The Dichotomy, Inconsistency, and Peculiar Outmodedness of the „Mainstream“ Textbook. The Example of Institutions

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A review of:

[1] *Intermediate Microeconomics*, H.R. Varian, New York and London: W.W. Norton, 9th ed., 2014, xxv+758+40pp. (German edition: *Grundzuege der Mikrooekonomik*, H.R. Varian, De Gruyter - Oldenbourg, 8. Auflage, 2011).

[2] *Mikrooekonomie*, R.S. Pindyck, D.L. Rubinfeld, Muenchen, Harlow, Amsterdam et al.: Pearson, 8. Auflage, 2013, 1008pp.

[3] *Grundzuege der mikrooekonomischen Theorie*, J. Schumann, U. Meyer, W. Stroebele, Heidelberg, Dordrecht, London, New York: Springer, 9. Auflage, 2011, XVII+542 pp.

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Earlier considerations on the neoclassical "mainstream" textbook, and Keen on Varian in particular

Steve Keen, in his much-praised critical economics textbook *Debunking Economics* (2011), argued that, why, and how the neoclassically-driven economics orthodoxy was unable to predict even the second-most obvious of crises in history, the financial meltdown of 2007ff., while a handful of heterodox economists (including himself), running complex (heterodox) models of the economy, did (pp.12-15). In fact, the history of real economic crises has never caused the neoclassical mainstream of economics to enter into any paradigm shift (pp.4f.). Keen, thus, vivisects the orthodoxy's higher "education into ignorance" (p.19), showing through calculus, model simulations, or empirical data analysis that, among many others, there are no such things as (1) a downward-sloping demand curve, (2) a horizontal supply curve, (3) a quickly rising unit-cost curve, (4) a perfectly "rational" consumer (unless she has a brain as large as the universe, in order to make a "rational" choice among the trillions of alternative good bundles existing in any regular supermarket) or (5) an isolated, non-interacting "*representative agent*".

But: "Don't tell the children" (p.57)! The dismantling and, in fact, termination of the neoclassical research program by H. Sonnenschein, R. Mantel, and G. Debreu himself, in terms of the (in-)determinability of a "market" equilibrium (let alone a stable one) in the early 1970s has indeed been one of the best-kept secrets of the discipline.

Keen already took the example of *H. Varian's Microeconomics*, arguing that it displays "neoclassical ignorance"

> "so opaquely that it's no surprise that most PhD students – including those who later went on to write the next generation of undergraduate textbooks – didn't grasp how profoundly it challenged the foundations of neoclassical theory" (p.58).

The example here was nothing less than the *problem of aggregation*. Already Varian's language was traitorous: "Suppose that" all individual consumers demand and consume "independent of the level of income of any consumer [and the distribution of those incomes – W.E.] and also constant across consumers […]" (cited from Keen, ibid.). While ignoring, or even concealing, that exactly this *eliminates the very core of any real economy* and of any process, dynamics, development, or crisis, his insidious language continues:

> "[..] it is sometimes convenient to think of the aggregate demand as the demand of some 'representative consumer' who has an income that is just the sum of all individual incomes. The conditions under which this can be done are rather restrictive [sic!], but a complete discussion of this issue is beyond the scope of this book" (cited from Keen, ibid.; in textbook [1]: p.271).

