

Review of: "What Went So Wrong in Economics"

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This intriguing paper delves into the discussions of the 1930s concerning the assumption of increasing returns to scale within the production function. It explores how this assumption impacts theories of competition, general equilibrium, and the broader framework of neoclassical economic theory. It's unsurprising that challenging the assumption of decreasing or constant returns poses a threat to the foundation of neoclassical theory. This is because, in such a scenario, firms wouldn't encounter limits on output expansion, potentially necessitating the acknowledgment of market imperfections.

Dr. Jennins highlights that in 1939, John Hicks contemplated the acceptance of increasing returns to scale but introduced the "Hicksian getaway" as a means to salvage the theory. Subsequently, in 1962, Jack Hirschleifer proposed decreasing returns around the producer's equilibrium, referred to as the "Hirschleifer rescue."

Dr. Jennins convincingly argues in his paper that both of these maneuvers are flawed and lack justification, even though they remain unquestioned within neoclassical theory. He suggests that this is the root of the theory's irrelevance.

I find this paper to be significant and don't have much else to add. It does closely resemble "The case for increasing returns: 'The Hicksian Getaway' and 'The Hirschleifer Rescue'" published in the Journal of Philosophical Economics in 2015, Volume IX Issue 1, by the same author.

Best regards.