Schumpeter S Theory Of Economic Development 100 Years Of

Schumpeter proclaims in this classical analysis of capitalist society first published in 1911 that economics is a natural self-regulating mechanism when undisturbed by "social and other meddlers." In his preface he argues that despite weaknesses, theories are based on logic and provide structure for understanding fact. Of those who argue against him, Schumpeter asks a fundamental question: "Is it really artificial to keep separate the phenomena incidental to running a firm and the phenomena incidental to creating a new one?" In his answers, Schumpeter offers guidance to Third World politicians no less than First World businesspeople. In his substantial new introduction, John E. Elliott discusses the salient ideas of The Theory of Economic Development against the historical background of three great periods of economic thought in the last two decades.

"The neo-Schumpeterian interpretation dominating the field of evolutionary economics puts focus on technological innovation, Darwinian evolution and economic growth, and has proven to be fertile ground for the past forty years. However, as the evolutionary school attempts to engage with a world of inequality, financialization and economic fragility, the limits of such an interpretation begin to show. Contributing to the development of a more balanced post-Schumpeterian economics, this book offers a complementary interpretation of Schumpeter's theory which is based on economic innovation, Bergsonian creative evolution and monetary mechanisms and institutions. The theoretical consequences of this new interpretation are significant and numerous. First, it leads to a conceptual separation of economic and technological innovation. Second, it offers a deeper integration of monetary and financial elements within the theory of the process of development, illustrating the adaptive and planning role provided by financial speculation under capitalist conditions. Third, it provides the foundations for a post-Schumpeterian theory of capitalist crisis, built on the relationship between innovation funding, the institutional development of banking and speculative credit creation. Finally, by discussing several key recent developments in evolutionary economics, the interpretation illustrates the opportunities unlocked by a pluralist approach to disciplinary development, aiming towards the development of a comprehensive post-Schumpeterian approach to economics. This text is essential reading for scholars and students of Schumpeter, evolutionary economics, post-Keynesian economics, institutional economics, and all economists interested in the ontological, methodological and theoretical challenges posed by economic development. Beniamino Callegari is a Researcher at the School of Economics, Innovation, and Technology of Kristiania University College, Norway"--

Essay from the year 2014 in the subject Business economics - General, grade: 1.7, University of London, course: Entrepreneurship and Innovation, language: English, abstract: Joseph Schumpeter had three goals in his life: To become the greatest lover in Austria, the greatest horseman in Europe and the greatest economist in the world. (Sandmo, 2011) I cannot assess his achievements in the first two areas but there is no doubt that he became an important economist and father of entrepreneurship and innovation research. This essay will show how Joseph Schumpeter influenced the evolution of conceiving and developing concepts of entrepreneurship and innovation. This essay will be structured in three sections. In the first section I will explain Schumpeter's theory on equilibrium and economic development and I will describe the role of the entrepreneur as an agent of change, also taking into account the time context and his peers. The second section will show how Schumpeter became the foundation and a source of inspiration for subsequent scholars in the area of entrepreneurship and innovation research. The last section will critically look at the importance of Schumpeter for our understanding of entrepreneurship and innovation but also the limitations of his work.


This book is the outcome of a bibliographical research and historical analysis of the evolution of the international literature on J.A. Schumpeter. The research has been carried out in the last few years with the organizational support of the "International Joseph A. Schumpeter Society" and through the establishment of connections with libraries, universities and research institutes throughout the world. Schumpeter's papers at the Harvard University archives have also been scrutinized. The volume includes a historical and critical assessment of the literature on the Austrian economist - according to the most important and specific Schumpeterian "categories": biography, methodology, development, money, cycle, sociology, politics, and history. The book is characterized by the completeness and richness of its information and by the homogeneous treatment of all the possible sources which could have provided news on Schumpeter. Besides Europe and the US, the research has been extended to the USSR, Latin America, Eastern Europe and, above all, to Japan where the Schumpeterian tradition is very deep-rooted.

Capitalism, Socialism and Democracy remains one of the greatest works of social theory written in the twentieth Century. Schumpeter's contention that the seeds of capitalism's decline were internal, and his equal and opposite hostility to centralist socialism have perplexed, engaged and infuriated readers since the book's first publication in 1943. By refusing to become an advocate for either position, Schumpeter was able both to make his own great and original contribution and to clear the way for a more balanced consideration of the most important social movements of his and our time.

