

Peer Review

Review of: "The Challenge of Economics"

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This critique of mainstream microeconomics is extremely well-founded and well-written. It is obvious that the author has thought about this contentious issue for many years (probably decades). Given this, what is the point of me starting to get into details? The only overall criticism I have is that the author covers so much ground in a single paper and that the analysis remains abstract.

In the real world, firms strive to create products that are different from and better than their competitors' products. If they succeed, this is seen as a market failure in the basic econ model. Explain why the basic econ model rules out the very mechanism that creates economic growth.

Examples could include how the automobile industry would have evolved if the government had insisted that the market should at all times have at least 100 independent car makers (as in Detroit circa 1905).

Another example is the most important phenomenon in the last 80 years, i.e., the rise of China. How can that be explained? In what way does the neoclassical model fall short in explaining the single most important phenomenon in postwar history?

To reach out more broadly, the author would have needed to also use salient real-world examples to underpin his assertions. Hopefully, the author will do so in the form of a book in the not-too-distant future.

Hence, I recommend publication of the paper as it is.

Declarations

Potential competing interests: No potential competing interests to declare.