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Pure Economics versus Social Economics
Various Points of View

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Abstract. This paper is concerned with the relationship between pure economics and social economics from the viewpoint of economic thought. Almost every economist would agree that Léon Walras is one of the most famous economists in the long history of economic thought. There are a variety of answers, however, for the critical question of what makes him so distinguished from others. For an instance, according to the famous economist Joseph A. Schumpeter, Walras can be thought of as the greatest of all economists subject to the condition that only his Pure Economics is taken up, with many other items including Social and Applied Economics, and Land Nationalization Scheme being ruled out. Although such a dogmatic opinion has been influential around the world so far, it is quite remarkable to see that several opposing opinions against the dogma, led by Tatsuhiko Ryuhan and Kayoko Misaki, have recently come on the academic stage in Japan. In short, we reconsider those pros and cons of Walras's grand system of economic thought in a variety of viewpoints. We look forward to seeing the arrival of the second Walras in the not-a-distant future.

I Léon Walras as a Liberal Pioneer

Léon Walras (1834-1910) was born as the son of school administrator August Walras. While Augustus was not a professional economist, his economic thinking on land nationalization scheme had a very extensive influence on his son Léon.

Walras published so many interesting books and articles on economic theory, policies and social reforms. Since all of his publications were written in French, their influences had been at large limited to the French speaking area including, France, Belgium, Switzerland and Italy until the twentieth century. As water slowly filtered down the soil, however, his fame and influence gradually spread to the whole area of Europe and around the world.

The first edition of his most famous work was issued in the two separate years, i.e. 1874 and 1877. More exactly, it was published with the following title. ¹⁾

The First Edition : Walras, L. (1874 / 1877) *Éléments d' économie politique pure, ou théorie de la richesse social.*

And later, the second and following editions were published as follows.

The Second Edition: Walras, L. (1889) The first edition was revised, corrected and enlarged.

The Third Edition: Walras, L. (1896) A minor revision with new appendices added.

The Fourth Edition: Walras, L. (1900) Further revised and extended.

The Fifth Edition: Walras, L. (1926) This edition was posthumously published by his daughter Aline. Its contents were the same as those of the fourth edition, and claimed as a definite final edition.

Around the world, the following English translation of the fifth edition was quite familiar and carefully read.

Walras, L.; Jaffe, W. (translator) (1954) *Elements of Pure Economics.*

More than fifty years ago, when I decided to go abroad to continue my graduate study, I also brought the English edition of Walras with myself. In fact, my American alma mater, the University of Rochester, was very famous of devoting deep study to general equilibrium theory a la Léon Walras. Lionel W. McKenzie was then a towering economist together with Kenneth W. Arrow and Gerald Debreu, well-organizing the "Academic Gang of Mathematical Economics" in the United States. It was no wonder that the works of such a gang filled so many fellow economists with feelings of awe, being even nicknamed those of the "MAD". It was noted here that collection of

the initials of McKenzie, Arrow and Debreu produced the magical word "MAD". I still remember that when I had an opportunity to tell this strange coincidence to my Rochester classmate Michihiro Ohyama, he had a big smile on his face and clapped his hands in applause. ²⁾

At present, Behavioral Economics, a new wave of economic science, has come on the academic world. I am very proud of saying that Richard H. Thaler, once a good friend of mine at Rochester, is now a distinguished professor at Chicago, being very famous as a pioneer of such a new field.

Both McKenzie and Thaler were undoubtedly the honorable products of Rochester academic world. When I was a graduate student at Rochester at the late 1960s and the early 1970s, many teachers and students had the "distinction of receiving conspicuous nicknames" from their colleagues and classmates. While I myself was occasionally called "Mr. Locomotive", many of my friends also gained their specific nicknames including "Mr. Machine", "Mr. Limit Cycle", and "Mr. Turban". I can still vividly recall the very satisfactory smile of Professor McKenzie just after he utterly finished the difficult proof of the existence of general equilibrium by means of the famous Kakutani Fixed Point Theorem. Hence, McKenzie was honored by acquiring the nickname "Mr. Fixed Point". I also remember another occasion in which my good classmate Thaler enthusiastically advised me to take the graduate seminar "Econometric History" conducted by Professor Robert Fogel. Because Thaler was always open-minded and independently going in his own way, he successfully gained his special nickname "Mr. Going My Way". ³⁾

My old friend Thaler was a person who was very good at creating and employing impressive passages. He has frequently said that we were not merely mechanical "econs" as traditional economists described, but rather much more "humans" with passions and emotions. I strongly believed that his distinction between "econs" and "humans" was very important, possibly shedding a new light on many controversies over what the essence of Walras's economic thought was all about. ⁴⁾

As was well-known, Walras himself attached as much importance to "social and applied economics", "monetary management", and unique "land nationalization scheme" as his famous "pure economics". Although the rational behavior of a man, being limited to individual costs and benefits, was dominantly assumed in his pure economics, many other considerations of other human passions including empathy and social justice were also included in his social and applied economics. In other words, in terms of Thaler terminology, whereas the existence of only "humans" was simply assumed in his "pure economics", many other scenes in which a variety of the behaviors

of ordinary "humans" — sometimes smiling, crying, protesting, and even dreaming — were duly present in his "social and applied economics." On the one hand, McKenzie as an outstanding pioneer of General Equilibrium Theory lived in the traditional world in which only "econs" were alive. On the other hand, Thaler as a modern champion of Behavioral Economics chose a different path toward the new world with a great variety of "humans". At appearance, McKenzie and Thaler took opposing paths in the world of economic science. We must keep in mind, however, that they were both good gentlemen of Rochester, thus making very good friends with each other.

