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Max Weber's Vision of Economics

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Abstract

This paper argues that Max Weber's work in economics is very interesting but has been unduly neglected. More precisely, Weber had a vision of economics as a very broad topic, to which not only economic theory but also economic history and economic sociology could contribute. Weber's term for this type of economics was *Sozial-oekonomik* or social economics. Weber himself made contributions to all three parts of social economics—especially to economic sociology (he was one of the founders of *Wirtschaftssoziologie*) but also to economic history and (less so) to economic theory.

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MAX WEBER'S VISION OF ECONOMICS

Weber deserves to be seen as one of this century's great economists, if we mean by economics a social science that attempts to explain economic behavior. For a variety of reasons, however, little attention has been paid to Weber's work in economics. The major reason for this is probably that neoclassical economics has gained monopoly on what is seen as "economics," and this does not include the broad and historically inspired approach that Weber advocated. Another reason is the somewhat paradoxical fact that while Weber himself—as well as his contemporaries—viewed him as an economist, posterity insists that he is basically a sociologist.¹ Talcott Parsons, for example, early cast Weber for an American audience as a sociologist, and according to the current *Who's Who in Economics*, Weber was not an economist but "one of the major figures in sociology."²

Weber's main academic appointments were, however, all in economics; most of the teaching he did, was in economics; and throughout his life he presented himself professionally as an economist. In one of his last writings before his death, "Science as a Vocation" (1919), Weber speaks of "us economists"—just as he had done at the very beginning of his career as well as at the middle of it.³ Add to this that during his last years Weber worked very hard as the chief editor for a work that was to replace Schönberg's famous *Handbuch der Politischen Oekonomie*. Why, one wonders, would a "sociologist" be given the assignment to produce a major reference work in economics? Why, in addition, would a sociologist refuse the establishment of chairs in sociology, as Weber did? And why should some-

¹The following represents the introductory chapter to a forthcoming book on Max Weber's analysis of the economy. The book started out as a comparison of Weber and Schumpeter but ended up being exclusively about Weber. A few of the chapters were written during my stay as a visiting scholar at the Minda de Gunzburg Center for European Studies in the summers of 1995 and 1996.

²Mark Blaug (ed.), *Who's Who in Economics* (Cambridge MA: The MIT Press, 1986), p. 872. As Keith Tribe writes: "Weber did not regard his project as an essentially sociological one, but it was to this discipline that his work was principally assigned after his death. The fit, however, as not a good one, leading to an overemphasis on some aspects of Weber's programme and a total neglect of some others" (Keith Tribe, "Translator's Introduction," pp. 2-3 in Wilhelm Hennis, *Max Weber* [London: Allen & Unwin, 1988]).

³Weber, "Science as a Vocation," p. 129 in Hans Gerth and C. Wright Mills (eds.), *From Max Weber* (New York: Oxford University Press, 1958) and in "Wissenschaft als Beruf," p. 71 in *Wissenschaft als Beruf, 1917/1919; Politik als Beruf, 1919. Max Weber Gesamtausgabe I/17* (Tübingen: J.C.B. Mohr, 1992); in an article from 1909 as well as in a letter to Brentano dated April 13, 1909 Weber refers to economics as "our discipline"; cf. Max Weber, "Energetische Kulturtheorien," p. 413 in *Gesammelte Aufsätze zur Wissenschaftslehre* (Tübingen: J.C.B. Mohr, 1988) and *Briefe 1909-1910. Max Weber Gesamtausgabe II/6* (Tübingen: J.C.B. Mohr, 1994), p. 93. In his installation lecture in Freiburg, Weber proclaimed himself to be a disciple of the Historical School; cf. Max Weber, "The Nation State and Economic Policy," p. 19 in *Political Writings* (Cambridge: Cambridge University Press, 1994).

one, who was first and foremost a committed sociologist, publicly state that “most of what goes under the name of sociology is fraud” and soon withdraw from the newly started German Sociological Society, while muttering about how disgusted he was at this “Salon des Refusés”?⁴

Some of the paradox with Weber being seen as an economist by his contemporaries, and as a sociologist today is resolved if one realizes that economics was a much broader science in Weber’s days than it is today. It was perfectly possible to carry out sociological work within the profession of economics around the turn of the century in Germany, as opposed to today. Indeed, as we soon shall see, Weber’s work in sociology grew out of his experiences as an economist, and it would always show the marks of having been born in this neighbouring science—through its emphasis on methodological individualism, its use of rationality, and so on.

What then did Weber try to accomplish as an economist and how does his sociology fit into this? Given the complexity of Weber’s thought, one hesitates to give a brief answer. One way of approaching this question, however, is to refer to the argument about economists and their visions, as developed by one of Weber’s colleagues and collaborators, Joseph A. Schumpeter. According to Schumpeter, every great economist has a grand vision that underlies and inspires all of his or her work. A vision is defined as a “preanalytic act that supplies the raw material for the analytic effort.”⁵ But you need more than just a vision, Schumpeter immediately adds; for there to be a great work, the economist must also have the requisite analytical skill to translate his or her vision into solid scholarly work. “The thing that comes first,” Schumpeter says, “is a Vision”—but then comes “the analytic effort.”⁶ Some economists, Schumpeter says, have had both a vision and the required analytical skills; others have had a vision, but not much of a skill; and then there are those with a vision, but with no skill whatsoever. John Maynard Keynes, according to Schumpeter, was an example of the first category, and Friedrich List of the second. As an example of someone who had a vision but no analytical skill at all, Schumpeter mentions the American economist Henry Carey (1793-1879), the author of *Principles of Social Science* and a few other forgotten works. Schumpeter approvingly cites John Stuart Mills’s verdict of Carey’s *Principles*: “it is [the] worst book on political economy that I have ever toiled through.”⁷

⁴Karl Jaspers, *On Max Weber* (New York: Paragon House, 1989), p. 98 (the translation has been slightly changed); Marianne Weber, *Max Weber: A Biography* (New York: John Wiley & Sons, 1975), p. 423.

⁵Schumpeter, *History of Economic Analysis* (London: George Allen and Unwin, 1954), p. 41.

⁶Schumpeter, *History of Economic Analysis*, pp. 41, 561.

⁷Schumpeter, *History of Economic Analysis*, p. 516.

