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Obituary

Axel Leijonhufvud: A personal recollection from an Austrian perspective

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Abstract:

Professor Axel Leijonhufvud passed away few months ago, at the age of 89. Despite the fact that the contribution he made to economics has been widely recognized, his approach remains 'problematic' because of his dialogue and proximity with different streams of thought, and in particular with the Austrian School. This short recollection, developed from an Austrian perspective, touches only briefly on Leijonhufvud's hybrid interpretation of the Great Recession. More space is instead devoted to analysing his institutional approach to the phenomenon of inflation and its link with monetary policy and monetary regimes. Some reflections are focused on the importance of microfoundations and of studying the market process as a process of inter-temporal coordination, with a final call for humility within the economics profession.

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"Macroeconomics seemed to have taken a turn very similar to the movies: more and more simple-minded plots but ever more mind-boggling special effects"
(Leijonhufvud, 1998; quoted in Snowdon, 2004, p. 119).

Professor Axel Leijonhufvud passed away few months ago, at the age of 89. The contribution he made to economics has been widely recognized. However, in some respects, his interpretation of the Keynesian disequilibrium as arising from a distorted interest rate structure has generated some embarrassment, especially because of certain affinities with the Austrian School. These affinities aroused my curiosity and appreciation when I had the chance to, first, meet his thought, as a post-doctoral student in the history of economic thought (particularly passionate for the Austrian School of Economics), and, later, meet him personally in Trento, on 24 July 2009.[1]

[1] Unfortunately, this limited perspective – which is probably natural in young scholars – blocked me from fully appreciating (at that time) the originality of the Swedish economist. Similarly, a few years before, I was unable to fully grasp the greatness of Paolo Sylos Labini when I was working with him on my master's dissertation (Ferlito, 2011), as my main concern was his personal interaction with Schumpeter.

On that afternoon 13 years ago we had a long conversation centred on business cycles: we were at the beginning of the Great Recession and, in the realm of economics, economic fluctuations had become a fashionable topic again. In that period, I knew quite well the Schumpeterian explanation of trade cycles (Schumpeter, 1939) and I was dealing with the monetary explanation proposed by Ludwig von Mises (1912, 1936); at the same time, I was strongly attracted by the semi-monetary explanation given by Hayek (1929).[2]

In this short personal remembrance, developed from an Austrian perspective, I will try to summarize the points of Leijonhufvud's thought which are – according to me – still relevant today for the economics profession and for policy reflections. In particular, we need to remember him for having been a Keynesian who not only openly criticized his school from within, but who was also extremely open to dialogue with and the influence of other schools of thought; in recent times, his interpretation of the Great Recession was a great proof of it.

For the current times, furthermore, his *institutional* approach to the phenomenon of inflation and its link with monetary policy and monetary regimes remains highly relevant; and to this topic the greatest part of the present paper will be devoted. Only briefly will I touch on the importance of microfoundations and of studying the market process as a process of inter-temporal coordination.

While I will conclude with a thought on complexity and humility in policymaking, I would like to invite historians of economic thought to reflect on a point that cannot be expanded here: I see a parallelism, in the recent history of our discipline, between Leijonhufvud and Armen Alchian. Both of these two great economists worked at the University of California, Los Angeles (UCLA) and both, according to me, did not obtain the intellectual recognition they deserved. The interpretative key I would like to propose for someone else to develop is that, during the 1970s and 1980s, Leijonhufvud and Alchian found themselves overshadowed by the giants of their environment: while the New Keynesian world was dominated by Paul Samuelson and, above anybody else, Sir John Hicks,[3] the free-market space was dominated, in those years, by Milton Friedman and, to a lesser extent, F.A. Hayek. More work needs to be done to give Leijonhufvud and Alchian the place they deserve in the history of economic thought, recognizing – in particular in these moment of resurgent inflation – the important contributions they provided for the theoretical understanding of the phenomenon.

