Joseph Alois Schumpeter is one of the great intellectual figures of the twentieth century. His contribution to the study of entrepreneurship and innovation, to the theory of economic development and business cycles, his writings on the evolution of capitalism into socialism, and his magnum opus on the history of economics all had a major impact not only on economics, but on the social sciences in general.

In this major scholarly study the distinguished Japanese economist Yuichi Shionoya presents a new analytical interpretation of Schumpeter's accomplishments. Taking account of all aspects of Schumpeter's work, Shionoya provides an entirely original reconstruction of the Schumpeterian framework, encompassing both theory and metatheory. By concentrating on Schumpeter's views on methodology and on his idea of a universal social science, Shionoya reveals Schumpeter's synthetic approach, which he argues was achieved by applying an instrumentalist methodology and the tools of sociology to the evolution of society as a whole. Throughout the book the originality of Schumpeter's work is examined in the light of the intellectual environments in which he lived, Austria, Germany, and the United States in the first half of the twentieth century.

This book is a major contribution to the history of economics and of the social sciences. It casts new light on Schumpeter's thinking, and should be a standard reference on Schumpeter scholarship for years to come.
SCHUMPEETER AND
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Schumpeter and the idea of social science

A METATHEORETICAL STUDY

YUICHI SHIONOYA

Hitotsubashi University, Professor Emeritus

Cambridge University Press
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Preface

Joseph Alois Schumpeter is generally acknowledged as one of the first-rank economists of the twentieth century. Textbooks of micro- and macroeconomics, however, do not incorporate Schumpeter’s thought into the corpus of standard theories. Books on the history of economics, too, rarely assign a chapter to him alone. In most cases, his name can be found only in the index, and that sometimes leads us only to footnotes. If this treatment is valid, it means that Schumpeter did not shape an original paradigm or a school in economics.

On the other hand, monographic studies on Schumpeter display a strong admiration for his work, but he is treated in a way that curiously parallels the one described above. Such accounts emphasize his uniqueness, yet it’s a uniqueness that cannot be recorded in the principles and history of economics. Just as biographical analyses that portray the subject as having produced a single brilliant achievement, these studies regard Schumpeter’s work as a unique historical event or a work of art that is not reproducible, instead of as a scientific finding that is more or less universal and transposable.

Both the benign neglect and enthusiastic praise of Schumpeter seem to reflect a more basic fact. Whereas Schumpeter developed a comprehensive understanding of the social world that went beyond the prevailing structure of economics, people can see his work in no other way than through the framework of contemporary mainstream economics and thus cannot appreciate his entire body of work. Twentieth-century economics has been developed by combining the macroeconomics of John Maynard Keynes with neoclassical microeconomics. This is how most economists of this century have interpreted and practiced their profession. It is just another example of the autointoxication of mainstream economists that they cannot incorporate Schumpeter’s ideas into their systems.

If Schumpeter’s own frame of thought is to be taken seriously, we must consider all of his work, cast new light on his texts, and offer revised interpretations, rather than reading him in snatches — taking up, for instance, only his theory of economic development or his thesis on the demise of
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capitalism. With the passage of time and a change in expositors, Schumpeter's thinking can be reconstructed as a paradigm. This book intends to present such a reconstruction.

I believe that I have formed a considerably different picture of Schumpeter's world. Of course, this is my construction, not his own, because without subjective construction there is no interpretation. But, in developing my argument, I wholly depended on his psyche and on materials that have been little noticed even by Schumpeterians. Therefore, the view represented in this volume reproduces his world as it would have been visualized if whole sections of his work had been duly organized according to his principle ideas and if the internal demands of his work had been faithfully met. Among his neglected materials, I drew on Schumpeter's metatheories, a set of concepts comprising the methodology of science, the sociology of science, and the history of science. Based on the metatheoretical framework, I tried to reconstruct his theories, a set of thoughts incorporating economic statics, economic dynamics, and economic sociology. It is shown that for Schumpeter, the pair of tripartite research areas constituted a "two-structure approach to mind and society" that is comparable, in social research, to Marx's economic interpretation of history.

The conventional picture of Schumpeter is, metaphorically speaking, like viewing a distant mountaintop, that is recognized as being one of the highest in the world. The topography at the foot of the mountain has not been explored until now. I used the various features of Schumpeter's metatheoretical framework as the tools with which to climb the mountain from the foot to the top.

My interpretation might be criticized for being too well ordered and artificial. Yet in science theoretical models imposed on reality are always systematic and artificial creations of the human mind, and both the depiction and the reconstruction of theories and thought are in themselves theoretical activities. Moreover, my characterization is free from arbitrary exaggeration or distortion of Schumpeter's work. Because a constructed theory, if it is to be accepted, must fit the facts, I have empirically tested my own theories using his materials.

I prefer anti-mainstreams to mainstreams in science. Although the mainstream has enough scientific reasons to represent the movements of the times, it possesses simultaneously a nonscientific power by which it neglects and conceals its own defects. The establishment of mainstreams is a contemporary social phenomenon. The contention of anti-mainstreams serves to mirror the defects of mainstreams and sometimes includes a powerful motive for challenging new ideas for a new era. Originally, the ideas of Marx, Keynes, and Schumpeter were anti-mainstream. Among the concepts of these giants, Schumpeter's paradigm of social science—what I call a "universal social science"—is little known. It was the soul underlying and leading the body of
his work. This book aims to bring to light the entire picture of his idea of social science.

