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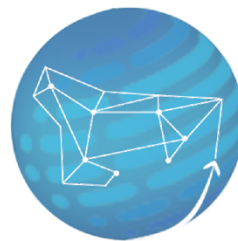
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**LEFMI**

LABORATOIRE D'ÉCONOMIE, FINANCE,  
MANAGEMENT ET INNOVATION

# **Louis Azan<sup>1</sup>, “The romantic conception of the entrepreneur in Schumpeter’s thought”**

## **ABSTRACT**

The aim of this paper is to demonstrate that the figure of the Schumpeterian entrepreneur is deeply marked by a Romantic imagination, critical of Utilitarianism. Schumpeter constructs the entrepreneur as a creative and dynamic agent, who succeeds in creating something radically new by the force of his will and his freedom of spirit, thus destroying the existing equilibrium. He is not a rational economic agent, a *homo oeconomicus*, but a romantic man who uses imagination and intuition in his actions. Like the Romantic authors, the Austrian economist puts forward the idea that economic life is marked by an incessant flow of innovations, destroying the old so that the new may emerge. Moreover, the decline of the entrepreneurial function is interpreted by Schumpeter from a romantic perspective, with the idea that capitalist modernity is a force for the rationalization of the world and the routinization of human existence, which no longer allows entrepreneurs to deploy their creative energy.

## **INTRODUCTION**

The links between Romanticism and Economics have rarely been properly investigated, and for a good reason; Economic Science was born out of the 18th century, the Enlightenment and Utilitarianism, whereas Romanticism is precisely an anti-Enlightenment intellectual movement, critical of the claim that reason alone can think and explain the world. While Romanticism is generally regarded as one of the

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greatest turning points in Western thought (see, for example, Isaiah Berlin (1999)), it seems to have left no trace on modern economic thought. The aim of this paper is therefore to show that the thought of one of the most influential economists of the twentieth century, Joseph Alois Schumpeter, is deeply marked by Romanticism, particularly in his way of representing the figure of the entrepreneur.

By Romanticism, we do not mean here simply an aesthetic movement born in Germany and England at the end of the 18th century. This artistic movement is characterized by a revolt against classicism and the Enlightenment, with a praise of the feeling, of the individuality, considered as the source of the creation. Among the Romantic authors, we find a valorization of the creative freedom, in rupture with the codes and the classical conventions. Moreover, on the political level, Romanticism constitutes a reaction to the French universalism resulting from the Enlightenment, with a counter-revolutionary dimension.

However, in this article, we will understand romanticism in a broader sense, namely a truly *Weltanschauung*, an alternative conception of the world to that of the Enlightenment. As Schumpeter mentioned in his famous *History of Economic Analysis* (1954), Romanticism is a “cultural antipode” to Utilitarianism. For Berlin in *The Roots of Romanticism* (1999), this *Weltanschauung* is notably characterized by (i) an emphasis on individual creativity and the role of human imagination; (ii) a critique of the reduction of men to calculating machines.

According to Schumpeter, Romanticism appears to be a

“revolt against convention, particularly against rationalized convention: feeling rose against cold reason; spontaneous impulse against utilitarian logic; intuition against analysis; the ‘soul’ against the intellect; the romance of national history against the artefacts of the Enlightenment” (Schumpeter, 1954, p.396). He adds: “A romanticist or any writer influenced by the romantic attitude would, of course, look upon industrial life and its problems in a nonbourgeois spirit and take views quite different from the Benthamite ones. More generally, he would feel a healthy disgust at the utilitarian tendency to reduce the colorful variety of social patterns and processes to a few bald generalizations about thoroughly rationalized hedonic interests. And he would build where utilitarianism leaves a void—or else provides a dump for what is simply nonsense from its standpoint—a shrine for the historically unique and for the values of the extrarational” (Schumpeter, 1954, p.387).

Schumpeter thus characterizes the romantic attitude as an alternative representation of the world to Utilitarianism, stemming from the philosophy of the Enlightenment.

The goal of this paper is to demonstrate that Schumpeter’s conception of the entrepreneur, his role and his place in the capitalist system, reflects a romantic attitude and conception of the economic and social world. In a negative way, Schumpeter criticized Utilitarianism, the figure of *Homo Oeconomicus* (O, Boyle, 2016), as well as the phenomenon of rationalization and bureaucratization of the world, undermining the creative possibilities of the innovative entrepreneur. In a positive way, he emphasized the role of intuition and imagination in the economic decision of the entrepreneur, he transposed the chivalric figure to the business world, and he insists on the dynamism of social life.

