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Eliminating the “social” from “Sozialökonomik”¹

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In the early twentieth century, the limits of the discipline of economics were redefined when the “social” and the “economic” were merged in the discipline *Sozialökonomik*, a term promoted by Max Weber. These limits had been problematised before in the *Methodenstreit*, which had opposed the Austrian economist Carl Menger and the German historical economist Gustav von Schmoller in the 1880s. A recurrent Austrian critique of “Germanness” in economic thought culminated in the excommunication by Joseph Schumpeter of Max Weber, the political economist who had commissioned Schumpeter to write a history of economics in the large-scale, multi-volume project, “*Der Grundriss der Sozialökonomik*”.

In this paper, we relate Schumpeter’s hostility to considerations of “social” motives beyond a purely “economic” orientation to epistemological, psychological, political and ideological factors. Epistemological and substantive positions behind *Sozialökonomik* – a discipline aimed at describing historical reality by *understanding* what the actions of individuals were intended to mean – were advanced by Schumpeter as grounds to eliminate Weber from the field of economics, using arguments that had been anticipated by Carl Menger in his own bid to set Germany’s derailed national tradition of economics back on track.

Schumpeter’s representation of Max Weber was to evolve from his personal acquaintance with Weber in the *Grundriss*, to his dismissal of Weber in his *History of Economic Analysis*. Schumpeter’s first foray into the history of economic thought was his contribution to the *Grundriss der Sozialökonomik* under Weber’s direction in 1914, initially projected as *Lehr- und Handbuch der politischen Ökonomie* (Schumpeter 1914). The change in the title for copyright reasons must have been less congenial to Schumpeter than to Weber. Though the Schumpeter biographer Kesting points to the honour of being appointed by Weber (Kesting 1997), he does not grasp the opposition between Schumpeter’s and Weber’s positions. For as

early as 1908, Schumpeter had been hostile to the notion of the “social” in economics.

Schumpeter’s rejection of the study of the “social” goes back to his article “On the concept of Social Value,” in the *Quarterly Journal of Economics* in 1908. The notion of “social value” was introduced into the “‘modern’ system of theory” by economists such as Jevons and Walras. As Schumpeter writes: “At the outset it is useful to emphasize the individualistic character of the methods of pure theory. Almost every modern writer starts with wants and their satisfaction, and takes utility more or less exclusively as the basis of his analysis. Without expressing any opinion about this *modus procedendi*, I wish to point out that, as far as it is used, it unavoidably implies considering individuals as independent units or agencies. For only individuals can feel wants.” (Schumpeter 1908: 213)

“Marginal utilities” are for Schumpeter “the basis and chief instruments of theoretical reasoning; and they seem, so far, to relate to individuals only. For two reasons we have to start from the individual: first, because we must know individual wants; and, secondly, because we must know individual wealth.” For Weber, by contrast, “marginal utility” was not the sole motive for producing, and modern theory and the classical system did not represent an exhaustive system of analysis.

Schumpeter defines “want” in such a way as to be indifferent to all motives: “Theory does not suggest that these wants are necessarily of an exclusively egotistical character. We want many things not for ourselves, but for others; and some of them, like battleships, we want for the interests of the community only. Even such altruistic or social wants, however, are felt and taken account of by individuals and their agents, and not by society as such. For theory it is irrelevant why people demand certain goods: the only important point is that all things are demanded, produced, and paid for because individuals want them.” He then dismisses the notion of “social wants” in a market society, asserting that “the only wants which for the purpose of economic theory should be called strictly social are those which are consciously asserted by the whole community ... This case is realized in a communist society. There, indeed, want and utility are not as simple as they are in the case of individuals.” (Schumpeter

1908: 215) Schumpeter's utilitarianism lead him to conclude that a non-communist society is necessarily an aggregate of independent agents seeking solely to fulfil individual wants. Understanding why they want what they want is of no relevance.

Surely, Weber's understanding of the "social" does not imply collective actions or orientations. For Weber, the "social" in his expression "*social action* designates meaningful human action oriented around others, including such institutions as the market." Our actions occur within human configurations, conditioning even those actions that concern individual wants. The notion of the social in *Sozialökonomik* means individual orientation that takes account of other humans who are as inexorably a part of our world as our wants.

