

# **On the survival of a flawed theory of capital: the Cambridge capital controversies and mainstream economics**

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## **Abstract**

As is well known, the Cambridge controversies on capital theory opposed essentially heterodox economists from the University of Cambridge, UK, to mainstream economists mostly based at the Massachusetts Institute of Technology, Cambridge, USA. The controversies were a wide-ranging, sometimes very technical debate, which started in the 1950s and occupied the pages of the most influential journals in the discipline. Serious problems in the neoclassical production function were identified. Yet the commitment to the production function approach, with aggregate, homogeneous capital, is a staple of contemporary macroeconomics, as if the Cambridge controversies had never existed. To account for this apparent paradox is the goal of this article. First, we retrieve the arguments that establish the fundamentally flawed nature of the production function approach, then we assess the reasoning behind its persistent use. All variants of this reasoning are, as we demonstrate, compatible at the meta-theoretical level. They rest on a commitment to a closed systems ontology. Accordingly, the present indifference towards the results of the Cambridge controversies is a side-product of misguided methodological conformism.