

# Spiethoff's Economic Styles: a Pluralistic Approach?

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## Abstract

The main scope of this article is to introduce Spiethoff's economic styles approach to economists outside the German-speaking scientific community. It also provides a contemporary (new) reading and interpretation of this approach, especially regarding the methodology Spiethoff used in his research. Essentially, it will be shown that Spiethoff applies a kind of 'abductive' thinking that is usually ignored. Especially in the recent debate about pluralism in economics, the dichotomy of induction and deduction excludes the concept of abduction. Against this background, the article highlights what Spiethoff's economic styles approach could add to the current debate regarding pluralism in economics.

**Key words:** economic styles approach, methodology, abduction, German historical school

**JEL codes:** B250, B41, B520, Z130

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## 1. Introduction

Criticism of established economic concepts is not new itself. What is new, however, is how criticism has been voiced since 2007. When the worldwide financial crisis began, the criticism of 'the mainstream'<sup>1</sup> was no longer restricted to the academic discourse, but moulded into a public debate about the artificial, unworldly or non-realistic character of economics and the ignorance of how much the theory of economics diverged from 'economic reality'.<sup>2</sup> The marginalised specialisations or 'schools' of economics, often called 'heterodox economics', perceived and empowered this criticism in the aftermath of the crisis. For instance, Frederic S. Lee (2012, p. 342) stated that the current standard of economics would produce 'pseudo-knowledge'. Tony Lawson (2006) implied the non-realistic view of the current standard of economics by its ontology (closed economy, atomism and isolationism) before the financial meltdown. Other heterodox economists suggested a reorientation of economics on real (world) problems (e.g. Dequech, 2012; Lavoie, 2012), which also implies that the currently established economic approaches are abstract and unworldly.

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<sup>1</sup> The terms 'mainstream' and 'standard' are synonymously used within this text and follow Dequech, who defined: 'Mainstream economics is that which is taught in the most prestigious universities and colleges, gets published in the most prestigious journals, receives funds from the most important research foundations, and wins the most distinguished awards.' (Dequech, 2012, p. 354) This definition is obviously coloured by the concepts of Thomas S. Kuhn (paradigm) and Imre Lakatos (research programme), but Dequech's definition seems to be sufficient for the appropriate understanding of 'mainstream' and 'standard' as it is used in this article.

<sup>2</sup> For the case of Germany, this criticism of public opinion is shown by the newspaper articles of Ahmia (2008), Storbeck (2009), Dullien (2012), Fischermann and Pinzler (2012). These German newspaper articles are listed in the references by their original German titles.

Surprisingly, the general criticism of economic theory did not consider sufficiently that the history of economic thought bears some approaches to deal with 'real-world' economics and the uses that could be made of them. One of these widely neglected approaches is Spiethoff's concept of *economic styles*. To put it in a few words, an economic style is the description of the entire economic life based on its characteristics at a certain time and within a certain culture and region. Any economic theory has to be based on a certain economic style; a theory's validity is limited to this certain style. Hardly any article links Spiethoff's economic styles approach to the current debate about pluralism in economics.<sup>3</sup> Therefore, one of the main purposes of this article is to show that Spiethoff's approach can add plenty to the debate about pluralism.

The concept of economic styles was mainly brought up by German economists such as Arthur Spiethoff, Alfred Müller-Armack, Heinrich Bechtel and Hans Ritschl. Among these economists, Spiethoff is the most important proponent of the economic styles concept (Scheffold, 2015[1994], p. 65). His concept is also regarded as the most systematically and elaborated one (Klump, 1996, p. 15). Consequently, the article intends to introduce Spiethoff's economic styles approach to a non-German-speaking audience, putting the prime focus on its *methodological aspects* based on the original texts of Spiethoff.<sup>4</sup>

In order to restrain the expectations about what follows and to avoid disappointments – especially with respect to remarks about the history of economic thought – the following paragraphs shall clarify what this article does *not* address or deal with.

*First*, although there is a lot of secondary literature about economic styles in general (such as Kaufhold, 1996; Scheffold, 2015[1994]; Rieter, 2002), a related literature review almost certainly leaves the readers with Gioia's (1997) impression that most authors do not focus on the methodological aspects of Spiethoff's economic styles approach. Consequently, secondary literature will only be considered if it contains aspects important for the purpose of this article.

*Second*, a comparison with other economic styles approaches (e.g. by Bechtel or Müller-Armack) as well as Werner Sombart's approach to economic systems is not intended. Note that this is already a topic within other articles (e.g. Rieter, 2002; Scheffold, 2015[1994]) and especially within Spiethoff's own writings.

*Third*, today, Spiethoff is known for his research on economic crises and business cycles. However, exactly these subjects overshadow other contributions to economic theory, especially the methodology of his approach which shall be discussed here.

*Fourth*, researchers often apply the concept of economic styles to interpret 'real facts' but rarely use it as a systematically developed framework as provided by Spiethoff's categories, subcategories and features of economic styles (see subsection 4.4 and table 2). Consequently, a meta-study concerning the application of the economic styles concept is required, but that goes beyond the scope of this article.

As already mentioned, this article focusses on the *methodological aspects* of Spiethoff's economic styles approach and the meaning of this approach for the current debate about pluralism in economics. The following issues will be addressed in detail: some biographical notes about Spiethoff and the theoretical background of the economic styles approaches (section 2); the theoretical framework, i.e. Spiethoff's differentiation of theory (section 3); the description of the economic styles types (section 4); a discussion about which reasons exist for the small attention to economic styles today (section 5) and the meaning of

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<sup>3</sup> This current debate about pluralism has been stimulated through the *International Student Initiative for Pluralism in Economics* (ISIPE, 2014).

<sup>4</sup> Spiethoff originally described his concept in 1932 and modified it around 1952 which was then partly published in several English papers (Spiethoff, 1952; 1953; Redlich, 1970).

the Spiethoff economic styles approach for the current discussion about pluralism in economics (section 6).

## 2. Biographical Notes and the Background of Economic Styles Approaches

Arthur August Caspar (Kaspar) Spiethoff was born on the 13<sup>th</sup> of May 1873 in Düsseldorf (Rhineland).<sup>5</sup> He attended grammar schools in Berlin and Mühlhausen (Thuringia). From 1893 to 1899, Spiethoff studied '*Staatswissenschaften*' (political and cameral science, i.e. economics) at the Friedrich Wilhelm University in Berlin (which was renamed 'Humboldt University' after 1945), where he attended lectures by Adolph Wagner (1835-1917) and Gustav von Schmoller (1838-1917).<sup>6</sup> Later, Spiethoff became assistant to Schmoller and participated in editing the journal *Schmollers Jahrbuch*. In 1905, Spiethoff finished his doctorate on business cycles. After he received the '*Habilitation*' (i.e. the qualification as a university lecturer) in 1907, Spiethoff was appointed to the chair of political economy at the German Karls University in Prague. He rejected appointments to both the chairs at the University of Gießen (1913) and the University of Göttingen (1918). Finally, in 1918 he accepted a position at the University of Bonn. In 1925 Spiethoff successfully supported Joseph Alois Schumpeter (1883-1950) to become a professor of economics at the University of Bonn.<sup>7</sup> Some chroniclers of the history of economics at the University of Bonn admiringly described the era of Spiethoff, Schumpeter and Herbert von Beckerath (1886-1966) as the 'triple star' (Kamp, 1970, p. 55) and 'the great time of Bonn' (Krelle, 1985, p. 12). However, this era declined with the emigration of Schumpeter (1932) and Beckerath (1934). Spiethoff worked at the University of Bonn until his retirement in 1939 and died in Tübingen on the 4<sup>th</sup> of April 1957.