We have argued elsewhere (e.g., the preface to our textbook: Elsner, Heinrich, Schwardt 2015; also: Elsner 2008, 2011, 2013; Elsner, Lee 2010; Lee, Elsner 2010) that the neoclassical (and largely neoliberal) mainstream has remained, and will remain (as Colander 2015 argued), unswayed by any academic critique, even by any disregard and disrespect by entrepreneurial or political practitioners (except for providing the proper *rhetoric*), or by major crises that they could not recognize, predict, or even comprehend, when they had broken out. We have diagnosed that the entire mainstream is *dichotomic* (not to say schizophrenic) in the sense that – in spite of most interesting developments in *research*, research-based theorizing, and even considerable convergences between the mainstream and the heterodoxies in terms of understanding the complexity of real-world economies – its re-interpretations of such recognition for *mass teaching*, *funded expertise*, *policy advice*, or *media statements* make them always switch back to a simplistic quasi-static partial-market equilibrium "benchmark". The only explanation we could find for that lasting internal divide was that the hard core of its paradigm is not only empirically not verifiable (and deliberately constructed so), but contains to a large part the function of *providing the leading ideology* for the current economic, social, and political power structures. No other thought system or scientific discipline is able to fulfil that function as neoclassical and neoliberal economics can, given its still existing high social reputation (or better: rhetorical/definition sovereignty). But, thus, hardly any other discipline nowadays is to such an extent *non-modern*, because simplistic rather than complex, as famous physicist-economist Mark Buchanan (2008) stated.

Textbooks and mass teaching, as indicated, play a major role in that dichotomy. And it is the true *tragedy of the scientific discipline of economics* that it dismisses ten thousands of young people worldwide every year, considering themselves academically trained, into a complex world, both into professional positions and their surrounding systems, with the simplest devices and little strategic, systemic, or procedural understanding.

Against this background we will have a closer look at certain leading textbooks, two of which are leading globally ([1], [2]), while one is entirely German ([3]).

The dichotomy, inconsistency, and deficient quality of the "mainstream" (micro-) textbook

That general dichotomy is already reflected in the part and chapter structures of their textbooks. *Varian* [1] just has 39 chapters in a row. Of these 39, 30 more or less completely represent the standard micro program, beginning, without any preliminaries, with ”The Market” (Ch.1). This is followed by 14 chapters (Ch.2-15) on the *demand side* of a “market” (preferences, utility, choice, demand, revealed preferences, maximization under restriction/Lagrange, income and substitution effects of comparative-static price changes/Slutsky, intertemporal choice, consumer surplus). “Asset Markets” (Ch.11-13) are displayed just as a particular application of “intertemporal choice”, which does not provide the slightest hints to the problematic basic assumptions of *perfect financial allocation and equilibrium* over time (e.g., the assumptions of pure random process, Brownian motion, normal distributions, and “rational expectations” of smooth mean values), which are suggested to be the essence of the financial industry. The apparent real-world aspect of “Uncertainty” (Ch.12), in fact is just about calculable risk, rational expectations, and optimal stock-market investment. 2007/8ff. just did not happen there. The central micro-macro aggregation chapter (“Market Demand”, Ch.15), already focused on by Keen (above), misses, through its tricky “*representative agent*”, as mentioned, the very point and problem of dynamic *interactive aggregation* and *emergence* of *systemic properties* that are not reducible to the properties of the individual components. It follows the partial-market equilibrium (Ch.16), while organized auctions are added “as market mechanisms” (Ch.18) and as such, although somewhat “vulnerable to strategic behavior”, are basically Pareto efficient. As “strategy” (game theory, see below), so comes, e.g., the potentially interesting “*mechanism design*” (Section 18.10) out of the blue and simply on top, without any implication for, connection, or repercussion to, the basic partial market model. So don’t worry. Or: Varian will not tell the children!

Six chapters (Ch.19-24) follow for the standard *supply side* (technology, profit maximization, cost minimization, cost curves, firm supply, and industry supply).

The following five chapters (Ch.25-29) display the *conventional “exemptions/deviations”* part of any mainstream textbook: *Monopoly* and *Oligopoly*. [Note that “*Factor Markets*” (Ch.27), including labor and wages, is just a very short chapter under the perspective of monopoly and monopsony.] Oligopoly, and so interdependence, interaction, and “strategy” (game theory) comes into the economy only here, after 500 pages! However, *game theory*, first for the usual duopoly models (Ch.29), second for some interesting further implications of it, which go beyond the simplest standard game theory (Ch.30), and third for some results from *games played in the lab* (“*Behavioral Economics*”, Ch.31), remain nice stories, *isolated form the standard content*, and with no further considerations, just added in an attempt to deliver a cutting-edge image of the book and to boil its potential explosive implications down to something harmless, just some more “*varia/curiosa*” of reality with no impact on the optimal “benchmark”.

