What is "Schumpeterianism" anyway?

Re-examining the Treatment of Elites in *Capitalism, Socialism and Democracy*

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Abstract: This close reading of *Capitalism, Socialism and Democracy* underscores Schumpeter's critique of elite capacities. Given the neglect of Schumpeter's disparaging treatment of elites within contemporary scholarship, our current understanding of "Schumpeterianism" in political science discourse ought to be seriously reconsidered. *Capitalism, Socialism and Democracy* must be read in its entirety (that is, without exclusively privileging Part IV), and the sarcasm, irony, and humor that permeate the work must be treated with greater sensitivity. Such a re-reading will result in a fundamentally altered understanding of Schumpeter's contribution to democratic theory.

Keywords: Schumpeterianism, minimalism, democratic elitism, elites, masses, Schumpeter

Joseph Schumpeter's intellectual heirs and critics more or less agree that his *Capitalism, Socialism and Democracy* originated a "minimal" or "elite" conception of democracy—"elite" in the sense that his democratic thought can be characterized by an unwillingness to attribute agency (or no more than minimal agency) to any group other than the select "super-normal" individuals who govern the rest of the polity (Schumpeter 1942, 17;74-5). Detractors and admirers alike understand the heart of Schumpeter's elitist or minimalist thought to be his famous denunciation of the "Classical Democratic Doctrine" and his formulation of the "alternate" theory of competitive leadership.[1]

Even if this is actually the case, and *Capitalism, Socialism and Democracy* did indeed generate what we today call "democratic elitism" or "minimalism," Schumpeter's judgment on mass epistemic incapacity is not as definitive or conclusive as his rhetoric might make it seem. For all his disparaging remarks about "The People" and their cognitive capacities, especially in Part IV of the book, throughout the work he displays equal, perhaps *even more*, disdain for elite aptitude and performance.[2] The following close reading of *Capitalism, Socialism and Democracy* underscores Schumpeter's pervasive critique of elite capacities. The analysis accentuates myriad moments when Schumpeter espouses incriminating judgments of elite epistemic capabilities, thereby unsettling the notion that his scorn for the masses and veneration for leadership should be understood as the substantive foundation of his political thought. Given the neglect of Schumpeter's disparaging treatment of elites within

[1] During the postwar period, critics used "elite" to describe Schumpeter's conception of democracy—so much so that "democratic elitism" became a regime type sui generis among political scientists (Bachrach 1967; Bottomore 1992; Held 1987; Pateman 1971; Nye 1971; Walker 1971). In the 1990's, in large part thanks to Adam Przeworski, "minimal" was adopted to denote the "Schumpeterian" equation of democracy and competitive election (Dahl, Shapiro, Cheibub 2003; O'Donnell 2001; Przeworski 1999; Urbinati 2005.) "Leadership" democracy has been recently popularized to underscore the role of leaders in Schumpeter's critique of the classical doctrine and alternate theory, and has even come to be used synonymously with "elite" (Green 2010; Brooker 2010; Mackie 2010).

[2] Sean Ingham persuasively shows how popular rule can exist even if "Schumpeter's notoriously unflattering picture of ordinary citizens is accurate" (Ingham 2016). I hope to generate debate about whether our understanding of Schumpeter's democratic theory changes given that he draws the same unflattering picture of elites.

contemporary scholarship, I argue that our current understanding of "democratic elitism," minimalism," and "Schumpeterianism" in political science discourse ought to be seriously reconsidered. I insist that *Capitalism, Socialism and Democracy* must be read in its entirety (that is, without exclusively privileging Part IV), and, that the sarcasm, irony, and humor that permeate the work must be treated with greater sensitivity. Such a re-reading, I contend, will result in a fundamentally altered understanding of Schumpeter's contribution to democratic theory.

In order to demonstrate the consistency of Schumpeter's epistemic categories, I first deconstruct his principal reasons for dismissing the concepts of "the People" or a "People's will." Schumpeter identifies three factors that make it impossible for a "people's will" to be expressed through a cohesive voice or manifested in a collectively desired outcome: 1) the affective, as opposed to reasoned and/or disciplined, nature of collective thought and action; 2) an extended sphere of reality, responsibility, and familiarity which precludes individual voters from developing competent judgements concerning political affairs and long-term interests; and 3), the constant threat of an externally manufactured, as opposed to authentic, public will. I apply these criteria to his assessment of intellectual and political elites, who fare no better than the average voter discussed in Part IV on any of these counts.[3] Not only do elites fail to exhibit the cognitive abilities Schumpeter considers essential for the management of the state, but his assessment of their performance in his case studies corroborate this grim picture of elite agentic capacities. Once his critique of elite capacities is taken into account, I argue, it becomes difficult to sustain the notion that Schumpeter is

[3] Space constraints prohibit discussion of the "super-normal" upper-bourgeois business classes, and why Schumpeter considers them incapable of leadership. Luckily, Schumpeter directly engages this issue when he explains why these "brains" should only be considered "super-normal" in their capacity for work—and not in any ability to prioritize interests beyond the profit motive or lead political affairs (Schumpeter 1942, 137-139).

a thoroughly "elitist" thinker, and it becomes inappropriate to maintain a central emphasis on the role of leadership in his democratic theory.

"Human Nature in Politics": Schumpeterian Epistemic Categories

Most politically oriented treatments of *Capitalism, Socialism and Democracy* (henceforth *CSD*) take Part IV's critique of the "Classical Democratic Doctrine" as their starting point, and view Schumpeter's attack on the classical theory of democracy as the foundation of his political thought. Part IV's first chapter "[set] the problem" with the idea that citizens of modern liberal (parliamentary or representative) governments have understood democratic government in an exclusively procedural fashion, and the second chapter addresses the deficiencies of the classical theory itself (Schumpeter 1942, 235). Schumpeter explicates the reasons why our traditional justification for democracy is flawed in a subsection of the second chapter somewhat facetiously entitled "Human Nature in Politics"—a nod to English socialist Graham Wallas. In tribute to Wallas' social psychology, Schumpeter explains why he believes there can be no such thing as a "People" or a "People's Will" in modern mass government: human nature *in the aggregate* does not allow for a "People" adequately united through shared interest nor for a "People's Will" cohesive enough to instigate decisive action. Put simply, the classical theory is inadequate, Schumpeter contends, because it does not match the practice of liberal politics, and we can never hope for it to do so if human cognitive shortcomings are honestly taken into consideration.

