Review of: "What Went So Wrong in Economics"

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Reference Report

What Went So Wrong in Economics

The paper presents a historical account and critique of the development of economic thought, starting with debates in the 1930s, Clapham's seminal paper, Pigou's endorsement of increasing returns, and the subsequent post-war developments in the field, including the contributions of Hicks, Samuelson, Arrow, and others. This historical perspective is helpful in understanding the context in which economic ideas evolved. The author thus suggests that exploring horizonal economics could lead to valuable insights and a departure from old beliefs.

While the passage presents several thought-provoking ideas and critiques related to economic thought and modeling, there are some areas of concern as following:

1. This paper contains many complex concepts and references, as they are all very early, which might make it difficult for readers to understand without additional context or explanations. It could benefit from providing concrete evidence or empirical support, especially for younger readers.

2. This paper strongly advocates for increasing returns and complementarity in contrast to decreasing returns and substitution, without mentioning the constant returns to scale assumption in the neo-classical model, which emerged as the prevailing theory in the 20th century. It appears that this paper focuses on the development of economic thought in the 1930s and post-World War II era. However, economic theories often evolve through multiple contributions and debates among scholars over time. While the neoclassical school is currently taught in university classrooms, as the author suggests, there is room for improvement in the future.

Reference: Veblen, Thorstein. "The Preconceptions of Economic Science." The Quarterly Journal of Economics, vol. 14, no. 2, 1900, pp. 240-269.

3. The paper highlights the importance of complementarity and cooperation, while the neo classical model relies on the notion of market clearing, where supply equals demand, and all markets are in equilibrium. The idea of complementarity suggests that certain economic processes or policies are better suited to work together to achieve positive outcomes, whereas market clearing implies that markets will automatically adjust to clear any imbalances.

Final, this author urges economists to consider the limitations of existing theories and explore new avenues for understanding economic behavior. I total agree that it is essential to consider and engage with diverse perspectives to continue advancing economic knowledge and policy.