The book continues with more standard content: exchange, production and welfare (Ch.32-34), the alleged “systemic” perspective, which tacitly refers to the total of the “market economy”, i.e., *general equilibrium theory—GET*. There is a little bit of *Walras’ law* and on the potential existence of a general equilibrium of a perfect “market-economy” system, but no mention of Sonnenschein, Debreu or Mantel on the indeterminacy (non-uniqueness) and virtual non-existence and non-feasibility of a (stable) GE under the usual neoclassical conditions (of isolated utility-maximizing automata). GE, again, is, as usual, boiled down to the two-person case of the graphical treatment of the *Edgeworth box*. The derivative usual exercises of that are utility (and production) possibility and welfare curves.

The book ends with another "What-else-is-out-there?" part, some more *unconventional and recent "exemptions/deviations"*, a collection of some remaining real-world issues from the last two, three decades (Ch.35-38): *externalities* (incl. the *Commons* issue), *information technology* (incl. *network externalities*), *public (collective) goods*, and *asymmetric information*. While each of these issues, together with some more embedded *game-theoretical* interpretations, *behavioral economics*, or some *mechanism design* (or governance) issues, touched all in earlier chapters, would provide a bomb for the standard content of the book, the standard message, in fact, remains unswayed (as, e.g., at the end of the last chapter on asymmetric information, the unspectacular end of the whole book): that the "market equilibrium", and the "market economy", can be saved from all these "peculiarities" and "curiosities" in reality.

Thus, thousands of students will be dismissed into reality with a world view that there is a "market" out there, which makes everything largely optimal and equilibrated, with, regrettably, some peculiar "disturbing" other isolated aspects on top – which however can be remedied by *ever "more market"*.

Pindyck/Rubinfeld ([2]; PR in the following), the other million-seller standard textbook, pursue the same basic approach and strategy. The economy, and economics, is just about "markets" and prices. They structure 18 chapters in IV parts, (I) "markets" and prices in general (Ch.1-2), (II) demand, supply, perfect partial-market equilibrium (Ch.3-9), (III) monopoly, oligopoly (incl. game theory and factor markets), and time and financial markets (Ch.10-15), and (IV) information, market failure and the state (Ch.16-18). And here as well, much simplistic conventional treatment comes in *disguise*: For instance, *consumer behavior* (Ch.3) is not about consumer behavior but about the conventional utility maximization under a budget constraint. *Market demand* (Ch.4), again, is about additivity. Nevertheless, *speculation* under *wrong expectations*, *net externalities* (strangely displayed as *bandwagon effects*), other kinds of "curiosities" of demand behaviors, such as *snob effects*, and some lab experiments are introduced here, at least (sections 4.3-4.5). Similarly, "*uncertainty and consumer behavior*" (Ch.5) is not about fundamental uncertainty, but calculable risk under just given risk friendliness or aversion, but nevertheless, *bubbles* and *information cascades* (*herd behavior*) (section 5.5), in fact, based of radical uncertainty, are introduced. But this all comes just offhand. Similarly, *behavioral economics* (section 5.6) mentions some kinds of *socio-economic factors*, such as social reference points, loss aversion, *framing*, *equity* and *fairness* preferences, and time *regret*, but this all remains isolated. And it never goes without the *final assertion that the model of optimal decision still applies* (p.271)!