These biographical notes and the mention of personalities like Schmoller, Wagner and Schumpeter may lead readers to question the place of the economic styles approaches and Spiethoff in the history of economic thought. Firstly, there is no 'school' of economic styles in the same way the term 'school' is usually used, for instance, the Austrian School of economics, the old institutionalism or Neoclassicism. 'Economic styles' is rather a generic term linking several economists who worked on economic styles approaches. Spiethoff clearly belongs to the 'economic styles' scene of economists which can be categorised as a part of '*Neo-Historismus*' within '*Historismus*' (German Historicism).<sup>8</sup>

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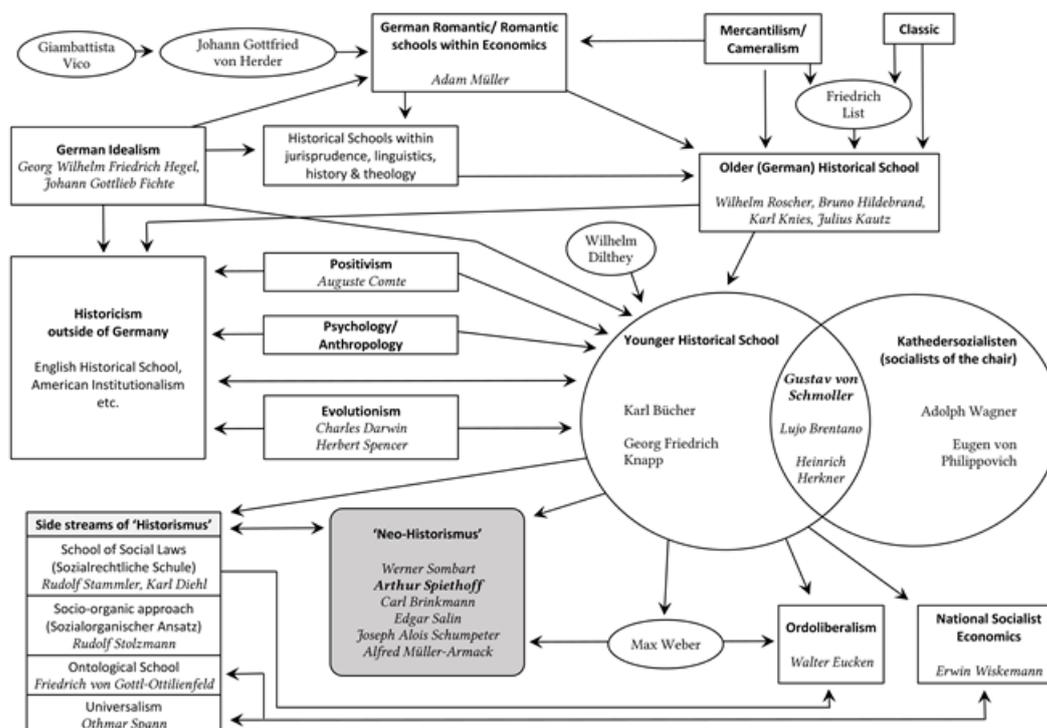
<sup>5</sup> For biographical details see *The History of Economic Thought Website* (2018) and Schefold (2010).

<sup>6</sup> Both economists (Schmoller and Wagner) were important representatives of the German Historical School and (co-) founders of the professional organisation of German-speaking economists called '*Verein für Socialpolitik*' (Association for Social Policy).

<sup>7</sup> Readers interested in the relationship between Spiethoff and Schumpeter are referred to Kurz (2010).

<sup>8</sup> The German term '*Historismus*' is often translated in English as 'historicism'. However, some authors are hesitant to accept this translation because '[t]he term "historicism" in English has acquired a large number of meanings which the term "Historismus" did not possess' (Iggers, 2011, p. xiii) To avoid misunderstandings the following text explains how German experts of the history of economic thought use the term and, therefore, the text refers to the original German terms '*Historismus*' and '*Neo-Historismus*'.

Figure 1 *Historismus*, including German Historical School and ‘Neo-Historismus’



Source: Author's picture based on Rieter (2002)

Figure 1 shows how Spiethoff is categorised in the German *Historismus* which shall be explained in the following paragraphs. First of all, *Historismus* (German Historicism) is a generic term which includes different ‘schools’, movements and economists in the German-speaking area (such as Friedrich List, the Romantic School of economics and the German Historical School of economics). Rieter (2002, pp. 136-147) defined the German ‘Historismus’ by a certain ‘style of thinking’ (Denkstil): this way of thinking is *relativistic, holistic, organismic and anti-mechanical* (e.g. analogies to biological phenomena are preferred), *evolutionary* (interest in developments/dynamics), *ethical/normative* (i.e. economic and social developments are not only described, but also judged), *empirical* (because inductive research is preferred to deductive theorising) and *oriented to humanities and cultural sciences*. Consequently, these attributes are inherent in the economic styles approaches and Spiethoff’s approach.

Furthermore, Spiethoff can be set in relation to the term ‘Neo-Historismus’ under which Rieter (2002, p.133) mainly subsumed personalities representing descendants of the (younger) German Historical School such as Werner Sombart and Joseph Alois Schumpeter.<sup>9</sup> Spiethoff’s aforementioned working relationship with Schmoller proves a particular influence of the German Historical School of economics.

Unfortunately, Rieter (2002, p.133) does not distinguish between the various economic styles approaches and thus lets them fade into one of many sub-branches within the German ‘Neo-Historismus’. Moreover, Rieter (2002) only mentions Spiethoff, Alfred Müller-Armack (1901-1978) and Werner Sombart (1863-1941) as economists who were

<sup>9</sup> As Backhaus and Hansen (2000) explained, the attribute ‘younger’ in ‘younger German Historical School’ was pejoratively used by its opponents, for instance, Schmoller, in order to devalue and discredit the German Historical School.

working on economic styles approaches. As indicated above, a few more economic styles concepts exist. For instance, Spiethoff himself discussed the styles concepts of Heinrich Bechtel, Hans Ritschl and Alfred Müller-Armack. Spiethoff labelled these approaches as 'cultural styles' in order to distinguish those ideas from his concept of 'economic styles' (Redlich, 1970, p. 651). He also mentioned Sombart's concept of an 'economic system' which is similar to the economic styles approach (e.g. Spiethoff, 1932; Redlich, 1970, p. 652).

In addition to the aforementioned 'style of thinking' which characterised the German '*Historismus*', other elements are mentioned in the secondary literature to specify the general character of economic styles concepts. According to Schefold (2015[1994], p. 25) and Kaufhold (1996, p. 27), both the term 'style' and the economic styles mode of thought, intend to consider and describe the *Zeitgeist*, i.e. the common expressions and attitudes which characterise an epoch. Additionally, the 'styles' were supposed to be a promising base for an economic theory specific to the *Zeitgeist*/epoch (Kaufhold, 1996, p. 27). According to Rieter (2002, p. 159) and Kaufhold (1996, p. 34) economic styles approaches try to reconcile theoretical analysis (associated with 'deduction') and historical analysis (associated with 'induction').<sup>10</sup> In general, the description and discussion of economic styles in the literature (e.g. Rieter, 2002; Kaufhold, 1996; Schefold, 2015[1994]) give the impression that the research on economic styles was a more systematic approach than the research of the German Historical School. For instance, Spiethoff developed categories to determine how a certain economy is embedded in a certain time, culture, region and the like. Finally, in contrast to the prevalent stereotype about the German Historical School, i.e. hostility against modelling, Spiethoff's economic styles approach allows for theorising and modelling.

Although Spiethoff's economic styles approach has been categorised as belonging to the German history of economic thought, the discrepancy between his work and the general hostility of the German '*Historismus*' to modelling, affords some further remarks. This hostility is a very popular attribute of the German Historical School and seems to be very appropriate for the prevalent *narrative* about the German *Methodenstreit*, i.e. *the well-known dispute over the method (induction vs deduction) between Gustav Schmoller and Carl Menger*. To date, the German Historical School (represented by Schmoller) is usually associated with reactionary insistence on inductive inference against the 'modern' and 'exact' deductive reasoning (presented by the 'Austrian' Carl Menger).<sup>11</sup> Even Rieter (2002) attributes the hostile attitude on economic modelling to German '*Historismus*'.<sup>12</sup> However, such a judgement is exaggerated, misleading, sometimes deliberately pejorative and, therefore, causes serious problems.