Some readers understand the political psychology expressed in this section to be a candid truism that intellectual sincerity cannot deny, while others bristle at the limited capacities attributed to average voters. But both types of reader agree that herein lies Schumpeter's judgment of the "rabble" or the "stampede"—that is, his unfavorable view of *mass* epistemic capacities, and therefore

the core of his critique of the classical theory and the inspiration for his own "alternate theory" of competitive leadership (Schumpeter 1942, 242; 283). He offers three reasons why modern liberal circumstances prohibit the construction of a "People" and the development of their clear "will."

First, Schumpeter begins with the idea that group action, or action under the influence of "agglomeration," tends to be of an affective nature (Schumpeter 1942, 257). Although he excoriates Gustave LeBon's crowd psychology, he appreciates that LeBon seized upon the common-sensical instinct that collective behavior exhibits proclivities toward affectively and associatively motivated, as opposed to rationally and disciplinely generated, action. Interestingly, Schumpeter distinguishes between crowd psychology and the psychology of the masses, reminding the reader that crowd psychology has "in itself nothing to do with the study of the ways of thinking and feeling, of, say, the working class" (257). Nevertheless, although "much [is] to be said about the narrowness or the factual basis of Le Bon's inferences," Le Bon forced a conversation "about the gruesome facts that everyone knew" but did not want to face: that "every parliament, every committee, every council of war composed of a dozen men in their sixties" exhibits the affective tendencies apparent in the context of the "the rabble" (257).

Schumpeter thus proposes that Le Bon's thought was valuable not as a scientific discovery regarding the behavior of crowds, but rather as an impetus encouraging us to admit a related, but altogether different precept: that all groups in some form display the "lack of energy of thought, responsibility and greater sensitivities to non-logical action," and, furthermore, that these proclivities manifest themselves not only when individuals form a crowd (Schumpeter 1942, 257). Schumpeter's capacious understanding of this "agglomerative" tendency can consist of newspaper readers, radio audiences, and party members who are not even in physical proximity of each other (257). His deflationary account of Le Bon's theory attempts to elicit frank acknowledgement of the affective

inclinations of group action because, he says, collectivities create the opportunity for the affirmation of emotive behavior (257).

Schumpeter uses Le Bon to introduce the affective nature of collective action, but his criticism of mass epistemic capacities consists primarily in a different kind of argument, the second prong of his critique mentioned above. Schumpeter maintains that political judgement, and consequently, political action, lies outside the proximate sphere of the average individual's "reality or responsibility or familiarity" (Schumpeter 1942, 259). Essentially, he says, "The People"—even if they did exist—could never construct its will—"that psychic counterpart of purposeful action"—because they lack direct experience and familiarity with the concrete matters that constitute the political sphere (261). This lack of experience is obviously consequential for an individual's ability to form political judgments and seriously impacts his investment in forming those judgments in the first place. As issues move further away from the individual's sphere of direct experience, "further away from concerns of the family and business," his corresponding "command over the facts" wanes, thereby impairing him from making any—let alone any sound—judgements (261). The "comparative definiteness of volition and rationality" that characterizes his "narrower field" of decisions concerning daily life diminishes in proportion to the distance between his own area of private concern and local and national affairs (260). Thus, the "manufacturer, grocer, or workman" can easily have a "rationally defensible view on street cleaning and town halls," but the more distance placed between his experience and the question at hand, the greater his inability and unwillingness to establish concrete views (261). The lack of experience with concrete political affairs constitutes Schumpeter's chief argument against the possibility of meaningful mass political participation beyond electoral decisions.

Along with the problems posed by this lack of familiarity, Schumpeter insists that this distance and consequent inexperience clouds the individual's sense of "reality" and "responsibility"—or, in other words, his sense of accountability. The absence of a direct link between private concerns and national or international affairs, he says, occludes the risks and dangers that appear tangible in his private matters (Schumpeter 1942, 261). Such distance from immediate risks makes the individual feel as though he is "moving in a fictitious world" (261). He will relax his "usual moral standards," Schumpeter argues, because he is aware of the infinitesimally small amount of control that he can exercise over the political process (262). His awareness of this fact further undermines his incentive to exert the required effort for the rational application of his abilities (260). The distance from the practical exigencies of political matters not only generates incompetence in his judgment of political affairs, but also results in incompetence when it comes to the voter judging his "own long-term interest" (145; 260).

Finally, Schumpeter claims that even if there were a "People" who exhibited a clear and definitive will, increasing evidence suggests that this will can be externally constructed either by repetitive affirmations and/or attacks on the subconscious from the top-down (Schumpeter 1942, 257). He argues that the possibility of a manufactured will, as opposed to a true *volontè general*, becomes increasingly likely, a fact to which the rise and success of commercial advertising attests (263). Since we can all reasonably expect those with professional political interests "to lie," he quips, effective information is "almost always adulterated or selective," further undermining the individual's ability to exercise effective judgement (264).