It seems that few commentators have insisted on this romantic dimension of Schumpeter's thinking. Shionoya (2007) underlined this romantic dimension in an article on Schumpeter's conception of economic evolution. And Bronk, in his book *The Romantic Economist* (2009)<sup>2</sup>, has characterized Schumpeter as one of the economists whose view of the economic world was marked by the romantic imagination. Among the lessons of romanticism identified by Richard Bronk, which he believes can be used to enrich economic analysis, it seems to us that one of them corresponds to Schumpeter's approach: « the need for a fuller psychology of human motivation than is allowed for by some versions of rationalism — one that recognises, in particular, the role of imagination and sentiment as well as reason » (Bronk, p.87). But the existing literature mostly focuses on the influences of German-speaking authors of the late nineteenth and early twentieth centuries: notably Nietzsche (Santarelli, Pesciarelli, 1990, Reinert, Reinert, 2006, Lapied, Swaton, 2013), Sombart (Gislain, 2012) or Weber (Gislain, 2012, Love, 2017), who are authors who seem to have influenced Schumpeter at that time.

Through a work of history of economic thought, the aim of this article is then to establish the romantic influence of Schumpeter's conception of the entrepreneur, in order to highlight the way in which a *Weltanschauung* is always underlying any economic theory. Moreover, it seems to us that this romantic dimension of Schumpeter's work is what constitutes its profound originality, which is very often evaded by economists claiming to be part of his legacy. Indeed, endogenous growth models are called neo-Schumpeterian models, insofar as they insist on the central role of innovation in economic growth, taking up the Schumpeterian concept of creative destruction<sup>3</sup>. In our view, however, these models tend to betray the specificity and depth of Schumpeter's thought, and in particular his conception of rationality or his vision of the dynamics of capitalism. By trying to fit the Austrian economist's thought into a standard framework, with perfectly rational agents and equilibrium thinking, the originality of his thought is partly denied, and in particular the romantic dimension that we would like to emphasize. As Bronk points out: “Endogenous Growth Theory may build in creative destruction in a stylised manner, but it still models its effect on the ‘steady-state growth rate’ ; and it still assumes that economic agents are driven by rational probability-calculating expectations and the tendency to maximise expected consumption and profits” (Bronk, 2009, p.80). Conversely, Schumpeter's romantic influence allows us to think of a more original and richer conception of the individual and of rationality, which has an influence on the way we think about capitalist economic dynamics.

We will focus on two romantic dimensions: (i) a macro-social dimension of criticism of the rationalization of the world induced by capitalist modernity, which undermines the creative possibilities of entrepreneurs; (ii) a micro-social dimension of valuing a creative and dynamic economic agent, breaking with the figure of *Homo Oeconomicus*; leading to an original conception of economic dynamics.

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<sup>2</sup> BRONK R. (2009), *The Romantic Economist, Imagination in Economics*, Cambridge University Press, Cambridge.

<sup>3</sup> AGHION P., HOWITT P. (1992), « A Model of Growth Through Creative Destruction », *Econometrica*.

## 1. A romantic macro-social dimension : the rationalization of the world.

First, a few brief reminders about Schumpeter's entrepreneur, who occupies a central place in his theoretical edifice<sup>4</sup>. According to Schumpeter, the entrepreneur is the economic agent who implements new productive combinations, who innovates, which is the basis of the dynamics of capitalism. He is therefore a creative agent, who tends to upset the productive order by introducing new methods of production, or by setting up radically new forms of work organization<sup>5</sup>. The entrepreneur is a leader<sup>6</sup>, and succeeds in imposing his will by relying on the mechanism of credit<sup>7</sup>, which allows him to finance his innovations. It is the entrepreneur and its singular motivations that is at the basis of the phenomenon of creative destruction, which is, according to Schumpeter, constitutive of economic life.

The entrepreneur is thus at the heart of Schumpeter's thinking, which many commentators have been able to emphasize. Moreover, in his book *Capitalism, Socialism and Democracy* (1942), the Austrian economist develops the idea that capitalism is doomed to disappear in the long run, due to the decline of the entrepreneurial function, which cannot continue in modern societies.