Weber belongs mostly to the first category and his major enterprise as an economist consisted in an attempt to give structure and content to a very broad kind of economics that he usually referred to as “*Sozialökonomik*” or “*social economics*.”⁸ The name of this new kind of economics was of little consequence to Weber (who thought “*politische Oekonomie*” or “*Volkswirtschaftslehre*” might serve equally well), but what did matter very much to him was its content. Even though it would take Weber many years to analytically work through his vision and give it some content, and even though he died without having had the time to give it a final form, it is possible to extract a preliminary definition of what *Sozialökonomik* is from his work. *Sozialökonomik*, then, denotes *an economic science which has a broad subject area and which must be studied with the help of several distinct approaches in social science*, especially theoretical economics, economic history and economic sociology. A definition of this type is bound to appear empty and shallow, when presented in this manner. More content, however, will soon be supplied.

To what extent was Weber able to translate his vision of *Sozialökonomie* into effective social science? In the book of which this paper constitutes Chapter 1, an answer to this question will be given. I shall in particular be arguing two things: that Weber succeeded in producing enough of indications of what *Sozialökonomie* is all about for it to be convincing; and that his most interesting work concerns one specific part of this broader concept of economic science, namely *Wirtschaftssoziologie* or economic sociology. It was Weber who in a deeper sense invented economic sociology as a distinct and powerful approach of social science, and his studies in this area represents a magnificent achievement. To look at Weber in his capacity as an economist may give the reader the impression that it would be useful to present economics as *the* key to Weber’s work in social science—a little like others have looked at Weber’s work in methodology or on rationalization as the “master clue” to his work, especially to his sociology. This, however, would be incorrect; Weber was a scholar who worked in a number of social sciences—including law, history and political science—and whose encyclopaedic knowledge allowed to infuse some of these with insights from the others. When in the next few pages a presentation of Weber’s life as an economist is given, there will naturally be an emphasis on everything that Weber did that has some connection to economics. But his accomplishments in sciences other than eco-

⁸The term *Sozialökonomik* can also be spelled *Sozialökonomie*, but Weber preferred the former spelling. The places where Weber used this term during the evolution of his thought will be noted in Chapter 1. As a translation into English of *Sozialökonomik/Sozialökonomie*, I will follow Schumpeter and use “social economics”; see Joseph A. Schumpeter, *History of Economic Analysis* (London: George Allen & Unwin, 1954), p. 21, note 1, 1. An alternative would be “social economy”—its first recorded use in English; see John Stuart Mill, “On the Definition of Political Economy; and on the Method of Investigation Proper to It,” pp. 135-37 in *Essays on Some Unsettled Questions of Political Economy* (London: John W. Parker, 1844). Mill, it should be mentioned, was here translating Jean-Baptiste Say’s “*économie sociale*.”

nomics will be noted as well, since it was exactly this that enabled him to produce such excellent work on the relationship between the economy and religion, law and religion, and so on.

After the section on Weber's life, a brief overview of German economics in Weber's day will be given, in order to set own his work in this field in its proper context.

WEBER'S LIFE AS AN ECONOMIST

Weber was born on April 21, 1864, in Erfurt, into a solid bourgeois family, with linen merchants from Bielefeld on his father's side and links to the wealthy Souchay family on his mother's.⁹ As a young boy Weber devoured books, especially in literature and history. The latter topic seems to have been his special love; and very early on he started to write essays on various historical topics. Whether he read any economics before he began to study at the university is not known—though he may very well have read some Marx and perhaps even something else in political economy since he had a curious mind. At any rate, by the time he was ready to start at the University of Heidelberg he had developed a passion for history, which would last throughout his life.

At Heidelberg Weber chose law as his major field, but he also took courses in economics, theology, philosophy and history. Economics was taught by Karl Knies, one of Germany's most eminent economists and one of the founding fathers of the so-called Historical School in economics. Knies taught a broad kind of economics; he encouraged a historical perspective; and he paid very much attention to the links between the economy, on the one hand, and politics, law and religion, on the other. When Weber first came in contact with Gustav von Schmoller, the leader of the younger generation of the Historical School, is not known.

Nonetheless, Schmoller must have come to Weber's attention very quickly since the famous *Methodenstreit*—the acrimonious battle between the Austrian School and the German Historical School in which Schmoller played the leading role—started in 1883 or during Weber's second year at the University.

⁹The following section is based, unless otherwise indicated, on the following works on Weber's life and work: Dirk Käsler, *Max Weber: An Introduction to His Life and Work* (Cambridge: Polity Press, 1988); Guenther Roth, "Weber the Would-Be Englishman: Anglophilia and Family History," pp. 83-121 in Hartmut Lehmann and Guenther Roth (eds.), *Weber's Protestant Ethic: Origins, Evidence, Contexts* (Cambridge: Cambridge University Press, 1993); Wolfgang Schluchter, *Rationalism, Religion, and Domination: A Weberian Perspective* (Berkeley: University of California Press, 1989); Marianne Weber, *Max Weber: A Biography* (New York: John Wiley & Sons, 1975); and Johannes Winkelmann, *Max Webers hinterlassenes Hauptwerk* (Tübingen: J.C.B. Mohr, 1986).

Weber also took courses at the universities of Berlin, Strassbourg and Göttingen, where he encountered some of Germany's most formidable scholars, such as Theodor Mommsen (Roman history), Otto von Gierke (history of German law), Heinrich von Treitschke (German history and politics) and Levin Goldschmidt (commercial law). Weber passed his law examination in 1886 and decided to continue his legal studies on a doctoral level in Berlin, while working as a junior barrister. His thesis, which was part of a larger, legal-historical study of medieval trading companies, was ready by 1889 and had been written for Levin Goldschmidt, a scholar who was the world's foremost authority on commercial law. In order to qualify as a lecturer at the university, Weber had to produce a second doctoral thesis, his *Habilitationsschrift*, and this time he chose as his topic the relationship between law and agriculture in Rome. The second thesis was well received, just like the first one had been, and by the time Weber had finished his university studies, he was qualified to teach Roman and commercial law at the university level. He was also considered the favorite student of two of Germany's foremost historians: Theodor Mommsen and August Meitzen.¹⁰

But Weber had other interests besides history and law; he was, for example, passionately interested in politics and early on joined an association that tried to influence social and economic legislation in the young Empire, *Verein für Sozialpolitik*. Parallel to his second dissertation, which was presented in 1891, Weber worked on a task he had been given by the *Verein*, namely to investigate the situation of rural workers in a part of Germany. By 1892—one year after his second dissertation—Weber presented his results, in the form of a huge study entitled *The Situation of the Agricultural Workers in the Areas East of Elbe (Die Lage der Landarbeiter im ostelbischen Deutschland)*. The work was a great success, and the foremost authority on the topic, G. F. Knapp, publicly proclaimed that Weber's study represented something profoundly novel and innovative in the field of agrarian studies.