For instance, the stereotyped opposition of 'modelling vs non-modelling' ignores the intention of economists such as Spiethoff. He tried to synthesise 'induction' and 'deduction'. Spiethoff did not reject modelling in general, which is verified by his remark about different kinds of theory containing the historical pure theory (see section 3.2). Consequently, a profound review of the German 'Historicism' would result in a more detailed and complex judgement than a simple assertion of the (supposed) German Historical School's hostility to modelling.

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<sup>10</sup> In short, 'deduction' means a conclusion based on generally accepted facts or premises, while 'induction' stands for a generalisation based on observations. More details can be found in table 1 of subsection 3.2.

<sup>11</sup> A critical review of this 'narrative' about the *Methodenstreit* is provided by Backhaus and Hansen (2000).

<sup>12</sup> Rieter (2002, p.136) explained that this hostility against modelling results from the fact that the economic analysis within economic styles research would not refer to *homo economicus* or 'strong cases' in terms of Ricardo. This reasoning obviously ignores the possibilities of modelling with actors different from the *homo economicus*.

Although Rieter (2002) stated that the 'hostility against modelling' characterises the aforementioned 'style of thinking', he eventually turns to a revised, more adequate and positive assessment of the (younger) German Historical School of economics and its descendants (*Abkömmlinge*) in terms of '*Neo-Historismus*'. He acknowledges that recent articles oppose the caricature of the German Historical School and its related economists to work without any theory and to solely engage in an empiricism hostile to (economic) theorising. In contrast to the traditional view, these articles rather show that economists of the (younger) German Historical School of economics and '*Neo-Historismus*' did not reject deductive reasoning in general, but that they wanted to substantiate the deduction as a final step of reasoning with a profound, inductive exploration of empirical facts (Rieter, 2002, p. 163).

### 3. The Theoretical Framework: Spiethoff on Theorising

#### 3.1 Spiethoff's Differentiation of Theories

The basic premise of Spiethoff's economic styles approach is that each theory of economics requires a certain economic style. To demonstrate the meaning and dimension of this premise, it is important to know that Spiethoff distinguishes between pure theory and economic Gestalt theory.<sup>13</sup> Starting with *pure theory* (*reine Theorie*), Spiethoff wrote:

'Pure theory emphasizes the isolation of specific phenomena and their relations to other isolated and specific phenomena; other relations which may also exist are disregarded. It is interested in isolated phenomena, not in the innumerable concatenations that in reality link them together. Attention is focused upon specific phenomena and relations, selected with the aid of a given frame of reference and manipulated for research purposes without regard for their location in a 'total' situation. [...] Pure theory starts from data which have an axiomatic character, and conclusions are reached by a process of logical deduction: the student draws conclusions about effects by taking given data as causes' (Spiethoff, 1953, p. 445).<sup>14</sup>

Pure theory is what current students of economics are taught and for what Tony Lawson (1997; 2013; 2006) often criticised standard economics (called 'mainstream'). To put it bluntly, pure theory stands for inferences through *deduction*, it is based on isolation and abstraction, it deals with abstract phenomena (i.e. isolated and atomised subjects), and is therefore artificial. However, there is an important difference between a) being completely artificial and ahistorical and b) isolating the phenomena on the basis of 'reality'. This point will be discussed in more detail later in this article.

Spiethoff explained that there is another kind of theory which he called 'economic Gestalt theory' (*anschauliche Theorie*; in the following just called: 'Gestalt theory'):

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<sup>13</sup> For this purpose, the aforementioned *Methodenstreit* has to be kept in mind. According to Schachtschnabel (1971, pp. 10–11), the *Methodenstreit* stipulated various attempts to synthesise *induction* and *deduction methods*. Spiethoff's approach is such an attempt where terms like 'pure theory' and 'timeless economy' (Spiethoff, 1932) clearly breathe the spirit of Carl Menger's 'exact method'.

<sup>14</sup> Redlich (1970, p. 642) also referred to an alternative translation, the 'isolating theory'. Spiethoff (1932) synonymously used the term 'abstract theory' and 'pure theory'.

'This theory aims at the closest possible approximation to the observable reality. [...] [E]conomic Gestalt theory considers the maximum number of relations in which the phenomenon to be investigated actually occurs, provided that those relationships are uniform in character. By a process of induction, economic Gestalt theory arrives at discrete species of phenomena whose characteristics are the data from which it starts. It does not propose to deal purely and simply with relations between rigorously specified phenomena; on the contrary, its purpose is to consider all phenomena that actually and *uniformly* impinge on the one which is the center of attention. Consequently, the selection of phenomena is not determined by looking only at relationships that have been defined in advance, but by the goal of embracing *all uniform* and *essential* relations that occur in a given situation of economic reality. Essential are those phenomena which appear to be causes or conditions of the one under investigation or indicative of those causes and conditions. The ultimate goal of economic Gestalt theory is a replica of reality' (Spiethoff, 1953, pp. 445-446).

For Spiethoff, economic Gestalt theory was firstly characterised by the inference through *induction*. In addition, Gestalt theory is also based on abstraction and isolation (being typically associated with deduction). However, the abstraction here is 'formed in such a way as to leave out only the irregular and the inessential' (Spiethoff, 1953, p. 446). Conflicting phenomena, which would disturb a 'harmonic' ideal of economic life, but are thought to be essential, *must* be incorporated as well (Spiethoff, 1953, p. 458; Spiethoff, 1932, pp. 133-134). Consequently Spiethoff states that '[i]t does *not* matter whether or not the elements, put together, form a *logically consistent* body of knowledge' (Spiethoff, 1953, p. 458).

Therefore, it is almost impossible to formulate economic Gestalt theory in terms of a logical deductive construction (where consequences are clearly defined and determined by – known or assumed – causes and/or circumstances).

Most importantly, economic Gestalt theory 'deals not only with economic phenomena that have a material substratum but, in addition, it also incorporates economic ideas, motives, and goals' (Spiethoff, 1953, p. 447). As a result, and in contrast to pure theory, Gestalt theory was thought to provide a broader applicability (Spiethoff, 1953, p. 447).

Finally, Spiethoff (1953, p. 446) stated that pure theory and economic Gestalt theory are different in terms of *deduction* and *induction* as well as in the related 'spirit' (Spiethoff, 1953, p. 446). For this reason, Spiethoff explicitly rejected the consideration that pure theory and Gestalt theory might 'shade into the other' (Spiethoff, 1953, p. 446). However, while Spiethoff's pure theory and Gestalt theory obviously stipulate the popular polarity between *either* the (pure) deduction *or* the induction method, Spiethoff abandoned this polarity in some other passages of his texts. This will be addressed in the next subsection.

### **3.2 Deductive Historical Theory, Qualitative Induction and Abduction**

Spiethoff's texts about economic styles often suggest that he was caught within the duality of the induction and the deduction method. However, some passages of his writings (which will be referenced in the following) allow for a different conclusion, and deserve to be mentioned in the context of the current debate about 'mainstream' economics and pluralism in economics. Therefore, the following discussion starts with the heterodox economists' criticism of (what they call) the 'economic mainstream' which is then linked to the perspective of Spiethoff's approach.

First of all, according to Tony Lawson (1997; 2006; 2013), the current standard of economics is criticised for its deductivism. Lawson linked this deductivism to formalism and especially mathematical techniques. This is in line with the popular (or rather stereotypic) criticism of the so-called mainstream economists' insistence on mathematics, often criticised as 'mathematisation' or over-mathematisation.<sup>15</sup> The line of reasoning is that the 'mainstream' is deductive, uses mathematics and mathematical modelling extensively, and therefore is purely artificial – or, in terms of Spiethoff, produces only 'pure figures of thought' (*reine Gedankengebilde*).