The usual part about the *conventional "exemptions"* (III), *monopoly* and *oligopoly* (Ch.12-13), leads, as usual, into game theory, much of which, again, remains isolated and redundant. There are introductions to prisoners' dilemma supergames (no indication of institutional solutions, though), extensive-form games and, thus, soft indications of open process, some entry deterrence and credible threat, reputation and signaling, and organized bidding (auctions) – all with no connection to the neoclassical standard material. Factor markets (Ch.14) are competitive for all factors of production, but monopolistic for labor (due to trade unions). Among others, the alleged adversity of minimum wages, put forward in a pure and simplistic partial-market rather than a circuit/macro perspective, illustrates that PR adhere to the "politically correct" neoliberal credo. In the chapter on investment, *time and capital markets* (Ch.15), which includes human capital as well as depletable resources, uncertainty does no longer appear at all: Time is no problem, and capital markets allocate funds optimal across investments and over time. Wasn't there something about uncertainty, information cascades, herd behavior, irrational expectations (and resulting non-normal distributions of events) somewhere hidden in earlier chapters!? Wasn't there a financial meltdown in the speculation sector, with a subsequent crisis of the entire global economy, recently?

The final part (IV) with the usual "*non-conventional deviations/exemptions*", or "varia/curiosa", remarkably starts with *general equilibrium* (Ch. 16), as usual explained as Edgeworth exchange contracting and connected welfare theory, applied to the "advantages of free trade" (section 16.5). It ends with the usual *asymmetric information* ("market for lemons" and adverse selection, moral hazard, signaling etc.). The *principal-agent* problem is conventionally used, where the worker is always the bad guy (the agent), always interested to shirk, and superiors, managers, owners, and financial speculators the poor principals – never is the worker the poor principal, who never knows whether all those above him act in the interest of his job and income safety.

After all, other than *Varian*, *PR* know, according to their index, that something like *market failure* might exist. So the book ends with *externalities* and *public goods*, but you do not need to be afraid, *Coase's proper property rights*, solve most of the problems. And we can provide a criterion for efficient provision even of public goods (sections 18.4-18.7). So don't worry. End of the book. And the "market" as the end of human history.

Some conclusion

While the general image of those million-selling established mainstream textbooks, with their considerable number of editions, most powerful publishing houses in their back (Thomson, Pearson, Springer, Cengage …), and lots of nice supplementary online technology, is one of "established truth", "solidity" and "reliability", "cutting-edge methods" and the like, a closer look at them reveals that their *generative pattern* is not only one of *arbitrariness*, simple "*additiveness*", *conventional methodology*, relatively *simple math* (the maximum level is the Lagrange algorithm) and *little computation*, but also of *trivializing new issues*, *non-integration of new themes or methods*, lots of *remaining inconsistencies*, and, thus, in all, of *inferior quality*.

And their strategy of arguing is still that of unclear, flawed *positive-normative twilight*, the old, perfectly elaborated strategy of neoclassicism, criticized as "*model platonism*" already in the 1950s (by H. Albert, recently further developed by Kapeller 2013). Such *sophisticated opacity* has been deliberately developed over many decades in order to suggest (without explicating) that abstract "if-then" phrases do in fact apply in the reality of "market" economies, that these textbooks would be about the real world or, at least, the simple models of predetermined partial-market equilibria would sufficiently *resemble the world "out there"*. However, they do not only *not resemble the world out there*, they *obscure and obvert it*.

Such textbooks would need a fundamental overhaul, integrating the new themes and issues, and new methods, from the last 2-3 decades, from scratch – which, however, would make their standard models and message break down ... which, however, is unlikely to ever happen (see, e.g., Colander above).

A variant of a "mainstream" textbook

The textbook of *Schumann, Meyer, and Stroebele* ([3]; SMS in the following) obviously is more continental-European than Anglo-Saxon, more, say, typically-German, "intellectual" rather than "straight" and "lean", and in parts it reaches into some more advanced levels rather than mainly undergraduate (and partly graduate) like *Varian* and *PR*. While, e.g., neither *Hayek* nor *Schumpeter* appear at all in Varian or in PR, [3] refers to those German-Austrian traditions of "*Ordo*"-liberalism, *Austrian* neo-liberalism and "innovational" development. This, in all, allows for some *evolutionary* and non-neoclassical perspective, how little integrated in the neoclassical core model ever.

