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Schumpeter's Treatise on Money and Business Cycle Theory

Abstract:

Schumpeter's "book of money" is one of his essential unfinished works. Though Schumpeter's German "book of money" titled *Das Wesen des Geldes* (1970) by Fritz Karl Mann, have drawn little attention among English-speaking economists, recent new English version published in 2014 translated by Ruben Alvarado brought us good luck that we would examine Schumpeter's monetary theory in detail and as a whole. New translation is titled *Treatise on Money*. Whether intentionally or unexpectedly, this title is the same as Keynes's *Treatise on Money*.

The central subject of earlier works has been focused on the description in detail how and why his manuscript on money was left unfinished. Then we set the purpose of this paper on the identification of the characteristics of Schumpeter's monetary theory. Especially, we are concerned about the relationship between Schumpeter's *Treatise* (1970/2014) and his *Business Cycles* (1939). Schumpeter accepted a permanent position at Harvard in 1932 and spent the first year there working on the money manuscript but then apparently decided to switch to his voluminous work on business cycles. So, we assume that the essential points of a manuscript of *Treatise on Money* are reflected in *Business Cycles*. In fact, several footnotes in his *Business Cycles* refer to a forthcoming *Treatise on Money*.

In this paper, we examine mainly on below two points. Firstly, we abstract essential and unique points of Schumpeter's monetary theory. At this examination, we compare them with those of Keynes's *Treatise on Money*. Secondly, we try to integrate them with his business cycle theory. We expect to develop our future research for reconstruction of Schumpeter's *Business Cycles* through this preliminary study.