In the meantime Weber had begun to teach law at the University of Berlin and when Goldschmidt, his professor in commercial law, fell ill, Weber was asked to fill in for him as a non-tenured professor. It soon became clear that Weber had a promising academic future in Berlin, probably as Goldschmidt's successor as professor of commercial law. But also people in other disciplines than law had spotted the talented young scholar and wanted to hire him. Mainly because of his study of the agricultural workers from 1892, he was contacted by the University of Freiburg and negotiations were initiated about a professorship in economics and finance ("*Nationalökonomie und Finanzwissenschaft*"). Weber real-

¹⁰For Weber being "the favorite student" of both Mommsen ("the greatest authority on Rome") and Meitzen ("the greatest authority on medieval land-tenure"), see Arnaldo Momigliano, "New Paths of Classicism in the Nineteenth Century," *History and Theory* Beiheft 21 (1982), p. 29.

ized that if he switched from law to economics, he would have to quickly read up on a new topic. Nonetheless, he felt that economics was broader in scope as well as more exciting than law, and he therefore decided to accept the offer.

At Freiburg Weber gave a celebrated installation lecture in 1895 on the state and economic policy plus worked punishingly hard to master his new discipline. Especially economic theory was a challenge to him since he had had virtually no training in this field; he joked to his wife that his own lectures were the first classes that he had attended in economic theory. He also did work on the stock exchange, which at the time was at the center of a huge public debate in Germany, plus continued his work on agricultural economics.

In 1896 Weber was appointed to a prestigious position at the University of Heidelberg, namely as a successor to his old teacher Karl Knies. Also here he became professor in economics and finance ("*Nationalökonomie und Finanzwissenschaft*") and had to teach economic theory as well as special courses of a more practical nature. Among his many activities, Weber started a successful seminar in economics and in general improved the situation for economics, which aged Knies had let decline. He also toyed with the idea of writing a textbook in economics and did some preparatory work in this direction.

Soon, however, Weber fell ill, and after a series of nervous breakdowns he decided to give up his position in Heidelberg. Since both Weber and his wife had some money it was possible for him to live as a private scholar from now on. From circa 1898 to 1903 Weber was incapacitated and could often read very little, especially not economics. There were probably a number of reasons for Weber's nervous illness, including overwork and a fateful quarrel with his father, who died before any reconciliation could take place. There was also a nervous strain in Weber's constitution and perhaps in that of his family as well.

Weber would never be fully restored to his early vigor, but could nonetheless pick up some of his scholarly activities in 1903. During the next few years he produced a series of methodological writings, mainly in economics but also touching on issues of relevance for philosophy as well as the social sciences in general. The position that Weber took on economic issues was usually a mixture of the Historical School and Austrian Economics; he, for example, argued (like Schmoller and Knies) that economics should be broad in scope, but also (like Menger) that analytical economic theory was an absolute necessity. Around this time Weber plus a few economist colleagues began to edit a new social science journal, *Archiv für Sozialwissenschaft und Sozialpolitik*, and in its first issue Weber argued forcefully for a broad kind of economics that he called *Sozialökonomik*. In 1904-05 he also published two articles that would make him famous all over the scholarly world, entitled *The Protestant Ethic and the Spirit of Capitalism*. Just as Weber in his earlier writings had shown

that he had mastered such disciplines as law and economic history, he now added history of religion to his repertoire. A few years later he also produced a volume on the social and economic history of antiquity, which has become a minor classic as well: *Agrarian Conditions in Ancient Times* (*Agrarverhältnisse im Altertum*).¹¹

At around the same time that Weber was working on his study of antiquity, he was also involved in an effort to found a professional association for sociologists in Germany. The effort succeeded, and in 1910 the German Sociological Society could hold its first conference. Disappointed that German sociologists lacked the forcefulness of his economic colleagues and did not want a *Verein*-like type of association, Weber however withdrew from the new organization after a few years. Rid of the sociologists, Weber could devote more time to another of his many tasks, namely to edit a work that was to intended to replace Gustav Schönberg's *Handbuch der Politischen Oekonomie* (1st ed. 1882; 4th ed. 1896-98). A little more than a year after assuming this editorship in 1908, Weber had pulled together some forty economists who wanted to participate, including Joseph Schumpeter, Friedrich von Wieser and Karl Bücher. Weber himself was scheduled to write a number of articles, including three that were collectively called *Economy and Society*. The fact that a couple of the key writers failed to cover what they were supposed to forced Weber to expand his own contribution on economy and society, however, and turn it into a bulkier and more explicitly sociological treatise than he had originally envisioned. By mid-1914 the first volumes of the whole work, began to appear under the title *Grundriss der Sozialökonomik*. Weber's own volume—which had grown into a kind of general treatise in economic sociology (now entitled *Economy and the Social Orders and Powers*) was scheduled to appear a few months later.

These plans, however, were stopped by the outbreak of World War I, during which Weber refused to work on the *Grundrisse*. Instead he helped to administer some hospitals, took part in the political debate and participated in the so-called *Werturteilstreit* or The Battle of Value-Judgments, where he attacked the Historical School for mixing facts and value judgments. Much of his scholarly work during this period was devoted to the a study of the relationship between religion and the economy, and he produced three book-long studies as part of a giant work called *The Economic Ethic of the World Religions*.

Weber's economic situation also changed during the war, and despite various inheritances, he needed a steady source of income. At the University of Vienna a replacement was wanted for the well-known economist Eugen von Philippovich (1858-1917), and a huge

¹¹The original German title—*Agrarverhältnisse im Altertum*—was assigned to Weber since his study was to be part of an encyclopaedia, *Handwörterbuch der Staatwissenschaften*. When Weber's book was translated into English in 1976, it was given a "sociologizing" title, *The Agrarian Sociology of Ancient Civilizations*.

effort was made to get Weber. For one semester Weber taught in Vienna, where among other things he lectured on socialism and established a friendship with Ludwig von Mises. Weber, however, wanted to be in Germany rather than in Austria, and in 1919 he accepted a prestigious position in economics (the former chair of Lujo Brentano) at the University of Munich. Weber taught a few courses at Munich, including one that would later be issued as *General Economic History*, in the form of students' notes.