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<sup>4</sup> For a more detailed presentation of Schumpeter's concept of the entrepreneur, see the article by Gislain, « The origins of the schumpeterian entrepreneur », *Interventions Economiques*, 2012 .

<sup>5</sup> In fact, Schumpeter distinguishes five types of innovation : (1) The introduction of a new good — that is one with which consumers are not yet familiar — or of a new quality of a good. (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. (3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before. (4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. (5) The carrying out of the new organisation of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position. (*Theory of Economic Development*, p.38-39)

<sup>6</sup> This conception of the entrepreneur as a leader and an extraordinary individual gives an elitist and aristocratic tone to Schumpeter's thinking. On this aspect, see Santarelli, Pesciarelli, « The Emergence of a Vision : The Development of Schumpeter's Theory of Entrepreneurship », in *History of Economic Policy*, 1990, n°4. The affinity between this conception of the entrepreneur and Nietzsche's thought has been the subject of several studies (notably Reinert, Reinert, 2006 or Lapiéd, Swaton, 2013).

<sup>7</sup> Indeed, on this point, Schumpeter is opposed to other Austrian economists who are more often opposed to financing credit investments on the basis of credit, because of the inflation that this generates. While the Austrians defended the financing of innovations on the basis of prior savings, Schumpeter emphasized the importance of credit in capitalism. It is credit that allows money to be diverted from a declining sector to an innovative sector. For a more detailed presentation of the role of money and credit for Schumpeter, see Lakomski-Laguerre, *The monetary institutions of capitalism, The economic thought of J.A. Schumpeter*, 2002.

In their article entitled "Figures of anti-capitalist Romanticism", Robert Sayre and Michel Löwy<sup>8</sup> insist on the idea that Romanticism appears as a reaction to capitalist modernity, and notably its rationalizing force. In particular, they take up the Weberian thesis of capitalism as a force of disenchantment of the world<sup>9</sup>: "an important aspect of romanticism (...) is the "re-enchantment" of the world by the imagination" (Sayre, Löwi, p.106). Indeed, for the romantic sensibility, the capitalist modernity led to the loss of a "set of qualitative values - ethical, social, cultural - as opposed to the rational commercial calculation and the exchange value" (Sayre, Löwi, p.109). One of the great values lost by modernity, or at least that can't fully developed in modern times, is "individual subjectivity".

Indeed, according to them, if modernity tends to produce independent individualities within the framework of the division of labor,

when "these individuals turn into subjective individualities, and begin to explore the inner world of their particular feelings, they enter into contradiction with a system based on quantitative calculation and standardization. And when they claim the free play of their imaginative fantasy, they come up against the extreme mechanization and flatness of the world created by capitalist relations. Romanticism represents the revolt of the affectivity repressed, channeled and deformed under capitalism, and of the "magic" of the imagination banished from the capitalist world" (Sayre, Löwi, p.110).

According to us, Schumpeter also develops a "critique"<sup>10</sup> of capitalist modernity as a force of rationalization of the world. Indeed, in *Capitalism, Socialism and Democracy* (1942)<sup>11</sup>, the decline of the entrepreneurial function is interpreted by the Austrian economist in a romantic perspective, with the idea of capitalism as a force of rationalization, bureaucratization, and routinization. Schumpeter writes: "The romance of earlier commercial adventure is rapidly wearing away, because so many more things can be strictly calculated that had of old to be visualized in a flash of genius" (CSD, p.132). We find here the opposition between calculating rationality and genial intuition; modernity would value calculation, optimization and the use of reason in decision making, which leaves no room for uncertain action, based on intuition. Schumpeter also highlights the shift from an individual conception of innovation to a routinized and bureaucratized collective conception of innovation, typical of the capitalist modernity: « economic progress tends to become depersonalized and automatized. Bureau and committee work tend to replace individual action » (CSD, p.133).

Thus, the problem of capitalism is that it rests on a dynamic of innovation, which presupposes the existence of singular individualities, capable by their genius and their intuition of creating something radically new. But capitalism tends precisely to stifle the existence of such individualities, which are

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<sup>8</sup> SAYRE R., LÖWY M. (1983), « Figures du romantisme anti-capitaliste », *L'homme et la société*.

<sup>9</sup> The disenchantment of the world is the central thesis that runs through Weber's entire work. It refers to the idea that modernity is a force of rationalization of all social activities. The modern world is also marked by a form of "demagification", in the sense that the world is no longer interpreted by religious or mythical categories, but by a purely instrumental and scientific rationality.

