

Title: Neoclassical Microeconomic Theory: Should Heterodox Economists Accord it any Respect?

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Abstract

It is often found at meetings of heterodox economists that if a disrespectful comment is made about neoclassical microeconomic theory, there is someone there who objects. The usual response is that there surely must be some aspects of the theory that is useful to heterodox economists. And at this point reference is made to the usefulness of demand curves, price elasticity of demand, production functions, relative scarcity, rationality, and the like. As it often turns out, the individual making the retort is not a micro-economist, does not do research in microeconomics (heterodox or neoclassical), has no memory of the many critiques of neoclassical micro, and does not sleep, dream, and wrestle with issues of microeconomic theory everyday of his/her life. Thus, it seems that the retort is based in part on ignorance and in part on the intellectual incapability of rejecting what he/she was taught in graduate school. The issue of intellectual rigidity is beyond the scope of the author, but the problem of ignorance is not. Thus the objective of the author is to dispel ignorance by delineating a systematic critique of the foundational elements of neoclassical microeconomic theory—scarcity, demand curve, marginal products, rationality, supply curve, and pricing. Thus the paper is arranged into six parts, each one devoted to a critique of a foundational element and the critiques will draw upon theoretical and logical criticisms internal and external to neoclassical microeconomic theory, empirical evidence, and methodology. The paper will conclude with a discussion, in the form of a retort towards those heterodox economists who defend neoclassical microeconomic theory, of the uselessness of neoclassical microeconomics for heterodox economics.