

The German Historical School¹⁾: Toward the Integration of the Social Sciences*

Yukihiro Ikeda

Abstract:

This article surveys the major secondary literature on the German Historical school produced for the most part from the 1990s onward. Following a brief introduction, and using the customary terms Older, Younger, and Youngest to identify periods of development in the school, I note with critical comment works on the Older Historical school. Then in the following section we turn to work done on the Younger and Youngest members of the School. In the last section, centering on the questions of what has been accomplished and what is necessary to promote further studies, some general suggestions are given regarding future research.

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“I did not know Schmoller’s works or theories very well; what was important to me was only that I catch sight of him in the halls of the University of Berlin. I was afraid that he might die before I arrived in Berlin. How fortunate I was. I was sitting in the front hall when I first saw Schmoller, with grey hair and whiskers and wearing a frock coat. I was so very glad to have seen him.” (Koizumi 2001, 432)

I Introduction

The German Historical school contributed a major current in economic thought up to the outbreak of World War I. Countless students, not only from Germany but from many other

countries, eagerly sought to see Gustav Schmoller, Werner Sombart, or another of the great Historical school names at least once in their lifetime. Without exaggeration it can be said that these people were among the economic science superstars of their day.

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The influence of the German Historical economists waned during the interwar period, however, and never recovered its former prominence in academic economics and public administration. The school was almost forgotten after the second world war, overwhelmed by rapidly moving trends toward formalisation, mathematisation, and Americanisation in economics. It became a relatively minor area in the history of economic thought. Yet interestingly enough, the 1980s saw a renaissance of the German Historical school. There were several reasons for its resurgence and the renewed interest in it since then.

Among the main reasons were, first, the emergence of a new generation. For some time after the second world war, German scholars were reluctant to engage in “German economics,” including the German Historical school; the nightmare of the Nazi past led to a wholesale rejection not just of related economic theory, but of German economic thought in general. Now, a younger generation has begun seriously to consider the roots of the original German contribution to economics.²⁾ It is clear that the reevaluation of the school is at least partially due to the maturing of a new generation of economists in Germany.

Second, notwithstanding the dominance of neo-classical economics after World War II, a great many scholars remained unsatisfied, convinced of the need to seek other ways to look at and understand the world.³⁾ Their probing investigations opened the way to the so-called heterodox economics, which includes the German Historical school in its fields of inquiry. The crucial question concerning the school, however, is whether it re-

ally offers a different set of tools and a viewpoint that can stand as an alternative to mainstream economics.

The new trend with its wider reach has encouraged more and more historians of economic thought to turn their sights to the German Historical economists and the influence they had in a number of countries. One result is that the school is now considered to be an important field in the history of economic thought, deserving of serious scholarly investigation.

With the preceding as background, this paper surveys recent contributions to the German Historical school written mainly in English and German. The main focus is papers published in the 1990s and later, but not excluding earlier ones.

In section II we shall examine recent publications on Wilhelm Roscher (1817–94), Bruno Hildebrand (1812–78), Karl Knies (1821–98), and all older scholars in the school. We turn in section III to research on the Younger and Youngest Historical school economists, mainly Gustav Schmoller (1838–1917) and Werner Sombart (1863–1941). The last section offers some concluding remarks and thoughts on subjects for future research.⁴⁾

II The Older Historical School

To this day, publications on the Older Historical school remain scanty compared with a steadily rising volume of published work focused on the Younger German Historical economists. Let me begin with Wilhelm Roscher, the founder of the school.

The *Journal of Economic Studies*, volume 22, numbers 3/4/5 (1995) is a special combined issue presenting articles that to-