<sup>10</sup> Our aim is obviously not to make of Schumpeter a critical thinker of capitalism, but to identify within his work a critique of capitalist modernity, as a force of rationalization.

<sup>11</sup> CSD now.

nevertheless essential to the perpetuation of the dynamics of capitalism. Basically, capitalism undermines the foundations on which it rests by the bureaucratization and routinization of human existence that it engenders<sup>12</sup>.

Furthermore, another aspect of a romantic representation of the world is a nostalgia for a pre-capitalist past, in which certain values were able to unfold. In *Capitalism, Socialism and Democracy* (1942) again, we also find a form of nostalgia for a medieval past<sup>13</sup> (partly fantasized and idealized), in which singular individualities deployed their energy on the battlefield. Thus, in the military field, we find this modern break with an individualistic conception of war:

« Of old, roughly up to and including the Napoleonic Wars, generalship meant leadership and success meant the personal success of the man in command who earned corresponding “profits” in terms of social prestige. The technique of warfare and the structure of armies being what they were, the individual decision and driving power of the leading man—even his actual presence on a showy horse—were essential elements in the strategical and tactical situations. Napoleon’s presence was, and had to be, actually felt on his battlefields » (CSD, p.133).

Conversely, modernity is characterized by a routinization of war, which is no longer the prerogative of singular individualities:

“Rationalized and specialized office work will eventually blot out personality, the calculable result, the “vision”. The leading man no longer has the opportunity to fling himself into the fray. He is becoming just another office worker—and one who is not always difficult to replace” (CSD, p.133).

For Schumpeter, we find such a process in the economic field, with the routinization of innovation induced by capitalism, which is therefore no longer implemented by entrepreneurs: « Now a similar social process—in the last analysis the same social process—undermines the role and, along with the role, the social position of the capitalist entrepreneur » (CSD, p.134).

We find in Schumpeter two romantic themes at a macro-social level : (i) the idea of capitalist modernity as a force for rationalizing the world, undermining individual subjectivity and thus the possibility for creative individualities to implement innovations, which are nevertheless at the foundation of the capitalist dynamic ; (ii) a nostalgia for a pre-capitalist past (notably medieval), in which these individualities were not stifled by this phenomenon of bureaucratization of human activities, and notably of the entrepreneurial activity.

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<sup>12</sup> According to Schumpeter, this bureaucratization would lead to a socialist society, not because of a proletarian revolution, but because the entrepreneurial function would decline. This would lead to a bureaucratized innovation, implemented by offices and commissions, rather than by individuals with extraordinary qualities (which he identifies in the 1940s as an ongoing process).

<sup>13</sup> The Romantic movement is characterized precisely by an idealization of a bygone past, notably the Antiquity and the Middle Ages.

As Schumpeter puts it:

« Also, capitalist civilisation is rationalistic and “anti-heroic”. The two go together of course. Success in industry and commerce requires a lot of stamina, yet industrial and commercial activity is essentially unheroic in the knight’s sense — no flourishing of swords about it, not much physical prowess, no chance to gallop the armoured horse into the enemy, preferably a heretic or heathen — and the ideology that glorifies the idea of fighting for fighting’s sake and victory for victory’s sake understandably withers in the office among all the columns of figures »

Further on, the Austrian economist adds that the industrial bourgeoisie hates a military ideology that clashes with its "rational" utilitarianism. Yet, in Schumpeter's analysis of the entrepreneur's motivations, we find this "military ideology" (of fighting for the sake of fighting), as well as a heroic and romantic dimension to the entrepreneur's action<sup>14</sup>.

In a disenchanted civilization, the entrepreneur paradoxically appears as a break with bourgeois ideology (of utilitarian inspiration for Schumpeter, marked by calculation and the optimal articulation between means and ends) ; he is this subsistence in the capitalist universe of a force with a romantic mentality (and therefore partly anti-modern), but one that allows for the disruption of the productive order necessary for the capitalist dynamic.

At a micro-social level, it is a matter of clarifying Schumpeter's vision of these creative individualities, i.e. of these entrepreneurs, and in particular the difference between this figure of the entrepreneur and that of the *homo oeconomicus*.