1. The Great Recession

As a young scholar passionate for the Austrians, I got excited when, 14 years ago, I read the following lines: "the Fed was lured into keeping rates far too low far too long. The result was inflation of asset prices combined with a general deterioration of credit quality […]. This,

[2] It seemed to me – and now I am ever more convinced about it – that the Nobel Laureate was creating some distance from the purely monetary approach of his master, in order to emphasize the role of changes in the structure of production; in particular, Hayek (1929, p. 41fn), argued that the contrast between trade cycle theories centred on the concept of scarcity of capital (like the ones [not clear: "the theories"?] developed by Spiethoff, Cassel and himself) and the theories centred on the concept of underconsumption was the really important contrast, rather than the difference between monetary and non-monetary approaches.
It would be interesting to draw a parallelism between these considerations and Leijonhufvud (1979), but this would take us much beyond the scope and limits of the present recollection.

[3] Franco Modigliani too deserves a special mention among those scholars who re-interpreted Keynes from a marginalist perspective. See, among others, Nardi Spiller (1996). In Snowdon (2004), Leijonhufvud explicitly recognized the tremendous impression that Modigliani's work made on him.

of course, does not make a Keynesian story. It is rather a variation on the Austrian overinvestment theme"[4] (Leijonhufvud, 2008, p. 1).[5] But, according to the Swedish economist, to understand what was going on, the Austrian explanation needed to get enriched with Minsky: "But Mises and Hayek had very little to say about the financial side of an overinvestment boom that is of interest to us 80 years later. For a thorough analysis of that subject one has to turn to Hyman Minsky" (Leijonhufvud, 2009, p. 742).

Leijonhufvud, therefore, read the Great Recession as a malinvestment bubble made worse by those phenomena of financial complexity described by Minsky's financial instability hypothesis (Minsky 1982, 2008). According to this hypothesis, during the boom following a tranquil period, "innovative debt practices and speculative excesses" are encouraged and an "unrecognized system fragility evolved" (Prychitko, 2010, p. 206).

Such an interpretation can be understood by looking at the deep knowledge that Professor Leijonhufvud had of Austrian theory and at his ability to see links between schools and to use those links to build interpretative bridges. The meeting we had in 2009 made this very clear to me, thanks to a simple reading suggestion; he took seriously my interest in Hayek, and he came out with a simple statement that would have a strong effect on my future business cycle studies. He told me that, if I wanted to properly understand Hayek's approach to economic fluctuations, I should read the text of a lecture that he delivered in 1933: "Price Expectations, Monetary Disturbances and Malinvestments" (Hayek, 1933). Nowadays, I still recommend the same lecture to whomever would like to understand the Austrian theory of the business cycle à la Hayek.

That paper, together with Hayek's 1929 work, was particularly important because it marked the strongest Hayekian attempt to introduce *expectations* into the theoretical reading of economic fluctuations. Unfortunately, for many decades Austrians failed to fully develop the Keynesian insights on expectations and to make them an integral part of their theoretical proposition.

It is a curious fact that, when around 1930 (in Keynes's *Treatise on Money*) expectations made their appearance in the economic thought of the Anglo-Saxon world, the Austrians failed to grasp with both hands this golden opportunity to enlarge the basis of their approach and, by and large, treated the subject rather gingerly (Lachmann, 1976, p. 58).

It was only with Ludwig Lachmann in the 1970s that expectations became a pillar of the so-called *radical subjectivist* stream within the Austrian school. And it is thanks to the category of expectations that I tried to develop a business cycle approach – the so-called *natural cycle* – which reads economic fluctuations by blending the traditional Austrian approach with elements from Keynes (expectations), Schumpeter (inevitability of the crises) and Minsky (role of the financial system).[6]

This is indeed the direction indicated by Leijonhufvud (2008, 2009) with regard to the Great Recession, an interpretation that probably did not receive the attention it deserved.

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[4] Leijonhufvud (2001, p. 6) saw a chance for reviving the Austrian theory of the business cycle also with regard to the Asian financial crisis (1997-1998).

[5] Probably now more than ever we need economists to be able to walk through different schools of thought to look for potential points of contact. Hicks (1939, 1973) and Leijonhufvud were probably the Keynesians who, more than others, winked at the Austrians.

[6] Ferlito (2014). The link between my approach and Minsky's financial instability hypothesis was brought to light by Prychitko (2016).

2. Leijonhyfvud and inflation

While Leijonhufvud's understanding of the Great Recession could have been very useful for tackling it at the policy level, in the current times his contribution to the theory of inflation is a valid ally in fighting the price tensions experienced everywhere in the world. In 2022, inflation came back in the news. The annual inflation rate in the USA – as measured by the rate of change in the Consumer Price Index (CPI) – rose to 9.1% in June of 2022, the highest since November of 1981, from 8.6% in May. Energy prices rose 41.6%, the most since April 1980, while food costs surged 10.4%, the most since February 1981.