This paper aims to demonstrate that Léon Walras was an admirably liberal pioneer and continues to be so forever. More specifically, its contents are as follows. Section II will describe the influential presence of Joseph A. Schumpeter as a dogmatic critic, who praised Walras's pure economics as the most brilliant contribution in economic history but proposed to throw his social and applied economics away into a trash box. Section III will focus on the almost forgotten work of a lone researcher Katsuhiko Ryuhan, who effectively criticizing Schumpeter, discussed the whole picture of Walras's socioeconomic system in a philosophical fashion. Section IV will turn to Kayoko Misaki's recent contribution to studies in the history of economic thought, with focus on Walras and many other French economists. She has been a very devoted promoter who firmly stands tall against the idolized giant Schumpeter, well-developing many aspects of the Walras socio-economic world. Final remarks will be made in Section V.

II Joseph A. Schumpeter as a Dogmatic Critic

Joseph A. Schumpeter was counted as one of the greatest economists in the modern times. Honestly speaking, in the light of the degree of academic power and influences around the world, he was well-comparable with his contemporaries John Maynard Keynes and Yasuma Takata. Interestingly enough, those three economists had not only the same birth year of 1883, but also acquired the honor of belonging to the list of eleven distinguished economists selected by Michio Morishima. ⁵⁾

Schumpeter was famous of a prolific writer. He wrote not only so many interesting books and articles, but his writings had also a marked tendency toward unnecessarily lengthy and even biased opinions. In fact, when he published the two big books, i.e. Schumpeter (1951) and Schumpeter (1954), his sympathizer Jacob Viner made the following book review. ⁶⁾

There is, as we shall see, much in this book which is redundant, irrelevant, cryptic, strongly biased, paradoxical, or otherwise unhelpful or even harmful to understanding. When all this is set aside, there still remains enough to constitute, by a wide margin, the most constructive, the most original, most leaned, and the most brilliant contribution to the history of the analytical phase of our discipline which has ever been made. (Viner, 1954, pp. 894-895)

In my opinion, Viner's remark on Schumpeter hit the mark. Usually, any great man's remark on another person's work tends to go too far either in the right direction or in the wrong direction. Let me write down here a pair of Schumpeter's straightforward comments on Walras. Then, we would surely understand that such a strange and likely tendency would be confirmed in both directions.. .

Economics is a big omnibus which contains passengers of incommensurable interests and abilities. However, as far as pure theory is concerned, Walras is in my opinion the greatest of all economists. His system of economic equilibrium, uniting, as it does, the quality of 'revolutionary' creativeness with the quality of classic synthesis, is the only work by an economist that will stand comparison with the achievements of theoretical physics. (Schumpeter, 1958, p. 827)

Unfortunately, Walras himself attached as much importance to his questionable philosophies about social justice, his land-nationalization scheme, his projects of monetary management, and other things that have nothing to do with his superb achievement in pure theory. They have cost him the goodwill of many a competent critic, and must, I imagine, try the patience of his readers. In any case, the tribute above must be understood to refer to his pure theory alone.

(Schumpeter, 1958, pp. 827--828)

Table 1 would summarize Schumpeter's ambivalent comments on Walras. On the one hand, he had the highest praise on Walras's pure economics. On the other hand, he indicated his complete disregard for Walras's other works including social and applied economics. Now, I do think that both of those comments would be more or less overstatements in either way. Fortunately or unfortunately, so many years have elapsed after the death of Schumpeter. Honestly speaking, Walras was like *Ashura* or a famous Buddha statue with many faces — smiling, angry, dreaming, disgusting, happy and unhappy faces — at Kofukuji temple in Nara, one of the ancient capitals of Japan. Now, it is high time that we should stop gazing at only one face of *Ashura*, but instead extensively look at all faces together.

Table 1 J. A. Schumpeter on Léon Walras: The highest praise on Walras's pure economics, but complete disregard for social and applied economics

Walras's system	Schumpeter's evaluation
pure economics	considered as the greatest of all economists praised as the "Magna Carta" of the history of economic analysis the most superb achievement in economic theory
social & applied economics	spoiled by questionable philosophy about social justice having nothing to do with superb pure theory land nationalization scheme also unnecessary

Remark. Based on Schumpeter (1954), p. 828. Also see Misaka (2027), pp. 3-4.