gether provide an overall evaluation of Roscherian economics. Since these articles originated in papers for the Sixth Annual Heilbronn Symposium in Economics and the Social Sciences organised by Jürgen Backhaus in 1994, this special issue offers a good starting point for our survey. It is conventional wisdom that the German Historical school downplayed the value of universal theoretical systems and that its adherents were not interested in theories *per se*. Yet, remarkably, some scholars argue that Roscher was an outstanding economic theorist. The problem is, simply put, to what extent was that true? Was he an eminent theorist? In an article (in Schefold 1994) titled “Wilhelm Roscher als führender Wirtschaftstheoretiker,” Erich Streissler (1994) tries to show that Roscher was an economics theorist *par excellence*. Meanwhile in a contribution to the Journal issue noted above, Harald Hagemann contends that, “It cannot be denied that Roscher, despite all his historical scholarship, as an economic theoretician was inferior to Marx and Keynes.” (1995, 184) Thus for Hagemann, Roscher remains a second-rate theorist. In my own contribution (Ikeda 1995) I demonstrate that Roscher’s scholarship was deeply rooted in the English Classical school, using his masterpiece *Die Grundlagen der Nationalökonomik* as my focus of analysis. All in all, Roscher as a theorist remains a compelling topic to be tackled.

We will turn next to Bruno Hildebrand, sometimes called the cofounder of the German Historical school. Although he was an immensely influential figure in the heyday of the school and continues to be mentioned in the history of economic thought, his name appears seldom in the titles of papers. His

main work, *Die Nationalökonomie der Gegenwart und Zukunft* (1848) was reproduced in the series of classics in economics put out by *Wirtschaft und Finanzen*. As usual, a volume of commentary accompanies the reproduced book. I would like to briefly mention the five papers included in that volume.

Bertram Schefold (1998b) introduces Hildebrand’s *Die Nationalökonomie der Gegenwart und Zukunft* with special attention to its relationship with the communist movement at that time. In an intriguing point, among others, for elaboration in future research, he ventures to suggest the possibility that Hildebrand then already knew the text of *Communist Manifesto*. Furthermore in his biographical description Schefold emphasises how much Hildebrand contributed to the creation of various banking institutions to help workers, thus becoming a forerunner of later social policies in Germany. To know the importance of his stage theory not only as purely theoretical but also as purely historical research, the topic of how Hildebrand endeavoured to institutionalise these banks deserves full and detailed investigation.

Hildebrand’s stage theory is built around what he calls natural economy, money economy, and credit economy. In the last stage one can recover the human relationships that are lost in the monetary economy, he argues. But is that view justified? Gottfried Eiseremann (1998), the internationally-known author of *Die Grundlagen des Historismus in der deutschen Nationalökonomie* (1956), shows the one-sidedness of Hildebrand’s arguments in a biographical essay. Our modern credit-based society does not look like what Hildebrand had in mind. It is a huge, more or

less inhuman society, driven by the motivation of economic agents to make profits.

Emma Rothschild (1998) examines Hildebrand's critique of Adam Smith that is laid out in *Die Nationalökonomie der Gegenwart und Zukunft*. According to Rothschild, Hildebrand's classification of Rousseau, Kant, and Smith in the same camp cannot be supported when recent investigations are taken into account. Backed by extensive quotations from Friedrich Hayek, she concludes that it runs against the current of recent work in the history of ideas to understand Smith as a rationalist, an opponent of the historical spirit. As her paper shows, there is no clear-cut demarcation between the Scottish and French Enlightenment in Hildebrand's works. Yet, it is still an open question whether Hayek's dichotomy of political thought can be justified.

Toni Pierenkemper (1998), using recent works by historians, supports Hildebrand's critique of Friedrich Engels, which held that to draw a completely dismal picture of the ongoing industrialisation at that time was too narrowly one-sided. As Hildebrand argues, the problem of poverty was more acute where the factory system was not yet introduced, in places such as Prussia and Ireland. Hildebrand's critical comments on Marx's friend are intertwined with his prodigious efforts to gather historical data.

The volume concludes with an article by Vitantonio Gioia (1998), who again explores Hildebrand's stage theory, especially in the light of recent developments in economics, including work in transaction-cost economics, property-rights analysis, law and economics, and constitutional economics. Gioia's article indicates, however, that there

is not a consensus as to whether the old historicism and institutionalism should be interpreted as a forerunner of the new institutionalism. As recent scholarship, also introduced in Gioia's paper, suggests, there might be, rather, discontinuity between the old and new institutionalism.