## **2. A romantic micro-social dimension: the entrepreneur as a creative and dynamic economic agent.**

According to Berlin, one of the main lessons of Romanticism is the central importance of individual creativity, including the creation of new values, goals and visions (Bronk, 2009). And, precisely, the role of the entrepreneur in Schumpeter's view is the implementation of innovations (i.e new productive combinations), breaking with routine. The Schumpeterian entrepreneur is a dynamic and creative agent, which places him at odds with the traditional figure of the economic man.

In his book, Richard Bronk makes a distinction between two types of men: (1) *homo oeconomicus*, i.e the economic man maximizing his utility, who deploys an optimizing rationality in his action; (2) *homo romanticus*, “the self-creating, sentimental (...) and imaginative social anima”, an agent that uses imagination and creativity in his action. It seems to us that this distinction resonates with Schumpeter's

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<sup>14</sup> We will insist on this dimension in the second part of this article.



opposition between two types of economic agents<sup>15</sup>: the ordinary and simple *executor*, and the entrepreneur in the strict sense.

*a. The ordinary executor as a routine agent of statics.*

According to Schumpeter, the ordinary *executor* corresponds to the economic agent of the neoclassics, i.e the *homo oeconomicus*. He is a perfectly rational agent, who does not innovate or create anything; he merely adapts to quantitative variations resulting from external disturbances (Gislain, 2012)<sup>16</sup>. He can sometimes change his production techniques at the margin, but only by passive adaptation to exogenous changes, and above all "without truly leaving the usual path" (TEE, pp.79-80). In fact, "it is never a question of doing something entirely new, but only of adapting to new circumstances" (TEE, p.41). In other words, the ordinary *executor* is a routine agent, who fails to break with habit and routine.

For the Austrian economist, this routine agent is the Walrasian economic agent, adapted to a general equilibrium model, in which "any creative role is absent" (TEE, p.28). According to Schumpeter, the Walrasian theory fails to adequately describe the capitalist economic system, which is marked by evolution: it is only relevant to describe a relatively stable economic world, marked by homogeneous and continuous growth. The ordinary *executor* is therefore the economic agent of the "*circuit*", whose mechanical behaviour contributes to maintaining the stability of the equilibrium.

*b. The entrepreneur as a creative agent of dynamics.*

The figure of the Schumpeterian entrepreneur appears as a theoretical counterpart of this ordinary *executor*. Indeed, he has a creative spirit, and an excess of willpower, which leads him to introduce something radically new into the productive order; and this creative spirit is necessary to the economic development. The goal of the entrepreneur on the economic level is the accomplishment of something other than what is accomplished by the usual conduct (Gislain, 2012, p.9). Thus, we find an explicit break between the figure of the entrepreneur and the economic man (O'Boyle, 2016):

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<sup>15</sup> Opposition found in his *Theory of economic evolution* (1911); TEE now. For this article, we translated a French version of the text : SCHUMPETER (1911), *Théorie de l'évolution économique, Recherches sur le profit, le crédit, l'intérêt et le cycle de la conjoncture*, édition numérique réalisée par Jean-Marie Tremblay à partir de trad. fr. par Anstett, Paris, Librairie Dalloz, 1935.

<sup>16</sup> GISLAIN J.-J. (2012), « Les origines de l'entrepreneur schumpéterien », *Interventions Economiques*

"choosing new methods is not self-evident and is not without more a conceptual element of rational economic activity" (TEE, p.79). Schumpeter adds: "the picture of an individualistic, rational and hedonistic egoism" (TEE, p.88) does not exactly capture the behaviour of the entrepreneurial type he constructs; if "economic man (...) can be reduced to problems of maximum and minimum, then "entrepreneurs are not economic men in the theoretical sense" (Schumpeter, 1946, quoted by Gislain, 2012, p.11).

In other words, the behaviour of the Schumpeterian entrepreneur cannot be understood within the standard framework of an optimizing rationality, articulating means and ends in an optimal way.

Thus, the motivations of the entrepreneur are partly orthogonal to those of the economic man. Among these motivations, the Austrian economist insists in particular on the will to conquer, and to achieve success for the sake of success itself:

“there is the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself. From this aspect, economic action becomes akin to sport — there are financial races, or rather boxing-matches. The financial result is a secondary consideration, or, at all events, mainly valued as an index of success and as a symptom of victory (...) And again we are faced with a motivation characteristically different from that of “satisfaction of wants” in the sense defined above, or from, to put the same thing into other words, “hedonistic adaptation.” (TED, p.45).