This line of reasoning consequently implies that mathematical techniques should be avoided (or rejected) because they are insufficient for analysing the 'real world' (e.g. Lawson, 2006). This raises a fundamental problem for *all* economists – and especially for those 'heterodox' economists – who do use mathematics. To put it bluntly, deduction and mathematics would not be useful for a 'real-world' theory.<sup>16</sup> Consequently, an economist can decide *either* to employ mathematics and, therefore, produce artificial constructs *or* to use another scientific technique for the sake of 'real-world' economics.<sup>17</sup>

While this kind of argument follows is very black and white, Spiethoff broke this duality in his extended theoretical framework through a differentiation of ahistorical and historical theory. Ahistorical theory aims at what 'all species of economic life have in common' (Spiethoff, 1952, p. 135). It incorporates all phenomena of the economies which are unaffected by time and, therefore, show a uniform or an invariant character. Consequently, ahistorical theory 'is by necessity pure theory' (Spiethoff, 1952, p. 135).

In contrast to ahistorical theory, *historical theory* deals with the *time-conditioned* phenomena of economic life.<sup>18</sup> While Gestalt theory is typically a historical theory, Spiethoff emphasises that deductive pure theory can also be useful for historical theory:

'Pure theory deals with models resulting from the isolation of phenomena, and it is "historical" when it builds its models by isolating phenomena that have existed only at a particular time or a particular place, phenomena that have significance for a specific economic style' (Spiethoff, 1952, p. 136).

As a result, deductive pure theory can be useful to what critics of the current standard of economics would call 'real-world economics'. Therefore, a further differentiation can be added to the current debate about economics: on the one hand, the 'mainstream' is typically criticised for being an artificially pure theory; on the other hand, there is a more 'real-world' oriented pure theory that could be associated with mathematical modelling in heterodox

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<sup>15</sup> I refer to the prominent criticism of mathematical modelling and deduction by Lawson (2003; 2006; 2013) because it is more elaborated than the heterodox criticism of mathematical modelling that normally appears in the aforementioned pluralism debate.

<sup>16</sup> This problem is more or less anticipated in the current debate. However, the discussion seems to make no progress. Instead, it persists in the duality of pro and contra about using mathematics.

<sup>17</sup> To avoid misunderstandings especially with respect to Tony Lawson, he is aware of the use of mathematical modelling in heterodox economics (Lawson, 2013). In his eyes, the main difference between mathematical modelling within mainstream economics and heterodox economics is that mainstream economists insist on mathematical modelling while heterodox economists are open-minded to non-mathematical economics (Lawson, 2013, p. 957). However, although I sympathise with Lawson, who accepts mathematical modelling in heterodox economics and tries to explain the difference between mathematical modelling in heterodox economics and mainstream economics, I think there is an inconsistency in Lawson's original criticism of the deductivism within mainstream economics (associated with mathematical modelling).

<sup>18</sup> Redlich (1970) clarified that Spiethoff used the term *historical* 'in a broader sense than is common in the United States'; the term would rather address 'uniqueness as the characteristic element in historical phenomena' (Redlich, 1970, p. 641).

economics. Spiethoff, however, overcame the duality of induction and deduction far more when he discussed the determination of causes and the development of economic styles:

‘The original determination of causes depends, methodologically speaking, on deduction; the step-by-step verification of the argument, by means of empirical research, is induction. Actually, theoretical deduction and empirical induction go hand in hand in the task of explanation. A subject of investigation can be approached with a hypothesis; with its help an over-all picture of the possible relations among the phenomena under consideration is constructed. It is also possible that factual research rather than intuition leads to the initial discovery of interrelations and the formulation of imputed causes. Speculative deduction is indispensable; but no logical method exists which by itself would be sufficient to result in an intuitive hypothesis. In later stages of the investigation, empirical research and theoretical considerations mutually influence each other’ (Spiethoff, 1953, p. 450).

Obviously, Spiethoff (1953, p. 450) holds that induction and deduction *mingle* in the *real process of research* by intending that economic styles describe ‘real’ economic life. Already in an early article about economic styles (1932), Spiethoff had claimed that the (empirical) identification of the conditions should, to its own advantage, be accompanied by a theory in which both – theory and empirical identification (*Wesensfeststellung*) – would control and correct each other (Spiethoff, 1932, p. 133). Spiethoff is thus getting very close to what is called ‘qualitative induction’ and ‘abduction’ (see table 1).<sup>19</sup>

**Table 1** Summary of the Kinds of Inference

<i>Kind of inference</i>	<i>Description</i>	<i>Point of reference</i>	<i>Character of inferred results</i>
<i>Deduction</i>	A single case is subordinated to a known/ (well-) defined set of rules, axioms and assumptions. If the rules are valid, the results are also valid.	Rules/ pure thought (logic)	Tautological & truth-conveying
<i>Induction (quantitative)</i>	A general rule is inferred from observed cases, i.e. some cases are transferred into a rule.	Observed ‘reality’	Tautological & probable
<i>Qualitative Induction</i>	Certain observed characteristics of cases (sample) are combined in a way that infers another currently not observed combination of characteristics that – or its possibility of existence – is nonetheless part of the knowledge within the society. Qualitative induction also refers to known rules/ experiences within the society.	Observed ‘reality’ & known ‘rules’	Probable & extending the observed cases
<i>Abduction</i>	Certain observed characteristics of cases (sample) are combined to infer a new combination of characteristics for which no rules or experiences currently exist, so a new rule has to be created.	Observed ‘reality’ & thought (indirectly: the existent rules/ knowledge)	Creating new rules and knowledge

Source: Author’s table based on Reichertz (2013; 2010; 1999).

<sup>19</sup> The concept of abduction goes back to the works of Charles Sanders Peirce (1839-1914). However, I refer to Jo Reichertz (2013; 2010; 1999) who analysed the work of Peirce and found that Peirce’s concept changed: what the early Peirce described as ‘hypothesis’ and called ‘abduction’ was mistaken with qualitative induction; later, Peirce stated his concept of abduction more precisely in the same terms as Reichertz (2013).

The meaning of *qualitative induction* and *abduction* is shown in Table 1, which summarises the different kinds of inference on the basis of Reichertz (2013; 2010; 1999). While both pure induction and pure deduction are tautological and fail to produce any new ideas, *qualitative induction* would extend the existing knowledge about the observed 'reality' (although in a limited way). *Abduction*, however, would produce new knowledge (Reichertz, 2010). Obviously, qualitative induction and abduction seem to be of use to the endeavour of developing and creating economic styles, as will be shown in the following subsections. Especially in the case where a new style is required, abduction would provide the proper method of inference. From the perspective of the history of economic thought, Spiethoff's economic styles associated with 'abduction' show a wasted historical opportunity to introduce alternative methods such as *grounded theory* (belonging to the standard toolkit of research within humanities/social sciences) to economics.

#### 4. The Economic Styles

##### 4.1 Overview

The economic styles were first defined as patterns or examples of economic life (*wirtschaftliches Zusammenleben*) which – as a synopsis of all styles – would depict the heterogeneity of the entire social and economic life (Spiethoff, 1932, p. 126; Spiethoff, 1952, p. 132). There is a theory possible for each economic style (type), but each theory's validity is limited to its attendant style. Consequently, a comprehensive general theory would contain different partial theories with limited validity. Spiethoff emphasised that the economic styles can aim at different purposes, so he differentiated the following *types*:

- 'Type 1. The model which mirrors a real institutional situation, and is arrived at by economic Gestalt theory.
- Type 2. The model in pure theory arrived at by abstraction from reality.
- Type 3. The model in pure theory which has no counterpart in reality.
- Type 4. The model envisaged by statesmen or utopians to be realized in the future' (Spiethoff, 1953, p. 451).

##### 4.2 Economic Style Type 1 (Based on Gestalt Theory)

The *style model of type 1* aims at the analysis of the real specifics of economic life (Spiethoff, 1953, p. 357; Spiethoff, 1932, pp. 128-134). Spiethoff clarified:

'The specific characteristics selected for the determination of a style model of type 1 serve the function of elucidating why that specific pattern of economic life came into existence and persists; they are meant to explain causally the working of concrete patterns of economic life' (Spiethoff, 1953, p. 458).