III Katsuhiko Ryuhan as a Lone Researcher

Quite recently, I revived much interest in the personality and work of the great economist Léon Walras. It seems that there were several reasons for this. For one thing, Kayoko Misaki, one of my good colleagues at Shiga University, published two outstanding books on Walras — a Japanese book in 1998 and another English book in 2024. It was a gratifying thing for me as a good friend of Misaki to see that both books were nicely written and well received in Japan and around the world.

For another thing, while reading many related books and articles on Walras, my old and nostalgic memories in graduate student days at Kobe, have safely and vividly returned. It was no exaggeration to say that it was like a thunder out of the blue. If my recollection was not mistaken, there was a small yet wonderful seminar at Matsuyama in Western Japan more than fifty years ago. The seminar was respectfully led by Professor Yukio Kitano, having always been proud of being a favorite disciple of the legendary scholar Yasuma Takata at Kyoto, was also himself an authority of socioeconomics at Kobe. One of the speakers was then a young and promising scholar three years older than me. His name was Katsuhiko Ryuhan, one of the rarest surnames in Japan. Ryuhan firmly stood up before the blackboard and began to talk loudly before the audience. When he was going to talk about the French economist Léon Walras, all of the audience seemed to be relaxed by the familiarity of the name

"Walras". As soon as he turned special attention to Walras's "Social Economics and its modern implications", however, their nerves began to become edgy and seemed to feel rather uncomfortable. It was because almost all of them had never been thought of the relationship between Walras and Social Economics, thus being forced to be silent during the seminar. Of course, one clear exception was the authoritative scholar Kitano, who was then very happy and asked a lot of questions to the eloquent speaker Ryuhan. When such an exciting "academic duel" between Ryuhan and Kitano was finished after one hour or so, all the audience stood up and applauded their exciting discussions.

Quite soon after the Matsuyama workshop was over, I myself went abroad to continue my graduate study of "Pure Economic Theory", thus completely forgetting the sociological and human part of human behavior for a long time. It was really an irony that partly thanks to Professor Kitano's strong recommendation letter, I was fortunately admitted with Fellowship to the Graduate School of Economics, the University of Rochester. Believe or not, Rochester was a very famous place like a mecca for many general equilibrium theorists and other related studies, with Professors Lionel W. McKenzie and Ronald W. Jones being leading scholars among others. In fact, "Modern Value Theory" was a compulsory subject for all graduate economic students at Rochester, having been long taught first by McKenzie and later by Jones. At Rochester, probably in line with Joseph Schumpeter's dogmatic interpretation in *History of Economic Analysis*, Léon Walras's "Pure Economics" had been regarded as a sort of bible for general equilibrium theory or modern economic theory. In short, as far as Rochester as my alma mater was concerned, the simple and strong formula "Walras = Pure Economics = General Equilibrium Theory" had been firmly believed by all professors and students. As a result, being strongly influenced by Schumpeter's biased opinion, many other subjects including "Social Economics", "Applied Economics", and "Land Nationalization Scheme" had been simply treated as nuisances: Indeed, they have been completely neglected at Rochester as if these items had been worthless items to be thrown into garbage boxes.

Now, it is high time to very carefully reexamine all of my old friend Ryuhan's works on Walras, thus more objectively evaluating their modern implications together with necessary criticisms. As the saying goes, it is surely better late than never. As far as I can see, his major contribution to Walrasian studies should consist of the two omnibus sets of papers, namely Ryuhan (1967) and Ryuhan (1968). Unfortunately, both of them were very lengthy and written in rather old-fashioned styles with difficult expressions. Besides, although these two sets were written in two short years, they were fairly different, thus reserving separate treatment. In particular, while the first

set did not mention about Schumpeter's evaluation on Walras at all, the send set was intended as a much more positive work because it contained Ryuhan's own critical comment on the Schumpeter doctrine per se. Apparently, Ryuhan himself was a very powerful and open-minded person who liked not only Pure Economics but also Social Economics, Applied Economics, Land Nationalization Scheme and many others.

Now, let me start reading again the first set of Walras studies by Ryuhan (1967). The first page per se clearly indicated that Ryuhan's broad-minded position was entirely different from Schumper's one-sided position.. In fact, the very first sentence in the first page was written with great solemnity as follows.

Walras's economic thought consists of the following three key systems. They are (1) Pure Economics, (2) Applied Economics, and (3) Social Economics. Each of them is relatively independent of the remaining two. However, those three taken together are thought of as those making a unified thought system. (Ryuhan, 1967, Part (1), p. 1)

According to Ryuhan, each of those key systems should have its own basic standard rule. More exactly, the correspondence between a key system and its standard rule could be shown as follows.

- | | | |
|-----------------------|-----|-------------------|
| (1) Pure Economics | ←—→ | truth |
| (2) Applied Economics | ←—→ | utility |
| (3) Social Economics | ←—→ | justice or equity |

Ryuhan's argument so far could easily be understood and seemed to agree with common sense. However, he proceeded to go a step further, strongly lamenting the state of Japanese academic world in those days in the following way.

