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**Article**

## Editorial to the special issue

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## Editorial to the special issue

### Cambridge–Cambridge controversies

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On 26 October 2018, a panel on the theory of capital took place in Berlin as a special session of the 22nd Conference of the Forum for Macroeconomics and Macroeconomic Policies (FMM). The panel was initiated by Jan Prieue and, with the help of Hagen Krämer and Harald Hagemann, it was financially and organizationally supported by the Keynes-Gesellschaft. We thank all three colleagues and the Keynes-Gesellschaft for their support.

The contribution by Harald Hagemann, who also chaired the session, provides background information both on this panel and on the presenters of the panel Carl Christian von Weizsäcker, Bertram Schefold and Heinz D. Kurz. Moreover, he concisely points to the origins and the evolution of three important debates on the nature and valuation of capital that culminated in this panel. Especially in the Keynesian camp, one of those debates – controversial discussions between economists from Cambridge, UK and Cambridge, Massachusetts – attracted an enormous amount of attention since the critique implied the dismissal of the neoclassical production function. Most of these discussions were and are highly abstract and circle around the phenomena of reswitching and capital reversing. Less attention was paid in the past to empirical research on the matter. One of the exceptions to this rule is Bertram Schefold, who also contributed to this issue. Another exception is Anwar Shaikh who, early on, responded to the claim that the validity of neoclassical theory was an empirical matter and that the neoclassical production function was a useful approximation. He showed that the apparent success of the aggregate Cobb–Douglas production function was an artefact (Shaikh 1974; 1980), because it simply reproduces the underlying identities of the national accounts. Shaikh's argument was generalized by Felipe/McCombie (2013), who confirmed that the use of deflated values, instead of actual technical coefficients, is always likely to provide apparent empirical evidence against the Cambridge critique. To help underline the empirical importance of the debate, we thus decided to invite Anwar Shaikh to contribute to our special issue. In his article, co-authored with José Alejandro Coronado and Luiza Nassif-Pires, using US input–output matrices, Shaikh finds that individual relative prices are either linear or slightly curved as the wage share changes, in contrast to the theoretical predictions of Sraffa. This ought to lead to near-linear wage-profit curves and hence might explain the empirical rarity of reswitching, as observed by Schefold and others.

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