The book basically celebrates the exegesis of the neoclassical standard core the same way as the other two. Everything is "markets" and starts with "markets" (Ch.0 out of the eight chapters 0, I-VII). But some Hayekian and Schumpeterian argument is mentioned from the beginning (Ch.0, pp.29-30; "*Dynamic Efficiency: Innovative Competition*", pp.37-38). And so is even some *circuit* consideration, gearing towards some rough *macro-conditions* of micro (pp.30-33). The canonical instances of "*market failure*" are listed that early, too (pp. 38-40). So, the whole approach appears to be somewhat more, say, circumspectly. The language towards financial globalization (pp.43-45) takes on some resentment and critiques, which perhaps may not be assumed that much with American as with German students.

The theory of *consumer demand* (Ch.I) is standard (incl. Lagrange, Engel curves, Slutsky/Giffen, intertemporal equilibria, labor and capital supply of the household). Some *critical* part comes as *supplement* (I.7), with *preference and voting aggregation* (Condorcet/Arrow), utility interdependencies, critical time, incomplete information and radical uncertainty … and even T. Veblen, F. Knight, V. Packard, H. Leibenstein, H. Simon, and K. Galbraith, appear – 21 critical pages, but again little integrated with the 40+ preceding standard pages or the 17 standard pages following.

The supply side is called *Theory of the Firm* (Ch.II). Some *circuit consideration* of increasing wages (and, thus, increasing demand) are introduced as "special" cases". Long-run supply and *increasing returns* with decreasing average costs and *non-normal supply functions* are considered, as well as *production interdependencies* (externalities).

The *market equilibrium* model (Ch.III) refers to the early neoclassicists, Walras, Jevons, Edgeworth, to introduce critical conditions of partial and general equilibria, illustrates cases of *non-existing*, *instable*, or *multiple* (stable or instable) *equilibria*. *Critical time* is illustrated with *cobweb* constellations and the capital market. Other than in *Varian* and *PR*, GET is displayed here more algebraically, and some of the restrictive logical "*marginal conditions*" are explained. But this is followed again by the standard treatment of pure trade and exchange (the *Edgeworth* box again), utility frontier, and welfare function. A final critical consideration just picks externalities again.

The standard "deviations" are unavoidable: *Monopoly* (incl. *monopolistic competition*) and the usual *oligopoly* models (Ch.IV). Price or quantity strategies are considered together with cooperation (collusion, cartelization) and entry deterrence. Another more critical final section introduces *Schumpeterian innovation dynamics*, patenting, informal entry deterrence, *life-cycles*, and the more comprehensive idea of "market" contestability ("market" here being not a mechanism but some sector) vs. ideal static competition models.

Chapter V is about factor "markets" and non-renewable resources. The standard marginal productivity model of distribution applies. And the formalism of intertemporal optimization of the mining of depletable resources (according to the Hotelling rule) is standard material, too, nowadays. Apparently, one of the three authors has done a pure and lean standard job here.

The *non-conventional exemptions* are called "*extensions*" in SMS (Ch.VI). It covers risk, expectations, Bayesian calculus, insurance theory (incl. asymmetric information/moral hazard), and risk aversion, further the lemons issue (adverse selection), and signaling. With this, the book strategy resembles the *Varian* and *PR* books. However, they further introduce some *non-equilibrium* micro, i.e., instances of *no market clearing* (no market-clearing prices), with an application in job search (search unemployment), extending that even into ("new Keynesian") macro. Another issue in that chapter is an *alternative theory of the firm* (section VI.D). *Institutionalists* such as *G. Means* and *A. Berle* are honored with their early approaches (from the early 1930s) to the modern corporation and *mark-up pricing*, as are *O. Williamson*'s approach to *markets and hierarchies*, *H. Leibenstein*'s *X-inefficiency*, and *H. Simon*'s *satisficing* approach. The remaining 30pp. of the chapter are about *R. Coase* and *O. Willamson*'s neoclassical "market-vs.-hierarchy" (*marginal transaction costs*) approach (20pp.), as well as *Coase*'s neoclassical approach to *externalities*, property rights, and bargaining (10pp.). However, in a final remark, the authors demonstrate that environmental goods and interrelations are much more both far-reaching and complex as if they could be handled by bilateral private bargaining based on fragmented individual property rights. SMS refer back to public governance of public goods and commons.