Among those three correspondences (1), (2) and (3), the first correspondence (1) has been the most rigorously developed. In a sharp contrast to this, however, the second and third correspondences (2) and (3) have been almost neglected in the Japanese academia so far. The final purpose of our eventual investigation is to fully understand the whole structure of Walras's economic thought. Unfortunately, I have not reached yet to realize such a final purpose: Indeed, this paper is regarded merely as only one step to reach the final goal. By writing this paper, I intend to demonstrate that all Walras studies in the Japanese academia still remain quite unsatisfactory, so that I hope that this paper on Walral's economic thought may still do a certain contribution to perfect understanding of that thought today. (Ryuhan, 1967, Part (1), p. 2)

It was noted that the three correspondences aforementioned, namely (1),(2) and

(3), were carefully developed in different publications and also in different years as follows.

- | | | |
|-----------------------|-----|---|
| (1) Pure Economics | ←—→ | Élement d'économie politique pure (1874/1877) |
| (2) Applied Economics | ←—→ | Étude d'économie politique appliquée (1898) |
| (3) Social Economics | ←—→ | Étude d'économie politique sociale (1896) |

From the viewpoint of book organization, those three subjects were naturally ordered as (1), (2), and (3). If Walras's own preference came before the organization, however, they should have been just reversed, thus being ordered as (3), (2), and (1). Cautiously Looking at such a reversal, the reader might feel the sorrow and irony of a complicated human life. ⁷⁾

In short, Ryuhan deeply considered what the essence of Walras's economic thought was all about, and rightly conjectured that in line with Walras's own value judgment, (3) should have been most highly placed, and (2) came to the second place, with the result that (1) was put into the last place. It is in this respect that Ryuhan must be a very brave person belonging to the independent-minded Takata-Kitano backflow against the orthodox main stream to which Nakayama and Yasui belonged.

Unfortunately, possibly subject to the time constraint, Ryuhan gave up here to investigate the whole structure of Walras economic thought, limiting his attention to only one key core, that is Social Economics. Since Walras's Social Economics itself constituted a very big structure, I would like to show the reader its convenient bird's eye view in Table 2.

As was seen in Table 2, Ryuhan (1967) consisted of three parts — Part I, Part II and Part III. Part I carefully discussed the delicate relationship between socialism and liberalism. To this end, Ryuhan developed his exhaustive argument from so many different viewpoints. According to him, whereas socialism was regarded as an absolute system which was born in France as the country of control and authority, liberalism is thought of as a relative system which was developed in England as the country of liberty and ingenuity. Walras thought that absoluteness or perfection represented the essential core of theory and science whereas relativity or imperfection stood for the important principle of practice and technology. He argued that absoluteness and relativity should not be incompatible but splendidly reconciled with each other. In other words, he bravely attempted to marry absoluteness with relativity. Such a synthetic approach well-represented his realistic and pragmatic approach to Social Economics. In conclusion, Ryuhan clearly summed up Walras's position as follows.

Walras's position stands firm on the basis of the distinction of ideal and reality. Whereas he may be a perfect socialist from the viewpoint of ideal and science, he may also be a sincere liberalist from the viewpoint of reality and policy. The two positions of socialism and liberalism should separately exist in one human body, but they must friendly cooperate with each other toward a nice synthesis. In this way, the rigid character of France and the liberal character of Britain can duly be synthesized as humanity. (Ryuhan, 1867, pp. 18-19)

Table 2 Ryuhan's First Ambitious Project on Walras's Social Economics, the 1967 version:

Ryuhan (1967) Léon Walras's Social Economics, the Serials of Three Papers	
Introduction Pure, Applied, and Social Economics as Three Basic Components	
Part I Socialism and Liberalism — Walras's Position between Those Two Doctrines	
1.	Qualitative Distinction between Socialism and Liberalism
2.	Typical Forms of Those Doctrines in the Real World
3.	Walras's Harmonic Position on Socialism versus Liberalism
4.	Walras's View of History and Philosophy
5.	Ryuhan on Walras: Support and Discontent
Part II Politics and Socioeconomics in the Time of Walras	
1.	Precautionary Views of Ownership Principle
2.	Pure, Applied, and Social Economics
3.	Opposing Foundations and Taxes: Based on Justice or Social Interest
4.	Ryuhan on Theory and Policy
Part III Philosophical Backgrounds	
1.	Two Opposing Views: Justice or Social Interests
2.	Materialism versus Spiritualism
3.	Walras's New Approach to Social Ethics
Part IV How to Further Develop Walras's Social Economics	
1.	Solid Foundations: Methodological and Anthropological
2.	Social Economic Synthesis: Many Possible Directions
3.	Relation with Modern Rationalism: Ryuhan's Provisional Conclusion

Remark Based on Ryuhan (1967), with some minor revisions

. Let me look back at Table 2. In Part II, Ryuhan turned his attention to politics and socioeconomics in the time of Walras. According to Ryuhan, Walras focused on the problem of how the two opposing principles of social interests and justice were related with each other in solving the problem of distribution of social wealth among people. Walras characteristically attempted to find a happy blending of materialistic interests and justice towards the synthesis of individualism and communism. At appearance, this seemed to be a mission impossible. However, Walras was born as a very brave person: he always dared to challenge an apparently extremely difficult job.