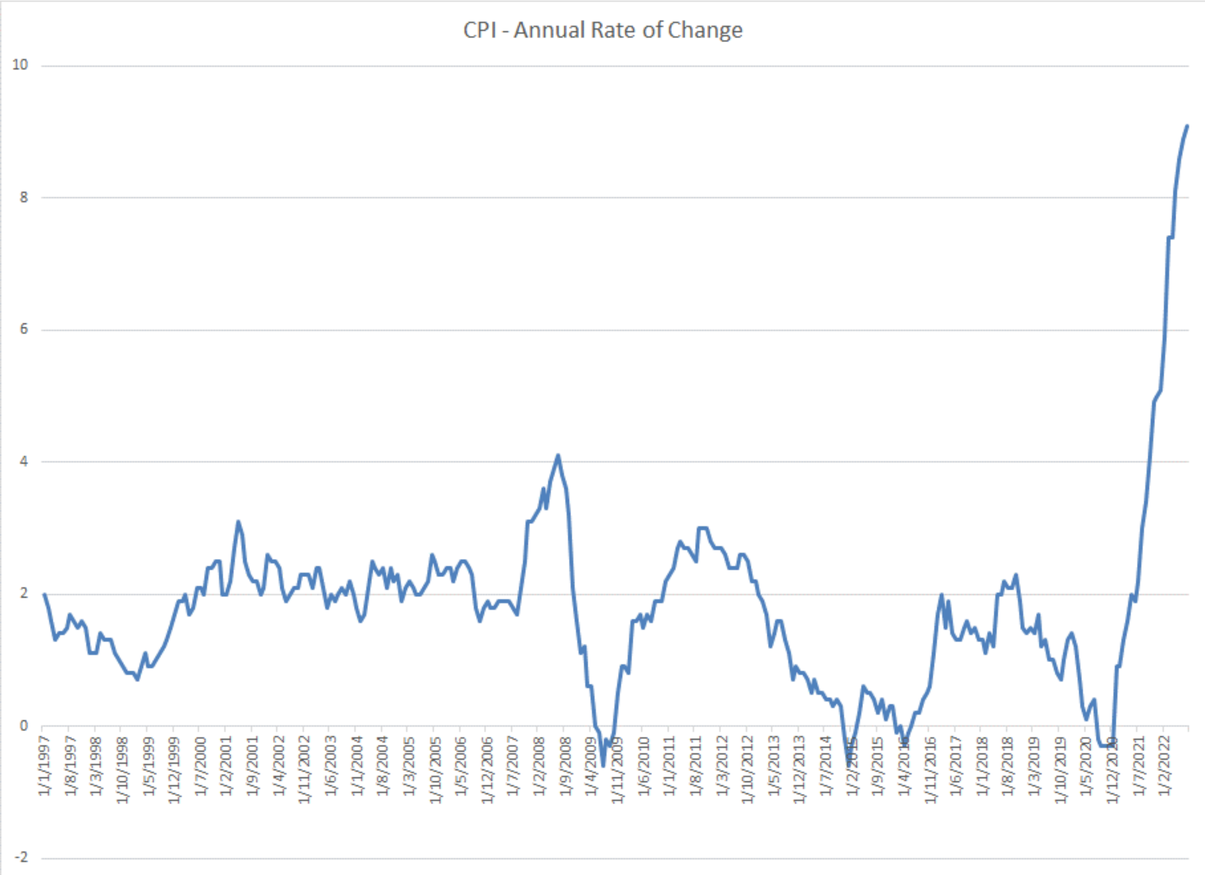
Figure 1 – *Inflation measured by the rate of change in the CPI in the USA, 1960-2022*

Source: Organization for Economic Co-operation and Development, Consumer Price Index: Total All Items for the United States [CPALTT01USM659N], retrieved from FRED, Federal Reserve Bank of St. Louis; accessed at: https://fred.stlouisfed.org/series/CPALTT01USM659N, September 4, 2022.

