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Peer Review

Review of: "The Challenge of Economics"

Eduardo Oliveira[1]

1. Thomas More University of Applied Sciences, Antwerp, Belgium

The manuscript The Challenge of Economics offers a broad and ambitious critique of neoclassical economics while proposing a conceptual alternative focused on planning horizons and “horizonal economics.” The author contends that conventional economic theory fails to adequately captubecause it relieserdependent, and long-term processes due to reliance on assumptions such as equilibrium determinacy, decreasing returns, and widespread substitution. The essay aims to reframe economic analysis through the perspective of planning horizons, emphasising complementarity, learning, institutional structures, and uncertainty as key drivers of economic behaviour.

The manuscript is intellectually rich, historically rooted, and demonstrates impressive engagement with economic philosophy and methodological debates. It provides a coherent narrative linking increasing returns, interdependence, knowledge limitations, and institutional evolution to a broader critique of mainstream theory. The conceptual ambition and interdisciplinary synthesis are notable strengths. However, the manuscript would benefit from enhancements in structure, clarity, methodological rigour, and empirical grounding to increase its scholarly impact and accessibility.

Although the manuscript cites major twentieth-century debates, engagement with recent developments in behavioural economics, complexity economics, and institutional economics appears limited. These fields already address many themes discussed, including bounded rationality, network effects, and path dependency.

Recommendation:

- Strengthen the literature review by incorporating contemporary scholarship, particularly research on:
- Complexity and evolutionary economics
- Behavioural and cognitive economic models
- Network and platform economies
- Institutional and innovation systems theory

Concept

The essay introduces a novel theoretical contribution by positioning planning horizons (H^*) as a key analytical construct connecting foresight, bounded rationality, increasing returns, and complementarity. By challenging the neoclassical assumption of fixed planning horizons and the predominance of substitution-based analysis, the author develops a framework that reconceptualises economic coordination under conditions of interdependence and uncertainty.

The framework extends prior calls for dynamic economic modelling by proposing that equilibrium should be regarded as a limiting case rather than the primary organising principle of analysis. The theoretical formulation linking planning horizons to pricing mechanisms ($P^* = M^* \times E^*$, where both components decrease as H^* expands) offers a potentially integrative approach to understanding market behaviour, institutional design, and network externalities. Overall, the synthesis demonstrates significant potential to inform policy discussions on economic growth, educational systems, and organisational coordination.

The manuscript shows extensive engagement with the history of economic thought and heterodox critiques of mainstream theory. It draws on a broad intellectual lineage, spanning from classical economists to twentieth-century debates on increasing returns, imperfect competition, organisational theory, and epistemological constraints in economic decision-making.

Particularly noteworthy is the discussion of "horizon effects" as socially contagious phenomena, formalised through the idea that expansion in one agent's planning horizon can positively influence the horizons of others. This conceptualisation provides a rigorous analytical framework for horizontal economics and static equilibrium-based frameworks. Furthermore, incorporating historical evidence, including references to infrastructural and industrial systems, bolsters the manuscript's intellectual foundation.

Relevance

The manuscript advances normative insights concerning the shift from competitive to cooperative institutional arrangements in contexts characterised by complementarity and interdependence. By linking theoretical constructs to practical domains such as education, ecological systems, and knowledge production, the essay highlights structural failures that may emerge when competitive models are applied to inherently cooperative environments.

The discussion of academic institutional behaviour, especially the resistance to innovative ideas, illustrates broader societal implications of the proposed theoretical shift and underscores the need for institutional redesign that fosters learning, foresight, and collaborative knowledge creation.

Absence of a Clearly Defined Central Thesis

The manuscript presents a compelling critique of neoclassical economics and introduces horizontal theory as an alternative framework; however, the introduction lacks a clearly articulated research question or guiding thesis. The narrative quickly moves from diagnosing theoretical shortcomings to presenthorizontalonal economics without establishing a clear analytical focus.

The absence of a structural roadmap further hampers the reader's ability to follow the progression from historical critique to formal theoretical development. Extended historical and methodological discussions occasionally disrupt conceptual continuity.

Conceptual Ambiguity of the Core Construct

Despite its central role in the argument, the concept of planning horizons remains insufficiently defined as an independent analytical construct. While references are made to ordinal representations (H*) and their influence on economic outcomes, the relationships between planning horizons, decision processes, and systemic interdependence require further clarification.

The manuscript also does not sufficiently distinguish planning horizons from related constructs such as bounded rationality, expectations, or information constraints. Additionally, the lack of empirical or testable applications limits the operational validity and falsifiability of the concept.

Final note

The manuscript would benefit from a clearer and more disciplined progression from diagnostic critique to theoretical proposition. Currently, the argument unfolds through extensive historical and philosophical discussion before fully articulating the horizonal framework, which may obscure the central contribution. A more effective structure would follow a staged analytical sequence.

First, the manuscript should consolidate its critique of orthodox economics into a focused section organised around clearly defined analytical shortcomings. These may include the treatment of time, the assumption of equilibrium, the neglect of interdependence, and the overemphasis on substitution. Presenting these critiques in a synthesised and systematic manner would reduce repetition and sharpen the intellectual problem being addressed.

Second, the manuscript should explicitly identify the unresolved theoretical gap that persists even after considering existing heterodox or behavioural approaches. This intermediate step is essential because it clarifies why a new conceptual framework is necessary rather than presenting horizonal theory as one alternative among many.

Third, the introduction of planning horizons should be positioned as a direct response to the identified gap. This section should include a precise conceptual definition, a clearly articulated set of mechanisms explaining how planning horizons influence economic behaviour, and a structured presentation of theoretical propositions. Visual or schematic representations linking planning horizons to coordination, pricing, institutional behaviour, and learning dynamics would significantly improve clarity.

Fourth, historical and methodological discussions should be repositioned to support rather than dominate the argument. Consolidating these discussions into a dedicated literature or intellectual background section would preserve scholarly depth while maintaining analytical focus.

Finally, the conclusion should explicitly synthesise the theoretical contribution and outline policy implications, methodological consequences, and directions for empirical validation. A forward-looking synthesis would help readers understand the broader relevance and applicability of the proposed framework.

Declarations

Potential competing interests: No potential competing interests to declare.

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