

Title: The fiction of the ‘pure entrepreneur’: the essence of the Austrian middle ground borrowed from Schumpeter

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ABSTRACT

Historically, the Austrian theory of entrepreneur emerged from the economic calculation debate. Elements can be found in Mises and Hayek’s theories but were systematized by I.M. Kirzner. This theory is often presented as a theory of entrepreneurial alertness to the hitherto unnoticed opportunities. In an 1985 book, I.M. Kirzner presented his own theory of entrepreneur as a middle way between two opposing ‘extreme’ views. One view called neoclassical sees the entrepreneur as responding to market conditions, with pure entrepreneurial profit the corresponding reward. The second view is associated with the work of G.L.S. Shackle, also called radical subjectivism, sees entrepreneurship as injecting new elements into those conditions, unpredictably.

The aim of this paper would be to show that this middle way implies to build a fiction. This means was itself employed by Schumpeter for his own theory. This fiction is employed to explain both change and tendency to the coordination of individual plans in the market. Kirzner borrow from Schumpeter the persuasive equilibrative aspect and the creative aspect of the entrepreneurial function even if he associated these aspects quite differently.