

Schumpeter: A Biography

Schumpeter: A Biography. By RICHARD SWEDBERG. Princeton: Princeton University Press, 1991. Pp. vii, 293. \$ 24.95. ISBN 0-691-04296-9.

Review for the *Journal of Economic Literature* by Esben Sloth Andersen.

This well-balanced intellectual biography is very helpful for economists who want to explore or exploit the ideas of Schumpeter. These ideas are so rich, open-ended and heterodox that they have largely been squeezed out from standard histories of economic thought. Richard Sweedberg's use of the biographical approach allows him to be more open and to focus on the coherence as well as the diversity of Schumpeter's work. At the same time he can tell a well-researched and fascinating story of Schumpeter's private, academic and political life from 1883 to 1950.

The book is mainly ordered chronologically, but for each period life sketches are separated from presentations and evaluations of Schumpeter's books and major papers. Schumpeter's decisive years in Vienna and other parts of the Austrian-Hungarian empire are dealt with in chapters 1-3. Special emphasis is put on Schumpeter's voluminous books on pure economics, economic development and the history of economic thought which were produced before he was 30 years old. His political activities during and immediately after World War I are also treated (including his rather unsuccessful service as Austrian Minister of Finance).

Schumpeter's activities from just before 1920 to the early 1930s are covered in chapters 4-5. In this period he became a professor in the Weimar republic and made contributions to economic theory as well as to economic sociology; especially the latter are summarised in the book. Chapters 6-8 explore Schumpeter's US period from the 1930s until his death. This period as a famous Harvard professor was characterised by extremely hard work but also by little real recognition of his core ideas. The exposition concentrate on his three voluminous books on business cycles, capitalism and socialism, and the history of economic analysis. But even a series of papers related to Schumpeter's historically oriented revision of his theory of innovative entrepreneurship is dealt with.

It is not an easy task to give a balanced and integrated account for a life which covers such radically different epochs and cultures and for a work which covers a wide range of topics and methods. But this is what the reader looks for and what the book aims at. Since Swedberg has to a large extent been succesful, he has produced the standard reference on Schumpeter's life and work. For most economists the two-volume Schumpeter biography by Loring Allen (1991)-which came out before Swedberg's book-is no real competitor since it is more focussed on Schumpeter's manifold activities and on

his complex and paradoxical personality than on theories and methods. However, many will want to consult Allen after having read Swedberg's book.

Swedberg's condensed version of Schumpeter's life is not least based upon the new Schumpeter scholarship which has developed during the last few years (Augello 1990). He has also done his own research, not least at the rich Schumpeter Collection of the Harvard University Archives and by interviewing many people who have known Schumpeter. In this way he is able to draw attention to many aspects of Schumpeter's life which is still of interest to modern readers: the problems of creating an integrated personality, the difficulties created by high intellectual ambitions and youthful successes and commitments, the need for intellectual specialisation as well as for scientific syntheses, the contradiction between continued creativity and academic leadership and 'school creation', the different skills needed for a scholarly and a political career, etc.

Swedberg's major contribution is, however, that he has pointed out a central theme in Schumpeter's works which allows him to compare and discuss them in a systematic manner. This theme is Schumpeter's idea to establish an economic science in the broad sense which covers economic history, statistics, economic theory and economic sociology. Swedberg points out that a similar programme was suggested by Max Weber under the heading of *Sozialökonomik* and that Schumpeter's 1914-work on the history of economic thought was a part of a series of books on this area initiated by Weber. Schumpeter gradually developed his own version of this research programme which raised basic methodological issues as well as the practical possibilities of overcoming the split between different parts of social science. In Schumpeter's endeavours to create such a programme Swedberg finds "the major theme in his life-work as an economist." (p. 23)

The idea of an economic science in the broad sense is well-known for readers Schumpeter's *History of Economic Analysis* (Ch. 2) but few have recognised its pervasiveness in Schumpeter's work. The reason is, of course, that nearly all economists and many other social scientists specialize a single part of economics in the broad sense, just as physicists are either theoreticians or experimentalists. In Schumpeter's youth this division of labor was not well-established and he had relations to both camps of the *Methodenstreit* among German (and American) economists. This battle of methods was reflecting a polarization and lack of mutual recognition between marginalist economic theory and empirically oriented economics.

Even in his first book Schumpeter emphasised that he considered the split to be harmful and instead he suggested methodological pluralism. Gradually he developed this standpoint into a research programme which demanded the collaboration between two types of theory creation (oriented towards economic mechanisms and economic

institutions) and two types of data collection (statistics and historical data reflecting irreversible processes).

This standpoint helps to explain several of Schumpeter's apparently paradoxical standpoints. Thus Samuelson and Goodwin were shocked when Schumpeter late in his life praised the historical approach to business cycles (p. 176), while he had earlier been an ardent supporter of mathematical economics and the Econometric Society (pp. 115 ff). Seen from the viewpoint of Schumpeter's overall programme, his concrete judgements were, however, reflecting his wish to create a balance between the different parts of Sozialökonomik. While formal approaches to economics were weak, he was their spokesman; but late in his life he felt that the balance had shifted and that economic history was being crowded out. The misunderstandings partly reflect that Schumpeter's colleagues and students did not study his works. Had they done so, they would have recognised that he, especially from the 1920s and onwards, promoted both mathematical modelling and historical studies (pp. 77 ff, 125 ff).

Swedberg's emphasis on an important and wide-ranging theme in Schumpeter's research has helped him to bring forth several new insights as well as to make a coherent biography. But his readers should be aware that while such a focus brings forward and exposes some of Schumpeter's ideas, it tends to leave others in obscurity. Swedberg must be praised for his choice of focus but others might want to explore alternative themes in Schumpeter's life-work as an economist.

One possibility is to consider Schumpeter as the initiator of an evolutionary-economic research programme. Given this theme, we would explore his life-long search for a precise model of capitalist evolution and his attempts to apply his evolutionary vision to sociology and the theory of science. We would also focus less on his general approach to Sozialökonomik than on his attempts to develop an evolutionary version of it in *Business Cycles* and elsewhere. Finally, we would explore his special blend of elitism, marginalism, and institutionalism as a reflection of his ideas of the jerky and punctuated form of the evolutionary process. Such topics are not covered by Swedberg.

The possibility of alternative ways of focussing the account for Schumpeter's life and work demonstrate that Swedberg's book may help to provoke debates and further studies. This is, however, just one of its many qualities. Swedberg has produced a unique and inspiring book which is a must for anyone interested in Schumpeter's personality as well as in his rich set of ideas. The book includes a bibliography of Schumpeter's works, some interesting letters from Schumpeter and a series of his aphorisms.

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