISTORY Received 16 January 2022; Accepted 21 January 2022

Fifty years have passed since the *Journal of Economic Theory* published Robert E. Lucas's seminal paper (1972) on expectations and the neutrality of money.¹ The influence this contribution exerted on how we today think about macroeconomic theory and methodology proved to be so profound and far-reaching that it is still one of the core works of the macroeconomic corpus. Improvements in science, however, are seldom linear and cumulative, new developments may thus surpass once powerful and well-performing theories by showing that their old truths are not general and eternal but partial and temporary only. Not even a Nobel prize is a guarantee of a theory being a fixed star in the sky of science. The 50th anniversary of the neutrality paper promises to be a good opportunity for reflecting on its impact, and ask how the profession assesses this path-breaking contribution in the light of the developments of the past few decades. In May 1995, a few months before the early-October press release announcing Lucas's Nobel prize in economics, Rao Aiyagari set up a meeting to celebrate the 25th anniversary.² Some of the authors in this special issue also attended that conference. With this special issue we aspire to do the same: to revisit, to evaluate, to celebrate and to appreciate. Hopefully, this symposium, just as the 25th anniversary conference, will promote theoretical and methodological thinking and equally prove to be a nice surprise to a hero of 'the golden age of macroeconomics' as Blanchard (2000, p. 1379) termed the 1940–1970s.

The papers in this issue are organized into two sections. After the introductory paper that summarizes the strikingly rapid intellectual and technical progress which led Lucas to the neutrality paper, the first section contains three articles by three authors from three subsequent periods of Lucas's career. These articles assess Lucas's achievements in areas such as university teaching, model building or econometric practice. All these articles are meant to combine personal, occasionally even subjective, reflections on Lucas's lifework with theoretically and methodologically anchored comprehensive evaluations. The personal touch is most saliently present in Tom Sargent's account who tells the so far untold story of his friendship with Lucas and how they joined forces in the 1960–1970s in their battle against the then conventional Keynesian way of macroeconomic modeling. Max Gillman, Lucas's former graduate student at the University of Chicago, embeds his recollections of Lucas's professorship into describing the various ways the neutrality paper still shapes macroeconomic thinking. In a similar vein, Harald Uhlig, a current faculty member at the Department of Economics of the University of Chicago, offers an insider look into the Chicago milieu and explains how and in what ways it still preserves Lucas's fingerprints. These articles also include personal recollections and will be valuable resources for historians and methodologists who would like to look beyond the body of published texts. So apart from intending to give new impetus to the Lucas reception, these papers also have the promise of fueling historical assessments of modern macroeconomics in general and the Chicago school in particular.

Turning the Lucas reception into new directions is the explicit aim of the articles in the second section. Mauro Boianovsky examines the possibilities of a realist reading of Lucas's abstractions and concludes that Lucas as early as in his neutrality paper started placing emphasis on realistic assumptions that he disguised in seemingly unrealistic models. And finally, the paper by Pierrick Clerc and Rodolphe Dos Santos Ferreira surveys the paths and dead ends of the recent rational inattentiveness literature also provoked by the neutrality paper.

Most papers in the special issue are written by practicing macroeconomists and not by dedicated historians or methodologists – a fact that deserves explicit focus. We all know the complaints about the lack of sufficient dialogue between methodologists and the wider economics profession. This special issue is an attempt to give the floor to economists to unravel the kinds of methodological presuppositions they entertain and to explain what they mean by 'methodology' in the first place. When reading the assessments in this special issue, it becomes obvious that Lucas's methodological achievements form a close-knit unity with theoretical advancements and vice versa. In line with the mainstream view (Ljungqvist & Sargent, 2018, pp. 53–54), theory and methodology turn out to be two opposite ways of walking along the same path. Theory solves the direct problem of mapping economic primitives like preferences or technology into observable variables; while methodology addresses the reverse problem of how to infer the economic primitives in a theory from data. In a different albeit related perspective, one of Lucas's main advancements was his recursive economic *methodology* for dynamic general equilibrium *theory*. Along these lines one could go so far to say that what Lucas triggered in theory including the rational expectations revolution and the renaissance of general equilibrium analysis is the methodological bedrock of modern macroeconomic theory. Although it is not their explicit aim, these articles thus offer inspiring answers to the deep questions about the relationship between theory and methodology. Even if they are not identical, they are inseparable – so they are supposed to be both done and examined in a joint context. So beyond inspiring new research in theory and methodology and drawing a renewed attention to Lucas's contribution, hopefully, this special issue can also enhance the communication between practicing economists and economic methodologists.

Notes

1. Lucas's achievements are described in the background information the Royal Swedish Academy of Sciences (KVA, 1995) published apropos of his Nobel prize, where the neutrality paper (Lucas, 1972) and the subsequent Lucas critique (Lucas, 1976) are cited the most. The research he conducted in the 1970s is compiled in Lucas and Sargent (1981).
2. Although the paper was published in 1972, Lucas completed it in 1970. See the introductory paper in this special issue for details.

Acknowledgements

I am grateful to editors in chief N. Emrah Aydinonat and Jack Vromen for their careful reading and constructive comments.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

The paper was supported by the János Bolyai Research Scholarship of the Hungarian Academy of Sciences.

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Peter Galbács is historian of the methodology of post-war business-cycle theory. His recent research concerned how macroeconomics changed during the transmutation from Friedman to Lucas and culminated in a monograph entitled *The Friedman-Lucas transition in macroeconomics – A structuralist approach* (2020).

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