It is due among other things to his hostility towards the "social" that Schumpeter progressively expels Weber from the field he had taught throughout his academic career. While in a eulogy to Weber in 1920, Schumpeter pushes Weber gently towards sociology, in the *History of economic analysis*, he gives him several shoves. In 1920, after Weber had died, Schumpeter lavished praise, presenting him outstanding against a generally mediocre background of German economics and social sciences and a politicisation which, because of limited channels for political energies, was so extreme as to make deep and rigorous research rare. Contemptuous of the reverence German academics showed for authorities and the state as arbiter to the detriment of individual freedom, Schumpeter decries the weakness of the achievements and personalities in German academia, as well as its conventional, predictable discourse (Schumpeter 1920).

It was against this drab background that Max Weber shone as a beacon of unconventionality and leadership. Whether loved or hated, he commanded respect in Schumpeter's eyes; while his students and immediate following loved him with unparalleled intensity, a distant following held him in reverence. He reigned over specialists, formed intellectual currents, and his influence was a symptom and a cause of contemporary German history, transcending the confines of his specialised discipline (Schumpeter 1920). Max Weber had forced "his" discipline to accept the fact that a science could not dictate what should be or happen. There was no economic policy which one could clearly associate with his name comparable to the idea of free trade and Adam Smith or protectionist tariffs for infant industries and Friedrich List or

social policy and the *Kathedersozialisten*. Schumpeter noted that Weber imposed value neutrality as a measure of self-discipline, requiring economists to renounce their "dearly felt desire" to feel like moral leaders to present partisan views as scientifically proved fact (Schumpeter 1920, in 1954: 110–111).

According to Schumpeter, Weber's "original achievements in the field of the methodology of the social sciences" were not the product of idle speculation, but were conceived of through tangible problems, remaining in "relation to his major sociological works." Schumpeter praised the "positive substantive knowledge and logical acuity" with which Weber tackled "major issues of principle of historical causality, historical necessity and historical development, the relationship between social conditions and socio-psychological 'superstructure', the relationships between tangible, social processes and general knowledge of regularities"; in no other author did methodology and productive research converge so fruitfully as in the work of Weber. His epistemological writings became an arsenal not just for sociological methodology, but also sociological theory. Weber's "impassioned drive for knowledge was ejaculated, unflaggingly, over unbelievable masses of facts" (Schumpeter 1920, in 1954: 115). It was in "undiminished glory, as a living power in Germany's intellectual life" that Weber "suddenly left us as one of those men about whom we do not even wonder whether they are replaceable and one of the blessed who give the world the feeling that they have only received a fraction of what they could have given" (Schumpeter 1920, in 1954: 117).

Yet at the close of the article, Schumpeter's design to transfer Weber to sociology becomes apparent. "Above all, he was a sociologist. It was only indirectly and secondly that he was also an economist – although he was a sociologist who focused primarily on economic phenomena" (Schumpeter 1920, in 1954: 112–114). Having eased him out of economics already in 1920, Schumpeter was to dismiss Weber in *History of Economic Analysis*, where he concludes that Weber was not an economist at all. Yet the work does not clarify what an economist is, or, as Cott and Lallement point out, what Schumpeter "meant by 'economic phenomena.'" In fact, in defining "economics", he adopts three heterogeneous principles, first enumerating "the main 'fields' now recognised in teaching practice", albeit with "no claim to completeness" (Schumpeter 1955, quoted Cott / Lallement 1996: 10). Secondly, he establishes an essential "kernel" of the discipline as "all the prices and quantities of products and productive ser-

vices that constitute the economic 'system'" which had remained central "from Child to Walras" (quoted Backhouse 1996: 21). This criterion is external, inasmuch as it describes observable phenomena expressed as pecuniary references. And thirdly, he applies an internal criterion, namely the idea that an "economic" orientation is aimed at maximising gain, again expressed as money.

The question of what economics is or should be harks back to earlier debates, inter alia the *Methodenstreit* inaugurated by Carl Menger's attack on the Historical School. Menger acknowledged the ambiguity as to what *Volkswirtschaft* in point of fact covers (Menger 1883: vii). An assumption that Menger and Schumpeter seemed to share is that at least for the purpose of theory all of the *external* economic phenomena necessarily must issue from or be explained through *internal* economic orientation, i.e. that economic activities – acts of production, saving, consumption – are necessarily the outcome of rational choice in the procurement and deferral of pleasure. This assumption leaves no space for reflection on factors impacting acts of production, saving and consumption that are not those of rational choice – factors that historicist economists include in their descriptions of economic activities and factors that may be possible to integrate into regularities. These issues of the relationship between theory and history are the basis for Weber's discussion of Roscher and Knies, and reemerged in Schumpeter's and later dismissals of Weber, such as recently by Peukert (Peukert 2004: 988).