Along with Hildebrand, Karl Knies is another neglected figure among the older economists in the school. Again, a commentary accompanying a reproduced version of *Das Geld* lets us review the contents of each paper included in the volume. Bertram Schefold explains the reason that the volume on money was chosen for reprinting, even though there were other candidates, including *Die politische Oekonomie vom Standpunkte der geschichtlichen Methode*, a work known as a programmatic statement of the Historical school:

Das Geld von Carl Knies zählt zu den besten theoretischen Leistungen der deutschen Nationalökonomie im 19. Jahrhundert—geschrieben von einem der Begründer der älteren Historischen Schule. Dieses Werk allein wäre genug, die Behauptung zu widerlegen, die Historische Schule sei theorielos gewesen. (Schefold 1996b, 5)

The introduction is followed by an essay by Karl Häuser (1996), who explores Knies's contribution as a monetary theorist. According to Häuser, Knies's attempt can be summarised as the answers to the following queries:

- 1) What is money?
- 2) What are the functions of money?

- 3) What is the best monetary system?
- 4) Are bank notes money? Do they have to be regulated?

Knies did not accept bank notes as money. Nevertheless he was close to the currency school in emphasising the importance of control over the money supply. Later in the paper Hauser explores the reasons that Knies's monetary theory has been almost completely forgotten in textbooks.

Gottfried Eisermann (1996), who has studied the German Historical school extensively, gives us a balanced view of Knies's economic thought and his time. Eisermann concludes his paper by saying that now we do not have theory but theories, thus reaffirming the programmatic statement of the school that all theories depend on time and place.

Kiichiro Yagi (1996), a Japanese historian of economic thought, is mainly concerned with the Austrian school of economics but is deeply involved with Marxian economics. Here he deals with Knies's theory of money with special attention to his critique of Marx. In Yagi's view however, the Marxian approach to the problem still leaves room to answer Knies's critique. Yagi tries to accomplish this task through a detailed analysis of Knies's *Das Geld* as well as Marx's text.

While these papers explore Knies's *Geld* from several standpoints, Jun Kobayashi (2001) tackles *Die politische Oekonomie vom geschichtlichen Standpunkte*, a book notorious for being virtually unreadable. That work is still relevant for an understanding of his "idea of political economy," (54) Kobayashi says. Using the two concepts "Analo-

gie" and "Sitte," Kobayashi clarifies Knies's methodological approach. As a Weber scholar, he also notes the relationship between Knies and Weber in the last part of the paper.

III The Younger and Youngest Historical School

Compared with work being done on the Older Historical school, the number of publications on the younger economists in the school is increasing. First we will concern ourselves with Gustav Schmoller and the secondary literature on him.⁵⁾

Nicholas Balabkins's book (1988), impressively titled *Not by Theory Alone...: The Economics of Gustav von Schmoller and Its Legacy to America*, investigates Schmoller's *Grundriß* and its impact in Germany and abroad, after giving a description of his life. Quoting from Wesley Mitchell, Balabkins aptly summarises Schmoller's arguments:

In America, it was Wesley Clair Mitchell of Columbia University who once remarked that Schmoller treated his material from "four viewpoints," namely: historical evolution of any economic institution, statistics, theory, and "what ought to be done" about the problem under consideration. (63)

Yet one has to admit that it is a hard task to master history, statistics, and theory at the same time in this highly developed academic world of ours, quite apart from the problem of how to integrate these different viewpoints.

We will now take a look at the volume edited by Backhaus (1997) *Essays on Social Security and Taxation: Gustav von*

Schmoller and Adolph Wagner Reconsidered. It is a compilation of papers from three conferences organised by the editor, the first on April 18–20, 1991 in Vinkeveen; the second on June 12, 1992 in Maastricht; and the third on October 15–18 of the same year in Heilbronn. Altogether 23 papers are included in the volume, some on Schmoller, others on Adolph Wagner (1835–1917); and some considering both together.