In the final part of his long paper, i.e. Part III, Ryuhan distinguished himself to be a true lover of pure philosophy. Indeed, he picked up the very important yet almost unsolvable problem of materialism versus spiritualism. Materialism was the philosophical doctrine that nothing existed except from matter and its movements. By contrast, spiritualism was the philosophical doctrine that the spirit existed as distinct from matter, being thought of as the only reality. Walras thought that those two doctrines should never be exclusive, preferring to proceed in a middle way. In short, he relied on the "modern rationalism", which should be distinct from materialism and spiritualism. To my deep regret, however, Ryuhan's very extensive argument on the relation between materialism and spiritualism together with his preference on modern rationalism seemed to be far from clear, and might sometimes give rise to unnecessary confusions. In spite of those defects and shortcomings, I myself would like to praise Ryuhan's brave effort to pick up the philosophical aspect of Walras's system which has been hardly discussed so far.

In Part IV, Ryuhan attempted to further develop Walras's Social Economics. In particular, he emphasized how it is solidly built as a systematic structure from many viewpoints including those of social-political-economic situations, philosophical foundations, basic social ethics and its components, and the contents of socioeconomics and social systems. Ryuhan admitted that in spite of his heroic efforts, Walras's argument was far from clear and transparent. Against those difficulties, he managed to find that the following four academic considerations were critical for full understanding Walras's system of Social Economics. They were (1) methodological epistemology for understanding the issue of ideals versus realities, (2) anthropology on the dual basis of economics and psychology, (3) considerations of beauty, truth, justice, and interests, and (4) ontological considerations of the harmony of those basic elements. Those discussions by Walras apparently lacked perfect transparency, thus possibly making the reader an extra burden for perfect comprehension. As a

sympathetic reader, I now myself feel Ryuhan's unyielding effort to fully demonstrate the whole structure of Walras's system of economic thought.

In conclusion, as Ryuhan repeatedly stresses, Walras's system is characterized as a dual structure. Indeed, while Walras is fondly using the opposing concepts of an individual and the state, those of liberty and authority, those of equity and inequality, together with those of order and justice, he skillfully discusses a lot of dual relations in real societies. As the very final conclusion of this lengthy paper, I would like to record his compact remark down below.

As the author Ryuhan repeated, Walras has effectively used dual methods in order to demonstrate apparently opposing concepts in harmonic and synthetic fashions. (Ryuhan, 1967, (3), p. 59)

Now, I am in a position to shift my attention to Ryuhan (1968), i.e. the second omnibus monograph Ryuhan on Walras. Note that this second set was published only one year later than the first one, i.e. Ryuhan (1967). So, at the first appearance, those sets look very similar to almost all readers. A closer examination would tell us, however, that they are fairly different products, demanding a separate treatment. I would dare to say that the first set was the product of the Old Ryuhan, being the second set being the one of the New Ryuhan.

More exactly speaking, the New Ryuhan's project on Walras's Social Economics can be summarized in Table 3. In its Introduction, Ryuhan courageously raises his awareness concerning what we may call the new project on Walras's Social Economics, thus loudly pointing out the contemporary significance of the grand system of Léon Walras. Ryuhan's new project on Walras begins with close observation of the following deplorable state of Walrasian studies led by the leading economist Joseph W. Schumpeter.

As far as I can see, almost all studies on Walras, perhaps except a very few exceptions, have been very superficial so far. To my deep regret, my first understanding of Walras was also in such a shallow state. The question which might occur to our mind was who on earth created and spread such misunderstanding. I would suspect that Schumpeter, Wicksell, and other famous economists were probably to blame for the misunderstanding in the academic circle. (Ryuhan, 1968, p.3-4.)

**Table 3 Ryuhan's Second Project on Walras's Social Economics, the 1968 version:
Continuously Executed Fifty Years Ago and Unfortunately Neglected Now**

Ryuhan (1968) Léon Walras's Social Economics (in Japanese), Better Organized Complete Book

Introduction L.. Walras : Its Grand System and Modern Implications

Part I L. Walras's Grand System of Economic Thought: Basic Positions

- I . Scientific Analysis of Five Pillars: (1) Pure Economics, (2) Applied Economics, (3) Social Economics, (4) Economic Systems, and (5) Land Nationalization Scheme
 - II. Three Basic Positions : (1) Pure Philosophical Positions, (2) Basic Theory in a Narrow Sense, and (3) Composition Principle
 - III. Three Pure Philosophical Positions, with Respect to Modern Rationalism: (1) Epistemological Position, (2) Ethical Position, and (3) Metaphysical Position
 - IV. Basic Theory in a Narrow Sense
 - V. Composition Principle: Synthesis of Socialism and Liberalism
-

Part II L. Walras's Social Economics

- I . Synthesis of Ontological and Economical Considerations, with Applications to Social Economics: Dual Characters of Human Being as Ethical and Working Existence
 - II. Waleas on Ownership, with Respect to Composition Principles
 - III. Criticism to J. B. Say, Bastier, and Marx
 - IV. Walras on Taxation
 - V. Walras on Economic System
 - VI. Land Nationalization Scheme
 - VII. Conclusion
-

Remark. Based on Ryuhan (1968), with some minor revisions. This was a completely revised version of Ryuhan (1967), with more personal opinions and several original diagrams added.