When Weber was not teaching in Munich, he was working on his studies in *The Economic Ethic of the World Religions* plus his own contributions to *Grundriss der Sozialökonomik*. In 1919-20 he completely rewrote the first part of his old manuscript on economy and society, compressing the text and adding for the first time comprehensive chapters on sociology in general and on economic sociology. Weber died on June 14, 1905, at the age of fifty-six; to the official cause of pneumonia, one should probably add overwork and a weak constitution.

WEBER AND THE TRADITION OF GERMAN ECONOMICS

German economics, as it existed when Weber came to know it as a student, was in many ways unique: it was very hostile to British economics of the Mill-Ricardo version and it had attempted to develop a genuinely own alternative, which was of a historical rather than analytical nature.¹² At first Weber was deeply influenced by contemporary German economics, and at the beginning of his career as an economist at the University of Freiburg, he publicly stated that he belonged to the Historical School ("I am a disciple"¹³). Soon, however, the influence lessened and Weber began to sharply criticize certain aspects of the Historical School, especially its hostility to abstract theory, its mixture of facts and value judgments, and its belief in historical laws. It is also clear that by the late 1890s he had come to appreciate theoretical economics, especially the version that the historical economists detested most, namely, Austrian economics. Some years later Weber cautiously labelled himself an "offspring" of the Historical School, rather than a disciple.¹⁴ How he

¹²For a general introduction to the history of German economics, see Harald Winkel, *Die deutsche Nationalökonomie im 19. Jahrhundert* (Darmstadt: Wissenschaftliche Buchgesellschaft, 1977). According to one of the foremost authorities in this area, there is "almost complete ignorance of the German tradition of economics as it developed from mid-[19th]century"; cf. Keith Tribe, "Introduction," p. 8 in Keith Tribe (ed.), *Reading Weber* (London: Routledge, 1989).

¹³Max Weber, "The Nation State and Economic Policy," p. 19 in *Political Writings* (Cambridge: Cambridge University Press, 1994) and "Der Nationalstaat und die Volkswirtschaftspolitik," p. 563 in Vol. 1 of *Landarbeiterfrage, Nationalstaat und Volkswirtschaftspolitik. Max Weber Gesamtausgabe 1/4* (Tübingen: J.C.B. Mohr, 1993). This article was originally published in 1895.

¹⁴Max Weber, "Objectivity' in Social Science and Social Policy," p. 106 in *The Methodology of the Social Sciences* (New York: The Free Press, 1949) and p. 208 in *Gesammelte Aufsätze zur Wissenschaftslehre* (Tübingen: J.C.B. Mohr, 1988). The essay on objectivity originally appeared in 1904.

viewed himself during the next fifteen years, before his death in 1920, is not clear, although there are some indications that his disenchantment with the Historical School continued, while his attraction to theoretical economics increased.

However one wants to characterize Weber's attitude to economics during his last years, it is clear that one needs to take a closer look at German economics—its history as well as its different strands—in order to understand Weber's work as an economist. Here it can be noted that cameralism is generally considered to be the first type of economics that emerged in Germany in modern times, more precisely in the eighteenth century. The term "cameralism" comes from *Kammer* or the place in the prince's palace from whence his domains were administered, and as a doctrine it can be described as a mixture of state administration, state finance and economic policy.¹⁵ A similar emphasis on the role of the state, as opposed to the individual (as in British economics), can incidentally also be found in the two other early forms of German economics: in the work of Friedrich List (1789-1846) and in that of the Romantics. For List, economic individualism had to be subordinated to the task of constructing a viable national economy out of the German states. The Romantics were more radical: they celebrated the organic unity of the German people, strongly opposed individualism and advocated economic autarchy.

The Historical School of economics, which was to dominate German economics from the mid-nineteenth century to the 1920s, has clearly some links to these earlier forms of German economics, such as a positive attitude to the state and to the German nation. Still, it would be wrong to see the Historical School mainly as an outgrowth of earlier forms of economics in Germany; it was rather part of a larger intellectual movement that was to have an enormous impact on German social science, namely historicism. That this is the case becomes clear if one looks at a small work that Wilhelm Roscher published in 1843 that is generally regarded as the charter of the Historical School in economics. It is here argued that one has to use "the historical method" also in economics, and that "this method aims at much the same results for economy as the method of Savigny and Eichhorn has attained in jurisprudence."¹⁶

What was so useful about the historical method, according to Roscher, was that it allowed you to portray economic life as it actually exists in reality. "Our aim," he asserted,

¹⁵For cameralism and early German economics in general, see the fine study by Keith Tribe, *Governing the Economy: The Reformation of German Economic Discourse 1750-1840* (Cambridge: Cambridge University Press, 1988).

¹⁶Wilhelm Roscher, *Grundriss zu Vorlesungen über die Staatswirtschaft nach geschichtlicher Methode* (Göttingen: Verlag der Dieterischen Buchhandlung), p. v. An English translation of the preface to this book (by W.J. Ashley) has been published as "Roscher's Programme of 1843," *Quarterly Journal of Economics* 9 (1894-95): 99-105.

“is purely to describe man's economic nature and economic wants.”¹⁷ Economics should not be a guide in “chrematistics” (“the art of becoming rich”) and only look at man’s self-interest, it must also take into account man’s “sense of community” and be of help in the construction of the human community.¹⁸ Roscher strongly advocated the use of the historical method for comparative purposes and was also convinced that laws of development could be established with its help. Indeed, he even defined economics as “the doctrine of the laws of development of a nation's economy.”¹⁹

Besides Roscher (1817-94), Karl Knies (1821-98) and Bruno Hildebrand (1812-78) are generally regarded as the founding fathers of the Historical School in Economics, and all three strongly agreed that the use of “the historical method” was imperative in economics. While Roscher and Knies only used the historical method for illustrative purposes, however, Hildebrand applied it with full vigor in his scholarship. Knies (Weber’s teacher in economics) is usually regarded as the systematizer among the three founders and was a prolific writer. One theme that was central to the Historical School, to which Knies made an extra fine contribution, was the notion that the subject area of economics went far beyond the economy proper. In order to fully understand the economy, Knies argued, you must not only investigate its core but also its links to the rest of society: the relationship between the economy and the state, between the economy and law, and between economy and religion.²⁰ By the time that Weber started to study economics in 1882, a new generation of historical economists had emerged—the so-called Younger Historical School. This group was led by Gustav von Schmoller (1838-1917) and included such prominent scholars as G.F. Knapp, Karl Bücher and Lujo Brentano. As opposed to the Older Historical School, the younger generation devoted itself to professional economic-historical research, often of a very detailed nature. According to Schmoller, theoretical economics was little but useless “Robinson Crusoe stories”—a barren kind of economics that should not be taught in Germany.²¹ Since Schmoller had excellent contacts with the Prussian Ministry of Education, he succeeded for several decades in barring theorists from getting professorships in Germany. Schmoller also controlled an important journal and he had been one of the founders of a powerful social policy association for economists, *Verein für Sozialpolitik*.