Obviously, this seems to be the prime motive for the use of the style concept that Spiethoff had in mind and which is evident in his focus on the recreation of the *real* economic life.

Although economic styles are *figures of thoughts* (*Denkgebilde*), they try to recreate the characteristic phenomena of reality (Spiethoff, 1932, p. 128). Especially for theorising, the scientist requires styles that show the 'lived reality in its essential differences' (Spiethoff, 1932, p. 129; author's translation). Therefore, economic styles were thought to be constructed

as an *image* (*Abbild*) of reality (Spiethoff, 1932, p. 131). This indicates that ‘the economic style is not a descriptive concept, it is a model’ (Spiethoff 1953, p. 451).

Spiethoff already provided an illustrative explanation of this fact in his article from 1932. There, he insisted that this image is no photocopy, which means an exact replica of ‘reality’, but it is much more a painting (Spiethoff, 1932, p. 133). Just like a painter, it is in the eye of the scientist to determine the important characteristics which are (then) shown by the created economic style. Therefore, the scientist is not devoid of interest, but the creation of economic styles is influenced by the scientist’s interpretation about the *entire* economic life. The latter includes the characteristics which are thought to be important. Although the ‘important’ and ‘essential’ characteristics are determined by the scientist’s decision, the scientist’s aim is clear: as mentioned above, he or she should show the differences of economic life by its characteristic arrangements (Spiethoff, 1932, p. 129).

According to Spiethoff’s analogy to painting, there is an important difference between a painter and a scientist: while the painter might ignore some characteristics of reality in favour of the harmonic atmosphere of his or her painting, the scientist *must* ‘paint’ *all* the characteristics including those which disturb a harmonic or consistent *ideal* of reality, but are thought to be essential for real economic life (Spiethoff, 1953, p. 456; Spiethoff, 1932, pp. 133-134). In addition, Spiethoff explained:

‘It does *not* matter whether or not the elements, put together, form a *logically consistent* body of knowledge. The ideal of consistency plays no role in the selection of what appear to be the characteristics of a style’ (Spiethoff, 1953, p. 458).

Therefore, economic styles of type 1 have to contain the essential similarities and uniformities as well as the typically paradoxical phenomena within the economic life (Spiethoff, 1953, p. 451).

As a result, economic styles depend on the scientist’s point of view and experience, so the styles of type 1 are determined by interpretation, i.e. the styles’ ‘objectivity’ is limited. However, the creation of economic styles is not completely free in terms of an arbitrary arrangement of assumptions, *if* he or she wants to create an economic style type 1 in order to analyse real economic life. This means that the creation of economic styles is limited through the demand for addressing the entire *reality* of economic life – including the paradoxical phenomena.

#### **4.3 Remaining Economic Styles**

The *style type 2* is based on pure theory, is ‘obtained by the quite permissible procedure of abstracting from concrete reality’ and ‘may be designed for heuristic purposes’ (Spiethoff, 1953, p. 461). Therefore, these styles represent what Spiethoff (1932) once called *heuristic styles*, which can be useful for the explanation of the Gestalt theory. According to Spiethoff:

‘From a style model reflecting a historical reality the student derives a more abstract model representing a constellation of data which represents “historical” pure theory, in contrast to style models of type 1, which belong to the realm of “historical” economic Gestalt theory.’ (Spiethoff, 1953, p. 461)

The *style type 3* shows what Spiethoff once called the creation of *interesting styles* (Spiethoff, 1932, p. 134) which could represent an arbitrary collection or arrangement of elements of

economic life (Spiethoff, 1953, p. 461). Such styles are constructions – like those known in geometry, i.e. logical constructions free of any relation to reality. They are pure creations of thought (*reine Denkgebilde*). Spiethoff (1953, p. 461) stated that this kind of style is for ‘the sake of pure mental experiment’.

Finally, the aim of *style type 4* is ‘to elucidate the possibilities and also the dangers of a desired set of economic institutions’ (Spiethoff, 1953, p. 461); they represent the created or desired ideals of how economic life should or could be (Spiethoff, 1932, p. 134). Spiethoff obviously alluded to the debate about a *command economy* and a *free market society* (e.g. Spiethoff 1932).

#### 4.4 Categories and Further Implications of the Economic Styles

**Table 2** Categories, Subcategories and Features Suggested by Arthur Spiethoff

<i>I</i>	<i>Economic spirit (Wirtschaftsgeist)</i>
1	Ethical attitude ( <i>Sittliche Zweckeinstellung</i> ): Kingdom of God, economic success as a symbol of divine predestination, common welfare, the individual’s maximum happiness on earth
2	Mental incentives ( <i>Seelische Antriebe</i> ): fear of punishment, religious-ethical motivations (charity, sense of duty etc.), partly ethical motivations (sense of honour, drive for activity, pleasure of work etc.), selfish motivation (own benefits), drive of personality and striving for power, nutrition or purchasing
3	Mental attitude ( <i>Geistige Einstellung</i> ): habit, modernisation
<i>II</i>	<i>Natural and technological basics (Natürliche und technische Grundlagen)</i>
4	Population density
5	Natural population change: deadlock, slow, moderate, fast-increasing
6	Production of goods: with division of labour, without division of labour
7	Brain work and handicraft: combined or divided
8	Technical procedure: organic or artificial-mechanical
<i>III</i>	<i>Social condition (Gesellschaftsvertrag)</i>
9	Size of economic society
10	Social conjointness ( <i>Gesellschaftliches Verbundensein</i> ): family, force, contract
11	Social division of labour and social composition: e.g. self-employed people and wage
<i>IV</i>	<i>Economic condition (Wirtschaftsverfassung)</i>
12	Property rights: free property, governmental property or social property
13	Condition of Production: subsistence economy, managed economy (by social or political institutions) or free market production
14	Condition of Distribution: general money consideration, specially arranged money consideration, specially free money consideration, charity
15	Condition of Labour: cooperative, by force or contractually manorial
<i>V</i>	<i>State of economic development (Wirtschaftslauf)</i>
16	State of Economic Development: steady, progressive, between boom and stagnation

Source: Author’s table based on Spiethoff (1932, p. 146-147).

The main characteristic of Spiethoff’s economic styles approach is the system of categories and sub-categories, and the latter’s specification. Each style type (type 1, political style, etc.) should include a set of features like these. Unfortunately, they were only presented in

Spiethoff's article from 1932. There, Spiethoff described five categories with 16 sub-categories including different specifications presented in table 2.<sup>20</sup>

These categories, features or characteristics of economic life (table 2) are not definitive. As Spiethoff (1932, p. 148) emphasised, modification may be necessary. Consequently, the economic styles approach is understood as an *open* and *changeable* tool. According to Spiethoff (1953), this openness can also be understood in terms of method (deduction, induction and abduction): 'Characteristics are found through observation, through deduction, and through the search for possible causes' (Spiethoff, 1953, p. 459).

While Spiethoff focussed here on the many kinds of inference, today this methodological perspective should be extended to different ontological concepts (critical rationalism, constructivism, etc.) and different scientific techniques (mathematics, hermeneutics, qualitative research methods, etc.).

Additionally, economic styles are accompanied by a kind of theorising where theory and empirical identification (*Wesensfeststellung*) would control and correct each other (Spiethoff, 1932, p. 133). This means: theory, reality and 'empirical identification' are mingled in the process of research. Consequently, there is space for interpretation to break the still-dominant duality of *either* deduction *or* induction – including the limitations of the scientist's choice to use a certain ontology and scientific technique.

Furthermore, economic life is understood as holistic or emergent and also determined by an interacting network of elements: 'The reality must be measured as a whole, and every train of thought about the combination and explanation of causes must be embedded in this link of reality' (Spiethoff, 1932, p. 151; author's translation).