The historicist, Romantic critique of Smith's model had taken issue with an understanding of human nature that was unrealistically obsessed with profit, (e.g. Müller) and with Smith's assumption that differing wealth between nations was due only to individuals engaging in commerce (e.g. List). Romantic historicism bombarded classicism with charges of "materialism, chrematism, calculation... atomism, individualism ... absolutism in solutions ... isolating economic phenomena ... the use of a static approach ... and the use of an inadequate empirical basis for the deduction of regularities and laws" (Sombart 1930: 144–151). Those charges were reformulated discerningly by Weber, who did not see rational hedonism as the sole motive for production. For Weber, one source of "economic", i.e. value-producing behaviour of the founders of capitalist culture, had been the contrary of rational hedonism, namely religious asceticism (Weber 1904b), in *social* economics (Weber 1921).

Weber uses the term "social economics" to broaden the scope of legitimate economic speculation. The terms with which "economics" was described had evolved in Germany from "*Nationalökonomik*", a term adopted by admirers of Smith to refocus from mercantilism's concern with the state over to the wealth of nations as *societies*. The term was then reinterpreted by List, who rejected free trade theory's cosmopolitanism and the liberal "*Nationalökonomik's*" lack of concern for national interests. Weber marked the turn towards *Sozialökonomik*, which unlike its French cousin, "*économie sociale*" was less concerned with social engineering or policy than with motives that impacted behaviour on the market that were not profit-oriented. *Sozialökonomik* proved a useful term for an economic discipline concerned with remaining value neutral and thus eschewing a nationalist political agenda, while broadening its scope beyond a rational, pecuniary orientation. When Alfred Marshall used "economics" to replace "political economy", Schumpeter noted that "a parallel usage was introduced, though less firmly established, in Germany. The word was Social Economics, *Sozialökonomie*, and the man who did more than any other to assure some currency to it was Max Weber" (Schumpeter 1955: 21, footnote 1).

The development to which Schumpeter points (cf. Swedberg 2000, 2005) is both telling and ironic – ironic, because the work most associated with the term "*Sozialökonomik*" – Weber's *Economy and Society* – would, but for a copyright dispute over the initial title, *Handbuch der politischen Ökonomie* have been branded *politische Ökonomie*. And while Marshall's agenda was the removal from economic theory of politics, Weber's agenda was to enrich economic analysis with considerations of "social" factors.

Sozialökonomik is clearly the heir to historicist economics, because it considers history not as a continuous expression of economic laws, but as a unique "concatenation of circumstances" that can be interpreted with reference to laws of economic theory. Sombart later referred to an "understanding" *Nationalökonomik*, drawing from hermeneutics, historians, such as Droysen versus Buckle, philosophers such as Dilthey, Windelband, Rickert and Simmel, and legal scholars such as Stammler, so as to constitute a science that was at once empirical, cultural and social (Sombart 1930: 155–156). Schumpeter, by contrast, wrote of these very authors (Windelband, Rickert and Dilthey) that while meaning "no disrespect to those eminent men ... when they proceeded, with enviable

confidence, to lay down the law for us, they drew an entirely unrealistic dividing line between the 'laws of nature' and 'the laws of cultural development' or the 'formulation of laws' (*nomothesis*) and 'historical description' (*idography*)", and "failed to add the proper qualifications to their arguments", misleading "the many economists who listened to them". "But let us note the striking saying of Dilthey that reads like a motto of Max Weber's methodology: 'We *explain* the phenomena of nature; we *understand* the phenomena of the mind (or of culture)'" (Schumpeter 1955: 777). This tetchiness is remarkable – none of those philosophers sought to lay down the law for economists. However, they did show the weaknesses of the liberal assumption of an objective historical progress of wealth accumulation by rational humans pursuing their individual best and contributing to the collective best.

Schumpeter then attacks Weber by association. The "'immanent interpretation' of historical processes", Schumpeter writes, "evidently raises very serious methodological problems as regards the nature of the intuitive understanding of the individuals and civilizations it involves." Schumpeter points to a "close affinity" between the principles of immanent interpretation and "those of Max Weber" (Schumpeter 1955: 425). "Sociologists like Max Weber ... may easily drift into the position that the use of any concepts not familiar to the people under study involves the error of assuming that their minds functioned just like ours. ... if, in terms of concepts of our own, we formulate the conditions for maximizing profits, we need not assume that the businessman himself uses these concepts; our 'theory' is perfectly meaningful even if we know that he does not" (Schumpeter 1955: 34). When expressing his hostility towards understanding actors, Schumpeter derides untenable positions that Weber had opposed: Weber liberally coined terms to describe remote historic configurations without worrying that the terms had not existed at the time.