Schumpeter concludes his foray into political psychology by speaking of the same "People" whose existence he denies a few pages prior. He agrees with Jefferson's and Lincoln's adages on the wisdom of the masses and the impossibility of "fooling all of the people all of the time (Schumpeter

1942, 264). If issues were more often decided by referendum, the people would most likely "demonstrate greater collective wisdom"—which he says accounts for why politicians have been "invariably hostile to that institution" (264). He even posits that, given time, "the collective psyche" evolves opinions that are often "highly reasonable and even shrewd" (264). The problem, however, is that history consists of a "succession of short-term situations," and therefore the ability of those in power to "fool the people step by step into [accepting] something they do not want" describes current political practice in which the people usually have issues "raised and decided for them" (264). More than denying the existence of a People or its will tout court, his remarks seem to deny agentic capacities to the mass electorate under liberal governments, more specifically. Furthermore, his comments here suggest that elites do not exhibit irrationally affective behavior because, on the one hand, they maintain a monopoly over experience with and responsibility for political affairs, and, on the other, they enjoy the ability to manufacture a "People's Will" in the context of short-run decision-making.

"The Panting Denizens": A Critique of the Intellectuals

If Part IV is excised from the rest of the text, then the unfavorable judgement of mass epistemic capacity and the cognitive superiority of elites, just discussed, would appear to form the constitutive component of Schumpeter's political thought. However, when Part I, II, III and V are read alongside Part IV, it becomes clear that Schumpeter worries far more about elite intellectual and agentic insufficiencies than about the general populace's incapacities. He harbors the greatest contempt for his own class of elites, the intellectuals; indeed, in his account they fail to exhibit all the criteria identified as critical to the management of political affairs explored above.

For Schumpeter, the intellectual class is the most prone to affective behavior. Popular writers and ivy-tower academics alike indulge the emotive inclinations that lie within men because, he declares, their existence depends on the ability to "incite" the "fringe" elements of the masses (Schumpeter 1942, 154; 84). Not only are they disposed to encourage primitive behavior in other men, but intellectuals exhibit these emotive and associative tendencies themselves for a variety of historically contingent factors. Liberal capitalism's economic success combined with its accompanying rationalizing and critical inclination, he maintains, has generated too many highly-educated intellectuals and provides no means of absorbing them adequately into society (152-3). The inability to place most intellectuals in important social roles that correspond with their level of education fosters a perpetual state of discontent, breeding resentment among society's most educated members (152-3). These men exist in a state of "eternal youth" and "resentment"—a state in which "intellectual denizens" are "dissatisfied emotionally and intellectually," and are never forced to adopt the sobriety and discipline of mature adulthood (48).

Theoretically, even if this resentment and discontent might incline the intellectual toward frivolous or nefarious associative proclivities, his education could endow him with some understanding of political matters or a minimal sense of accountability for them. Yet Schumpeter repeatedly denies that this is the case. The intellectuals lack any "concrete knowledge of practical affairs," and subsequently any measure of accountability for the consequences of their actions (Schumpeter 1942, 147). In fact, the intellectual's role is characterized precisely by "an absence of direct responsibility for practical affairs," for a few reasons: first, no one depends on him for the advancement of a specific industry; second, his value lies in his "actual or potential ability" to disrupt social processes, and finally, because liberal capitalism, and specifically, the bourgeoisie, protect the intellectual's reckless critical instinct (147; 150). The intellectuals are the "people who talk about

everything because they understand nothing," and in an especially sardonic passage, he implies that intellectuals dating back to the ancient Greek rhetors, sophists, and philosophers have always displayed such ignorance and irresponsibility, despite their unwillingness to be associated with each other (147).

Schumpeter's intellectuals are not the rational, disciplined men who ought to be influencing the polity. His criticism extends not only toward the intellectuals' scant knowledge of and nonexistent responsibility for political affairs, but also to their own sphere of expertise or lack thereof. Throughout the text, it becomes clear that, in his estimation, intellectuals exhibit gross incompetence and superficiality. His critique of the class encompasses all potential internal subcategories of this elite: from the "panting" intellectual citizens of "our newspaper world" to his own academic contemporaries to the great giants of Western political and economic thought, no blue-stocking is spared his contempt. (Schumpeter 1942, 48).

Schumpeter indeed spends far more time dismantling the theories of the intellectual "Pharisees" than he ever does criticizing the epistemic capacities of the "rabble" (Schumpeter 1942, 209; 236; 299). His consistent attempt to discredit the most prominent economic and political theories renders the intellectual's incompetence one of the recurring themes of *CSD*. Outside of Part IV, Schumpeter condemns the economists who decry state regulation (91); those who unjustifiably warn against the uncompetitive effects of monopoly (82); proponents of economic equilibria models (27-30); those who engage in population forecasts (112); all aspects of Keynesian economics (115; 386; 390; 392); utilitarian paradigms (260), etc.[4] The point is not that he takes issue with any of these

[4] Schumpeter often attacks theoretical positions that have, paradoxically, come to be associated with his political or normative views. For an excellent exposition of such an evolution with equilibrium models, see John Medearis' *Ideology and the Limits of Equilibrium: A Schumpeterian Critique* (Medearis 2001). Similarly, Jeffrey Green demonstrates that "economic" or "market" conceptions of democracy attributed to Schumpeter are

theories in particular; in this respect Schumpeter exudes a contrarian disposition. Yet his attacks are not simply partial *ad hominems*; rather, they are oriented toward the intellectual class' insufficiency as a whole, and he criticizes these theories in a way that renders their proponents disastrously incompetent.

A few examples better illustrate the way that he expresses his contempt for such ineptitude. Schumpeter chastises those contemporary "economists and popular writers" who insist that monopolistic practices undermine capitalist competition: these intellectuals "have once more run away with some fragments of reality they happened to gasp" and have myopically developed conclusions out of such fragmentary analyses despite evidence to the contrary (Schumpeter 1942, 82). Or, to take another example, he cries "will economics ever come of age?" in his piercing commentary of the Keynesians who continue to "worry the public" on "inadequate grounds" when they revive population forecasts, even though such forecasting has consistently proven inaccurate since the seventeenth century (112). Among the many disparaging remarks about utilitarian philosophy, Schumpeter disdainfully notes that the Benthamites were incapable of any level of abstraction in their political and economic discourse because they could not conceive of any type of interest outside of their own predilections (260).