¹⁷Roscher, *Principles of Political Economy* (New York: Henry Holt & Co, 1878), Vol. 1, p. 111.

¹⁸Roscher, *Grundriss*, pp. iv, 3.

¹⁹Roscher, *Grundriss*, p. 4.

²⁰This theme is discussed in Karl Knies’s major work from 1853 and even more so in its second edition from 1883. Cf. *Die politische Oekonomie vom Standpunkte der geschichtlichen Methode* (Braunschweig: G.A. Schwetschke und Sohn, 1853), pp. 89-109 and *Die politische Oekonomie vom geschichtlichen Standpunkte* (Leipzig: Hans Buske [1883] 1930), pp. 106-41.

²¹The quote comes from “Schmoller on Roscher,” p. 365 in Henry William Spiegel (ed.), *The Development of Economic Thought* (New York: John Wiley & Sons, 1952).

Ethics, Schmoller argued, was an integral part of economics and it played a big role in the *Verein* as well.

While economic theorists, according to the influential Schmoller, made the mistake of trying to isolate “the economy” from the rest of society, historical economists should study the living economy of the people and thereafter simply describe it.²² The proper way to proceed was to start with the individual’s psychology and then proceed to massive fact gathering. One day there would be enough facts to start constructing general theories—but that was far off in the future, and Schmoller warned against making premature generalizations. During seminars, Schmoller would often end his comments with the statement, “But then again, gentlemen, it is all so very complicated.”²³

But even if Schmoller had the power to control that only the “right” kind of economist got appointed to a professorship, there were several challenges to his intellectual authority. The two most important of these are known as the *Methodenstreit* or the Battle of Methods and the *Werturteilstreit* or the Battle of Value-Judgments. The Battle of the Methods erupted in 1883-84 with some direct exchanges between Schmoller and Carl Menger, a brilliant theoretical economist in Austria. The two main protagonists soon stopped communicating with one another but the fight between their followers continued until the 1920s and divided all economists in Germany and Austria into two sharply opposed camps. In the initial exchange between Schmoller and Menger, the former accused the latter of exaggerating the role of economic theory and of glorifying one little room in the big house of economics.²⁴ Menger responded in kind: Schmoller was like someone who came to a building site, dumped a few cartloads of stones and sand on the ground, and called himself an architect.²⁵

Many more insults were exchanged and the lack of civility that came to characterize the debate testifies to the passions involved. As a result, the real issues involved tended to be forgotten or caricatured in such a way that they lost any meaning: in history you just gather facts, the Menger side charged, but you do not use them for any analysis; and in economic theory you never use facts, Schmoller’s supporters replied, you only play around with abstractions. The key intellectual issue, however, was not only whether theory or his-

²²This section is based on Gustav von Schmoller, “Volkswirtschaft, Volkswirtschaftslehre und -methode,” pp. 527-63 in Vol. 6 of J. Conrad et al (eds.), *Handwörterbuch der Staatswissenschaften* (Jena: Gustav Fischer, 1894).

²³Edwin Gay, “Tasks of Economic History,” p. 411 in Frederic Lane and Jelle Riemersma (eds.), *Enterprise and Secular Change* (London: Allen & Unwin, 1953), p. 411. Gay had studied with Schmoller in Berlin. The original text reads: “Aber, meine Herren, es ist alles so unendlich kompliziert.”

²⁴Gustav Schmoller, “Der Methodologie der Staats- und Sozialwissenschaften,” *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft* 7(1883): 251.

²⁵Carl Menger, *Die Irrthümer des Historismus in der deutschen Nationalökonomie* (Vienna: Alfred Hölder, 1884), p. 46.

tory should be the main tool in economic analysis but also what the precise roles of the different social sciences should be in an economic analysis and how one should delineate the subject area in an economic analysis.

Schmoller argued that the subject area of economics is very wide since the economy is an integral part of society. Economics as a science, as Schmoller saw it, consisted of a mixture of psychology, economic history and economic theory: you start with the concrete individual (psychology); you then gather facts for a very long time (economic history); and after having done this for a long time, you may finally generalize on the basis of all these studies (economic theory). Menger took a very different position from Schmoller. According to Menger, economics should concentrate on a much more restricted area than what Schmoller wanted. You indeed had to use a number of social sciences in analyzing the economy, but—and this represents a crucial difference in relation to Schmoller—these sciences must absolutely be kept distinct from one another, since they address different issues and analyze these in different ways (see Figure 1 on the next page). Economic theory, for example, is sharply separated from economic history as well as from economic policy in Menger's scheme, but not at all in that of Schmoller, who felt it would be artificial to keep them apart since they all dealt with the same phenomenon. When it comes to the division of labor between the social sciences, it may be added, Weber's position would parallel that of Menger; but when it comes to the scope of the subject area of economics, it would be closer to that of Schmoller. Weber would also be much closer to Menger than to Schmoller on the issue of using rationality as a method in economic research; and he especially liked Menger's suggestion that many economic institutions can be conceptualized as "the unintended results" of individual actions.²⁶

²⁶Carl Menger, *Investigations into the Method of the Social Sciences with Special Reference to Economics* (New York: New York University Press, [1883] 1985), pp. 139-59.

Figure 1: Gustav von Schmoller and Carl Menger on the Division of Labor between the Social Sciences in Economics

I. SCHMOLLER'S CONCEPT OF ECONOMICS ("VOLKSWIRTSCHAFTSLEHRE")

A. *The Subject Area of Economics*: the economy is part of a larger whole, namely society; and it includes such phenomena as law, moral values and the state.

B. *The Division of Labor between the Social Sciences in Analyzing the Economy*:
 "economics"

economic theory

economic history economic policy

individual psychology

II. MENGER'S CONCEPT OF ECONOMICS ("WIRTSCHAFTSWISSENSCHAFT")

A. *The Subject Area of Economics*: the economy is a restricted area that must be analyzed separate from society as a whole.