The situation does not look less hot in the Euro Area, where the figures are the highest ever recorded since the CPI has measured for the area as a whole. Preliminary estimates showed that the annual inflation rate in the Euro Area increased to a new record high of 8.9% in July 2022, from 8.6% in June. Prices continued to accelerate for food, alcohol and tobacco (9.8% vs 8.9% in June), non-energy industrial goods (4.5% vs 4.3%), and services (3.7% vs 3.4%) but eased slightly for energy (39.7% vs 42%).

Unfortunately, central banks around the world were unable to see how the expansion of the monetary base during the Great Lockdown, generated by expansive fiscal and monetary policies and coupled with negative performances of GDP, was necessarily going to create a post-Covid economic crisis (as predicted in Ferlito, 2021, and Ferlito et al., 2021).

Figure 2 – *Inflation measured by the rate of change in the CPI in the Euro Area, 1997-2022*



Source: https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=122.ICP.M.U2.N.000000.4.ANR.

The lack of anticipation – with regard to the effects of expansive fiscal and monetary policies[7] – of what was about to come is paired with a very limited understanding of the phenomenon, now that it has exploded. Politicians rushed to blame supply-chain disruptions, without recognizing how those supply-chain disruptions were brought about by the Great Lockdown that the epidemic imposed on us and, above all, how the same Great Lockdown forced them into monetary expansion.

In this regard, it is important to clarify that not all economists look at price increases and inflation as synonymous. Some schools of thoughts, such as the Austrians, the Monetarists and also the Institutionalists à-la Alchian, distinguish between one-time jumps in most prices without a continuing rise (which they do not call inflation) and inflation, which usually means a continuing general rise in most prices brought about by expansions in the monetary base. The difference is important because they are caused by different events. The first one can be caused by demand pressures or supply-chain shocks (wars and lockdowns; these events are usually temporary) (Alchian, 1976, p. 251). And different causes call for different solutions.

For the scholars belonging to these groups, "the necessary and sufficient condition for a persisting, increasing price level according to the Austrian approach is that the quantity of

[7] Price tensions, in fact, were visible since 2021 and were anticipated by the upward movements in the Producer Price Indexes since 2020.

money is increasing relative to the stock of real goods and services. That and only that is the source of a persisting inflation" (Alchian, 1976, p. 251). Similarly, Hayek said, "A general rise in prices, for instance one brought about by a shortage of food caused by bad harvests, is not inflation". "Nor could we properly call 'inflation' a general rise in prices caused by a shortage of oil and other sources of energy that led to an absolute reduction of consumption, unless this shortage had been the pretext for a further increase in the quantity of money". Inflation's "original and proper meaning is an excessive increase in the quantity of money, leading in turn to an increase in prices", he concluded (Hayek, 1979, pp. 44-45).

Milton Friedman played a similar tune, saying that inflation is produced by "a more rapid increase in the quantity of money than in the quantity of goods and services available for purchase, and such an increase raises prices in terms of that money" (Friedman and Friedman, 1980, p. 252). Therefore, inflation "is always and everywhere a monetary phenomenon in the sense that it is, and can be, produced only by a more rapid increase in the quantity of money than in output" (Doescher, 2021).

Obviously, "blaming" the supply chain or money creation as the source of current monetary tensions has radically different consequences. In the past months, we have seen different interpretations, all having in common the idea that ""somebody is behind it", somebody who is in control and who is doing it for profit" (Leijonhufvud, 1975, p. 29). In this regard, Leijonhufvud's analysis of the source of instances of high inflation is not that different from the one coming from his colleagues "on the right," as we have just seen.

In fact, as explained by Heymann and Leijonhufvud (1995, p. 5), "high inflation is typically a symptom of a deep-seated crisis in the public finances. The general picture is one of governments unable to gain control over fiscal policies. Under strong pressures to spend, they lack the corresponding capacity to tax or borrow". Agreeing with Friedman, the Swedish economist remarked that it "is a truly well-documented empirical regularity that all persistent inflations are accompanied by a rising stock of nominal money", although "the channels which transform monetary impulses into price changes are neither simple nor direct" (Heymann and Leijonhufvud, 1995, p. 12). However, the key question asked by Heymann and Leijonhufvud (1995, p. 12) is why governments choose to let the money stock increase at an inflationary rate. The originality and realism provided by the answers given by Heymann and Leijonhufvud (1995, pp. 12-13) lie in their institutional nature:

> In high inflations, the money supply is typically driven by the financing requirements of the government. But the fiscal deficit itself can be considered an endogenous variable. Thus, the causal chain that dominates attention in the high inflation literature traces back from (i) prices to (ii) money to (iii) fiscal deficits to (iv) the political factors influencing the behaviour of governments. […]
> There is no escape, therefore, from the need to consider the policy regime within which the inflation is occurring and the various ways in which agents adapt to it.

