

# Joseph schumpeter's theory of competitive elitism



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Austrian political and economic theorist Peter Schumpeter introduced his theory of competitive elitism in Part IV of his book, 'Capitalism, Socialism and Democracy'.<sup>[1]</sup>In this essay, I will argue that Schumpeter's use of a strawman as a foundation for competitive elitism, as well as the incomplete evaluation of the theory, begets long-term issues in practice. Schumpeter's theory builds upon the works of 'classical elitists', such as Le Bon and Mosca. Le Bon dismissed majoritarian rule by analysing crowd psychology and mob rule;<sup>[2]</sup>and Mosca argued that democracy, "always has been, and always will be, exercised by organized minorities."<sup>[3]</sup>Using these ideas, along with expanding upon Weber's pessimism on the subject, Schumpeter introduces competitive elitism: an intrinsically minimalist concept in which elites compete for power, but are not questioned after they have been elected (until the next election).<sup>[4]</sup>Competitive elitism is propped up as "another theory of democracy" to replace the "classical doctrine of democracy." Thus, the validity of the theory is critically assessed vis-a-vis this logical fallacy. Second, the efficiency and long-term validity of competitive elitism are analysed and evaluated. Finally, quantitative data is used to argue the unsustainability of competitive elitism in the long run.

Schumpeter introduces the classical doctrine of democracy as the "eighteenth-century philosophy of democracy"<sup>[5]</sup>in which the elected polity makes decisions in order to obtain the "common good"<sup>[6]</sup>through the "will of the people."<sup>[7]</sup>This is a clear reference to Rousseau's "Social Contract", where he states that the end goal of a state is to realise the common good of the people, which is to be guided by the "general will."<sup>[8]</sup>Schumpeter promptly dismisses the classical doctrine of democracy by illustrating the

lack of a common good in society.[9]He further elaborates and criticises utilitarian philosophers— who would argue that a common good may simply be a good which generates the maximum utility (for example, health) for the people— by stating that people would still have differing opinions on the subject (vis-a-vis health: vaccinations, vasectomies etc.).[10]Firstly, Schumpeter combines the ideas of two vastly different schools of thought into this one convoluted theory[11]which he claims is the “ classical doctrine of democracy.”[12]This is especially distressing considering Schumpeter considers himself to be a ‘ scientist’, yet he fails to substantiate the validity of the classical doctrine of democracy. Secondly, Schumpeter’s criticism of utilitarian philosophers is almost paradoxical considering his ideas of democracy seem to line up with many from the utilitarian school of thought. For instance, John Stuart Mill is seen by some as an “ elitist democrat”,[13]as he was a proponent of plural voting, believing that the electorate should be allocated a certain number of votes based on their value to society— landowners, taxpayers, and educated citizens having more votes.[14]While not exactly the same, both theorists seem to believe that some people should have more of a say in a society than others. Furthermore, Saward argues that Schumpeter also shares similarities with other utilitarian such as Bentham and James Mill in that both schools believe that “ men are self-seeking”.[15]Accordingly, Schumpeter’s strawman argument,[16]built upon a one-dimensional analysis of utilitarianism combined with Rousseau’s ideas leaves the basis for the introduction of his “ another theory of democracy” in disarray.

Throughout Part IV of *Capitalism, Socialism and Democracy*, Schumpeter argues fervently against participatory democracy, criticising its ineffective nature.[17] However, in the long run, competitive elitism's 'efficiency' also seems to fade. The primary reason for this can be analysed through Rousseau's works. Rousseau argued that participatory democracy results in the increased education of not only the electorate but also the government. [18] As the electorate gets more and more involved in the polity, they also get educated on the methods and issues. Rousseau also argues that increased participation, especially on a local level, makes the average voter become more attached to the community,[19] which inevitably also reduces social unrest. On the other hand, Schumpeterian elitism leads to a disconnect between the 'elites' and the electorate as well as disincentivises efficiency in the polity. This is because the political elites have no reason to transfer their information to the average voter, in fact, the opposite would more often help them stay in power longer. This creates an incompetent system, plagued by nepotism and cronyism. Schumpeter believed that "once they [electorate] have elected an individual political action is his business and not theirs." [20] The presence of such accountability of the polity is why, as opposed to those who consider western democracies to be in line with Schumpeterian competitive elitism, I argue that they are more of a mix between participatory democracy and democratic elitism. Hence, I would claim that the Bolsheviks in the Soviet Union were much more in line with competitive elitism. Albeit not competing for the votes of the common man, there was significant competition between the Bolshevik intelligentsia at the start of the revolution. However, by Brezhnev's tenure, the polity had descended into an unmitigated disaster, bedevilled by stagnation and

corruption due to a lack of knowledge transfer and decreasing levels of competition.[21] Thus, the Schumpeterian thought seems to be plagued by that which he accused democracies of: inefficiency. However, it would be incorrect to say competitive elitism does not exist in functioning liberal democracies. It is clear that the practicality of Schumpeter's theory makes it ever-present in many societies; however rarely so in its pure form, as that would either result in inefficiency and/or social unrest.