Schumpeter's frustration with the intellectual's incompetence is best exemplified by his recounting the way that the classical democratic doctrine developed. For some explicable but rather unfortunate reasons, he relays, the intellectuals of the seventeenth and eighteenth centuries were not able to develop coherent theoretical resolutions of the incompatibility between liberalism—the doctrine of "delegation and representation"—and democracy—the doctrine of "the sovereignty of

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inappropriate, given that Schumpeter undercuts the notion of the people as exogenous consumers (Green 2010).

the people" (Schumpeter 1942, 248). Once theories of divine right began to lose their stronghold on the concept of representation, the intellectual was tasked with providing some "definitions as would link certain actual or ideal forms of government to the ideology of the rule by the People." Thus, Schumpeter narrates how:

> …the legal mind ransacked the lumber room of its constructs in search for tools by which to reconcile that supreme postulate with existing political patterns. Fictitious contracts of subjection to a prince by which the sovereign people was supposed to have bargained away its freedom or power, or no less fictitious contracts by which it delegated that power, or some of it, to chosen representatives, were substantially what the lumber room supplied" (Schumpeter 1942, 247).

The sardonic tone reveals that Schumpeter's problem with the classical doctrine is just as much a problem with the capabilities of the intellectuals who developed it as with "the people" upon whom they bestowed "sovereignty." He mocks the ineptitude and lack of imagination of the social and legal contractarians who "ransack[ed] the lumber room" of staid constructs and were only able to come up with preposterous fairytales about princes and fictitious moments of previous agreement. His sarcasm becomes more palpable as he continues to explain the development of such impoverished constructs. At one point, he questions whether these "ideological postulate[s]" and corollary "pieces of legal technique" deserve to be considered "'theories'" at all—by placing "theories" in quotation marks (248).

Schumpeter concedes that these thinkers were earnestly trying to "solve the problem" put before them, but they could not see past the immediate "practical" issues and appreciate the theoretical unsoundness of their expositions (248; 247). Ironically, he says, "the more untenable [the theory] …proved to be, the more completely it dominated official phraseology and the rhetoric of

the politician" (249). What Schumpeter finds even more problematic is the current intellectual commitment to such implausible theoretical justifications. At the end of the passage cited above, he reminds the reader that no matter how "well such devices may have served certain, practical purposes, they are utterly valueless for us. They are not even defensible from a legal standpoint" (247). More to the point, he declares that "we cannot accept" the precariously fallacious construct that proves increasingly unconvincing to all those who can see the manifold instances of "autocracies…monarchies, [and] aristocratic and plutocratic oligarchies" which could be described by the impoverished legal conceptions that are currently circulated as definitions for democracy (246). If we continue to rely on these models, he warns, then we will not be able to distinguish what we value as democracy from "a much wider class of political arrangement which contains individuals of clearly non-democratic complexion" (47).

Schumpeter's disdain for intellectual ineptitude is neither confined to the social contractarians, nor simply motivated by an indignation directed at figures he dislikes. He contends that ineptitude, superficiality, and incompetence are intrinsic features of the vocation. In all cases—perhaps with the complicated exception of "the prophet" Karl Marx—Schumpeter highlights the incompetence and superficiality of the intellectual in question. Voltaire, Bentham, Rousseau, Mill, Hegel, and Keynes, among others, are marked by their lack of depth and understanding (Schumpeter 1942, 48; 149; 260). Voltaire—that "uncritical critic" and "mediocre poet and historian"—provides an invaluable instance of the "superficiality" characteristic of the profession (149).

Indeed, with Voltaire serving as a prime example, Schumpeter contends that the intellectual profession requires superficiality because of its inherent economic dependence on others (Schumpeter 1942, 149). The intellectual's lack of "genuine authority" and superfluous role in society forces him to become parasitical to another class depending on economic circumstances: in

feudalism on the ecclesiastical class and later the aristocracy, during the enlightenment on the bourgeois public, and for the last three centuries on the masses (154). In modernity, the intellectual depends on his ability to make his thoughts resonate with a broader public. Though Voltaire may have "speculated, cheated, [and] accepted gifts and appointments" from his aristocratic patrons, it was always his "independence founded on the solid base of his success with the public" that enabled him to "fascinate—and to sell" (149). Attracting large audiences, Schumpeter says, mandates large scope and lack of depth, which consequently constitutes a prerequisite for the intellectual's professional pursuits (149).

In other words, in Schumpeter's rendering, modern intellectuals need, above all else, public interest and support, which they cannot garner without tailoring their views to those of the general populace. This means that the (mutual) relations of influence between the masses and the intellectuals is considerably more complex than Schumpeter claims in Part IV. Given the working man's "downright distrust" of intellectuals, he says, the latter depends on catering to the propensities and views of the masses (Schumpeter 1942, 154). To a large extent, the masses determine the views of the intellectual, as the latter must constantly attract broader interest and further resonate with the public point of view (154). In this regard, the intellectual milieu is not as capable of manufacturing the public will as one would think; in a very un-Schumpeterian way (in the conventional understanding of the term) the relationship between these two classes and their influence on each other is actually in some sense reversed (149).

Unfortunately, Schumpeter adds, the intellectual's economic dependence encourages him to flatter and support marginal and extreme interests to widen his base of support. Although they cannot be credited with creating the labor movement, he complains, intellectuals have radicalized it into something different from what it would have otherwise been without them (Schumpeter 1942,

154). Had intellectuals not been allowed to interfere in working class politics, he claims, labor parties would have behaved more responsibly with their demands and tactics (154). Nevertheless, the fact remains that the intellectual class does not have the power to unilaterally manufacture the public's will. In terms of strict relations of dependence, intellectual elites need the working classes to construct their views and volition much more than the masses need the intellectuals for their own agenda: "Labor never craved intellectual leadership," Schumpeter notes, "but intellectuals invaded labor politics" nonetheless (154).