I have undertaken this study because Schumpeter’s view of social science has important implications for the future of economics. Throughout the twentieth century economists have been engaged in the analytic process of isolating narrowly defined economic phenomena from complex social phenomena. Though not diminishing the achievements of economics, it is now necessary to look at society as a whole and pay attention to the social embeddedness of an economy and the unity of social phenomena. After Marx, no other economist but Schumpeter has met the demands of the times. If one criticizes Marx, one must have an alternative position. To this end, the Schumpeterian style of thought or mind-set provides a clue to a universal social science, and it should be identified as reproducible and transposable. Instead of writing a treatise on social science by myself, I tried to do so through an interpretation of Schumpeter. Therefore the purpose of this book goes beyond a contribution to Schumpeteriana.

Half a century after Schumpeter’s death, his work seems to be proving its worth in numerous ways. When the world becomes less preoccupied with short-term problems, social scientists shift their attention to lofty problems regarding changes in the economic and political systems of civilization. Schumpeter’s thought on the transformation of the capitalist system, in its most basic sense, throws light on the challenges that the world has been facing since his death, that is, the breakdown of the communist regime, the growth of the capitalist economy in the United States, Europe, Japan, and East Asia, and the hardships inherent in the welfare state in developed countries. Schumpeter’s idea of a universal social science and his underlying style of thought provide not a ready-made doctrine but an approach to solving these grand problems.

I have been interested in Schumpeter for a long time. As a university student, I first read his *Epochen der Dogmen- und Methodengeschichte* – painstakingly – to learn the German language together with the history of economics; since then, it has always been fun for me to read Schumpeter. Ichiro Nakayama of Hitotsubashi University and Seiichi Tobata of Tokyo University, who were Schumpeter’s pupils at Bonn, contributed to the spread of his ideas in Japan by translating his many works. When I was on the economics faculty at Hitotsubashi, they asked me to revise their translation (first published in 1937) of *Theorie der wirtschaftlichen Entwicklung*, which took me several years. We published the new translation in 1977. Then in 1983 the economic academic community worldwide commemorated the Marx, Keynes, and Schumpeter centenary, and before long we saw the resurgence of Schumpeter. In spite of the growing literature on him, I felt that I had something different to say about Schumpeter.
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Every year since 1987 I have submitted a paper on Schumpeter at the History of Economics Society meetings held in North America. The International Schumpeter Society, founded in 1986, has also become a useful forum for exchanging ideas. When almost half of this book was written, I took office as president of Hitotsubashi and thus lost three years of research time from 1989 to 1992. But in 1993–94 I spent a delightful year of research in the United States at the National Humanities Center, Research Triangle Park, North Carolina, where I not only resumed the thread of thought in a wonderful environment, but also learned a lot from thirty Fellows of the humanities and the social sciences from around the world. Duke University, neighboring the Humanities Center, is the mecca of the history of economics studies, and I benefited from various comments at its workshop. I am particularly grateful to Craufurd Goodwin, who kindly brought me to the National Humanities Center and made possible the publication of this book by Cambridge University Press with his constant encouragement.

Through all these interchanges I am indebted to many who have aided in the production and improvement of this book by raising particular points, including Kari Aham, Jürgen Backhaus, Roger Backhouse, Nicholas Balabkins, Humberto Barreto, John Bethune, Stephan Böhm, Martin Bronfenbrenner, Bruce Caldwell, Bob Coats, Kurt Dopfer, Wade Hands, Arnold Heertje, Abraham Hirsch, Claude Jessua, Peter Koslowski, Heinz Kurz, Richard Langlois, Uslaki Máki, Neil de Marchi, Marguerite Mendell, Lawrence Moss, the late Horst Claus Recktenwald, Fritz Ringer, Bertram Scheffold, Christian Schmidt, Vincent Tarascio, and E. Roy Weintraub. I owe a very special debt to Mark Perlman, Richard Swedberg, and Wolfgang Stolper for their careful reading of the entire manuscript and their helpful comments and suggestions, not all of which I could incorporate because of the need to hold down the overall length of the book. The Japanese version of this volume was published in 1995 and favorably reviewed, as far as I am aware, by Takenori Inoki, Hirotaka Kato, Masahiro Nei, Tosimaru Ogura, and Kiichiro Yagi and hailed as a very ambitious work. Their positive appraisal has sustained my confidence in developing the English version.

Although several of the chapters in this book grew out of my previously published articles, chapter 4 draws heavily on an article “The Sociology of Science and Schumpeter’s Ideology,” in Laurence S. Moss (ed.), Joseph A. Schumpeter, Historian of Economics, Routledge, 1996. I am grateful to the publishers for permission to use the material here in slightly revised form.

Finally, I would like to thank Mrs. Stevie G. Champion for her wonderful copy-editing. With my style of thinking nurtured by the Japanese language, her literary talent and patience have been invaluable in helping convey to the English reader what I mean to say without serious obstacles I hope.