

The New School Economic Review

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Introduction to the Special Issue Honoring Duncan Foley, Anwar Shaikh, and the New School Political Economy Tradition

This volume of the *New School Economic Review* pays tribute to the seminal work of Duncan Foley and Anwar Shaikh and their place in the tradition of political economy at the New School for Social Research. Beyond their lasting influence on the field of political economy, Professors Shaikh and Foley have contributed numerous subdisciplines of economics, including Marxian economics, growth theory, and mathematical economics. This collection contains interviews, comment pieces, and peer-reviewed articles, all relating to various facets of their lives and work.

The first interview is with Professor Sanjay Reddy, currently Chair of the Economics Department at the New School. In it, he discusses the impact that Foley and Shaikh have had on the department as well as on economics at large. He also goes into the prospects for the continuation of their legacy at the New School, as well as the lessons to be learnt from their career paths and intellectual projects for current and future students of political economy. The next two interviews are with Professors Foley and Shaikh themselves, reflecting upon their scholarly careers and expounding upon the visions and principles that guided them through their intellectual lives.

The comments and letters section begins with a piece by Professor Ramaa Vasudevan. In it, she reflects on “the New School tradition of political economy,” identifying what she sees as core shared elements that make it distinctive. In particular, Vasudevan emphasizes the analysis of economies as “self-regulating complex adaptive systems” and the formulation of “rigorous alternative macroeconomic models” that adequately characterize such systems.

Next, Professor Ben Fine argues that mathematical economics, when carefully deployed, provides a means of “undermining the mainstream on its own terms,” and discusses how this approach has been embraced by heterodox (and particularly Marxian) economists, including Foley and Shaikh.

In his comment, Michael Roberts asks why Foley and Shaikh have each declined to identify themselves as Marxist economists despite both drawing heavily on Marx’s work. In doing so, Roberts highlights the wide range of theoretical contributions made by each over the course of their careers and the influences of other heterodox theorists on both of their works.

In a contribution available online, Professor Riccardo Bellofiore chronicles his own scholarly development with reference to the work of Shaikh and Foley and to the debates in which all three of them took part. It serves as a detailed and idiosyncratic history of Marxian economics from the 1970s onward, touching on both well-known contributions and lesser-known works.

The research articles begin with Thomas Michl’s piece entitled “The Falling Rate of Profit as a Research Program.” This paper addresses the relationship between Marx-biased technical change and the tendency of the rate of profit to fall, presenting two different approaches to theorizing this relationship that draw on the work of Foley and Shaikh. After providing empirical evidence for a fall in the rate of profit globally, Michl draws on his earlier work on “fossil production functions,” which portray an ongoing process of capital intensification and labor-saving technological innovation, to present a model of falling profitability in the context of Marx-biased technical change.

Next, in the paper “The Quantile Impacts of Real Competition on Industrial Wage Inequality in the United States, 1998-2018,” Patrick Mokre presents a novel empirical exploration of persistent inter-industry wage differentials through the econophysics lens of Shaikh’s real competition framework. The paper combines individual-level wage data with industry-level characteristics to analyze the impact of the profitability and industry cost structures on wage growth at different points in the wage distribution.

Gregor Semieniuk’s timely paper “Growth Phantoms: A Note on Classical Accounting for GDP and Decoupling from Environmental Impact” surveys the contributions of Shaikh and Foley to the ongoing debates on the adequacy of national accounts for measuring economic activity. It argues that national accounts contain a “growth phantom” arising from how GDP is measured. Properly accounting for this growth phantom raises the possibility that environmentally sustainable growth is a statistical mirage.

Jonathan Cogliano's contribution "Prediction and Description in Marxian Value Theory" explores the contributions to value theory made by both Foley and Shaikh through the lens of Sen's characterization of Marx's theory of value as both "descriptive" as well as "predictive." Cogliano highlights how Foley's "New Interpretation" and Shaikh's theory of "real competition" each addresses not only the quantitative dimensions of value and price, but also the "human dimension" of labor's role in the capitalist system and the crucial role of value-creating labor in the competitive processes that structure capitalism.

Finally, Pablo Ruiz-Nápoles' paper "Exchange Rates, Unit Labor Costs and Free Trade: The Mexican Experience" provides a theoretical and empirical demonstration that in the Mexican-US trade case, Mexican free trade policies have failed to produce economic growth. The analysis is based on relative unit labor costs, in which absolute advantage regulates international trade.

The editorial team of the NSER is proud to commemorate the retirement of these two stalwarts of the Economics Department at the New School. We count amongst ourselves students of both Professors Shaikh and Foley, and we are grateful for our opportunities to work with and learn from these two scholars. We hope to continue to honor their legacy in our lives and in our work.