In a nutshell, for Leijonhufvud, inflation is political in nature and therefore the answer to it cannot avoid dealing with the adequacy of the political regime, in particular its promptness to fall to the song of the inflation tax[8] and seigniorage.[9]

[8] An inflation tax is an implicit tax on nominal assets, such as cash, bonds and savings accounts. Inflation reduces the value of money and therefore reduces the real income of households. When governments create inflation by printing money, they usually benefit from the inflation, as they get more nominal revenue and can reduce the real value of the government debt. Inflation can have the effect of improving government finances without actually increasing tax rates. The political advantage of an inflation tax is that it is easier to disguise than increasing tax rates.

[9] As explained by Haslag (1998, p. 10), money creation "is one potential source of revenue for a government. Seigniorage –government revenue received through creating money – is a relatively inexpensive means of raising

The true problem is that inflationary regimes – which are often accompanied by other anti-growth policies (Heymann and Leijonhufvud, 1995, p. 38) – make critical the coordination of expectations and create a very difficult environment for decision making (Heymann and Leijonhufvud, 1995, p. 44). Relative prices begin to lose their coordination ability:

> Transactors will not be able to sort out the relevant "real" price signals from the relative price changes due to these inflationary leads and lags. How could they? Messages of changes in "real scarcities" come in through a cacaphony [sic] of noises signifying nothing … and "sound" no different. To assume that agents generally possess the independent information required to filter the significant messages from the noise would, I think, amount to assuming knowledge so comprehensive that reliance on market-prices for information should have been unnecessary in the first place. […] the vector of effective excess demands is distorted and the "hunt" for the GE solution vector goes off on false trails.
> Transactors will gradually lose all firm conception of where the equilibrium neighbourhood for relative prices lies (Leijonhufvud, 1975, p. 34).

Under this perspective, private agreements become less reliable and price increases undermine our legitimate desire to take control over our own lives; the diminished reliability of private contracts brings about an attempt to replace them with politics: we "expect people to use their votes and lobbies increasingly to help insure for themselves a predictable real income" (Leijonhufvud, 1975, p. 24). However, the political demand to fight inflation does not contain clearly identifiable instructions:

> (ii) Inflation-induced political activities are not likely to be "neutral" in their budgetary implications. The "representative" individuals whose undeserved losses are balanced by ill-gotten gains might be expected to lobby rather earlier and rather harder for compensation for their losses than for taxation of their gains. There is then a bias toward deficits to the political game of trying to re-redistribute the redistributions via governmental budgets. Growing deficits will make it harder to brake the inflation down even as the realization that it does after all have deleterious social consequences spreads. And the economy generating the taxes is not going to get better at it from the proliferation of regulations and controls – even if these were not often half-baked as such interventions go, but fully studied, carefully considered and intelligently implemented (Leijonhufvud, 1975, p. 25).

Price controls cannot be a theoretically justified answer.

> Consider the task of somebody put in charge of price control. When is it safe to freeze relative prices? Not right now is always the answer. Could they be regulated by some "rule of proportion" relating them to prices obtaining in a less discoordinated state at some date in the past? What date? Obviously, there never is a particularly "good" one to pick. Yet, price-controllers invariably find themselves making decisions based on changes from some past date or dates – although the economic theory they learned at school probably never featured decision-making based on precedents. Economic agents "at large" will have more and better information than, but possess no secrets of efficient decision-making not accessible to, price controllers.
> What "value" – in some "real" sense – is the rest of society willing to pay for one's marginal product? We lose track of what can be expected. In the process, conceptions of what is "fair" also dissolve (Leijonhufvud, 1975, p. 35).