"The Handling of Men": Systemic Limitations of the Political Class

Schumpeter's disdain for intellectual elite capacities may seem to suggest that his veneration of "super-normal" men applies to the political stratum and its leaders. However, although political leaders are not *necessarily* as inclined to the affective behaviors that characterize intellectuals, this does not mean that Schumpeter believes they possess the experience, or exhibit the competence, and sense of responsibility that he articulates as the requisite criteria for meaningful and salutary political engagement. Even Part IV's discussion of the political echelon is in no way sanguine about elite leadership. In Schumpeter's recounting, elites within liberal regimes have failed to become genuine *aristoi* that deserve to lead the polity. Here I address the systemic limitations of leadership in liberal regimes before turning to his analysis of these leaders and their track-records.

Part IV contends that politicians within the liberal "democratic" order do not have the familiarity with practical political concerns that Schumpeter wishes we could presume. The very structure of liberal governments, he maintains, precludes leaders from acquiring experience with these matters because their institutions render competition for votes the political activity *par excellence*. Intense electoral competition eliminates the possibility that a politician will acquire the

requisite familiarity with concrete political matters because "a current contest" always preoccupies him, and, effectively, "governments are…constantly on trial for their lives" (Schumpeter 1942, 286). Quite simply, the politician has no time to do anything except chase votes: "When Parliament is in session," Schumpeter says, "he is lucky if he has a couple of hours in the morning left for thinking things over and for real work" (286; 170).

Competition for votes thus becomes an all-encompassing profession in itself (Schumpeter 1942, 287). Schumpeter asks the reader to admit that in what we call "democratic" governments, accruing votes becomes a "career" with a "professional interest in the profession of the politician as such" (287). All the politician can do—and indeed all that he must do in order to survive in the political sphere—is devote himself to winning electoral matches (286). Once we realize this intrinsic feature of electoral government, he says, we will no longer wonder why politicians rarely "serve the interest of their class or to the group with which they are personally connected" (285).[5]

Not only does electoral competition render politicians unfamiliar and inexperienced with practical affairs, but it also produces men unfit for office. Schumpeter claims that the leader's ineptitude constitutes one of the defining features of modern liberal government. In representative schemes, fitness for office matters only "incidentally…secondarily to political values" (Schumpeter 1982, 287). Moreover, the qualities of "intellect and character" that win elections are not the ones that make the best office-holders (275). Again, in a very un-"Schumpeterian" way, our author exclaims, "Selection by success at the polls actually works against the people who would be successes at the head of affairs" (288).

[5] Schumpeter thus undermines the view that electoral competition makes leaders accountable to their constituents, an argument made when theorists draw upon Schumpeter for a market-oriented or economic understanding of democracy. For such defenses of democracy see, most famously, Downs 1957.

Schumpeter describes how competition for votes permeates the political sphere long after the electoral moment has passed, rendering politicians just as or even more incapable than the masses of distinguishing between short and long term interests, or at least incapable of acting upon the latter. Politicians must always be engaged in the "hunt for votes" which "forces upon men at or near the helm a short-run view and makes it extremely difficult for them to serve the long-term interests of the nation" (Schumpeter 1942, 287). This process induces negligent behavior in the face of domestic and international threats. The Asquith government preceding the First World War serves as a "portentous example" of such irresponsibility (287). The passivity of the English Government, he says, can be explained only by the fact that political leaders "were so absorbed in their political game that they did not wake up to the dangers of the international situation until it was too late" (287). Even the British political elite—Schumpeter's favorite—is not immune to such irresponsibility.

Schumpeter laments that no better alternatives are currently available (Schumpeter 1942, 288). The only consolation is that electoral competition instructs candidates on "the handling of men"—an asset for anyone heading politics (288). Electoral competition produces men of a poor quality for positions of leadership, but he adds that it usually requires enough "personal force" to prevent "the moron or the windbag" from assuming power (288; 289). For Schumpeter, this constitutes one of the virtues of liberal government: elections create mediocre leadership, and things could always be far worse than mediocre, as Stalin's emergence attests. Yet, crucially, he does not believe that this attribute compensates for the unfitness for office that electoral competition, on its own, generates. The inference from this passage is not that electoral competition produces admirable political leadership; rather, the point is that we must soberly accept that, without external supplementation, electoral competition results in mediocrity.

As such, Schumpeter ends this subsection on the inadequacy of liberal politicians by foreshadowing the required supplementary criteria that electoral schemes need to adopt in order to generate adequate leaders. His concluding sentences admit that, contrary to the thrust of the preceding discussion, in the Roman Republic military generals often elected to office did not exhibit the requisite skills, and yet performed "remarkably well" anyhow (Schumpeter 1942, 289). Schumpeter sardonically asks the reader why this should be the case, considering his lengthy exposition on the way electoral competition produces men unfit for office. He replies that "There can be only one answer to this question"—that is, that there were and are external "conditions for the success of the democratic method" beyond election (289).

Schumpeter subsequently delineates five conditions that enable the success of the electoral method: (1) politicians of "good quality"; (2) limited range of the sphere of political decisions; (3) a well-trained and evolved bureaucracy; (4) democratic self-control; and (5) tolerance for diversity of opinion (289). These criteria help elections produce leaders of a higher quality than can otherwise be expected. Thus, the inference is that Rome was more successful than other polities at maintaining at least some of the other criteria—not that we should rejoice in the virtues of the electoral method, or that reliable political leadership can develop from such mechanisms on their own.[6] And as we shall see below, Schumpeter worries that these external conditions are difficult, if not impossible, to fulfill in the liberal capitalist present (289).