The book ends with some final considerations (Ch.VII) on (A) the "market economy" vs. "competition", (B) the "market economy" and social/welfare policies, and (C) the "market economy" and *tolerance*, potential impulses for some final and more comprehensive reflection on the part of the student. This includes institutionalist J.M. Clark, but mainly relays some attempt to revive older German *"Ordo"-liberal* ideas that supported the post-WWII German welfare state (the Rheinian capitalism). The old ideals (and illusions) of a more anti-capitalist fraction of the Ordo-school (that quickly was pushed away during the 1950s) about competitive "markets" among small and medium-sized agents, which would be proactively protected (by radical "competition" policies) against the usual quick degeneration into highly concentrated power systems, and would safeguard general societal tolerance (the old Smithian idea of "prudent" business men), indeed had some *anti-monopolistic flavor* with some of those early Ordo-economists. Reviving those ideas nowadays, however, appears not only somewhat naïve and escapist, but even a bit pitiable, how it might incite students ever to enter some final and comprehensive reflection.

The *pattern* of the *SMS* book also is obvious: Other than *Varian* and *PR*, SMS do not relegate the former "exemptions/deviations/varia/curiosa/miscellaneous" to the end of the book, but bring them somewhat closer to the standard material, in fact positioning them at the ends of the chapters. Also, the book, as indicated, often refers to the emergence of the presented standard formalities from the *history of economic thought* and thus makes things somewhat more transparent and comprehensible, perhaps sometimes even criticizable. Overall, this book seems to demonstrate a more critical attitude towards the neoclassical standard material displayed: There is considerably more critical, and in parts even heterodox, content than in *Varian* or *PR*, and this is pushed somewhat closer to the standard stuff.

The example of institutions in "mainstream" micro

While everyone knows that economies are based on sets and systems of informal and formal social rules and institutions, and, in particular, "markets", like any other allocation structure, can be all and nothing, if not defined by their basic arrangements of rules and institutions (the best short display of this role of institutions is still Neale 1994), there is not the slightest indication of all this in the first 200 pages in *Varian* [(1)]. There are “normal” and “non-normal” (e.g., inferior) goods, and “ordinary” and “non-ordinary” (e.g., Giffen) goods (Ch.6), just falling from heaven, such as the state and tax policies do (first in Ch.8), there appear “market bubbles” (1p.) and “financial institutions” (1.5pp.) out of the blue in Ch.11, beyond p.200, elasticities in consumer-good and labor supplies and demands are just given as curve-“technical” issues (Ch.15).

In fact, in *Varian*, in a 10-pages index, with around 500 entries, there is not a single entry on “(social) rules”, “institutions”, “norms”, “conventions”, “customs”, nor on “interdependence”, “interaction”, “networks”, or “systems”, “process”, “dynamics”, “evolution”, “emergence”, “self-organization”, or “complexity”. On pages 346-348, as mentioned, suddenly appears some consideration on the famous *mechanism design* (of 2007 Nobel laureate L. Hurwicz), referring forward to game theory (Ch.29-30), externalities (Ch.35), and public goods (Ch.37). But opacity remains: Not only is “mechanism design” not worth an index entry (other than “Mickey Mouse”), potential impacts of game theory, and of ubiquitous externalities and public goods on the standard assumptions are not even indicated. What if a “market” would display an essential and ubiquitous collective-good and social-dilemma dimension, and consequently game theory had to be applied to it? Or: Why do auctions, as organized mechanisms, how much ever trying to imitate a “market”, exist at all? Is not there some fundamental “market failure” implied to exist? But again, “market failure” does not even appear in Varian’s long index list.