There is more. In fact, inflation produces serious consequences on the stability of the social system as a whole. In particular, "inflations tend to accelerate the secular tendency of most

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funds". According to Heymann and Leijonhufvud (1995, p. 15), seigniorage is the real value of the nominal increase in the monetary base; the "total seigniorage may be decomposed into the change in the real volume of base money and the loss of purchasing power on the existing stock due to price inflation" (p. 16), while 'pure seigniorage' is defined as the increase in real base money balances (p. 190). In this regard see also Korosteleva (2007). For further analysis, refer to the seminal Cagan (1956).

western countries to move away from the Rule of Law toward Rule by Men. Associated therewith, we expect to observe a tendency for the dominant popular conception of social justice in democratic societies to shift from Equality under the Law towards Income Equality” (Leijonhufvud, 1975, p. 10).

What seems more likely is that

> […] inflation-induced politicking is overloading our political institutions. There are limits to what they can handle intelligently and wisely in any given session. Inflations create more ‘wrongs’ than legislatures can put ‘right.’ […] The overloading of political institutions is exacerbated by another factor. Inflation will unsettle a number of political compacts and compromises reached in the past” (Leijonhufvud, 1975, p. 26).

Finally, while inflation can bring about pressures for an uncoordinated institutional change, it is itself the symptom of a disorder in the institutional system, showing the inability of governments to find a balance between expenditures and fiscal revenues (Heymann and Leijonhufvud, 1995, p. 55).

Professor Leijonhufvud did not limit himself to the analysis; he also elaborated proposals to fight inflation. For the low to moderate inflation regimes, like the ones that characterize the Western world today, he recommended:

> A Peel’s Act-Friedman rule which would combine the stable nominal anchor characteristics of Friedman’s (1960) constant money growth rule (the Issue department) with flexibility to deal with emergencies (the Banking department); a return to some form of convertibility regime based on a commodity basket; Bluebacking – issuing a parallel currency to appreciate in step with the expected depreciation of the existing currency” (Bordo and Jonung, 1994, p. 1).

This is not the place to analyse in detail those proposals, which testify to Leijonhufvud’s attempt to anchor his theoretical thinking to implementable policy reforms. However, it has to be noted here that those proposals, like many others,

> […] do not contain a mechanism that creates sufficient credibility. As long as money is produced by a government controlled monopolist, that is by a central bank, the money supply process will be the subject of political pressure. Sooner or later the monetary system will be exposed to a disturbance that induces political manipulation of the money supply, creating inflation. Once inflation begins, it tends to become entrenched in the monetary regime.
>
> One method to create strong credibility for the purchasing power of the currency is to take the money supply out of the control of the political system. Creating a truly independent central bank whose only responsibility is to maintain price stability is one way to do this (Bordo and Jonung, 1994, p. 11).

3. Economics as a coordination problem

More considerations about the *vision* of economics testify to Leijonhufvud’s constant awareness of the complexity of, and his openness to, different schools of thoughts, such as the Austrians. One of these considerations is the search for proper micro-foundations to support macroeconomics (Laidler, 2006, p. 3). The systematic treatment of expectations, belonging to the Keynesian tradition, the importance of which was emphasized by Lachmann, is a fundamental pillar of such a quest for micro-foundations.

In the 1970s, Ludwig Lachmann (1973, 1976), with his emphasis on expectations and radical subjectivism, was warning that the economic system is characterized by the presence of both equilibrating and disequilibrating forces. According to the German economist, the prevalence of the former is not automatically granted by the working of the price mechanism; quite the contrary: the emergence of entrepreneurial profit is possible only while the economic system is in disequilibrium. Similarly, Leijonhufvud stressed the existence, among market forces, of destabilizing tendencies (Howitt, 2002). In this context, divergent expectations are one of the key features in disequilibrium, showing the presence of something wrong in the process of inter-temporal coordination (Laidler, 2006, p. 9). Something is derailed in the process for mutual coordination of plans which is at the core of the market process.

For this reason, "Leijonhufvud proposed a radical reform of macroeconomic theory that would focus more clearly on the adjustment processes of actual economies" (Howitt, 2002). If "economies [are] complex dynamical systems" (Snowdon, 2004, p. 131), it is crucial to see economics as a science studying not equilibrium status but coordination processes, if such a coordination emerges or why in certain circumstances discoordination prevail, and which are the *institutions*, as prices, that can facilitate or obstruct the process. Despite the different research paths, it is easy to sense here the common vision with Hayek and, in particular, with the research programme that emerged after the publication of Hayek (1945).