The issues Schumpeter addressed in rejecting Weber's *Sozialökonomik* had been anticipated by Menger in his criticism of historicism. While singling out German economics for criticism (Menger 1883: v), Menger acknowledged that economic methodology had been more concerned with establishing the object of the discipline, than with methods. Menger distinguishes between "the individual" and "the general", writing that unschooled minds which could grasp the individual for practical life had greater difficulties with the general, whence the need to

explain the difference between "historical sciences" and "theoretical sciences". Menger asserts that the field of economics was primarily theoretical, and aimed at establishing those regularities in man's behaviour derived from "economic" interest. (Menger 1883: viii) Schumpeter would go yet farther, seeing economics as dealing *exclusively* with the pursuit of pecuniary interest.

In tangible phenomena, one can find recurrent forms, and Menger calls relations between such forms *types*. Relations in sequences, developments and coexistence are typical; the phenomena of purchasing, money, supply and demand, price, capital and interest rates are types, and the regular fall in prices following the increase of supply, the rise in prices following the rise in means of payment, the drop of interest rates following substantial capital accumulation are typical relations (Menger 1883: 4). Menger creates a divide between sciences that describe and sciences that theoretise. In fact, no historic science can dispense with generalisations which equip it with its concepts, and no science can be strictly generalising without recourse to series of descriptions of individual configurations from which types are derived and which make it possible to verify or to falsify the theories. (Adam Smith was less concerned with heuristic tools than with developing a historical explanation, for which he designed ad hoc heuristic tools.) In economics, Menger saw a divide between individualising (historical or statistical) economics and generalising (theoretical) economics with discrete tasks. A third form of sciences taught not what was, but what ought to be, and in economics, such normative (or for Menger, *practical*) sciences were finance and economic policy (Menger 1883: 5–7). Menger does not address motives other than the purposive rational. His object is to assert the primacy of theoretical economics. He mistakenly equates (nomothetic) theory with rational economic action and (idiographic) history with factors outside rational economic action. And he flirts with the fallacious assumption that an individualist method in economics must necessarily look to actors in an economy and a society as individuals pursuing their own "economic" interests.

Confusing the "collective" and the "social" with the "individual" and the "utilitarian" also typified early anti-utilitarian contemporary thinkers who described collective "development". Menger addresses his critique of historicism against the founder of the legal Historical School, C. v. Savigny, who had asserted in 1815 that there was "no such thing as a fully individual existence", and that all human existences were inextricably bound up in the life of

their family and their people, representing the continuation and development of previous ages. Though he is right to reject an understanding of history as the growth and evolution of a single organism, Menger ignores the behaviour of individuals that is not in the pursuit of "individualist" "economic interests". The basis of his brand of methodological individualism is that a *Volkswirtschaft* – the economy of a people – is neither a single big economy nor one that is opposed to or coexists with the single economies within the people, but a "complex of single economies" (Menger 1883: 82). Menger thus repudiates the reproach of „atomism" in economic theory (Menger 1883: 86–87), as formulated by the legal historian Savigny (Savigny 1815). His idea that economics looks solely at complexes of rational individuals with wants was taken on part and parcel by Schumpeter. Yet it had been surpassed by Weber's more sophisticated *understanding* methodological individualism, which discerned economic behaviour beyond the simple rational pursuit of wants. "The theory of marginal utility", as Weber observed, was also "subject to the law of marginal utility" (Weber 1908).