B. *The Division of Labor between the Social Sciences in Analyzing the Economy*:
 "economics"

I.	II.	III.
the historical sciences (economic history, statistics)	theoretical economics	the practical sciences (economic policy, finance)

Source: Carl Menger, *Investigations into the Method of the Social Sciences with Special Reference to Economics* ([1883] 1985); Gustav von Schmoller, "Volkswirtschaft, Volkswirtschaftslehre- und Methode" (1894), pp. 527-63.

Note: Menger would later revise his scheme and add a further category, "the morphology of economic phenomena," which has as its task to classify real economic phenomena according to type and species (cf. Menger 1889), while Schmoller's ideas pretty much remained the same; cf. Schmoller 1901, 1911.

The second big dispute that the Historical School of Economics got embroiled in was the so-called Battle of Value-Judgments. This debate began in 1909 at a meeting of the *Verein für Sozialpolitik* and this time it was Weber who led the attack on Schmoller's position. "I cannot bear it," he stated emphatically, "when problems of world-shaking importance and of the greatest ideal consequence—in some respect those ultimate questions capable of stirring the human soul—are transformed into technical economic questions...and thereby rendered into objects of discussion for an *academic* discipline, which is what economics are."²⁷ The second big clash about values versus facts took place in 1914, again at a *Verein* meeting and again with Weber leading the attack. On a series of issues Weber sharply criticized Schmoller and those who did not accept that facts and values must be sharply separated in a scientific analysis. No clear winner emerged in the debate, which was to continue after World War I and Weber's death till the Nazis put an end to it.²⁸

There are two further developments that must be discussed in order to complete the picture of German economics, but which are usually passed over in silence by historians of economic thought in Germany. These have to do with the emergence of *Sozialökonomik* or social economics and with *Wirtschaftssoziologie* or economic sociology—both of which attracted quite a bit of attention around the turn of the century but were subsequently forgotten. Weber, as already mentioned, was very much interested in both of these approaches and made a great effort to further develop them for his own uses. To cite Schumpeter: "the man who did more than any other to assure some currency to [the word 'Social Economics' or 'Sozialökonomie'] was Max Weber; and Schumpeter also notes that, "[Weber's] work and teaching had much to do with the emergence of Economic Sociology."²⁹

The term "social economics" is generally thought to have originated in a work by Jean-Baptiste Say from 1828, and it was immediately translated into German.³⁰ To Say, the term "*économie sociale*" was identical to "*économie politique*" and in principle more ap-

²⁷Max Weber, "Debattreden auf der Tagung des Vereins für Sozialpolitik in Wien 1909 zu den Verhandlungen über 'Die wirtschaftlichen Unternehmungen der Gemeinden,'" p. 419. *Gesammelte Aufsätze zur Soziologie und Sozialpolitik* (Tübingen: J.C.B. Mohr, 1988). See also in this context Wilhelm Hennis, "The Pitiless 'Sobriety of Judgment': Max Weber between Carl Menger and Gustav von Schmoller—The Academic Politics of Value Freedom," *History of the Human Sciences* 4 (1991): 28-59.

²⁸The Nazi position was that values should be part of the economic analysis—especially those of the German race—and that Weber's defense of objectivity was wrong. See e.g.

²⁹Schumpeter, *History of Economic Analysis*, pp. 21, 819. Schumpeter, as the citation signs indicate, uses the term "*Sozialökonomie*," which he translates as "social economics."

³⁰Jean-Baptiste Say, *Cours complet d'économie pratique* (Brussels: H. Dumont, [1828-29] 1837), p. 1. The term used by the German translator for "*économie sociale*" was "die gesellschaftliche Staatswirtschaft" (and for "*économie politique*," "Staatswirtschaft"); cf. Jean-Baptiste Say, *Handbuch der practischen National-Oekonomie oder der gesammten Staatswirtschaft für Staatsmänner, Gutsherren, Gelehrte, Kapitalisten, Landwirthe, Fabrikanten, Handelsherren und alle denkende Staatsbürger*, trans. F.A. Rüder (Leipzig: C.H.F. Hartmann, 1929), Vol. 1, p. 1. See also F. Lifschitz, "J. B. Says Methodologie der Wirtschaftswissenschaft," *Jahrbücher für Nationalökonomie und Statistik* 28 (1904): 614-24.

propriate since it clearly indicated the social nature of the economy.³¹ The term was sporadically used in England, France and Italy in the decades following Say's introduction of the term.³² In Germany it made an occasional appearance in the works of such people as Wilhelm Roscher (1854 plus many more editions), Albert Schäffle (1867), Eugen Dühring (1873, 1876), Heinrich Dietzel (1883), Karl Knies (1883)—Weber's first teacher in economics—and Adolph Wagner (1892).³³ Two important works that flagged the concept by having it in the main title were published in 1895 and 1907 by Heinrich Dietzel and

³¹Say, *Cours complet*, p. 1.

³²For some information on "social economics," see Richard Swedberg, "Schumpeter's Vision of Socioeconomics," *Journal of Socio-Economics* 24(1995): 525-44. The first use in English is generally thought to have been that of John Stuart Mill; cf. John Stuart Mill, "On the Definition of Political Economy; and on the Method of Investigation Proper to It," pp. 135-37 in *Essays on Some Unsettled Questions of Political Economy* (London: John W. Parker, 1844). Mill saw "social economy" as the science that deals with "every part of man's nature, in so far as influencing the conduct or condition of man in society" (*ibid.*, p. 136). Léon Walras initiated a new use of the term "économie sociale" when he defined it as "the science of distribution of social wealth"; cf. Léon Walras, *Elements of Pure Economics or the Theory of Social Wealth* (London: George Allen and Unwin, [1874] 1954), p. 79. Someone who explicitly followed Walras on this point is Knut Wicksell, who also added that "socialekonomi" was the same as "economic policy"; cf. Knut Wicksell, *Föreläsningar i nationalekonomi* (Lund: Gleerups [1901] 1966), Vol. 1, p. 6. It may, finally, be of some interest to note that Alfred Marshall, who helped to replace the term "political economy" with that of "economics," for some time thought that the term "social economics" was equally good as "economics". Marshall thus used the term "social economics" as synonymous with "economics" in the third (1895) and fourth (1898) editions of *Principles of Economics* but dropped it from the fifth edition (1907) and onwards; see Alfred Marshall, p. 43 in Volume 1 and p. 159 in Vol. 2 of *Principles of Economics* (London: Macmillan and Company, 1961).