With this motivation, we find the military ideology evoked by Schumpeter in *Capitalism, Socialism and Democracy*; the motivation that has precisely vanished in the disenchanted civilization of capitalism. This motive for action is completely different from traditional economic reason, since combat and victory are sought for their own sake, and not for the utility and profit that they provide. This conception of the entrepreneur is close to the ancient, feudal meaning of the term entrepreneur described by V  rin in her book *Entrepreneur, Enterprise, History of an Idea* (1982). In this medieval, chivalric sense, we find the idea of an absence of distance “between an end pursued and an action to be produced to reach it, since it is the action alone which is realization of oneself, without separable finality of the act itself” (V  rin, 1982, p.45).

Thus, the action of the Schumpeterian entrepreneur is not justified solely by a previously established end (Bronk, 2009), which would be the search for profit, with an action that would only aim at an optimal articulation between the means and this pursued end. Such a conception of the entrepreneur breaks with the instrumental rationality traditionally associated with the economic man.

Another motivation of the entrepreneur evoked by Schumpeter is "the joy of creating" a new form, i.e a joy in acting and innovating, in getting off the beaten track, which presupposes a freedom of imagination, as well as a strong will.

Indeed, the entrepreneur is the economic agent who manages, by the force of his will, to extricate himself from the beaten track followed by the ordinary *executors* (prisoners of the routine), in order to set up new productive combinations. If he manages to break out of the routine, it is because the entrepreneur is characterized by an "excess of force" that is deployed in the economic field (energy that was previously deployed in the military field)<sup>17</sup>. As Schumpeter puts it in *Imperialism and Social Classes* (1972):

"There is much less excess energy to be vented in war and conquest than in any precapitalist society. What excess energy there is flows largely into industry itself, accounts for its shining figures — the type of the captain of industry — and for the rest is applied to art, science, and the social struggle » (ISC, p.69).

According to Schumpeter, to fight against the natural tendency of man to act in a routine way, "an expense of new will and of another kind becomes necessary (...), it is necessary to conquer of high struggle space and time for the conception and the elaboration of new combinations" (TEE, p.84). Such "freedom of spirit supposes a force which exceeds by far the requirements of the everyday life, it is by nature something specific and rare" (TEE, p.84). For the most banal individual, the ordinary man, that of the crowd, of the masses, to act outside the daily routine is impossible, because that would suppose to reinvent the world in which one lives (Dannequin, 2012, p.7<sup>18</sup>). On the other hand, the entrepreneur is capable of producing something radically new through his strength and imagination, using his creative freedom.

Once more, it is precisely the characteristic of Romanticism to insist on the importance of imagination, of creative freedom, which are the reflection of the dynamism of social life. For the Romantics, human energy is the producer of new and original creations, which is opposed to a rational, predictable, immobile world (which characterizes the Enlightenment (Berlin, 1999)).

Finally, because of this joy in creation and innovation, the entrepreneur does not hesitate to act even though he lacks all the data necessary for the decision; in this, he makes "risky attempts" to bring changes in the economy (TEE, p.92). As Schumpeter puts it, in a "given strategic situation, we must act, even if the data that could be obtained for the action are lacking; in the same way, in economic life we must act without having worked out in all its details what is to happen" (TEE, p.83). This supposes to have a "glance", and the capacity to see things in a way that the experience confirms then, even if on the moment we cannot justify it" (*Ibid*). The entrepreneur is thus characterized by his intuition and his ability to project himself into an uncertain horizon.

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<sup>17</sup> Schumpeter's work is marked by the presence of numerous military metaphors, with multiple references to the figure of the medieval knight.

<sup>18</sup> DANNEQUIN F. (2012), « L'influence de l'eugénisme daltonien dans la pensée de Joseph Aloïs Schumpeter », *Revue Intervention économiques*. In this article, Dannequin puts forward the idea that the Schumpeterian conception of the entrepreneur is inspired by eugenic thought, with a form of hierarchization between individuals, between those who are made to obey (the mass), and those who are made to lead (the entrepreneur in the economic field). We will have the opportunity to come back to this idea in the third part of this article.