Manfred Prisching (1997a) explores the model of the state that Schmoller and Wagner had in mind. Along with Lorenz von Stein, they emphasised the importance of the monarch in serving the common good. Furthermore both of them supported constrained democracy, in which not all the people enjoy suffrage rights. Their ideas stand in stunning contrast to the radical opinions of the younger generation, such as Weber. In his second paper (1997b) Prisching claims that Schmoller had a theory of social policy. Using somewhat modern jargon, such as externalities and market failure, to make his case, he contests the widely accepted opinion that Schmoller did “not provide *any* theory of social policy.” (1997b, 203)

Karl-Heinz Schmidt (1997) shows how Schmoller contributed to the theory of the welfare state. Although Schmoller was sympathetic to the idea of the welfare state, he did not accept it without some reservations. First, he noted, the tax system can be influenced by dominant class interests. Second, public debt enriches the upper class. If interest is paid by taxes from the lower class, that is already a form of income transfer. Not even Schmidt’s detailed analyses, however, make it entirely clear whether Schmoller’s concept can be called a theory of the welfare

state, as Schmidt’s next paper with Charles H. Powers (Powers and Schmidt 1997) indicates:

However, these [theoretical. Y. I.] insights are often hard to recognize in Schmoller’s work, because Schmoller (a) presented his insights in a modest way (b) tended to bury his insights in so much historical and statistical detail that the insights get lost, and (c) often qualified his insights so that they would not be generalized too freely and misapplied. (243)

Franz Pennings (1997) attempts to evaluate the economic policies of the Netherlands in light of Schmoller’s insights. It is interesting to note that Schmoller was as deeply concerned with the labour market as later economists of the 20th century. In the case of high unemployment, he said, large-scale projects must be undertaken to create additional jobs. Furthermore, it is better to hire workers at lower wages than to fire them altogether, he said. Another means to reduce unemployment is labour exchanges. Schmoller thought that if all these instruments were used effectively, the problem of unemployment could be solved.

In a compelling paper that gives a short description of the author’s academic career, Antonio Silveira (1997) deals with Wagner and Schmoller giving special attention to their ambivalence toward economic theory. On the whole, Silveira is sympathetic to the German Historical school, and some remarks on the methodological debates between Menger and Schmoller show that he does not share the oversimplified conclusion that Menger was right and Schmoller was wrong:

On the other hand, the *Methodenstreit* was the first great paradigmatic conflict between pure and socio-economists. And it seems legitimate to speculate that Schmoller's (1838–1917) fight might have been a reaction against the pure economists' Ricardian Vice. (362)

In a lengthy paper, Johannes Hanel (1997) examines Wagner and Schmoller as statisticians in details. Wagner especially played an important role in the *Wirkungsgeschichte* of Lambert Quételet, he argues. The main concern in Hanel's paper is the relationship between free will and statistical regularities. Although it is not so obvious today why these two concepts are mutually incompatible, that was a stumbling block for those seriously engaged with statistics at the time.

Ursula Backhaus⁶⁾ (1997) reads Schmoller and Wagner from the standpoint of health economics. Schmoller was of the opinion that states and communities are responsible for financing health care. He was cautious concerning the possibility of free-riders but at the same time could pinpoint the case of Netherlands, where there were too many institutions prepared to give support. In the end, Schmoller was inclined to favour a market solution, through saving banks and cooperatives, for instance, whereby it would not be necessary to support the poor by public means.

In his paper on Wagner, Birger Priddat (1997) emphasises the unique character of Wagnerian economics, thus highlighting the differences between the economist and his colleague Schmoller at Berlin University. Indeed, the relationship between the two economists is characterised differently from au-

thor to author in the Backhaus work. In the above mentioned paper by Prisching (1997 a), both are considered to be members of the German Historical school, but Reginald Hansen proposes that, "An example of an economist who did not want to be associated with the historical school is Adolph Wagner." (Hansen 1997, 292)⁷⁾

Insofar as several papers in *Essays on Social Security and Taxation* are deeply involved with Schmoller's *Grundriß*, one would like to know how to grasp it. In fact Yuichi Shionoya ([1995] 2005) provides a guide in the volume of commentary that accompanies the reprinted *Grundriss*. Although "the lengthy description in *Grundriss* of economic conditions in different times and places is extremely boring and likely to put the basic scheme out of the reader's mind . . . the agenda of his historical-ethical approach is worthy of revaluation." (27–28) He concludes by giving concrete advice on which parts of *Grundriß* are worth reading, thus giving readers *A Guide to Schmoller*.⁸⁾

Werner Sombart, a representative scholar of the later generation, is also enjoying something of a revival. Michael Appel (1992) underlines in his Munich dissertation the relationship between Sombart and Schumpeter. In Sombart's reception history, Schumpeter was an enormously important figure. In Appel's opinion, Schumpeter's vision of capitalism would be unthinkable without the hot debate that circled around it in German-speaking areas in the 1920s and 1930s. One of the main characters in the drama, to be sure, was Sombart.