The Elgar Companion to Neo-Schumpeterian Economics is a cutting-edge collection of specially commissioned contributions highlighting not only the broad scope but also the common ground between all branches of this prolific and fast developing field of economics. For 25 years economists have been investigating industrial dynamics under the heading of neo-Schumpeterian economics, which has itself become a mature and widely acknowledged discipline in the fields of innovation, knowledge, growth and development economics. The Elgar Companion to Neo-Schumpeterian Economics surveys the achievements of the most visible scholars in this area. The contributions to the Companion give both a brief survey on the various fields of neo-Schumpeterian economics as well as insights into recent research at the scientific frontiers. The book also illustrates the potential of neo-Schumpeterian economics to overcome its so far self-imposed restriction to the domains of technology driven industry dynamics, and to become a comprehensive approach in economics suited for the analysis of development processes in all economic domains. Integrating both the public sector and financial markets, the book focusses on the co-evolutionary processes between the different domains. As a roadmap for the development of a comprehensive neo-Schumpeterian theory, the Companion will be an invaluable source of reference for researchers in the fields of industrial dynamics and economic growth, and academics and scholars of economics generally. PhD students will find the Companion an indispensable general introduction to the field of neo-Schumpeterian economics. It will also appeal to politicians and consultants engaged in national and international policy as the Companion deals with the highly important and ever topical phenomena of economic development.

Joseph A. Schumpeter was one of the great economists of the twentieth century. His History of Economic Analysis is perhaps the
greatest contribution to the history of economics, providing a magisterial account of the development of the subject from Ancient Greece to the mid-twentieth century. Schumpeter's views on his predecessors have proved to be a constant source of controversy. Here individual chapters examine such disparate questions as Schumpeter's apparent disregard for the American institutionalists, his grudging respect for Adam Smith, the perspicacity of his views of Quesnay and his preference for Walras over Pareto. Four chapters are devoted to the early Medieval schools, neglected in all of his writings. Schumpeter's magnum opus is related to the rest of his economic output, especially his views on money and on methodology. With contributions by leading historians of economics from six countries, this volume analyses Schumpeter's contribution to the history of economics, considers its lasting significance, and uses it as a benchmark to assess the current state of the field.

Joseph A. Schumpeter (1883-1950) is one of the most celebrated authors on the economics and sociology of the twentieth century. Richard Swedberg's new biography provides an engaging and vivid account of Schumpeter's varied life, including his ventures into politics and private banking as well as his academic career. As a backdrop to these, Swedberg also discusses Schumpeter's tragic personal life. This book provides a thorough overview of Schumpeter's writings, and also introduces previously unpublished material based on his letters and interviews. Swedberg emphasizes that Schumpeter saw economics as a form of social investigation, consisting of four fields: economic theory, economic sociology, economic history and statistics. The author describes and analyses Schumpeter's theory of social classes and modern states as well as his more famous theory of the entrepreneur.

The first book to chart the development of the field of evolutionary economics, this book provides an integrated generic framework to define the rules of an economic system; how they are coordinated and the causes and consequences of their change. Packed with pedagogical features including essay and tutorial questions, case studies and an extensive bibliography, this book: proposes a new analytic framework for the study of the nature and causes of long run economic growth and development in market systems; analyzes the foundations of the neoclassical tradition, before developing a thesis through micro, meso and macro domains drawing conclusions as to what can be learned from the point of view of policy analysis focuses on an open-systems analytical framework and successfully formulates and refines the analytical foundations of a new general theory of economic evolution. This volume is essential reading for scholars and students of economic evolution and as well as for anyone who seeks to better understand the complex evolutionary nature of the structure and dynamics of the knowledge-based economy in today's society.