The understanding of the whole as a complex of individuals applies not just to economic but to all human phenomena. Menger opposes his individualism to the "organicism" of the Savigny (Menger 1883: 83). Savigny's and Menger's methodological positions are both defensible and incomplete; for to understand men within the historical development of their communities requires isolating individual strands so as to give their actions and motives names, a point neglected by Savigny; and "economic" activity – *Wirtschaften* as a verb in German – can be better and more clearly construed when set against other motives of human behaviour – the "social" referred to in "*Sozialökonomik*" – a point missed by Menger in 1883. In the second edition of his *Principles of Economics* Menger distinguishes between the technical activity behind added value (*technische Richtung*), and the accumulative activity (*sparende Richtung*) in economic action. Weber's central thesis of *The Protestant Ethic and the Spirit of Capitalism* hinges upon the idea that accumulation is an effect and not a cause of work, so Menger's comment may have been inspired by Weber, although Swedberg notes that Menger did not actually possess any of Weber's writings (Swedberg 2000: 301). Gustav von Schmoller responded promptly to Menger's *Investigations on the Methods of the Social Sciences and especially Political Economy* in an article in Germany's leading journal on economics, dismissing the division of economics on the basis of methods (Schmoller 1883). Menger's response to

Schmoller's „impatient and unseemly" defense of historicism added nothing to his initial argument (Menger 1884: iii, vi).

Weber is indebted to Menger for framing the issue of methodological individualism so clearly, (cf. Weber 1903: 130 or Weber 1908: 396) and expands the scope of methodological individualism. Kesting's comment that Schumpeter produced "the first formulation of the notion of methodological individualism, (Kesting 1997: 13) is therefore incorrect. Weber credits Menger for focusing on types, but sides with Schmoller on the issue of where it is expedient to create a disciplinary divide between theory and history. *Sozialökonomik* is neither strictly theoretical nor historical, but a vision of economics in which all acts of value creation and consumption have meanings that can be *understood*. Like Menger's theory, it forms types – Weber's considerations of the "ideal-type" are vastly indebted to Menger – but it employs them beyond the limits of economic rationalism in describing reality. While for Menger, economic theory should only consider profit-orientated motivations, Weber explores action more audaciously, considering traditional, affective and value orientations.

The crucial role of type formation in all theory eludes Schumpeter when he writes that the "method of (logically) Ideal Types ... inevitably involves distortion of the facts." "Unfortunately, Max Weber lent the weight of his great authority to a way of thinking that has no other basis than a misuse of the method of Ideal Types. Accordingly, he set out to find an explanation for a process which sufficient attention to historical detail renders self-explanatory." For Schumpeter, ideal types involve a "fundamental methodological error" (Schumpeter 1954: 80–81) and "there was no such thing as a New Spirit of Capitalism in the sense that people would have had to acquire a new way of thinking in order to be able to transform a feudal economic world into a wholly different capitalist one. So soon as we realize that pure Feudalism and pure Capitalism are equally unrealistic creations of our own mind, the problem of what it was that turned the one into the other vanishes completely" (Schumpeter 1955: 80). Schumpeter sees economic growth as "self-explanatory" and he resents Weber's attempts to relate Capitalism to historically unique factors. Weber adopts Menger's notion of "types" to surpass the latter by probing beyond the rational, while Schumpeter reverts to a pre-critical understanding of theory which ignores the roles of ideal types as tools to describe reality and not a mirror of reality and

which is exclusively absorbed with economic rationalism. In this respect, he pursues 'a complete discipline of economics in and unto itself', independent of history and based upon purely theoretical propositions (Kesting 1997: 112).

Schumpeter's account of Max Weber in his *History of economic analysis* – a work that distracted Schumpeter from quantitative economics (Schumpeter 1955: vi) – offers no insight into Weber's analysis of Western capitalism, instead banishing him as an intuitivist sociologist. Schumpeter claims Weber thought the sole purpose of acquiring knowledge was to understand meaning, though Weber stressed the diversity of motives for research, while acknowledging that the specificity of human sciences is that we *can* understand motives behind action. Schumpeter writes, "in fact, he was not an economist at all. In a professional atmosphere which was not agitated by changes of currents, he would be labelled as a sociologist." Weber was a "typically German phenomenon, the roots of which are specifically German, and which has proved to be typically German in strengths as in weaknesses." Schumpeter likens Weber's approach with that of Comte – a position from which practically all historicist epistemology had distanced itself and which Weber disdained (Schumpeter 1955: 819). Schumpeter's misrepresentation of value neutrality, his inability to conceive of theory as heuristic tools in the service of empirical science as a historical narrative with no *telos*, and his dismissal of Weber's investigation of non-utilitarian motives are ideologically inspired. He admired *histoire raisonnée*, as he acknowledges in *Capitalism, Socialism, Democracy* (Schumpeter 1942) erroneously viewing it as an invention of Marx (cf. Kesting 1997: 130–131). Smith, like Hume and Ferguson, had developed *histoires raisonnées*, and Schumpeter's *Capitalism, Socialism and Democracy*, with its plea for a substantive rather than formal understanding of democracy as capitalism, reverts to Whig teleology. Schumpeter's methodological individualism differs from Weber's because it exclusively considers utilitarianism in individuals' actions, while for Weber, "individualistic" methods need not mean an adherence to "individualistic values in whatever possible sense." (Weber 1921: 9) Schumpeter's purging of economic analysis of any motive other than utility and his renunciation of the method of individualised *understanding* are consequences of his adherence to the individualistic *values* of capitalist liberalism.