The three volumes edited by Backhaus (1996 a, 1996 b, 1996 c) are, as is the one on Schmoller and Wagner, results of the Heil-

bronn conference organised by the editor. First, Bernhard vom Brocke (1996) gives a balanced account of Sombart's life, works, and influence. Then Backhaus (1996d) lists the members of Sombart's seminar with detailed information on each participant. Among the participants, Emil Kauder and Ludwig Lachmann are especially worthy of note. Kauder is a well-known player in the history of economic thought, deeply interested in the Austrian school of economics. He is one of the many economists who emigrated to the United States. Among the so-called modern Austrians, Lachmann holds a peculiar position in that he was concerned with the sociological and hermeneutic aspects of economic science. As Backhaus informs us via quotes from Walter Grinder, Kauder was a tutor of Lachmann. Sombart, Lachmann's mentor and dissertation adviser, did not encourage Lachmann to read works by members of the Austrian school, but perhaps someone occupying a chair in economics at Berlin University at that time would not be expected to recommend investigations into the Austrian school.

As to Sombart's political stance, let us consider the papers. Those that are roughly classified as having relevance to his political thought can be further categorised as follows: Sombart's turn from Marx to the Neokantians or to Nietzsche (these turns are of course two different things); Sombart and National Socialism; Sombart and Jews; and Sombart and war. Of these we must be content to survey the papers in the first two sub-categories.

As Lawrence Scaff (1996) rightly points out, considered in terms of his political attitudes, Sombart was a complicated figure. In

Scaff's summary:

Perhaps there is reason to suppose that Sombart's political thinking follows a trajectory from Marx to Nietzsche, from *Sozialismus und soziale Bewegung* to *Händler und Helden*, or from the critique of capitalism to the critique of modern technology and material culture. (157)

It seems that Sombart moved between Marxist and post-modernist ways of thinking, which makes him enormously difficult to understand but at the same time an extremely interesting object of study.

The topic of a paper by Pertti Töttö (1996) is related but adds another twist. The paper is concerned almost exclusively with Dieter Lindenlaub's assertion that "Sombart made a methodological U-turn between the first (1902) and the second edition (1916) of his magnum opus, *Der moderne Kapitalismus*." (227) Lindenlaub interprets the turn as a methodological shift from a Marxist to a *Geisteswissenschaftler*. The author tries to show the one-sidedness of Lindenlaub's argument by a detailed analysis of Sombart's texts.

Another paper dealing with the relationship between Sombart and Marx is Friedrich Lenger (1996). This is also an attempt to make a critical appraisal of Dieter Lindenlaub and Bernhard vom Brocke. In Lenger's opinion, the importance of Marxian influence cannot be overstated even when the first edition of *Der moderne Kapitalismus* came out. It was written in the context of the ongoing discussions about crafts at that time. The same author (Lenger 1994) also wrote a voluminous biography of Sombart written in

the scholarly style of historians. I will return to that work later.

A touchy problem concerning Sombart's political thought is his relationship with Naziism. This question continues to engage many Sombart readers to this day. Correspondingly there has been a huge secondary literature on the problem. After introducing his idea of "leadership principle" who listens to the voice of God, Fritz Reheis concludes that "Sombart was neither Marxist nor Nazi." (Reheis 1996, 186) But,

As an ideologist he did in reality contribute to the destruction of the Weimar Republic and as one of many protagonists of the conservative revolution he was in fact to share the guilt for German fascism and its crimes. (186)

Rolf Rieß (1996) gives us a succinct picture of this problem. After critically scrutinising the secondary literature by Bernhard vom Brocke, Werner Krause, and Nicolaus Sombart, he explores Sombart's relationships with Nazi politicians, including Wilhelm Frick and Joseph Goebbels. According to Rieß, "He always liked to be a National Socialist." (202) Exceptional in the study of the German Historical school, Rieß's short but excellent paper is based on a study of the secondary literature, a necessary step not only in the field of the history of economic thought, but also in any other serious academic field.