We can see the difference between the entrepreneur's action and the action of a reasonable man, patiently and prudently deliberating on the different possible outcomes of his decision in order to maximize his chances of success. Conversely, the entrepreneur is imbued with chivalric virtues of romantic inspiration, namely courage, willpower, and the ability to seize an uncertain opportunity (Vérin, 1983, p.23). The action of the entrepreneur is thus carried out by intuition rather than by calculation, by imagination rather than by custom and routine (thus showing a freedom of spirit). That is why he is a romantic man rather than an economic man: he is not the rational and calculating man of statics, but the energetic and creative man, allowing economic evolution to continue.

If the rationality of the Schumpeterian entrepreneur is of a different type than standard rationality, it is because the entrepreneur does not adapt to existing data, but produces a new world. He is capable of projecting himself into an uncertain environment, by forming anticipations about the future, and by shaping the future (Lakowski-Laguerre, 2002, p.177). In this respect, Schumpeter's thinking can be compared to that of the post-Keynesian economist Shackle, who insists on the role of imagination in economic decision-making processes, and in particular in the anticipations formed by agents operating in a world marked by radical uncertainty (*Ibid*). Besides, in his book, Richard Bronk notes that Shackle's thought is also underpinned by a romantic dimension, insofar as it insists on this central role of the imagination. As Shackle puts it in *Epistemics and Economics* : « Not everything that economics touches is fit to be turned to certainty and pure reason. By tacitly assuming that the right conduct can always be discovered by taking orderly thought, and that this is how men' s conduct is formed, economics has precluded itself from understanding the vast area of human enterprise where disorder is the essence of the situation, the areas of break-away, of origination, of poetic creation or innovation in elevated contexts or in the mundane one of business, and of conflict and cut-throat struggle » (Shackle, 1991, p.23). We find precisely the same conception of economic dynamics in Schumpeter, with the entrepreneur as an agent capable of upsetting the productive order.

To conclude on this part, let's quote Shionoya : "Schumpeter's division of the static–dynamic typology can (...) be compared with Nietzsche's distinction of artistic forms between Dionysian creation and destruction and Apollonian equilibrium and order. Life resides only in the animate and organic entities. This is a Romanticist legacy to economics in emphasizing the individual creative spirit » (Shionoya, 2008, p.18). This valorization of the figure of the artist is a theme dear to Romanticism: man is not a calculator, but he is a creator. The creative flow, the vital impulse<sup>19</sup>, must be at the heart of social life, rather than being smothered by hedonistic and rational considerations.

### c. The economic dynamics.

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<sup>19</sup> Some commentators (notably Santarelli, Pesciarelli, 1990) have noted the influence of Bergson's thought on Schumpeter's thinking, particularly the concept of creative evolution. Bergson's ideas were part of the cultural bath in which intellectuals were immersed at the time.

As we have said, Romanticism insists on the dynamism of social life, and breaks with a static and routine vision of the world. In Schumpeter's, the consequence of this conception of the entrepreneur is a singular vision of economic development as cyclical and discontinuous.

It is notably in chapter IV of the *Theory of Economic Evolution* that Schumpeter sets out his version of economic development, with an analysis of the "decisive phenomenon of cyclical movement" (TEE, II, p.77). In the first place, Schumpeter clearly affirms his break with the vision of a "continuous and uninterrupted" evolution, i.e. of a "progressive development" (*Ibid*). In contrast to such a vision, the Austrian economist affirms that "this capital movement of the national economy does not take place in an uninterrupted way and that nothing disturbs it. Counter-movements, backlashes, and events of all kinds appear that impede this evolutionary march" (*Ibid*). Even more: these contrary movements "put an end to this evolution", so that "the new evolution starts from new premises and in part from new people, many old hopes and old values have been buried forever; new values have been born" (TEE, II, p.78). Here we see the Schumpeterian idea of destruction-creation appearing, where the break of the entrepreneurs with the established order leads to the destruction of the old order.

Such a process leads the economy to be perpetually disrupted in its equilibrium, thus characterized by an "apparently irregular movement, which (...) appears as an effort towards a different equilibrium" (TEE, II, p.92). However, for Schumpeter, this cyclical and bumpy dynamic of economic evolution should not be considered as a problem, and necessarily negative (contrary to the Austrian tradition). As Schumpeter writes:

"But we shall grasp insufficiently the essence and influences of the crisis, if we regard it only as the cessation of the tendency towards prosperity and characterize it by purely negative signs. Rather, it is two positive acts that constitute its essence and that in the national economy are much more characteristic of it than the features we have just retained" (TEE, II, p.96).