In addition, and with respect to the economic style type 1, the historical economies are thought to be singular in time (time-conditioned), i.e. determined by the certain historical and social context. As a result (again), each Gestalt theory is limited to the time and its circumstances which are described by an historical economic style type 1.

However, this basic premise is not limited to only the economic style type 1. As Gioia wrote:

'the *Wirtschaftsstil* seems to me to present an undeniable advantage on the epistemological plane since it defines a sort of "mental experiment" aimed at determining, for every explanation, a context of reference which explicitly fixes the selection criteria that stake out the area of validity of the explanation and at the same time establishes the network of semantic terms for its control' (Gioia, 1997, p. 184)

Basically, Spiethoff's approach implies, in more general terms, that any economic style type is a description of the framework that limits the respective economic theory. *Each* economic style type contains (or rather should contain) all of the criteria (features such as ethical attitude or property rights) for proving the related theory's application, validity and power of explanation. This is the general principle of Spiethoff's economic styles approach, unfortunately not explicitly articulated in his articles: each theory requires a certain style and each style is the basis for a certain theory.

In the case of analysing real economic life in terms of style type 1 and Gestalt theory, this *limiting function* is obviously determined by the demand for 'realism'. However, this limiting function also works in favour of creating interesting styles (type 3) or desired styles (type 4). Economic styles would then describe the more or less abstract framework of conditions in which (for type 3 and 4) a normative or 'speculative' theory would work.

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<sup>20</sup> Table 2 is based on Spiethoff (1932, pp. 146-147), which was translated by the author. Terms which are difficult to translate and may cause confusion are additionally shown untranslated in brackets.

As a result, this limiting function of styles addresses the validity of its respective theories. This implies different *instances of proof* for a certain style (type) and its related theory. The following table 3 tries to show this context by relating the types of styles and theories mentioned by Spiethoff to the theory's character of time and the respective instances of proof. Note, the social context is added here as a fourth instance of proof which is not explicitly mentioned within Spiethoff's texts, but seems to be a useful feature of heuristic styles in terms of historical pure theory (contrary to ahistorical pure theory) and political styles. 'Social context' simply means that, for instance, even in the case where the results of a theory are in accordance with reality, they have to be checked against the entire social context where these 'real' results can be assessed as acceptable, 'unjust' and the like. Obviously this is an important instance of proof for a Gestalt theory aiming at the entirety of economic life embedded into society, but also for political styles aiming at desired situations in the future.

**Table 3** Proofing styles and theories

Style	Theory	Time Character	Instances of Proof			
			1 Theory's Consistency	2 'Realistic' Assumptions/ 'Axioms'	3 'Realistic' results	4 Social context
Type 1	Gestalt theory	Historical	-	+	+	+
Type 2a: heuristic	Pure theory	Ahistorical	+	+	+	-
Type 2b: heuristic	Pure theory	Historical	+	+	+	+
Type 3: interesting	Pure theory	Ahistorical	+	-	-	-
Type 4: political	Pure theory	Ahistorical	+	~	~	+

**Key:**

- '+' = instance of proof exists for the style and its related theory
- '-' = does not exist
- '~' open for the incorporation of the respective instance of proof

Source: Author's own table.

In addition, *each* economic style (irrespective of its type) can be associated with a concept of how the described economic 'life' is *entirely* characterised. Therefore, the economic styles approach demands that economists explain their concepts of the entirety of economic life that form the basis of their theorising. As a result, the economic styles approach could finally help to keep economic theorising transparent, comprehensive and well-grounded in terms of theory, normative considerations (or rather ethics) and 'reality'.

**5. Why Are Economic Styles Mostly Forgotten Today?**

Bertram Schefold (2015[1994]), one of the famous experts in the history of economic thought in Germany, started his book about economic styles by describing his astonishment that most economists in Germany feel unfamiliar with 'economic styles'. His view results from the fact that the very popular and omnipresent basic principle for German economic policy called *Soziale Marktwirtschaft* (Social Market System) was designed in the mode of economic styles

by its 'great originator' Alfred Müller-Armack (Schefold 2015[1994], p. 7).<sup>21</sup> Of course, several articles and books concerning economic styles have been published in recent years such as Schefold (2011), Quaas (2009), Rieter and Zweynert (2009) and Rossi (2006). However, the total number of publications remains very low. In addition, there seems to be hardly any current research programme concerning economic styles, not to mention any current attempts to further develop the approach, or any past or present chair explicitly dedicated to economic styles.<sup>22</sup> Consequently, even if Spiethoff's economic styles concept were thought to be unimportant, readers can agree with Schefold's astonishment that the concept of economic styles, in general, fell into oblivion while the still very popular basic principle of the *Soziale Marktwirtschaft* was originally created as an economic style. Although the fading attention paid to the economic styles approaches is open for detailed analysis, the existing literature on the history of economic thought and the development of economics in Germany provides some explanations of the disappearance of economic styles approach.

Most importantly the Third Reich had a number of effects on the German Historical School and its descendants. Firstly, there were, of course, political effects. When the National Socialist Party came to power in 1933 a lot of scientists emigrated from Germany, while most of the proponents of the German *Neo-Historismus* and related academic movements stayed at home. Of course, there were some economists who stayed in Germany and showed a distant attitude towards the new regime (e.g. Spiethoff) or were against the Nazis (e.g. Edgar Salin and Karl Diehl), but other economists, such as Werner Sombart and Othmar Spann, sympathised with the Nazis (Rieter, 2002, p. 161). Altogether, whether or not individuals remained in Nazi Germany almost certainly became an important factor when social changes were adopted during the spirit of 1968. The movement of 1968 heavily criticised the fact that a lot of Nazis returned to their old position within the Third Reich (especially within German academics). As a result, scientists who made a career within the Third Reich were of no interest to people who wanted social (and academic) change in Germany. In the 1970s, when the spirit of 1968 successfully resulted in the foundation of the so-called 'reform universities', in which a lot of heterodox economists were appointed to chairs (Heise, Sander and Thieme, 2017), the concepts of the German Historical School and its descendants were naturally of no academic interest.

Secondly, after World War II, German economists were thought to be outdated. As a result, the USA as an occupying power of the defeated Germany organised re-education programmes and the exchange of young academics from West Germany to the USA. There, young academics were to learn about modern economics (Hesse, 2010, p.144), i.e. more formalistic, mathematically-oriented etc., economics. In addition to this 'Americanisation' there was also what Hesse (2012) recently discussed under the term 'Self-Americanisation', i.e., German economists themselves felt outdated in economics and suffered from an inferiority complex, so they started to turn towards this modern economics.

However, this widespread 'mathematisation' of economics in Germany is not only a result of 'Americanisation' and 'Self-Americanisation', but much more a product of the entire spirit of this time. Note, even heterodox economists later enjoyed mathematically demanding

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<sup>21</sup> Regardless of all re-interpretations, changes etc. of the term *Soziale Marktwirtschaft* it describes a situation where a) the markets are fenced in a regulatory framework avoiding market effects unwelcome to society, and b) a welfare state is required to reduce social and individual suffering from negative results of market competition (such as unemployment).

<sup>22</sup> Interestingly, the *Handbook of the History of Economic Thought*, edited by Jürgen G. Backhaus and published in 2012, mentioned 'styles' only once in the contribution of Helge Peukert about Werner Sombart (where you can find the only mention of Spiethoff's name within the entire handbook). The same applies to the textbook about the history of economic thought by Söllner, published in the third edition in 2012, where Spiethoff is also mentioned only once, but only with regard to his work on crises or (rather) business cycles; economic styles are not mentioned anywhere.

techniques, for instance, within Neo-Ricardian analyses. Therefore, regardless of the mathematisation's real causes, the (younger) German Historical School and its descendants such as the German *neo-Historismus* suddenly became uninteresting because of their supposedly 'outdated' methodology.