"Historical Sketches": The Critique of the Existing Political Elites

[6] Schumpeter's best and most generous readers argue that "Schumpeterian" equation of election and democracy" is a necessary but insufficient condition for democratic politics (Green 2010; Shapiro 2016). Throughout *CSD*, Schumpeter belabors the same point.

Part IV thus "puts into bold relief" the many ways that liberal elections inhibit competent, experienced, and responsible leaders from emerging, and asks the reader to acknowledge the humbling consequences of electoral competition for political leadership (Schumpeter, 1942, 288). As mentioned above, Schumpeter outlines five conditions necessary for electoral institutions to function adequately, but his case studies express severe doubts concerning the elite's ability to organize politics in conformity with these criteria in the future.[7] Although Schumpeter titles Part V "A Historical Sketch of Socialist Parties," it becomes clear that this discussion actually recounts the incompetence of political elites in the face of the emergence of socialist parties, and, in so doing, offers the French, German, American, and English cases as paradigmatic illustrations of elite ineptitude.

Schumpeter's summary of French syndicalism drips with derision for political elites (Schumpeter 1942, 336). "Everyone knows," he says, that in France "parliamentary politics became a cotillion of small and unstable groups that combined and dissolved in response to momentary situations and individual interests and intrigues, setting up and pulling down cabinets according to the principles…of a parlor game" (337). Of course, "governmental inefficiency" was one obvious consequence of this incompetence, but the other was that "cabinet office came within the sight of socialist and quasi socialist parties sooner than it did in countries whose socialist parties *were much more powerful but whose politics were run according to somewhat more rational methods*" (337, emphasis mine). The French political elite are so incompetent and petty, he says mockingly, that they were unable even to undermine an irrational and initially powerless movement like syndicalism.

[7] On many occasions, Schumpeter contends that political leaders have proven incompetent time and again. To take one instance: "Politicians, public officers and economists" may be able to withstand those "economic royalists" who fiercely attempt to curb any state intervention, but the problem is that "doubts about their competence…are much more difficult for them to stand" (Schumpeter 1942, 91).

Schumpeter suggests that the elite deserved this fate, and that the proletariat was right to lose faith in the political class, the emergent labor representatives, and in liberalism altogether:

> If the proletariat was not to lend its back for ambitious politicians to use for climbing into power, every deviation from approved practice had to be jealously watched. The trick of talking about national emergencies whenever it suits careerists to make a bid for power—after all, was there ever a situation that politicians did not consider an emergency? —was too well known and too discredited to impress anyone, particularly the French proletariat that had learned to rate political phrases at their true value (Schumpeter 1942, 339).

Schumpeter indicts the elite's foolishly dishonest political ploys, and credits the proletariat with astute epistemic capabilities that he seems to deny in Part IV. As he suggests in the opening line of the above-cited passage, why would the proletariat continue to serve as instruments of elite machinations—to "lend its back for ambitious politicians"—without any recompense? In this case, the masses rated "political phrases at their true value," demonstrating a rational judgment in their distrust of the elite, by abandoning mainstream labor parties and, ultimately, by abandoning liberal values. He concludes that elite ineptitude and abuse of power elicited legitimate "contempt" of the elites in the masses and turned the latter away from establishment liberal politics (339).

Schumpeter describes how the proletariat, in "beholding, as a whole nation did, the sorry spectacle of political inefficiency, incompetence and frivolity…placed no trust in the state, the political world, the scribblers, and had no respect for any of them indeed for anything or anybody…" (339). Here he does not blame the masses for their loss of faith in and lack of respect for the political system—"in the state, the political world, the scribblers"; the elites and their "sorry spectacle of political inefficiency, incompetence and frivolity," he suggests, left the proletariat with no other choice. The whole nation—that is, the French People in the agglomerative sense—were

justified in becoming disillusioned with liberal political arrangements and, consequently, in turning to syndicalism. Schumpeter intimates that the politicians behaved more than incompetently, and that the proletariat rightly felt as though it had nothing left to lose in turning to other institutional options.

Given European cultural stereotypes, it is surprising that Germany's elite does no better in terms of efficiency or competence. The German political class differs from the French in terms of their specific blunders, but not in any substantive display of governing capabilities. While the German political milieu of the interwar period may have been "reasonable" and "honest," they were still "distinctly below par," and, preceding 1914, astoundingly stupid (Schumpeter 1942, 291). Despite their "distinctly modest" colonial ambitions, these elites nevertheless erred in their self-understanding and self-presentation. The Germans' relatively modest ambitions were accompanied, he says, by their "all the less modest and all the more aggressive…talking"; most "unbearably offensive," he asserts was "the swashbuckling manner" in which the Germans presented "even reasonable claims" (343). The elite's arrogance thus inhibited any semblance of strategic reasoning, for they could not see past their own grandeur as they embarked upon colonial endeavors.

This display of arrogance was not the worst of it (Schumpeter 1942, 343). Just as Schumpeter describes the childlike antics of the French elite's "parlor game," the German political class exhibits pitiable associative and emotive proclivities in their international and domestic affairs (Schumpeter 1942, 343). He bemoans that "no line was ever adhered to; headlong forward rushes in ever-changing directions alternated with blustering retreats, undignified propitiations with uncalled for rebuffs, until all the factors that make the world's opinion were thoroughly disgusted as well as disquieted" (343). Put differently, German political elites demonstrated no forethought before jumping into "headlong forward rushes" in schizophrenic directions, and no resolve in pursuing

them. Here Schumpeter describes the German elite's proclivities for irrational and impulsive action and retraction in an even more disparaging fashion than the tone he uses to describe the epistemic incapacities of the "rabble."

Lest one be tempted to think that Schumpeter distinguishes between the venal political stratum and genuinely prudent leadership, he condemns Bismarck as the worst example of such behavior. Along with participating in the unnecessarily aggressive antics of his peers, Bismarck's "fatal mistake…consisted in the attempt, explicable only on the hypothesis that *he completely misconceived the nature of the problem*, at suppressing socialist activities by coercion…" (Schumpeter 1942, 343 emphasis mine). Bismarck shares the intemperate, short-sighted nature of his political class, along with an inability to perceive the fundamental issues at hand. As "unbelievable as such ineptitude seems in the light of English and American experience," Schumpeter says, we should not be surprised by the German elite's incompetence (345).