Alongside envy and a rejection of understanding, Schumpeter's ideological grounds for banishing the "social" from economics are important for the post-war acceptance that Weber should be ignored by economists. Schumpeter felt that looking only at utility ensured a serene discussion of the issues, whereas for Weber an exclusive focus on utility ignores issues that objectively factor into actors' reality – issues of equity or social and cultural values. The battle Schumpeter undertakes against historical understanding is a fight against culture and its values. The neutrality Weber championed in the defence of cultural and social values provoked the ire not just of capitalist but also of Marxist utilitarians.

The choice of Schumpeter in his history of economic analysis to eschew understanding economic action historically shows how a sort of epistemological asceticism precluded the development of economics. By declaring any consideration of human motives beyond the margins of purposive rational action irrelevant, and by dismissing interdisciplinary enquiry with philosophy and other human sciences, Schumpeter consecrated a spectacular regression of knowledge. This purging of the social from socio-economics not only destroyed a wealth of concepts and considerations in the discipline, but also reinforced the idea that the restriction to economic rationale was not just a methodological desideratum of a specialised science, but an ethical desideratum for modern man on the market. It marks the slide into what Alexander Rüstow called the "religion of market economy", presaged by Carlyle's suggestion that the "dismal science" only served as religious underpinnings for industrialism. Schumpeter's amalgamation of democracy and capitalism mirrors past amalgamations of "substantive democracy" and communism and makes us "unfree to choose."

The historically informed socio-economics of Weber, which examines the value premises of its terms, allow individuals to engage in enlightened but not dispassionate consideration of their subjective interests. Although Weber acknowledges that scientific research is rendered obsolete within a generation, his methodological reflections on types and the human sciences are still topical, and his substantive work on history, although challenged, continues to set parameters for debates on motives. Weber modestly acknowledged that he had done little for economic theory (Hennis 1996: 117, fn. 7). Still, accumulation through asceticism is a regularity to be found not just in cloisters and Protestant sects but also in tiger economies in the Orient: it is a typical relation of production, con-

sumption and savings impacting price which continues to inspire analysis. Weber's socio-economic consideration of non-purposive-rational motives is not a repudiation of reason but the invitation to consider whether economic reasoning need chain our own value hierarchy to the price mechanism. To ignore non-market values not only transfers modern economics into a dismal science, but also modern lives into dismal ones.

The impact of Schumpeter's denunciation of Weber as a "sociologist" is difficult to appraise. Weber regarded himself foremost as an economist, and only engaged institutionally with sociology, as he wrote to his contemporaries, to give methodological rigour to a discipline dominated by dilettantes. As Swedberg has pointed out, he sought to "mediate between analytical and historical economics, and sometimes to go beyond both of them" (Swedberg 2000: 187). While sociologists were eager to declare Weber one of their own, post-war liberal economics was as ready to rid itself of the critical potential of Weberian socio-economics as it was to unload the ballast of socialist economics. Schumpeter, who also produced an ideological tract identifying democracy and capitalism, was a protagonist in making economics hostile to interdisciplinary enquiries. "Now our ability to speak of progress", Schumpeter writes of science, "is obviously due to the fact that there is a widely accepted standard, confined, of course, to a group of professionals, that enables us to array different theories ... in a series, each member of which can be unambiguously labelled superior to the preceding one" (quoted in Backhouse 1996: 39–40). But belief in unilinear progress and confining exchanges to some unnamed group of "professionals" are recipes for analytical regression: the former proceeds from the erroneous assumption that the object should always be considered from the same angle, and the latter does not take account of the views of those outsiders and interlopers from e.g. sociology, history or philosophy who have had a spectacular impact on economic thought. Placing Weber on either side of a disciplinary divide constitutes a loss for economics and sociology alike.

Endnote

1 The present paper was presented at the meeting of the European Society for the History of Economic Thought in Stirling in June, 2005.

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