There is another reason pointing in the same direction. As Hesse (2010, pp. 275-277) reported, in the 1950s and 1960s, the academic community of economists in Germany deliberately decided to follow the way of 'modern' economics and left the path of economics-in-terms-of-humanities. Moreover, most German economists showed a disregard for methods or approaches used in other disciplines such as sociology. Therefore, many economists who worked in a more humanity-like way applied for chairs of sociology, etc., or changed faculties/departments (Hesse, 2010, p. 277). For instance, as Hesse (2010, p. 277) reported, Georg Weippert (1899-1965) was a representative of economics in terms of cultural sciences and was at one time at the centre of the discussion about the appointment to a chair of economic theory at the University of Frankfurt (Main); he stayed at the newly-founded chair of sociology and economics at the faculty of philosophy at the University of Erlangen. Another example is Werner Hofmann (1922-1969) who was a Marxian economist and originally worked at the University (Hochschule) Wilhelmshaven. He was then appointed to a chair of economics at the University of Göttingen in 1962 and finally moved to the University of Marburg where he was appointed to a chair of sociology in 1966. As a result, proponents of the economic styles approach diverged from most of their 'normal' colleagues.

In addition, although the economic styles approaches were well discussed in the 1930s and the 1940s, *at that time* a lot of economists showed skepticism (Kaufhold, 1996, pp. 31-32). Some of the skeptics claimed that economic reality was oversimplified by the categorisation of the real economy within the economic styles approach. However, as Kaufhold (1996, p. 33) wrote, this was not necessarily caused by the economic styles concept itself.

Another skeptics' counter-argument to economic styles approaches was the absence of an economic style theory determined by time, culture and the like (Kaufhold, 1996, p. 33; Rieter, 2002, p. 163). This also applies to the current impression of economic styles approaches and especially to the concept of Spiethoff: economic styles approaches are (still) simply thought to be an unfinished work that especially lacks a developed theory (Kaufhold, 1996, p. 31, 34).

Some experts in the history of economic thought suggest here a conceptual problem: as the categories of economic styles are defined more closely to a specific economic reality, the less useful they are for generating a general theory; on the contrary, if a general theory is wanted, it requires more general categories of economic reality – which run the risk of losing the explanatory power for the certain economic reality referred to by an economic style (Kaufhold 1996, p. 34). However, this suggestion about the opposed relation between general theory and concrete economic reality (determined by time/history, culture etc.) unfortunately failed to notice the deliberately relativistic character of the aforementioned 'style of thinking' as well as the possibility of 'abductive' theorising where, as Spiethoff indicated, empirical observation and the development of theories are interactively intertwined.

As a result, the supposed 'weakness' of economic styles approaches is caused by a number of unfortunate misunderstandings, even among experts in the history of economic thought, and the fact that an expected (Gestalt) theory based on economic styles is (still) missing.

Readers could additionally refer to the introductory remark of Schefold and ask why the economic styles approach has been forgotten even though the very popular basic principle of *Soziale Marktwirtschaft* is based on economic styles (of Müller-Armack). There is

no simple answer to this question, which remains open for detailed research in the future. However, there are some indications. For instance, the basic principle *Soziale Marktwirtschaft* was influenced by different intellectual movements such as *humanism in economy and society* (*Wirtschafts- und Sozialhumanismus*) represented by Wilhelm Röpke and Alexander Rüstow, and the *Ordoliberalism* prominently represented by Walter Eucken (Quaas, 2000, p. 28). Therefore, the economic styles approach's origin of the *Soziale Marktwirtschaft* may be simply overlooked. In addition, the term *Soziale Marktwirtschaft* seems to be monopolised by the proponents of the *Ordoliberalism*, so any thought of economic styles may eventually be driven out.<sup>23</sup>

Another reason for the disappearance of economic styles concepts in Germany could be attributed to the fact that the history of economic thought has vanished from the curricula of economic studies.<sup>24</sup> Even where a course in the history of economic thought is offered, it remains optional, mostly limited to just one semester and very often only limited to the 'standard' masterminds of economics such as Aristotle, Adam Smith and David Ricardo.

All things considered, the disappearance of the economic styles approaches can be attributed to a mixture of elements such as, the historical/political circumstances; the post-World War II *Zeitgeist* of economics, which was imprinted with more formal mathematical modelling; the dominance of the modern 'mainstream' economics; and the fact that economic styles approaches require further development and application.

## **6. The Relevance of Spiethoff's Economic Styles to the Current Discussion about Pluralism in Economics**

The study of Spiethoff's economic styles approach is often treated as an area of special interest within the history of economic thought. However, Spiethoff's economic styles approach could also prove to be an attractive topic within discussions about pluralism in economics because it can be associated with an alternative approach and could contribute some insights.

To start with a more general aspect, Spiethoff's approach provides an alternative to the standard economic toolkit in terms of the heterodox demand for a 'real-world orientation' as usually articulated by heterodox economists.<sup>25</sup> As one of many examples, Frederic S. Lee wrote:

'The heterodox explanation involves human agency embedded in a cultural context and social processes in historical time affecting resources, consumption patterns, production and reproduction, and the meaning (or ideology) of market, state and non-market/state activities engaged in social provisioning' (Lee, 2012, p. 340).

Obviously, the aforementioned features of Spiethoff's economic styles and especially Spiethoff's economic style type 1 can aim at 'real-world economics' such as implied by the above quotations of Lee (2012).

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<sup>23</sup> Note that *Ordoliberalism* established a fundamentalist belief in the pleasant effects of markets (commonly called 'neoliberalism' in the German-speaking area) which was the mainstream of economics and economic policy in Germany for a long time (Ötsch, Hirte and Pühringer, 2018).

<sup>24</sup> For instance, the German Network for Plural Economics (*Netzwerk Plurale Ökonomik*) published its own study of the Bachelor education at Universities in Germany where they found that only 1.3 percent of the provided courses in economics were dedicated to economic ethics, history of economic thought etc. (*Netzwerk Plurale Ökonomik*, 2016).

<sup>25</sup> Student movements also often demand a 'real-world' economics which can be shown, for instance, by the open letter of the Post-Crash Economic Society at Manchester University (Chick et al., 2013).

A further apparent feature of the economic styles approach is the extensive match with the trinity of pluralism within the open letter of the *International Student Initiative for Pluralism in Economics* (ISIPE, 2014), i.e. theoretical pluralism, methodological pluralism and interdisciplinarity.

Theoretical pluralism is already provided by the different kinds of theories within the economic styles approach (i.e. pure theory, Gestalt theory, historical and ahistorical theory). Methodological pluralism in terms of different kinds of inference (induction and deduction) is included within the different theories and styles (Spiethoff, 1953, p.459). Additionally, Spiethoff (1932, p. 148-149) stated that economists have to be trained in theoretical *and* historical means of research. The latter obviously addressed the work of the German Historical School, which can be associated with, for instance, observation, statistics and work with public records (archive work). Today, these methods would surely be extended to include techniques from other disciplines such as those used within psychology, social and cultural anthropology, sociology, political science and the like. This is reflected by the fact that current experts in the history of economic thought deliberately associate the economic styles approaches with *interdisciplinarity* (e.g. Schefold, 2015[1994], pp. 69-70; Rieter, 2002, p. 163; Kaufhold, 1996, p.35).

In principle, the different kinds of theories and styles within Spiethoff's approach can be extended to different kinds of economic 'schools' and the respective variety of theories. That means that Spiethoff's approach can cover heterodox approaches such as Post-Keynesian economics, evolutionary economics, institutional economics, feminist economics and the like. For instance, a certain feminist style of economics (e.g. a Marxian feminist style) could be developed which, in turn, could form the basis for a related feminist economic theory. Similarly, the integration of 'mainstream' approaches and theories is possible by ascribing them to a certain style with a certain theory. As a result, Spiethoff's economic styles approach could then constitute a *meta-theoretical framework* providing theoretical and (implicitly) methodological pluralism as well as interdisciplinarity.