Joseph Schumpeter (1883–1950) is one of the most fascinating and influential economists of the twentieth century, renowned for his brilliant and unorthodox insights into the nature of capitalism. His students include leading economists such as Paul Samuelson, Robert Solow and the former chairman of the Federal Reserve, Alan Greenspan. The Theory of Economic Development is one of Schumpeter's most important books and the one that made him famous. He poses a fundamental question: why does economic development proceed cyclically rather than evenly? Turning prevailing economic theory, which approached economics as equilibrium, on its head, Schumpeter argues it is because economics is constantly transformed by its own internal forces. These forces are the 'circular flow' of economic life; economic development, characterised by disruption and innovation; and finally, the levers that push and pull capitalism including credit, profit and interest. These are all manifested in the 'business cycle', one of Schumpeter's major contributions to understanding economics and now a perennial feature of virtually all economics and business curricula. He is also the first economist to place the entrepreneur at the heart of capitalism, anticipating subsequent fascination with entrepreneurship in popular business and management writing. Schumpeter also lays the groundwork for his subsequent, highly influential idea of the 'creative destruction' characteristic of radical and rapid economic change. The Theory of Economic Development remains a vital, magisterial account of economics and the nature of capitalism whose many insights remain highly relevant today. This Routledge Classics edition includes a new Introduction by Richard Swedberg.

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The economic crisis is also a crisis for economic theory. Most analyses of the evolution of the crisis invoke three themes, contagion, networks and trust, yet none of these play a major role in standard macroeconomic models. What is needed is a theory in which these aspects are central. The direct interaction between individuals, firms and banks does not simply produce imperfections in the functioning of the economy but is the very basis of the functioning of a modern economy. This book suggests a way of analysing the economy which takes this point of view. The economy should be considered as a complex adaptive system in which the agents constantly react to, influence and are influenced by, the other individuals in the economy. In such systems which are familiar from statistical physics and biology for example, the behaviour of the aggregate cannot be deduced from the behaviour of the average, or "representative" individual. Just as the organised activity of an ants’ nest cannot be understood from the behaviour of a "representative ant" so macroeconomic phenomena should not be assimilated to those associated with the "representative agent". This book provides examples where this can clearly be seen. The examples range from Schelling’s model of segregation, to contributions to public goods, the evolution of buyer seller relations in fish markets, to financial models based on the foraging behaviour of ants. The message of the book is that coordination rather than efficiency is the central problem in economics. How do the myriad of individual choices and decisions come to be coordinated? How does the economy or a market, "self organise" and how does this sometimes result in major upheavals, or to use the phrase from physics, "phase transitions"? The sort of system described in this book is not in equilibrium in the standard sense, it is constantly changing and moving from state to state and its very structure is always being modified. The economy is not a ship sailing on a well-defined trajectory which occasionally gets knocked off course. It is more like the slime described in the book "emergence", constantly reorganising itself so as to slide collectively in directions which are neither understood nor necessarily desired by its components.

Ordinarily, the word essays is invoked at great risk by authors and publishers alike. But in the case of this special collection by Joseph A. Schumpeter, the great Austrian economist who finally settled at Harvard, the scholarly world knows this particular volume as his Essays. For a less pious younger generation, a subtitle has been added describing what these essays are about. In addition to the major themes of Schumpeter’s life: the place of the entrepreneur in economic development, the risks and rewards of innovation, business cycles and why they occur, and the evolution of capitalism in Europe and America, the Essays contain statements on how Schumpeter viewed his own development; they discuss how he looked at Marxism, and how he feared that economics was in danger of becoming too ideological. Several of the Essays are classics. This is the case for “The Creative Response in Economic History” in which Schumpeter makes a plea for the close cooperation between economic theory and economic history. Another is "Science and Ideology," which constitutes Schumpeter's presidential address before the American Economic Association. Finally, there is the intriguing preface to the Japanese translation of Theory of Economic Development, in which Schumpeter names Walras and Marx as his two great predecessors. Even those who treasure the original publication were irritated by the remarkably poor quality of much of the book, which reproduced everything from typewriter script to nearly unreadable, reduced double columns. These lapses have been corrected in this new edition. Here Schumpeter’s Essays can finally be read with the enjoyment, no less than enlightenment, they deserve. The volume is alive to the basic issues of our time. The reader can look forward to intellectual insight and stimuli of the highest order.