On pp.585-600, at last, suddenly consumer behavior is dependent on “framing”, there appears fundamental uncertainty (with small numbers of repetition, at least), time, different discounting types among people, time inconsistency, social commitment and social overconfidence issues, and social norms and fairness issues appear. Wow, yes, now let’s start, at last … but there it is over already. Immunization not only in language, but in “chapter strategy” as well! This phenomenon and pattern reappear again and again. “Welfare” (Ch.34) contains issues of envy, but, you can bet that T. Veblen does not appear in the whole book.

Varian is particularly renowned in information technology and network externalities, but not even here (Ch.36) – as in the tragedy of the commons (Ch.35), in free riding and auctioning (Ch.37), adverse selection, moral hazard, reputation, and signaling (Ch.38) – he does indicate that this all would fundamentally question his first 500 pages.

The conscious reader will ask: Did the author forget to proofread and overhaul his text? Thus, in all – and despite the sophisticated opacity of, and immunization through, language and argument organization – the final impression is less one of solid and cutting-edge theory and method, but one of inconsistency and weakness, as mentioned – and it is to be added: a pervasive suspicion of some peculiar *outmodedness*.

PR ([2]) know, as said, about *market failure*, at least. But they, too, do not list in their index “institutions”, “rules” (except a “rule of thumb”, once on p.269, out of 1000pp.), “norms”, or “conventions”. The adjective “social” does not appear either. Nor does “interdependence” or “interaction”, “process”, “time”, “emergence”, “structure”, “network”, “self-organization”, or “development” … There appear such “crossover” thinkers, or mainstream dissenters, as G. Akerlof, C. Camerer, T. Schelling, R. Axelrod and other game theorists, V. Smith, D. Kahnemann and others … They do not refer to *Mickey Mouse*, as Varian does, but instead, they consider *Mick Jagger* relevant for microeconomics, rather than, for instance, T. Veblen or H. Simon. Thus, the recognition of some “market failure” leads to nothing that would reflect the real world's complexity and be geared towards complex solutions. They, too, leave the student with belittlement and trivialization of many real-world phenomena.

While *L. Walras* (and Walras' law) appears, at least, in *Varian*, but not even that in *PR*, the obvious *institutional implication* of Walrasian GET, namely *tâtonnement* and the logical *interdiction of "false trading"* at non-equilibrium prices, which is the *most centralized and authoritarian institution* of a (benevolent?) dictator, called an *auctioneer*, this perverse implication of an ideological approach that allegedly stresses *individualism* and *freedom*, is not mentioned at all in Varian or PR.

SMS do not have index entries either on "institutions" in general (except "new institutional economics"), "rules" (with or without "social"), "norms" or "conventions". "Complexity" does not exist, just as little as "networks", "systems", "process", "dynamics" (except as a dynamic cobweb graph), "evolution", "emergence", "self-organization", "structure" and the like. This indicates that a thorough real-world or complexity microeconomics is not their intention, interest, or capacity.

A final remark

But what would that particular approach of *SMS*, as distinct to the ones of *Varian* and *PR*, do for the *emerging economic world view of the learning student*? Would the effect be different from that of Varian and PR? Or will it remain the same: "There is a market, and there are some 'other views'", as explained above? We will leave that question open for critical reflection of the reading teacher or student.

The *SMS* book might be considered, with its (relatively, i.e., vis-à-vis *Varian* and *PR*) considerable amount of critical arguments and reflection, acceptable for some heterodox economists, who may think that a complexity microeconomics would be the right thing, basically, but that students should know, for different pragmatic reasons, the simple logic of the neoclassical curriculum. In many cases, even heterodox economists, who know, and would like to practice, better, are just forced to follow a neoclassical curriculum (in undergraduate studies, at least) that is prescribed by their school or department. In that case, unsurprisingly, this reviewer will recommend neither Varian nor PR, but the German-speaking teacher would have some half-critical alternative with SMS – if these three were the selection, to choose among.

Luckily, there is a whole number of critical micro textbooks out today, from S. Bowles through N. Goodwin et al., P. Dorman, J. Watkins, and Dollars&Sense to S. Keen and W. Elsner et al. But this is another story …

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