This meta-theoretical framework would also imply pluralism in terms of ontology and epistemology. The latter represents the different concepts of, for example, how 'the real world' works (including the related assumptions, 'axioms' etc.) and the question of whether they can perceive the 'real world' and, if so, in which way and to what extent. In this context, Spiethoff's approach can cover different bases of theorizing, such as critical rationalism (still very popular within economics), pan-critical rationalism, constructivism or pragmatism in terms of Peirce, as well as radical feminist ontology (referring to an androcentric ontology) and the social ontology as advocated by Tony Lawson (1997; 2006).<sup>26</sup>

With respect to the methodology results from Spiethoff's aforementioned consideration of the determination of causes and the 'interplay' of theory and empirical identification (*Wesensfeststellung*), his explanations are close to the 'abduction' mode of inference and *grounded theory* as used within other disciplines. Therefore, Spiethoff's 'abductive' thinking allows us a glimpse of the methodological diversity within economics that would be possible today, if economics had not forgotten about Spiethoff's approach. However, 'abduction' is rarely mentioned, even within the current German debate about pluralism in economics. Consequently, Spiethoff's 'abductive' thinking provides the possibility, not only to extend the methodology of economics, but also to break the dichotomy of induction and deduction still dominating the discourse of pluralism in economics.

Against this methodological background, Spiethoff's explanations of theories and styles give good reason to think about categorising heterodox approaches in a more

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<sup>26</sup> For the relevance of *critical rationalism* and the tradition of 'Popperism' in economics, see Hands (2001).

differentiated way. Based on his discussion on pure theory and Gestalt theory, *fundamental* differences seem to exist between a) a more formalistic heterodoxy of economics in terms of ahistorical, pure theory and b) heterodox approaches in terms of what heterodox economists and students have normally in mind when they demand an orientation towards the study of the humanities. The latter aims at scientific techniques (especially qualitative research methods, hermeneutics etc.), ontological assumptions, the variety of theories and the proper dealing with this variety which are altogether thought to characterise the work of disciplines within the humanities, and are fundamentally different from the everyday business of mainstream economics.<sup>27</sup> The heterodox approaches most associated with the humanities can be found within, for instance, social economics, feminist economics, the French economics of conventions (*économie des conventions*) as well as the previously discussed German 'neo-Historismus' and economic styles approaches.

In contrast to these approaches, the term 'formalistic heterodoxy' aims at heterodox approaches simply using mathematics and modelling that can be observed within, for instance, Neo-Ricardianism, parts of Post-Keynesianism, parts of evolutionary economics and complexity economics.<sup>28</sup> To avoid misunderstandings, in accordance with Lawson (2013, p. 957), 'formalistic' here does *not* mean that 'formalistic' heterodox economists necessarily show an *insistence* on mathematical modelling, as it is typically expected from mainstream economists.<sup>29</sup> Additionally, heterodox mathematical modelling can clearly differ from mathematical modelling within mainstream economics, e.g. in terms of scientific techniques (matrices vs differential and integral calculus) or the degree of openness and determinism within modelling (agent-based modelling vs the neoclassical model of the labour market). Therefore, the category 'formalistic heterodoxy' rather aims at special problems with mainstream economics arising from the use of mathematical modelling. For instance, 'formalistic' approaches probably run the risk of becoming (methodically) monopolised by mainstream economics.<sup>30</sup> Additionally, people not familiar with economics and heterodox economics may face difficulties spotting the differences of mathematical modelling between heterodox and mainstream economics. This problem can be illustrated by complexity economics which was recently discussed within Heise (2017) who differentiates between heterodox and mainstream approaches of complexity economics. As a result, heterodox economists have a good reason to pay more attention to the 'formalistic' heterodoxy and its special problems with mainstream economics.

There is another reason for the suggested differentiation between 'formalistic' heterodox approaches and heterodox approaches in terms of humanities. The fundamental

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<sup>27</sup> Of course, methods similar to that normally used within mainstream economics (mathematics, statistics and the like) could also be found within the disciplines normally associated with the humanities (e.g. sociology, anthropology, linguistics and philosophy). Especially the well-known and criticised 'economic imperialism' or rather economic 'colonisation' demonstrates the methodological and intellectual influence of 'modern' economics on humanities. However, when heterodox economists and students who demand pluralism in economics insist on the idea that economics should be understood as a part of the humanities, they usually then associate humanities with all the methods, thinking etc. that are really different from the mathematical modelling typical for mainstream economics.

<sup>28</sup> An impression of 'Mathematics for pluralist economics' can be found within Keen (2009).

<sup>29</sup> As already mentioned (footnote 17), while an *insistence* on methods of mathematical modelling is clearly a defining feature of mainstream economics (Lawson, 2013, p. 957), the existence of heterodox 'paradigm warriors' casts doubts about the pluralistic attitude of heterodox economists as a defining feature of heterodox economics. In addition, the discrimination of non-mathematical approaches is not limited to the manifest allegation that non-mathematical approaches of heterodox economics are not scientific or not 'proper' economics. The discrimination of non-mathematical approaches can also work in a more tacit way and is finally shown by the attention to these non-mathematical approaches mentioned within the debate about pluralism.

<sup>30</sup> In contrast to this, mainstream economics would face many more fundamental problems by trying to monopolise humanity-like heterodox approaches which are methodically different.

difference between a) the formalistic approaches of economic heterodoxy and b) the other heterodox approaches in terms of humanities is often overlooked within the discussion about pluralism in economics. Typically, the names of Marx and Keynes – as well as specialisations (or rather ‘schools’) such as Post-Keynesianism, evolutionary economics and complexity economics – are popular enough to be mentioned in the German debate about pluralism in economics. Contrary to this, heterodox approaches in terms of humanities seem to be very under-represented here. However, particularly the latter approaches are really different from the usual expectation about (mainstream) economics and provide examples for a completely different perspective for doing economics. In other words, they can provide an intuitive and catchy illustration of the demanded alternative approaches to mainstream economics.

Furthermore, the story around Spiethoff’s economic styles approach gives another reason for the substantiation of the call for pluralism in economics. This is because some approaches, such as Spiethoff’s economic styles, simply require the freedom of plurality to get updated and/or modified because they are currently underdeveloped. In other words, the often supposed ‘weakness’ of such approaches mainly results from a lack of opportunity to become ‘competitive’ with other approaches of economics. Consequently, for the sake of scientific freedom and fairness, mainstream economists must allow heterodox approaches to become ‘strong’, ‘competitive’ and up-to-date.

## **7. Conclusion**

This article tries to give plausible reasons why it would be worthwhile to remember and rethink Spiethoff’s economic styles approach. As it was argued, Spiethoff’s economic styles approach is especially attractive for the recent discussion about pluralism in economics because it is in itself pluralistic in terms of, among other things,

- the ISIFE’s (2014) trinity of pluralism (i.e. pluralism in theory, pluralism in methodology and interdisciplinarity),
- an economic theorising considering the social context (including cultural and moral aspects of life) which is typically demanded by heterodox economists, and, therefore,
- the ability to provide a ‘real-world economics’ (especially via the style type 1 and Gestalt theory).

Additionally, Spiethoff’s economic styles approach illustrates the importance of the history of economic thought in the discussion about pluralism in economics. For instance, the economic styles concept of Spiethoff is just one example of an approach both buried and forgotten today. Therefore, the research into the history of economic thought can again bring up economic approaches interesting for pluralism in economics today. By the way, the economic styles approach also illustrates that the research on the history of economic thought can help to substantiate the current call for pluralism by insights, reasons etc. using (very) old discussions about similar topics.

However, many questions about economic styles still remain. For instance, a detailed analysis of the economic styles approaches’ disappearance would be required. Additionally, a comparison of Spiethoff’s economic styles with other heterodox approaches such as evolutionary economics or the old institutionalism could specify the heterodox character of the economic styles approach. Perhaps other researchers would like to continue along the lines of Hesse (2010) who reports the academic emigration of economists who think that economics is a part of humanities. This leads to the question about the remaining

academically emigrated economists. Consequently, as these few questions illustrate, the economic styles debate indicates that there are many issues still open for future research.

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