I must mention the methodological paper by Wolfgang Drechsler (1996) in this context. Here Drechsler refers to Lenger's biography on Sombart. Lenger's biography was published in 1994 after the Heilbronn con-

ference, but before the publication of the three volumes. The book was well received among academic circles and general readers as well. It was reviewed positively by Sven Papeke, but somewhat negatively by Kurt Sontheimer to whom it seemed too objectively written and lacking any final evaluation of Sombart himself. This is indeed a big polemic in research on political and economic thought. Is it necessary only to give a detailed account of the personality based on archive work? Or is it incumbent on the historian to make a judgement about his or her place in the history of the field?

Peter Senn (1996b) takes up the difficult subject of the relationship between man and science. Since Sombart's problematic relationship with Naziism and his views on Jews can both be analysed within that framework, the main emphasis in Senn's paper are worth noting here. The following sentences convey Senn's central conclusions in a condensed form:

No qualifications about anti-Semitism or Nazi ties can change Sombart's place in the history of social science. His pioneering work on the role of the Jews in the formation of capitalism was productive of a century of later studies. His work on socialism in America remains a starting point for studies of that subject. His history of capitalism is still unsurpassed. His views about sociology are still productive of insights. When the final verdict about his alleged anti-Semitism and Nazi ties is handed down, it will not make much difference. (317)

That paper by Senn was followed by Warren

Samuels (1996), an American scholar of the history of economic thought, especially well-known in the field of institutionalism. As the subtitle shows, it is written as a review of Senn's paper. Samuels cites recent developments in the interpretative method growing out of the premises of post-modernist analysis to criticise Senn's classification of truth and untruth, claiming it to be somewhat naïve. Indeed, how can we persuade others who would contest Senn's assertion that Sombart's "history of capitalism is still unsurpassed"?

It is difficult to identify Sombart's economics *per se* apart from the other areas with which it is intertwined. And Sombart himself never set out to provide new insights into the limited area of rigorous economic analysis. Nonetheless, scholars tend to explore the following topics more or less in terms of his economics. (1) Sombart's dynamic economics; (2) concept of entrepreneurship; (3) historical analysis of capitalism; and (4) importance of agriculture.

In the conclusion of their (1996) paper, Harald Hagemann and Michael Landesmann observe that "Sombart's approach to the dynamics of economics system is that of an economic historian rather than that of an economic theorist." (Hagemann and Landesmann 1996, 197) That conclusion is seconded by Günther Chaloupek (1996b), who understands Sombart's ideas as "a theory of economic systems" and "a theory of transition." (Chaloupek 1996b, 205) Thus, one might call Sombart's account of economic transition "economic dynamics," but only in the very long run. Certainly it is not a refined mathematical or axiomatic economic theory appearing in journals today.

Manfred Prisching (1996) is almost exclusively devoted to the Sombartian entrepreneur, which Prisching sees as combining Schumpeterian and Weberian concepts of entrepreneurship. Schumpeter emphasised a heroic and, in some ways, an irrational element of entrepreneurship, whereas Weber's entrepreneur operates on the basis of a rational calculation of economic profit and loss.

In his analysis of the formation of capitalism, Sombart stressed the importance of double-entry booking. According to the critical appraisal by Dieter Schneider, "Many corporations especially the railway corporations are not keeping double-entry books and Schmalenbach discusses as late as 1906 whether joint stock corporations should have a double-entry bookkeeping system at all. . . ." (Schneider 1996, 44) In Schneider's opinion, Sombart overemphasised the role of double-entry bookkeeping in the genesis of the capitalist system and in entrepreneurial activities.

Anyone interested in the arguments of the Frankfurt school are familiar with the concept of *Spätkapitalismus*. Günther Chaloupek (1996a) explores this concept and its importance as he looks at capitalism today. Sombart's obsession with the decrease in labour productivity may not have been very well grounded, but it is interesting to note that Sombart was "very sceptical about the economic potential of new technologies such as radio, airplanes and motorcycles which in his view were mere gadgets, economically meaningless. . . ." (173) Certainly this attitude can be reduced to Sombart's likes and dislikes as a member of the *Bildungsbürgertum*.