This collection constitutes an examination of Schumpeter’s legacy that is wider than any yet attempted. As one of the key economists of the twentieth century, Schumpeter’s economics is viewed in the context of its relation to purer Austrian theories of the free market, Keynesian macroeconomics, the early neoclassicism of Marshall and Walras, and a persuasive argument made for its centrality to the discipline as a whole.


Joseph Schumpeter’s views on innovation, entrepreneurship and creative destruction are widely cited in many fields of the social sciences, and are influential in policy and decision making, yet they have often been misinterpreted and misunderstood. ‘Schumpeter’s Evolutionary Economics’ fills this void of analysis by introducing novel interpretations of Schumpeter’s five major works, and tracing the development of his intellectual theory and framework. In so doing it places our understanding of Schumpeter on a new and firmer footing. Esben Sloth Andersen was awarded the Gunnar Myrdal Prize for 2010 for ‘Schumpeter’s Evolutionary Economics’. The Myrdal Prize is awarded annually for the best book on a theme broadly in accord with the research perspectives of the European Association for Evolutionary Political Economy.

This book contains the most sustained and serious attack on mainstream, neoclassical economics in more than forty years. Nelson and Winter focus their critique on the basic question of how firms and industries change over time. They marshal significant objections to the fundamental neoclassical assumptions of profit maximization and market equilibrium, which they find ineffective in the analysis of technological innovation and the dynamics of competition among firms. To replace these assumptions, they borrow from biology the concept of natural selection to construct a precise and detailed evolutionary theory of business behavior. They grant that films are motivated by profit and engage in search for ways of improving profits, but they do not consider them to be profit maximizing. Likewise, they emphasize the tendency for the more profitable firms to drive the less profitable ones out of business, but they do not focus their analysis on hypothetical states of industry equilibrium. The results of their new paradigm and analytical framework are impressive. Not only have they been able to develop more coherent and powerful models of competitive firm dynamics under conditions of growth and technological change, but their approach is compatible with findings in psychology and other social sciences. Finally, their work has important implications for welfare economics and for government policy toward industry.

At the time of his death in 1950, Joseph Schumpeter was working on his monumental History of Economic Analysis. Unprecedented in scope, the book was to provide a complete history of economic theory from Ancient Greece to the end of the second world war. A major contribution to the history of ideas as well as to economics, History of Economic Analysis rapidly gained a reputation as a unique and classic work. As well being an economist, Schumpeter was a gifted mathematician, historian, philosopher and psychologist and this is reflected in the multi-disciplinary nature of his great endeavour. Topics addressed include the techniques of economic analysis, contemporaneous developments in other sciences and the sociology of economics. This inclusiveness extends to the periods and individuals who figure in the book. As well as dealing with all of the major economists from Adam Smith to Maynard Keynes, the book considers the economic writings of Plato and Aristotle, of the Medieval Scholastics and of the major European economists. Throughout, Schumpeter perceived economics as a human science and this is reflected in a volume which is lucid and insightful throughout.

2012 Reprint of 1954 Edition. Exact facsimile of the original edition, not reproduced with Optical Recognition Software. “Economic Doctrine and Method” deals with the progress of economics as a science and particularly with the historical sequence in which economic theories have developed. Successive doctrines are viewed as progressive expansions, clarifications and refinements of one another in an evolution toward a “pure” science of economics. Schumpeter is best known for his work on Business Cycles and the concept of “creative destruction.” Joseph A. Schumpeter was a monumental figure in the history and development of economics. This work brings together his brilliant lectures,
delivered more than a century ago, in its first English-language paperback edition. Here, readers will discover Schumpeter's search for an economic science devoid of moral or political dogma. The Nature and Essence of Economic Theory works out what people should think of pure economics, what its nature is, what its methods and findings are, and where thought takes off from there. The book shows the limitations and weaknesses of nineteenth-century economics and how the field could be and was improved by establishing a fundamental differentiation between 'statistics' and 'dynamics'. To convey his arguments, Schumpeter uses certain axioms that form a consistent, self-contained system and show how sound economic science is based on facts and events rather than presuppositions or definitions. Schumpeter's larger aim, beyond a pedagogic tool, was to deduce changes in the market, trade, and exchange of goods and services. He defined the task of economy as the description of the system and its change tendencies. If that can be achieved unequivocally, without resorting to doctrine or dogma, then the field can be considered self-contained. This book is the first to contain all of Schumpeter's important texts on the entrepreneur and entrepreneurship in English.