As was be seen in Table 3, the reader might have the impression that the Ryuhan new project 1968 was merely a fairly revised version of the old project 1967. It was fair to say, however, that the new project should be regarded as an independent monograph that strongly reflected Ryuhan's own opinion and insistence. Looking more closely at Table 3, we understood that Ryuhan's new project consisted of two parts.. Part I lucidly discussed Léon Walras's grand system of economic thought, thus largely

shedding a fresh light to his basic positions. Moore specifically, his scientific analysis of the following five pillars was orderly carried out:

- (1) Pure Economics,
- (2) Applied Economics.
- (3) Social Economics,
- (4) Economic Systems,
- (5) Land Nationalization Scheme.

Among those five pillars, the first three pillars, namely Pure, Applied and Social Economics. were Walras's favorite trinity, and repeatedly cited so many time thus far. This time, however, the passionate man Ryuhan increased the number of pillars from three to five, thus including Walras's fond subjects such as Economic Systems and Land Nationalization Scheme. It is really a pity that Walras's extensive five pillar doctrine has been almost completely ignored in the academic world so far until the appearance and disappearance of the new shooting star Ryuhan. Then, Walras's three pure philosophical positions with respect to modern rationalism — (1) epistemological position, (2) ethical position, and (3) metaphysical position — were explained in a long and rather boring fashion. In my opinion, this demonstrated Ryuhan's strong favoritism to pure philosophy, which might reflect the philosophical and serious atmosphere of the times.

The final feature of Ryuhan's new project was shown in Part II. Ryuhan paid a strong attention to dual character of a human being as ethical and working existence. In retrospect, I now believe that in this respect, he could be thought of an early pioneer of Behavioral Economics, which has been a very fashionable subject in the early twenty-first century. ⁸⁾

IV Kayoko Misaki as a Devoted Promoter

Kayoko Misaki distinguishes herself as a very devoted person in the sense that she often meets much difficulty with heroic courage. In fact, she is another courageous and independent scholar who dares to challenge Schumpeter's dogmatic assertion against Walras's social economics. To our regret, there seems to be is little evidence of personal interchange between the younger star Misaki and the older star Ryuhan. In fact, there exists around thirty year age gap between the two stars.

Misaki has published two excellent books on Walras — a well-read Japanese version Misaki (1998) and another recently published English version Misaki (2024). Although the titles of the two versions look very similar, they are fairly different with

respect to their contents. So, each of them deserves a separate treatment. As the saying goes, it's what's inside that counts. ⁹⁾

The contents of the old version Misaki (1998) are shown down below in Table 4. It consists of Introductory Chapter, Chapters 1 through 6, and the Final Chapter. The title of Introductory Chapter is read as "Walras Studies as Economic Thought". It per se seems to a small yet clear challenge to the dominant doctrine on Walras, which has been long nourished by the famous economist Joseph A. Schumpeter. The brave person Misaki clearly declared herself to be against the Schumpeter doctrine as follows:

Throughout his entire career, Walras has constantly asserted that pure economics and social philosophy should be inseparably linked to each other: They are closely connected like two sides of the same coin. The purpose of Misaki's book is to faithfully follow Walras's original intention so that she may sincerely attempt to reconstruct the grand structure of Walras's economics as a whole. Let me discuss what on earth the formula "General Equilibrium Theory = Pure Theory" means for Walras himself. Compared to the grand system of Walras, it is no more than a small part, indeed as small as other components such as Applied and Social Economics. At the same time, he constantly holds until his death the solid belief that he must be a scientific socialist, thus firmly believing in Pure Economics as its basic foundation. (Misaki, 1998, pp. 4-5)

In passing, I would like to briefly refer to another great social scientist Alfred Pareto (1848-1923). Although Pareto was formally the successor of Walras at Lausanne, there were big distinctions between the two persons with respect to their philosophies and ideologies. More detailed discussions will be left over to another opportunity. ¹⁰⁾

As I can observe, Misakai is a sincere and devoted researcher. In another place of this book, Misaki strongly repeats her assertion against the Schumpeter doctrine:

The aim of this book [Misakai, 1998] is to carefully reread Walras as economic thought by means of a lot of materials that directly or indirectly relates to Walras's economics. In the long history of succession of Walras studies, so many portions have been regarded as defective garbage or unrealistic assertions, thus having been thrown away immediately. We are beginning to see, however, that contrary to the dominant doctrine, among those rejected items, the many cores of Walras's economic thought. are left behind, thus requiring thorough reexamination.