We encounter the same difficult ques-

tions in a paper by Birger Priddat (1996). From a Keynesian perspective, “Autobahn” can be viewed as something that pumps up the whole economy, but Sombart has a different slant. For him, “The product is rather a luxury good than a necessary one.” Thus, “Sombart is—in a certain way a »classical German« economist, dealing with the state’s superiority in all kinds of unreasonable and distorted preferences: it is a, rather modernized, cameralistic welfare conception.” (276) The basic thrust of Priddat’s paper is an examination of Sombart’s attitude to agriculture, with special attention to his relationship with physiocracy.

Shin’ichi Tamura, an accomplished Schmoller scholar in Japan, investigates the relationship between Schmoller and Sombart in his contribution (Tamura 2001) to Shionoya’s work (2001a). Comparing the first and later editions of Sombart’s *Der moderne Kapitalismus*, Tamura attempts to demonstrate that Sombart’s shifting views may be partly explained by his willingness to consider Schmoller’s criticism. That is why, argues Tamura, that Sombart did not recognise the importance of the state in the earlier version of the work but in the second edition made serious efforts to account for the role of the state.

Finally, let us take a look at Shiro Takebayashi (2003), a 546-page book developed from a dissertation submitted to the faculty of sociology at Bielefeld University. Starting from the orthodox interpretation of the controversies over methodology between Carl Menger and Gustav Schmoller, the author interprets works by Sombart and Weber as attempts to construct an historical sociology. Takebayashi contends that Sombart and We-

ber tried to construct theories of historical economics. But in methodology, he argues, there is a difference between Schmoller and Sombart: while Schmoller used archive materials to demonstrate to students the importance of gathering historical data, Sombart put more energy into constructing a colourful grand design of history, just as Marx did.

IV Conclusion: Topics for Future Research

In short, the German Historical school seems to be of interest again. The enormous increase in the secondary literature on Schmoller and Sombart is a good sign of the revival of the later members of the school. Yet, there are many questions to be resolved by future research.

A major issue in the study of the German Historical school is the relatively few discussions taking place among scholars. That problem has been pointed out by Helge Peukert in his survey article on Schmoller:

If we look back on the literature of the last ten years we have to recognize that a simple consensus on Schmoller’s program has not emerged. A rather negative characteristic of the renaissance itself is that there have been almost no discussions between the contributors. (Peukert 2001, 96)

This is an important observation. Readers might have the impression that individual research projects are scattered, without any substantial arguments between them. The normal development of research in the history of economic thought can be described as follows, using a textbook approach to understand the development of science.

Thesis: A is B. For instance, Beveridge is a Keynesian in his later works. Or Schmoller is a historian. If this is conventional wisdom, then the antithesis is: A is Not B.

Clearly the propositions should be: Beveridge is not a Keynesian in his later works. Or Schmoller is not a historian. Then perhaps after exchanging opinions, each side comes to a new understanding: In some sense Beveridge is a Keynesian in his later works. Or in some sense Schmoller is a historian. This, to me, is the normal and most fruitful course of development of research in the history of economic thought.

However, we find many cases like the following in the historical and theoretical analysis of the German Historical school: After a scholar has shown that “A is B,” another begins to assert that “A is C.” This of course does not contradict the former statement, but it has no substantial relationship with it.

As careful readers have undoubtedly noticed, there are few instances when one encounters exchange of opinions between Schmoller researchers, particularly among those studying the older member of the German Historical school. Fortunately there are some topics that are recognised to be of importance in the case of Sombart. In this regard, let us recall the areas of common interest among Sombart scholars, including questions about Jews, his relationship with Nazism, and his methodological turn, among others.