Although the United States was better equipped to fight the emergence of socialist parties in the late nineteenth century, Schumpeter doubts the elite's ability to preserve liberal capitalism in the twentieth. Theoretically, he says, the American capitalist machine has generated such wealth that it could "buy out" the economic desire for socialist institutions by establishing the welfare programs socialists currently demand (Schumpeter 1942, 384-5). While this feat, "short of atrocious mismanagement" could be achieved easily, we cannot however count on it because:

> it is here…that the meaning of our proviso—"short of atrocious mismanagement"—is most vividly brought home to us. For in this sphere we actually have mismanagement of national resources that is truly atrocious …The present state of things portends nothing but evil for public management of finance and industry and, in fact, is in itself good and sufficient

reason to oppose it for any of us who are anything but "economic royalists" (Schumpeter 1942, 385).[8]

American elites are so short-sighted, Schumpeter laments, that congress is constantly "ready enough to save pennies while squandering billions" (Schumpeter 1942, 385). Paradoxically, the political elite's "atrocious mismanagement" of government finances is accompanied by their catering to unrestrained profiteering interests. The "bourgeoisie" mentality thoroughly dominates all American socio-economic classes, which renders them so motivated by pecuniary gain that elites make decisions based on short-term profits even in the face of existential threats. The best example is the American elite orientation towards the Soviet Union. The United States employs "the same argument which they used to stigmatize as escapist…in the case of Hitlerite Germany" to now support Russian appeasement because they are too worried about conducting prospective business with the Soviets (401). "Even in the sight of the hangman's rope," the prospect of such a "very big customer" who "has never failed to pay promptly" is too enticing for the bourgeois-minded Americans to reject. Schumpeter argues that the political *and* business elite's money-grubbing cowardice renders them "of course not pro-Russian in feeling or intention," but still "pro-Russian in effect" (402).

This brings us to Schumpeter's favorite political elite, the English. By comparative standards, he lauds their political class and the elites comprising it. However, his judgment of the English political elite is rather ambivalent when assessed in absolute terms. To be sure, England is the only country that fulfills the first criterion of cultivating "good human quality" of politicians and a decent

[8] Schumpeter's references to "economic royalists" thinly veils his disdain for Franklin Delano Roosevelt, and outside of *CSD*, his disparaging remarks on FDR reveal that he has does not think of United States politicians as emblematic of effective leadership. For more on Schumpeter's contempt for Roosevelt, see Swedberg 1991.

"political society" (Schumpeter 1942, 291). When explaining the reasons for the upper-bourgeoisie's intrinsic inability to lead and manage political affairs, he recounts the transition from feudalism to capitalism, and contrasts the upper bourgeoisie's behavior with the way that the English aristocratic class reinvented themselves to retain power. The "aristocratic element" or the "ruling class" continued to "rule the roost" by making itself "the representative of bourgeois interests" and waging on behalf of such interests the "battles of the bourgeoisie" (136-7). In that fleeting historical moment of transition between economic orders, the aristocratic class transformed itself into a political elite able to function in a liberal order (136). In so doing, the aristocracy surrendered "its last legal privileges; but with these qualifications, *and for ends no longer its own*, it continued to man the political engine, to manage the state, to govern." (136-7, emphasis mine)

In this historical moment, the English aristocracy makes a proverbial deal with the devil. Of course, the aristocracy did so, Schumpeter contends, to ensure its survival, but in its self-transformation the aristocracy had to give up its "own ends" in order to govern, with devastating consequences for their interests and value system. Indeed, the English political elite exhibit:

> extreme adaptability to new principles, situations, and persons. It wants to rule but it is quite ready to rule on behalf of changing interests. It manages industrial England as well as it managed agrarian England, protectionist England, as well as free trade England. And it possesses an altogether unrivaled talent for appropriating not only the programs of oppositions but also their brains. It assimilated Disraeli who elsewhere would have become another Lasalle. It would have, if necessary, assimilated Trotsky himself, or rather, as in the case he would assuredly have been, the Earl of Prinkipo K.G. (Schumpeter 1942, 229).

While Schumpeter's humor certainly expresses admiration for such skill, his sardonic irony also intimates that this appropriation of "principles, situations and persons" acts as a double-edged

sword. The problem with the English elite is that they demonstrate insufficient commitment to their own principles and ends; they are willing to give up anything in the name of competent and efficient rule. Despite their interest in preserving liberalism, the English aristocracy "would preside over the euthanasia of bourgeois society and at the same time make sure that the process of dying went on all right and that the victims would not experience a comeback" (Schumpeter 1942, 365). Schumpeter sardonically claims that the English aristocracy's competence and efficiency will eventually kill its own interests, values, and ultimately, perhaps itself.

At the end of *CSD* we learn through the English example that, within modern liberal structures, "responsibility" and "competence," ultimately, does not count for all that much. Of any political leader, Schumpeter expresses most respect for the socialist Raymond McDonald. McDonald demonstrated true leadership with "one of the best performances in history of democratic politics and one of the best examples of action responsibly decided on from a correct perception of an economic and social situation" (Schumpeter 1942, 369). Nevertheless, the intellectuals, political adversaries, and rank and file workers "did not appreciate all of this" and, consequently, "to many people" McDonald's success in advancing socialist policies "looked much like failure, [his] responsibility much like cowardice" (367). In the concluding pages, Schumpeter laments the "melancholy reflection" that the more wise and responsible a leader and his respective policy, the more "unpopular" it will be given modern electoral arrangements (367).