(Misaki, 1998, p. 14)

As Misaki stresses above, history is sometimes sad and even cruel. Walras's failed to pass the École Polytechnique, presumably the best academic school at the time of Walras. After getting a series of minor jobs in France, he was eventually appointed as a professor at Lausanne, Switzerland. In spite of his high ambition and persistent work, the great accomplishment of his work has been long ignored around the world. For a example, even in the late year of 1941, American economist George Stigler wrote the following observation about Walras.

There is no general history of economic thought in English which devotes more than passing reference to Walras's work. ... This sort of empty fame in English-speaking countries is of course attributable in large part to Walras's use of mother tongue, French, and his depressing array of mathematical formulas. (Stigler, 1941, p. 222.)

In my opinion, Stigler's remark was merely half-true. For one thing, almost all economists in the Western World except the United States could understand French, so that Walras's use of French was not an unconquerable barrier at all. For another, his use of mathematical formulas was not at a very high level, thus being rather acceptable to many ordinary scientists. Therefore, there must be a different reason for merely passing reference to Walras's work, which was also underestimated by the smart American economist Stigler. I suspect that even after the end of the Second World War, Stigler did not want to discuss Walras's preference to Land Nationalization Scheme. As far as my preference to History of Economic Thought is concerned, however, Walras without Land Nationalization would sound like Hamlet without Prince.

In fact, Misaki, a good friend of mine at Shiga University, would at once agree with my opinion, thus cleverly recording the retiring economist Walras's final speech on Scientific Socialism as follows. ¹¹⁾

Undoubtedly, social justice requires that whereas Land should revert to the State, Personal Capability should revert to the People. So, the two problems of Ownership and Taxation can simultaneously be solved. (Walras 1909; reproduced in Misaki, 1998, p. 182)

By way of precaution, I would like to let the reader know that Walras's preference to Land Nationalization was already indicated at the very end of Misaki's old 1998 version. And, its contents were at large shown in Table 4. The old Japanese version substantially contains eight chapters, namely Introduction, Chapters 1 through 6, and the Final Chapter.

Table 4 Kayoko Misaki on Léon Walras: the 1998 Version (in Japanese)

Misaki's Old Book (1998): Léon Walras's Economic Thought (in Japanese)

Introduction Walras Studies as Economic Thought

(1) Methodology	(2) Succession
(3) Expansion to Dynamics	(4) Social Vision of Pure Economics

Chapter 1 The Life of Walras — Pure Economics and Scientific Socialism

(1) Before Ecole Polytechnique	(2) "Economics and Justice"(1860)
(3) Twists & Turns with Many Goals	(4) Prof. of Econ at Lausanne

Chapter 2 Walras on Entrepreneur — General Equilibrium Theory

(1) "Éléments d'écon. politique pure"(1874)	(2) Landowner, worker, capitalist
(3) Entrepreneur	(4) Profits approaching to zero

Chapter 3 Distribution Theory and Social Vision — Against the British Classical School

(1) The Progressive Society	(2) Distribution Law
(3) The Doctrine of Marginal Product	

Chapter 4 Walras on Association

(1) Association as Walras's Dream	(2) Break Down of His Dream
(3) Jaffe-Morishima Controversy	

Chapter 5 Capital Formation and Social Vision

(1) Capital Formation Model	(2) Three Classes
(3) Describing Artisan Economy	(4) Social Vision of the Model

Chapter 6 Walras on Progress

(1) Reconsidering "Éléments"	(2) Progress and Equilibrium
(3) Walras's True Motivation	

The Final Chapter Walras on Equity and Efficiency

(1) "Justice" and "Profits"	(2) How are they Compatible
(3) Pure, Social, Applied Economics	(4) Neutrality of Pure Econ Reconsidered

To save the space, let me quickly turn to Misakai's new English work on Walras, namely Misaka (2024). She has served as the President of the International Walras Society, thus becoming one of influential scholars around the world. As far as I can observe, she is an ambitious and even brave person in the sense that she often meets insurmountable difficulty with heroic courage. This new book aims to challenge the Schumpeter's authoritative (and even dogmatic) opinion aforementioned. I would like to admire her firm position as a sincere scholar. ¹²⁾

In what follows, let me selective discuss the contents of Misaki's new challenging book. As is seen in Table 5, the book consists of two parts, Part I and Part II, with each chapter contains three chapters. In Part I, Misaki sharply points it out that Walras never referred to Adam Smith's catchy expression of the "invisible hand", which has long and repeatedly praised by many economists as a convincing evidence that the capitalist economy should work well and efficiently. Walras is Walras whereas Smith is Smith. There must exist a tall and solid wall between the two economics giants.