As mentioned, these processes happen in time, they are of an inter-temporal nature; moving through time means moving into a future that, as stressed also by Lachmann and Shackle, is unknowable (Leijonhufvud, 1975, p. 1). But time needs to be adequately conceived. Hicks (1976) introduced the distinction between economics *of* time and economics *in* time. This distinction may still be used to re-group models and arguments into those where time is dealt with either as a *container* in which the production process unfolds, or those in which it is an *ingredient* that goes into this process (Meacci and Ferlito, 2018, p. 328). I believe that Leijonhufvud's emphasis on the inter-temporal coordination processes has to be seen within the framework of economics in time, which focused on the concepts of human action, expectations, uncertainty and fluctuations.

Surely, Leijonhufvud was aware of this distinction about time, a distinction highlighted also by Shackle (1972) and Joan Robinson (1974) in their different attempts to go beyond the concept of time used by neoclassic economists, and to focus on a more realistic use of it. This new distinction, which underlies Hicks's more general distinction between economics of time and economics in time mentioned above, privileged historical time as a source of novelty and uncertainty (Meacci and Ferlito, 2018, p. 329).

A fruitful exploration of Leijonhufvud's legacy may be the attempt to further expand the concept of historical time and its flow as a source of constant novelty; while, for Lachmann, such a novelty is at the root of the concept of kaleidic society, in which equilibration struggles to emerge, walking on the path indicated by the Swedish economist and by Hayek may suggest novelty emerging in time as the key element for divergent expectations and therefore for inter-temporal discoordination to prevail.

Yet, we are not living in a world of chaos. Leijonhufvud was recognizing the existence of a corridor within which coordination succeeds. An interesting research agenda would be the one shedding light on which elements are necessary for the economy to remain within the corridor: Keynesians and Austrians may find it fruitful to walk together along this path.

4. Conclusion: Humility among the Econ

Such an approach to economics, which "inspired young economists with no stake in IS-LM to start developing a disequilibrium approach to macroeconomics" (Howitt, 2002), leads us to the core message contained in *Life among the Econ* (Leijonhufvud, 1973). The paper is not only a humoristic account of that special breed of human beings called "economists" but it is also sharply critical of the direction taken by the discipline. Echoing Keynes, Leijonhufvud (2009, p. 755) recognized that "a modern economy is 'a delicate machine, the workings of which we do not understand' and that 'blundering' in the control of it can bring misery to millions and endanger the social order". Humility is a lesson that, according to Professor Leijonhufvud, we should learn from Keynes: "the economics profession might be humbled by recent events [the Great Recession]".

This is the same call advanced by Hayek (1974): the necessity to humble ourselves in front of the complex network of human relationships that constitutes the economy. It is a lesson and a call that has been heeded by contemporary Austrian economists, who are today among the most vociferous in advocating for abandoning the idea of being able to fix the economy as if it were an engine.[10]

Following Leijonhufvud (2009), we should always keep in mind that policymaking requires humility, as the economic system is a dynamically ever-changing organism. The unintended consequences of over-ambitious policies can be dramatic and worse than the disease itself.

In the current political economy environment, the struggle for humility probably is the most significant battleground between those who believe in measurable and achievable-in-size policy targets (pretence of knowledge) and those who believe that "There are more things in heaven and Earth, Horatio, / Than are dreamt of in your philosophy" (W. Shakespeare, *Hamlet*) (limits of knowledge). Presently, this distinction is more important than any traditional boundary among schools in economics and such a vision is even more relevant in the current time of resurging inflation.

> The time for deciding what approach to economics should be it, I believe, is not yet. Probably pretty far off, in fact. Meanwhile, we need all the help we can get. Drawing from disparate traditions for "insight" means that one still accords legitimacy to "intuitionism" in Economics, even as some of its branches develop so as to increasingly resemble some sort of science.
> Hence, there is still in my view an important element of "art" in economics. With regard to the very broad problems in particular, one is obliged to "play it by ear". Whether the "chord" of Marshallian, Austrian Institutionalist, and Neo-Walrasian "notes" struck here makes acceptable "harmony" to others, I do not know. Yet, in trying to understand the consequences of inflation, one should, I believe, search for some such balance (Leijonhufvud, 1975, p. 45).

With the passing of Professor Leijonhufvud, we have lost a heavy-weight fighter and ally, belonging to a special breed of economists – believing in the importance of cross-contamination – a breed on the way to extinction.

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[10] See, among others, Haeffele and Hobson (2019).

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