Another point or argument is whether or not the German Historical school can be an alternative to mainstream economics. If one is interested in Schmoller and Sombart only as historians of economic thought, this subject is interesting mainly to those concerned

with the history of economic thought. So far so good. But if one would like to go a step further in showing other ways to look at and interpret the world, based on the arguments of the German Historical school, then it is clear that much work remains to be done in the future. Thus, I would like to conclude this survey by quoting a statement by Shionoya:

In conclusion, the rational reconstruction of the German Historical School suggests that a lot of tasks must be performed to provide an alternative paradigm to the mainstream with regard to the method, scope, and underlying value premises of social science. Our attempt at the rational reconstruction intends only to offer an overview of the German Historical School from the methodological perspective. Substantive contents should be worked out in various ways at the frontiers of economic research. (Shionoya 2001 b, 16–17)

Yukihiro Ikeda: Department of Economics,
Keio University

Notes

- 1) In this paper we do not deal with the difficult problem of whether there was a group of thinkers who can be neatly put together under the name “German Historical school.” For our purposes, that is an assumption which we do not question here. In this regard, the following comment by Keith Tribe, who is sceptical about the terminology, is relevant: “The problem thus becomes: is it possible to arrive at a systematic understanding of an object so diffuse as the ‘Historical School’? Certainly, this was a label that united the majority of German economists in their self-understanding, but it can be doubt-

- ed whether direct interrogation of this object would today yield very much more than vague generalisations.” (Tribe 1995, 67) Erik Grimmer-Solem (2003), a historian working toward his degree from Oxford, also indicated the inappropriateness of the concept in the first chapter of his book. Pointing to the inappropriateness of the concept, the book is titled *The Rise of Historical Economics*, not *The Rise of the German Historical School*. Among the various findings in this book it is worthy of note that “Joseph Schumpeter himself admitted the inappropriateness of the term ‘younger Historical School’ as he had used it in his *Epochen der Dogmen- und Methodengeschichte*.” (21) Certainly, Schumpeter’s terminology was influential as usual among historians of economic thought interested in the German economists with an historical orientation. As the section headings show, I use Schumpeterian terminology in my paper.
- 2) For example, Jürgen Backhaus, who has been playing a major role in promoting the study of the German Historical school, was born in 1950. He contributed greatly to the further understanding of the German Historical school by organising the Heilbronn Symposium in Economics and the Social Sciences.
 - 3) Helge Peukert (2001) gives a solid overview of recent publications on the Historical school. His main interest is Schmoller, while I survey publications on the Older Historical school and Werner Sombart, as well. Having in mind chiefly the revival of Schmoller, Peukert described the problem as follows: “How can this apparent Schmoller renaissance be explained? A main, but rather negative, reason is a general dissatisfaction with mainstream formal theorizing. Many economists believe that the emphasis on theory over the past half-century has caused economics to lose much of its relevance in, and impact on, the real world and has stifled interdisciplinary collaboration.” (73–74)
 - 4) As for the influences of the school in other countries, such as the U.S. and Japan, see Senn (1995), Senn (1996a), and Senn (1996b) for the U.S., and Yamawaki (1995), Nishizawa (2001), Yanagisawa (2001) as well as Ikeda (2005) for Japan, respectively. In this paper we cannot go into the details of those who are sometimes called forerunners of the German Historical school. For Adam Müller for instance, see Harada (2004). In the Japanese context, we must note that the study of romanticism in the field of political and economic thought was extremely difficult due to the influence of Vladimir Lenin. In contrast to the study of romanticism in literature and the arts, romanticism in our field was completely out of vogue. For that reason Harada’s efforts merit our appreciation.
 - 5) Although the emphasis of this paper is on the secondary literature in western languages, I would like to mention the following work on Schmoller in Japanese by a Japanese scholar as an exception: Tamura (1993). The book received the Nikkei Best Book Award on Economics.
 - 6) In this paper the family name as well as the first is given when we refer to Ursula Backhaus. When the reference is simply “Backhaus,” it refers to Jürgen Backhaus.
 - 7) On the other hand, in the abstract of his paper Hansen said, “Adolph Wagner and Gustav Schmoller, who both belonged to the younger historical school, held different views. It is the purpose of the contributions to this volume on Wagner and Schmoller to analyse their different concepts and ideas.” (Hansen 1997, 287)
 - 8) Implied here is of course *A Guide to Keynes* by Alvin Hansen. Without this excellent introduction, the popularisation of Schmoller’s economics in general and his

Grundriß in particular would be impossible.

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