Joseph Alois Schumpeter is arguably the most important economist of the 20th century. Most readers are familiar with his Theory of Economic Development and his classic Capitalism, Socialism and Democracy. Less well-known are his seminal works published before he left Europe for the United States in 1942. In particular for the first time the missing Chapter Seven of his Theory of Economic Development has been published in this volume. It tries to put Economic Development into the broader context of culture, law and policy. Many of his earlier writings display a similar integrative approach and are therefore often treated as sociological writings. As Capitalism, Socialism and Democracy shows, he did not dissociate the different social sciences in his own mind but rather strove to keep the unity of the social sciences. Entrepreneurship, style and vision are the unifying concepts of his work. Schumpeter was an interdisciplinary political economist who made institutional transformation the centrepiece of his theory of supply and demand. This comprehensive monograph reconstructs and assesses Schumpeter's contribution to the restless economics of entrepreneurship, disequilibrium and search.

Joseph Alois Schumpeter has long been recognised as one of the great economists of the 20th Century, and his truly revolutionary approach to economic development continues to gain appreciation. This is particularly due to the emphasis he places on innovation and creative destruction as drivers of economic development. Yet, aspects of his theory remain neglected and poorly understood, especially his treatment of prices and price dynamics. This book provides a comprehensive and critical examination of Schumpeter’s price theory as well as providing suggestions for the further development of the theory. While Schumpeter’s theories of economic development, entrepreneurship and the business cycle have received substantial attention in the literature, his price theory has been neglected. Yet, he proposes a price theory that is as radical as his treatment of other topics. The holistic nature of his theory also naturally means that a better understanding of his price theory will provide extra insight into other aspects of his theoretical framework. This volume is of great interest to those who study Schumpeter’s work, as well as those who have an interest in history of economic thought, economic theory and philosophy and political economy.

2011 Reprint of 1947 Second Edition. Full facsimile of the original edition, not reproduced with Optical Recognition Software. Originally Published as Part II of Capitalism, Socialism and Democracy [1947]. "Can capitalism survive? No. I do not think it can." Thus opens Schumpeter's prologue to a section of his 1947 book, Capitalism, Socialism and Democracy. One might think, on the basis of the quote, that Schumpeter was a Marxist. But the analysis that led Schumpeter to his conclusion differed totally from Karl Marx's. Marx believed that capitalism would be destroyed by its enemies (the proletariat) whom capitalism had purportedly exploited, and he relished the prospect. Schumpeter believed that capitalism would be destroyed by its successes, that it would spawn a large intellectual class that made its living by attacking the very bourgeois system of private property and freedom so necessary for the intellectual class's existence. And unlike Marx, Schumpeter did not relish the destruction of capitalism. "If a doctor predicts that his patient will die presently," he wrote, "this does not mean that he desires it." Co-winner of the 2006 Schumpeter Prize of the International Joseph A. Schumpeter Society. This book explains the shift of the organizational landscape away from vertically integrated firms and towards more specialized entities connected by markets and networks. In doing so, it places in a larger theoretical framework the work of Joseph Schumpeter and Alfred Chandler, two of the twentieth century's most important analysts of the modern corporation. Weaving together business history, economic theory and the history of ideas, Langlois - who won the Newcomen Award in 1992 - sorts through the competing understanding of the rise and (relative) eclipse of the multi-unit enterprise. Rather than rejecting the accounts of Schumpeter and Chandler, he offers his own nuanced and historically grounded account of the rise and success of the corporation and its subsequent unbundling. Topical and timely, Dynamics of Industrial Capitalism is a useful resource for postgraduates and academics interested in the economics of organization, business history, economic sociology, and the history of economic thought, as well as to the general reader interested in the place of the corporation in the new economy.

Drawing on intimate diaries and correspondence, a definitive portrait of economist Joseph A. Schumpeter examines his theory of "creative destruction" as a driving force of capitalism, his emphasis on entrepreneurial and strategic business thinking, the influence of his theories on modern-day globalization, and his tumultuous personal life.