³³Note that an effort has been made to track down the various editions of a work that uses the term "social economics" since each edition means that the term made a new appearance. The dates refer to the following works: Wilhelm Roscher, *Die Grundlagen der Nationalökonomie. Ein Hand- und Lesebuch für Geschäftsmänner und Studierende* (Stuttgart: J.G. Cotta'scher Verlag, 1854), p. 24 (reference to Say and others' "économie sociale"); Albert Schäffle, *Das gesellschaftliche System der menschlichen Wirtschaft* (Tübingen: J.C.B. Mohr: H. Laupp'sche Buchhandlung, 1867), p. 3 ("Socialökonomie"); Eugen Dühring, *Cursus der National- und Socialökonomie einschliesslich der Hauptpunkte der Finanzpolitik* (Berlin: Verlag von Theobald Grieben, 1873) and *Cursus der National- und Socialökonomie*, 2nd ed. (Leipzig: Fues's Verlag, 1876), p. 3; and Karl Knies, *Die politische Oekonomie* ([1883] 1930), p. 3 ("sociale Oekonomie"). The term "Socialwirtschaftslehre" was used for "économie sociale" by Dietzel in 1882 as well as in 1883; cf. *Ueber das Verhältnis der Volkswirtschaftslehre zur Socialwirtschaftslehre* (Berlin: Puttkammer und Mühlbrecht) and "Der Ausgangspunkt der Socialwirtschaftslehre und ihr Grundbegriff," *Zeitschrift für die gesamte Staatswissenschaft* 39 (1883): 1-80. Menger uses the term "sociale Oekonomie" (referring explicitly to Say) in *Untersuchungen* (1883); cf. Carl Menger, *Untersuchungen über die Methode der Socialwissenschaften, und der Politischen Oekonomie* (Leipzig: Duncker & Humblot, 1883), p. 251.—Given the number of economists who used the term "social economics" before and/or simultaneously with Dietzel there is no reason to believe, as Hennis and Winkelmann do, that Weber got the term from Dietzel; cf. Johannes Winkelmann, *Max Webers hinterlassenes Hauptwerk*, p. 12, n. 21; Wilhelm Hennis, "A Science of Man: Max Weber and the Political Economy of the German Historical School," p. 53, n. 23 in W. J. Mommsen and J. Osterhammel (eds.), *Max Weber and His Contemporaries* (London: The German Historical Institute, 1987). Hennis is convinced that Weber read the 1883 edition (where the word "sociale Oekonomie" appears) and says that it was published "in the very same semester as that in which Weber finally realized the quality of his teacher"; cf. Hennis, "A Science of Man," p. 41). Weber also refers to the 1883 edition in his reading guide in economics from 1898; cf. Max Weber, *Grundriss zu den Vorlesungen über Allgemeine ("theoretische") Nationalökonomie* (1898) (Tübingen: J.C.B. Mohr, 1990), p. 5. Knies, like Say, affirms that economics means an analysis of society; "Let it suffice for us to indicate that the phrase 'political economy' must likewise mean 'social economy'" (*ibid.*, p. 3).

Adolph Wagner. Though variations appear, the main meaning of the term was basically that “social economy” indicates better than any other term that the economy is truly a social phenomenon.³⁴ By 1910 the concept of social economics had become enough of a competitor to Schmoller’s preferred “*Volkswirtschaftslehre*” that the leader of the Historical School found it necessary to state why his the latter term should be used.³⁵ In 1914 the first volumes of Weber’s *Grundriss der Sozialökonomik* started to appear and a few years later Gustav Cassel published his popular textbook *Theoretische Sozialökonomie* (1918). The situation in the 1910s, however, may well have represented the peak of the effort to introduce the term “*Sozialökonomie*”; and many years later Schumpeter would note in his *History of Economic Analysis* (1954) that the term “*Sozialökonomie* or *Sozialökonomik* never caught on.”³⁶

As to economic sociology in Germany, it can first of all be noted that it came about as the result of native developments and that there was no awareness of similar attempts abroad or that W. Stanley Jevons had used the term already in 1879.³⁷ One can distinguish between two stages in the emergence of economic sociology in Germany. During the first stage, which began during the latter half of the nineteenth century, economists began to discuss sociology and sociological articles began to emerge in economics journals. A few economists—especially Schäffle and Schmoller—argued that since the economy is part of

³⁴Dietzel’s use differs, and to him “*Sozialökonomik*” is the science that focuses on those social phenomena that result from action by individuals, inspired exclusively by “economic motives”; cf. Dietzel, *Theoretische Sozialökonomik*, pp. 27-8.

³⁵Schmoller objected in particular to the use of Heinrich Dietzel, according to which the state was not part of the “social economy.” Cf. Gustav von Schmoller, “*Volkswirtschaft, Volkswirtschaftslehre und -methode*,” p. 429 in Vol. 8 of in J. Conrad et al (eds.), *Handwörterbuch der Staatswissenschaften* (Jena: Gustav Fischer, 1911).

³⁶Schumpeter, *History of Economic Analysis*, p. 535.

³⁷That the first recorded use of the term “economic sociology” is that of Jevons in 1879 (in the preface to the second edition of *The Principles of Economics*) is an opinion I share with Philippe Steiner; cf. Jean-Jacques Gislain and Philippe Steiner, *La sociologie économique 1890-1920* (Paris: Presses Universitaires de France, 1995), pp. 10-11. Jevons saw sociology in a Spencerian light and defined economic sociology as “[the] science of the development of economic forms and relations”; “Preface to the Second Edition (1879),” p. xvi in *The Theory of Political Economy* (New York: Augustus M. Kelley [1905] 1965). Jevons basically wanted—similarly to Menger—to improve economics by introducing a firm division of labor into economics itself, with “economic sociology” separated from e.g. “fiscal science” as well as “commercial statistics,” “systematic and descriptive economics” and “the mathematical theory of economics”; cf. W. Stanley Jevons, “The Future of Political Economy (1876),” pp. 185-206 in *The Principles of Economics* (London: Macmillan and Company, 1905) and “Preface to the Second Edition (1879),” p. xvii in *The Theory of Political Economy*. For a critical view of Jevons’s notion of economic sociology, see Thomas Edward Cliffe Leslie’s review of Jevons work from 1879, pp. 157-62 in Vol. VII of R.D. Collison Black (ed.), *Papers and Correspondance of William Stanley Jevons* (London: Macmillan, 1981). In France Durkheim proposed a “*sociologie économique*” in the mid-1890s; see e.g. the section entitled “*sociologie économique*” in *L’Année Sociologique* 1 (1896/1897).

society, economic theory is also part of sociology.³⁸ In an important work from 1894, Schmoller thus stated: "Today general economics [is] of a philosophical-sociological character. It starts from the nature of society."³⁹ Several observers have indeed noted that there was a sociological quality to Schmoller's work, even though it should be observed that Schmoller's notion of sociology was vague and lacked precision.⁴⁰ Nonetheless, a tentative link between economics and sociology had been established in Schmoller's work—and through it, in the Historical School as well.