Part II is conspicuously entitled "Misunderstood Ideas of Walras", thus demonstrating perhaps the best part of Misaki's sharp presentation. Whereas Walras's fond concept of "organized free competition" must be distinct from the often misapplied concept of "laissez-faire", how and to what extent those two concepts are really distinct remains to be uncertain even today. It is well-known (and ignored by Schumpeter as a sort of garbage) that Walras was a passionate advocate of land nationalization scheme. According to such a drastic plan, the total abolition of all taxes would be feasible since the State as the only land owner could pay all public expenditures by means of the revenues obtained as rents from land borrowers. At appearance, the land nationalization scheme a la Walras seems to be just an empty dream. At present, however, if land is regarded as a very important part of "Social Common Capital" a la Hirofumi Uzawa, a sort of extended Walras-Uzawa environmental project would possibly be reevaluated as the earth-saving grand project for every creature living on the earth. The wise man Uzawa's teachings on global warming and social common capital should be valuable like irreplaceable treasures for us. We will still learn many new and useful lessons from Uzawa through all ages.

Table 5 Kayoko Misaki on Léon Walras: the 2024 Version

Misaki's New Book (2024): Léon Walras's Economic Thought The General Equilibrium Theory in Historical Perspective	
Introduction	
Compatibility of Efficiency and Fairness:	How has Walras been misunderstood?
Part I Walras and his Predecessors	
1 Léon Walras and <i>The Wealth of Nations</i>	What did he really learn from Adam Smith?
2 Walras's Critique of Jean-Baptiste Say	Entrepreneur and Laissez-Faire
3 Numéraire, Workers, and the Tax System	Was Isnard a precursor of Walras?
Part II Misunderstood Ideas of Walras	
4 The Concept of Labor Market in Walras	His Pure, Social, and Applied Economics
5 Walras on the Worker-Entrepreneur	The Origin of Profits
6 The Concept of Sympathy	Walras, Smith, and Sen
Appendix	
Miyoji Hayakawa (1895-1962)	The first Japanese Translator of Walras

V New Lessons from Old Teachings

In the above, I have intensively discussed Walras's system of economic thought, with special reference to J. A. Schumpeter, K. Ryuhan, K. Misaki, and others. Some of them are authoritative or dogmatic, but others are isolated or critical. I would like to set much value on such diversity of opinions on studies in Walras's system and its contemporary implications. We can learn new lessons from old teachings.

Michio Morishima, one of the greatest economists in Modern Japan, once remarked as follows: ¹³⁾

This book [namely, *Why Will Japan Collapse*] represents my ambitious attempt to a sort of interdisciplinary and synthetic research in social sciences — namely, the research area I once

called the "symphonic social sciences" — in which I did my best to combine and integrate as many fields including economics, sociology, education science, history science and other fields as I could. (Morishima, 1999, Appendix, p. 197)

Now, it is high time for us to carefully listen to Morishima's advice aforementioned. Walras was surely an open-minded scientist dealing with a very wide range of topics including applied, social and environmental sciences. I sincerely look forward to seeing the arrival of the second Walras in the not-too-distant future.

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Footnotes

1) For details, see Walras (1874 / 1877). It is noted here that the first edition of Pure Economics was separately published in 1874 and 1877. Besides, Social Economics and Applied Economics were respectively published in 1896 and 1898. Unfortunately, they were merely collections of his essays, thus being long waited for their final completions even today.

2) Those pioneering papers on the existence of general equilibrium were published in the same volume of the top-rank journal *Econometrica* in 1958. See Arrow & Debreu (1954) and McKenzie (1954). Even in the 1960s, all the faculty members and graduate students at Rochester seemed to be overjoyed by the great accomplishment by our mentor McKenzie.

3) For more details, see Sakai (2025). Also see McKenzie (1999).

4) For details, see Sakai (2025). Also see Thaler (2005).

5) More specifically, the birth and death years of those three economists are indicated as follows: Schumpeter (1883-1951), Keynes (1883-1946), and Takata (1883-1972). Coincidentally, in the year when all of them were born, another great economist Karl Marx (1818-1883) passed away.

Karl Marx (1818-1883)

6) Viner's comment aforementioned was reproduced at the very beginning of Mark Perlman's long

and instructive note "Introduction to Schumpeter's *History of Economic Analysis*, 1954". When I myself taught microeconomics and general equilibrium theory at the University of Pittsburgh, during the 1970s, Perlman served as my direct boss as the chairman of economics department together with the editor of authoritative *Journal of Economic Perspectives*. I should add to say that Perlman himself behaved like Schumpeter at Pittsburgh.

7) Ryuhan seemed to read Walras's Pure Economics by the later fifth edition (1926) rather than the very first edition (1874 / 77). I am afraid that this might confuse a lot of readers including myself.

8) For details, see Yasuhiro Sakai (2025c). .

9) Here, let me write down the relation between the younger star Misaki and the older star Ryuhan. The age difference between those two stars is around 20 long years. Besides, Misaki's reference on Ryuhan is not seen at all in this second version. So, to my regret, I can guess that there have been no personal communications between the two stars.

10) For details on this point, see Misaki (1998).

11) For details, see Misaki (1998), p.162.

12) For details, see the recent book review by Sakai (2025a, 2025b).

13) For details, see Sakai (2025c), p. 20.