What do these historical sketches tell us? According to Schumpeter, political elites exhibit associative and emotive inclinations, and demonstrate incompetence when initiating basic political maneuvers. In many cases, their arrogance and immaturity preclude any responsibility in acting on behalf of the long-term interests of the nation. It is not even clear that the political stratum demonstrates resolve in its efforts to formulate cohesive public policy, or even to construct that very

same public "will" that they supposedly manufacture from the top-down. The English example attests to the fact that that these elites are inclined to adopt principles and values not their own, and take significant direction from the interests, desires, and values of other socio-economic classes—just as is the case of the intellectual elites whom Schumpeter so despises. In *CSD*'s case studies, his critique of elites clearly offers a far less celebratory account of purportedly "Schumpeterian" models of "leadership democracy."

"Schumpeterianism": Election, Leadership, And Elitism?

The adjective "Schumpeterian" and noun "Schumpeterianism" continue to pervade political science discourse.[9] While scholars differ slightly in what they intend to convey by employing these terms, they are meant to broadly signify the equivalence of democracy and competitive election and/or a model of democracy that privileges leadership and minimizes public participation. Indeed, if we read Part IV of *CSD* in isolation, such a characterization of Schumpeter's political thought seems plausible.

Nevertheless, Part I, II, III and V of the book undermine this portrayal of his democratic theory. At the very least, attention to Schumpeter's critique of elites complicates his purported reverence for leaders and his disdain for mass political participation. If elites fail to fulfill the conditions that he considers necessary for political engagement, what does this say about his judgment of their epistemic capacities and his alleged veneration for their performance? Considering

[9] "Schumpeterian" has become tantamount with "elite," "leadership," "plebiscitary," "minimal," and even "caesarian" for those want to insist upon the similarities between Max Weber and Schumpeter (Barber 1984; Brooker 2010; Posner 2003; Saffon and Urbinati 2013; Shaw 2008). While Ian Shapiro has acknowledged that Schumpeter was "distrustful of political elites" (2016, 99), he still understands Schumpeterianism as the equation of democracy and elections. Philip Pettit finds Schumpeter responsible for the "more or less standard" view that democracy does not enable popular direction beyond occasional electoral accountability (2012, 22).

that his critique of elites is far more specific, pervasive, and disparaging than his condemnation of mass participation, should we continue to use "Schumpeterian" to denote admiration for leadership in democratic polities—indeed, the dominance of leaders within democracies? Does continued use of "Schumpeterian" to describe a conception of democracy that privileges the virtues of leadership over mass political participation make any sense at all?

Moreover, attention to Schumpeter's critique of elites complicates our understanding of the role of election in the alternate theory of democracy. Schumpeter's critique underscores how liberalism—and its almost entirely exclusive reliance on competitive election—necessarily generates incompetence and superficiality in the intellectual and political spheres. He contends that liberal institutions are insufficient and require additional resources to function adequately, while simultaneously demonstrating the improbability that these auxiliary provisions will be supplied by leaders within extant liberal polities. His critique of liberal institutions and their inability to foster both an agentic populace *and* reliable leadership renders the alternate theory a less attractive resolution to the tension between liberalism and democracy than Part IV, in insolation, seems to convey.

These complexities seem to pose a major tension in *CSD*. On the one hand, in Part IV, Schumpeter offers the theory of competitive election as a superior alternative to the prevailing democratic doctrine. He insists that the theories of democracy currently circulated are unconvincing and unappealing to all socio-economic classes (even the bourgeoisie), and, consequently, need to be revised to better correspond to existing institutional frameworks *and* to what citizens in liberal polities demand from democratic institutions. (Schumpeter 1942, 161). On the other hand, in the other parts of the work, Schumpeter belabors the insufficiencies of electoral mechanisms in fostering democratic politics, or salutary politics of any kind. He takes every opportunity to reiterate

that electoral paradigms in isolation—i.e., like the paradigm proffered by his own "alternate" theory of competitive leadership—are wholly inadequate to confront the necessity of modern mass government.

These two elements of his thought are not as contradictory as it may initially appear when we consider that Schumpeter never proposes the theory of competitive leadership as an ideal solution. He merely argues that liberal capitalist society calls "democracy" something very different from what the classical theory espouses (Schumpeter 1942, 244). His alternate theory proposes to redefine democracy based on what "we"—that is, citizens within liberal regimes— "usually aver" or "really mean" when we employ the term "democracy" (246; 269). His account of the theory of competitive leadership is not a theoretical best case or prescriptive ideal, but rather, he argues, a more honest representation of what democracy has come to mean for constituents of representative government. More importantly, as Schumpeter takes great pains to show throughout the text, this picture of democratic government has become increasingly insufficient and "no longer appeals to us" (297). On the whole, *CSD* strives to encourage honest identification of and inward reflection on current political practice in the hopes of prompting a reconsideration of whether these practices and institutions conform to present values, desires, and preferences, and what kind of changes should be undertaken in order for them to do so.

Therefore, in light of *CSD's* publication anniversary, I propose that we reevaluate whether the term "Schumpeterian" should continue to represent celebratory acceptance of or resigned complaisance over the equation of competitive election and democracy. Schumpeter wrote his best-seller at a time when he found liberal institutions and electoral mechanisms inadequate to confront the political demands and exigencies of his historical moment. He rhetorically urged liberal polities to more self-consciously come to terms with this expressed dissatisfaction with the existing political

framework. His political thought should only be considered "elitist" in the following sense: Schumpeter sardonically expresses his disappointment and dissatisfaction with the elites who have failed to rise above the mediocrity that elections generally ensure and then ironically exhorts them to become genuine *aristoi*. What if we were to use this anniversary as an opportunity to revisit Schumpeter's disappointment with elites and his critique of liberalism? That is, as an opportunity to redefine "Schumpeterian" away from the equation of election and democracy towards a more honest reconsideration of our own commitments to capitalism, socialism, and democratic values.

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