Schumpeter's lack of substantiation for competitive elitism leaves a lot to be desired; therefore, the final assessment of Schumpeter's competitive elitism is derived from quantitative data. The most recent poll[22] regarding political involvement is from the Pew Research Center, which conducted the polls from 20 May 2018 to 12 August 2018 in fourteen[23] different countries. Even though the title of the report claims that "many around the world are disengaged from politics," the data shows us that a majority of those in the sample cared deeply about a lot of issues. Firstly, the fact that 78%[24] of people had voted implies that they cared enough about a particular issue in the polity to go out of their way and do something that they believe might affect it. When asked about specific issues, the data illustrates that the majority (> 50%)[25] of the electorate care about every one of the issues, and if the Hungarian voters[26] are removed from the data, this majority becomes even greater. A Schumpeterian is likely to simply contest that while the voters might be passionate, their knowledge of the issues, or rather lack thereof, may result in wrong choices being made. In fact, some may claim that the high voter turnout/ passion for issue proves their point as more of the 'non-elites' are being involved in issues they may have no knowledge

about. While these points may be accurate and reflect the short-term reality, the data is not present to prove the knowledge of the voters, but their passion. To maintain competitive elitism in the long term, the electorate must be content with staying out of the polity and other related matters. If, as the survey implies, there is a significant interest in these areas, the elitist society will definitely face civil unrest, and could also possibly be toppled. This has been seen in recent history in the Arab Spring, as well as in many Soviet satellite states.[27] It is however also important to note the limitations of this quantitative data. Firstly, more and/or different countries may show us completely different results. Additionally, more and different topics could have been inquired upon. The answer choices would also be more informative if instead of a simple yes/no, there was a scale from 1 to 10 in which the respondents could indicate the extent to which they care about a certain policy.

In conclusion, this essay analyses and illustrates the flaws in Schumpeter's theory of competitive elitism. This is accomplished by proving that Schumpeter created "the classical doctrine of democracy" out of thin air and then proceeded to fallaciously discredit it and introduce his "alternate theory". Schumpeter's superficial analysis of the effects of competitive elitism, more specifically, its efficiency in the polity, in the long run, is subsequently analysed and evaluated. Furthermore, quantitative data is presented in order to evaluate competitive elitism with participatory democracy. Within the framework of the question, other theories, such as representation, oligarchy, plutocracy could also be evaluated alongside the Schumpeterian school of democracy instead of participatory democracy.

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[1]Schumpeter, Joseph A. (2006). *Capitalism, Socialism and Democracy*. New York: Routledge.

[2]Le Bon, G. (2017). *Crowd*. London: Taylor and Francis.

[3]Mosca, G., Kahn, H. and Livingston, A. (1939). *The Ruling Class (Elementi di Scienza Politico)*. New York; London: McGraw-Hill Book Company, Inc., p. 326

[4]Schumpeter, Joseph A. (2006)

[5]Schumpeter, Joseph A. (2006), p. 247

[6]Ibid., p. 250

[7]Ibid

[8]Rousseau, J. and Griffith, T. (2013). *The Social Contract*. Ware: Wordsworth Editions Ltd.

[9]Schumpeter, Joseph A. (2006), pp. 250-252

[10]Ibid., p. 252

[11]Saward, Michael (2007). *Democracy*. London: Routledge, p. 60

[12]Green, J. E. (2010) ' Three Theses on Schumpeter: Response to Mackie'. *Political Theory*, Vol. 38, p. 271

[13]Letwin, Shirley. (1965). *The Pursuit of Certainty*. Cambridge University Press, p. 306



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- [15]Saward, Michael (2007), pp. 60-65
- [16]Pateman, Carole. (2000). Participation and Democratic Theory. Cambridge: Cambridge University Press, p. 17
- [17]Schumpeter, Joseph A. (2006), pp. 250-283
- [18]Rousseau, J. (2013), p. 12
- [19]Ibid.
- [20]Schumpeter, Joseph A. (2006), p. 295
- [21]Bacon, E. and Sandle, M. (2002). Brezhnev Reconsidered. Basingstoke: Palgrave Macmillan, pp. 1-2.
- [22]Wike, R. and Castillo, A. (2018). Political Engagement Around the World. [online] Pew Research Center, <http://www.pewglobal.org/2018/10/17/international-political-engagement/>
- [23]The fourteen countries are Argentina, Kenya, Brazil, Mexico, Greece, Nigeria, Hungary, Philippines, Indonesia, Poland, Israel, South Africa, Italy and Tunisia.
- [24]Ibid.
- [25]Ibid.
- [26]Far lower interest in issues than any other country. <https://assignbuster.com/joseph-schumpeters-theory-of-competitive-elitism/>

[27]1953 East German uprising, 1956 Hungarian uprising, 1956 Poznan protests, 1970 Polish protests, 1988 Polish strikes, 1989 Romanian revolution, 1989 Czechoslovak Velvet revolution.