In other words, certainly, the innovations of the entrepreneurs upset radically the balance and the productive order, involving economic crises and difficulties for certain sectors of activity, but that is not only harmful. Indeed: "the process of destruction leads (...) to an equilibrium which is different from the previous one" (TEE, II, p.97), eliminating from then on the companies unable to adapt to the new data of the economy, that is to say the least able :

"(T)he old enterprises (...) have three options: either to disappear, if for personal or objective reasons they cannot be adapted; or to fold up their sails and try to live in a position that is now modest; or finally, of their own accord or with the help of others, either to change economic branch, or according to the new circumstances, to pass to other technical or commercial arrangements, which in many cases amounts to an extension of the production" (TEE, II, 97).

The economic depression caused by the implementation of new combinations is thus characterized by the elimination of the least robust enterprises, which has a positive dimension for Schumpeter. For the Austrian economist, this "process of depression produces yet another effect (...): it carries out what the

boom has promised. This action is lasting, while the phenomena felt unpleasantly are temporary: the stream of goods is enriched, production is partially reorganized, the cost of production is decreased, and what at first appeared to be profit, finally increases the lasting income in kind" (TEE, II, p.99). In other words, boom and bust go hand in hand, in the same way that creation and destruction are inseparable.

Schumpeter returns to this concept of creative destruction in *Capitalism, Socialism and Democracy*, in which he insists on the evolutionary dimension of capitalism, which cannot be thought of in a static way : “the problem that is usually being visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them” (CSD, p.84). He also writes: “The essential point to grasp is that in dealing with capitalism we are dealing with an evolutionary process. (...) Capitalism, then, is by nature a form or method of economic change and not only never is but never can be stationary” (CSD, p.82).

Furthermore, Schumpeter adds that the innovations implemented by the entrepreneurs are at the origin of a:

« process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in » (CSD, p.83).

Capitalism is thus in perpetual mutation, it is an “evolutionary process”, which leads to the destruction of the old so that the new can emerge. Once again, this valorization of the dynamics of creation appears to be largely inspired by Romanticism, of which Berlin tells us that one of the main lessons is « the ‘endless self-creativity of the universe’, the impossibility of nailing down with laws and formulae this ‘unceasing flow’, and the unfathomable depth and complexity of the ‘process of perpetual forward creation’ central to social life » (Berlin, 1999, cited by Bronk, 2009, p.207). What’s more, Romanticism aims precisely at marking “a difference between a narrow mechanical model of scientific explanation and rationality (focusing on formal calculus, precise prediction and the constrained optimisation of given factors and preferences) and a more holistic, dynamic and indeterminate explanatory framework (focusing on organic interdependence and the role of creativity)” (*Ibid*, p.47).

It is interesting to note that we also find such a conception of economic dynamics in Marshall, for whom the conception of a static equilibrium does not make it possible to grasp the specificity of the capitalist dynamic. Indeed, according to Marshall, ‘mechanical analogies’ have a large place in economics’ textbooks only because they are easier to handle mathematically and conceptually than biological or organic analogies. He thought that the term ‘equilibrium’ ‘suggests something of statical analogy’, and that the ‘fragmentary statical hypotheses’ used in equilibrium analysis should be seen as no more than ‘temporary auxiliaries to dynamical — or rather biological — conceptions’, and insisted that ‘the central idea of economics ... must be that of living force and movement’ (Bronk, p.70).

## CONCLUDING REMARKS

The romantic representation of the world is an alternative way of thinking about economic phenomena in relation to the standard conception nourished by Utilitarianism and Rationalism, and thus makes it possible to enrich the conception of the economic world. Schumpeter's thought appears to be an example of such an enrichment, by emphasizing the role of intuition and imagination in economic decisions, or by the insistence on the dynamism of social life, and of economic dynamics. Moreover, we could add a methodological dimension of romantic (and historicist) inspiration to Schumpeter's thought, which is characterized by the insistence on the role of institutions, and on the singular historical and national context.

According to Berlin, Romanticism is the greatest turning point in Western consciousness (after the Enlightenment). However, as Schumpeter notes in his *History of Economic Analysis*, Romanticism did not leave deep marks in economic science. Schumpeter's intellectual and scientific project is therefore partly to revive this neglected part of modern thought within economics (Shionoya, 2008, p.25).

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