Some time later—during the second stage—economic sociology proper began to appear or the idea that one can apply the theoretical insights of sociology, as a distinct social science of its own, to economic phenomena, and thereby elucidate some novel aspect of them. This movement got some wind in the sails when the German Sociological Society was founded in 1909, and when a chair in sociology and two chairs in "economics and sociology" were created a decade later.⁴¹ Sociological articles became quite common in economics journals after the turn of the century.⁴² A small number of works, more or less explicitly in "economic sociology" now also began to appear, starting with Georg Simmel's work on money (1900) and soon followed by studies of such scholars as Rudolf Goldscheid, Werner Sombart, and Joseph Schumpeter.⁴³ Weber's major work in economic sociology—*Economy and Society*—was produced during these years as well.

³⁸Cf. the statement that "economics belongs...to the realm of sociology" in Franz Oppenheimer, "Ökonomie und Soziologie," *Monatsschrift für Soziologie* 1 (1909), p. 607. Around this time, as will be discussed later, the Austrian economist Friedrich von Wieser was also becoming interested in sociology.

³⁹Schmoller, "Volkswirtschaftslehre," 1894, p. 539.

⁴⁰See on this point Schumpeter's statement in *History of Economic Analysis* that "the Schmollerian economist was in fact a historically minded sociologist in the latter term's widest meaning" (*ibid.*, p. 812). According to Schmoller's successor in Berlin, "Schmoller was first of all a sociologist"; cf. Heinrich Herkner, "Gustav Schmoller als Soziologe," *Jahrbücher für Nationalökonomie und Statistik* 1922 (1): 3 (with references to others who shared this opinion, such as Carl Brinkmann and Georg von Below). According to French sociologists Emile Durkheim and Paul Fauçonnet, Schmoller's *Grundriss* (1900-1904) contains "toute une sociologie, vue du point de vue économique"; cf. Emile Durkheim and Paul Fauçonnet, "Sociologie et sciences sociales," *Revue philosophique* 55 (janvier à juin 1903): 496.

⁴¹The first chair in sociology was created in Germany as well as two chairs in "economics and sociology" (given to Franz Oppenheimer and Leopold von Wiese); cf. Dirk Käsler, *Die frühe deutsche Soziologie 1909 bis 1934 und ihre Entstehungsmilieu. Eine wissenschaftssoziologische Untersuchung* (Opladen: Westdeutscher Verlag, 1984).

⁴²According to an analysis of economics journals in Germany during the years 1900-1930, "sociology and philosophy" made up 6-10 percent of the articles in *Schmollers Jahrbuch*; 15-20 percent, in *Archiv für Sozialwissenschaft und Sozialpolitik*; 5-10 percent, in *Zeitschrift für Sozialwissenschaft*; and about 10 percent, in *Zeitschrift für die gesamte Staatswissenschaft*; cf. Erhard Stölting, *Akademische Soziologie in der Weimarer Republik* (Berlin: Duncker & Humblot, 1986), pp. 148-59.

⁴³Only parts of *The Philosophy of Money* are of a sociological character while the rest is more of a philosophical-cultural type of analysis; see especially pp. 170-90 in Georg Simmel, *The Philosophy of Money* (London: Routledge, [1906] 1978). Simmel's work on money was favorably reviewed by Schmoller and G. F. Knapp, while Menger was profoundly critical. According to Schmoller, Simmel's work was of a "sociological-philosophical character" while according to Knapp, Simmel's book "rather deals with the sociological side of the money economy" than with economic theory; cf. for Schmoller, David Frisby, "The Works," p. 197 in Vol. 1 of David Frisby (ed.), *Georg Simmel: Critical Assessments* (London: Routledge, 1994);

From what has just been said it is clear that it was not Weber who “invented” social economics and economic sociology; both of these rather emerged tentatively in Germany as well as elsewhere in Europe during the nineteenth century, well before Weber wanted to or was able to try his hand at them. Once Weber decided to work with social economics and economic sociology, however, he did it with great determination and creativity; and like with so many other ideas that Weber adapted, these two soon emerged changed and in a fresh, new light in his work. The story of how Weber gradually came to realize that social economics and economic sociology represented worthwhile enterprises, cannot be told in this brief paper.⁴⁴

and for Knapp, David Frisby, *Simmel and Since* (London: Routledge, 1992), p. 84. As to other works in economic sociology from this time, see, for example, the following works: Karl Wasserrab, *Soziologische Nationalökonomie* (Munich: Duncker & Humblot, 1917); Rudolf Goldscheid, *Staatssozialismus oder Staatskapitalismus. Ein finanzsoziologischer Beitrag zur Lösung des Staatsschulden-Problems* (Vienna: Anzengruber-Verlag Brüder Suschitsky, 1917); Joseph A. Schumpeter, *Die Krise der Steuerstaat* (Graz und Leipzig: Leuschner & Lubensky, 1918) and *Zur Soziologie der Imperialismen* (Tübingen: J.C.B. Mohr, 1919); Robert Wilbrandt, *Oekonomie. Ideen zu einer Philosophie und Soziologie der Wirtschaft* (Tübingen: J.C.B. Mohr, 1920). For Sombart's speculation whether the second edition of *Der moderne Kapitalismus* is a work in “Wirtschaftssoziologie...or something similar,” see Werner Sombart, *Der moderne Kapitalismus* (Munich: Deutscher Taschenbuch Verlag [1916] 1987), p. xvii. Finally, as a curiosity it can be mentioned that Carl Menger's attempt to recast his economic theory during the last few decades of his life (he died in 1921) supposedly went in an economic sociological direction; see especially the material and argument presented in Kiichiro Yagi, “Carl Menger after 1871,” unpublished manuscript (1988). Menger himself did not call what he did “sociology” but his assistant Felix Somary did, and it seems clear that Menger showed some interest in comparative, ethnographical studies during this part of his life. The general impression one gets from Yagi, however, is that much more research needs to be done on Menger's papers before it is possible to establish what Menger tried to accomplish and whether it reasonably can be said that it falls within the field of economic sociology.

⁴⁴See, however, Richard Swedberg, *Weber's Analysis of the Economy* (forthcoming).

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