1. Introduction

Schumpeter knew that economics was a labyrinth of concepts. Deprived of its mental images it would be no more than a tool-kit of discrete how tos struggling for hegemony with the showy pirouettes of mathematical abstraction. It is the ideas and the perspectives that rescue the Good Life from the instrumental and the formal. Schumpeter’s economics is an intellectual’s attempt not to draw narrow advantage from the wealth of nations but rather to satisfy a deep-seated personal curiosity about the origins and functions of man’s material aspirations. Market, enterprise and evolution are the three irreducible constructs which give consistency to his whole life’s work. Linked together, they form the synthesis that interprets the facts and the tendencies through the paradigm of a sophisticated world-view.

The market is supply and demand. Seen as statics, it is a gravitational field that produces an equilibrium price as if guided by an omniscient auctioneer. Seen as dynamics, it is a voyage of discovery that, powered by profit or driven on by challenge, need never arrive at its final point of rest. The market is a mechanism that inputs the signals, diffuses the information and outputs the allocation. The market is also a process, a motorway, a laboratory and a framework for discourse without end.

Enterprise is restless transformation. It is the way in which the market delivers change and the reason why evolution continues to grind out new surprises. The entrepreneur is a person who implements innovations in order to make his undertaking a success. Entrepreneurship is the propensity to pioneer new initiatives behind a veil of unknowledge so thick that it conceals the competition, the bad luck and the shipwreck. The propensity, separate from the person, can survive in the balanced teams of corporate organisation, but it can also be put at risk by the stifling repetitiveness of self-reproducing bureaucracy. Private sector or public sector, creative destruction is not for all seasons.

Evolution is institutional mutation. It is matter in motion as one historical uniqueness gives way to the next unintended consequence. It is also memory embedded where ideologies filter, atavism brakes and tacit knowledge hands on a once-was template that has been made an irrelevance by events. Perfect competition gives way to monopoly which endogenises the technological economies of breakthrough and scale. Accommodation and merger take the place of the same-side rivalries that used to keep the pricing keen.
Depersonalised capitalism is crowded out by the depersonalised State. Planned socialism takes over. The voyage through uncertain markets into predetermined centralism is guided by an invisible hand that will not compromise on the stages of growth.

Schumpeter’s economics is the mix of his three irreducible constructs. This book, *Schumpeter’s Market: Enterprise and Evolution*, seeks to trace out his logic and make sense of his system. Chapter 2 deals with Schumpeter’s life, his intentions and ambiguities, his ongoing dialogue with the economics of Karl Marx. Chapter 3 is concerned with tendencies, visions, academic disciplines and the need to think big. Chapter 4 is about the flashes of insight of the forceful entrepreneur, Chapter 5 about the large corporation which inherits his supremacy and perhaps also his role. Chapter 6 turns to the sociology of class, imperialism and motivation in the capitalist society which is coming to an end. Chapter 7 examines the inexorable bureaucratisation that has to lead to State control. Chapter 8 the productive and allocative efficiency of a socialist plan that may or may not be able to keep the dynamic alive. Chapter 9 shows that national character and cultural values ensure that even under socialism there is much in economic sociology that will remain the same.

Chapter 10 explains that capitalism is in decay because of internal contradictions that rationalise the loyalties and break up the dynasty. Chapter 11 questions the influence of the intelligentsia and suggests that even corporate capitalism might command widespread support. Chapter 12 says that growth, full employment and price stability are normally safe in the market economy. Chapter 13 on the cycle as a salutary spring clean continues the analysis of macroeconomic good performance. It shows that, although capitalism in Schumpeter’s view was doomed, it was not the volatility of crises that would bring about its unavoidable decline and fall.

The book concludes by stating the obvious – that Schumpeter made a number of assertions that are unlikely to stand the test of time. The whole, however, is more than the sum of the parts. Schumpeter’s synthesis is the manifesto of an evolutionary economics that refuses to accept its market or its enterprise save where each is situated in its context. Everything leads to everything else. It is true in Schumpeter’s economics. It is true in life.