

Schumpeter in Bonn

Thomas Hintermaier, Univ. Bonn

Introductory talk at the conference:

“Schumpeter@100: Firm Dynamics, Growth, and Heterogeneity”

February 19th, 2026

Schumpeter describing himself

“You want to have some facts about myself. Well, I am an Austrian by birth, born in 1883 in a village called Triesch in what was then a province of the Austro-Hungarian Empire, viz. Moravia, which now forms part of the Czechoslovakian Republic. I was educated in Vienna, and following up an impulse which very early asserted itself, I then travelled about for a few years studying economics from various standpoints and began to give lectures on Economic Theory at the University of Vienna in 1909, in which year I was also appointed to a chair of Economics in Czernowitz, then the most eastern town of Austria, now belonging to Roumania. I was called to the University of Graz in 1911, and in 1913–14 I acted as what was called an exchange professor to Columbia University, when I first made acquaintance with and fell in love with this country.”

Schumpeter, letter to Stewart S. Morgan, 18 May 1934,
as cited in Swedberg (1991, pp. 5–6), my highlighting

Schumpeter describing himself (continued)

“Later on I entered politics and took office as Minister of Finance in Austria after the war. I did not return to scientific life until 1925, when I accepted a professorship at the University of Bonn, Germany. In 1927–8 and again in 1930 I visited Harvard University, which I joined as a member of her permanent staff in 1932. I think this is as much as you will want to know about my past history and type of life.”

Schumpeter, letter to Stewart S. Morgan, 18 May 1934,
as cited in Swedberg (1991, p. 6), my highlighting

Historical context, year of birth

1883

The year when ...

... Joseph Alois Schumpeter was born.

... John Maynard Keynes was born.

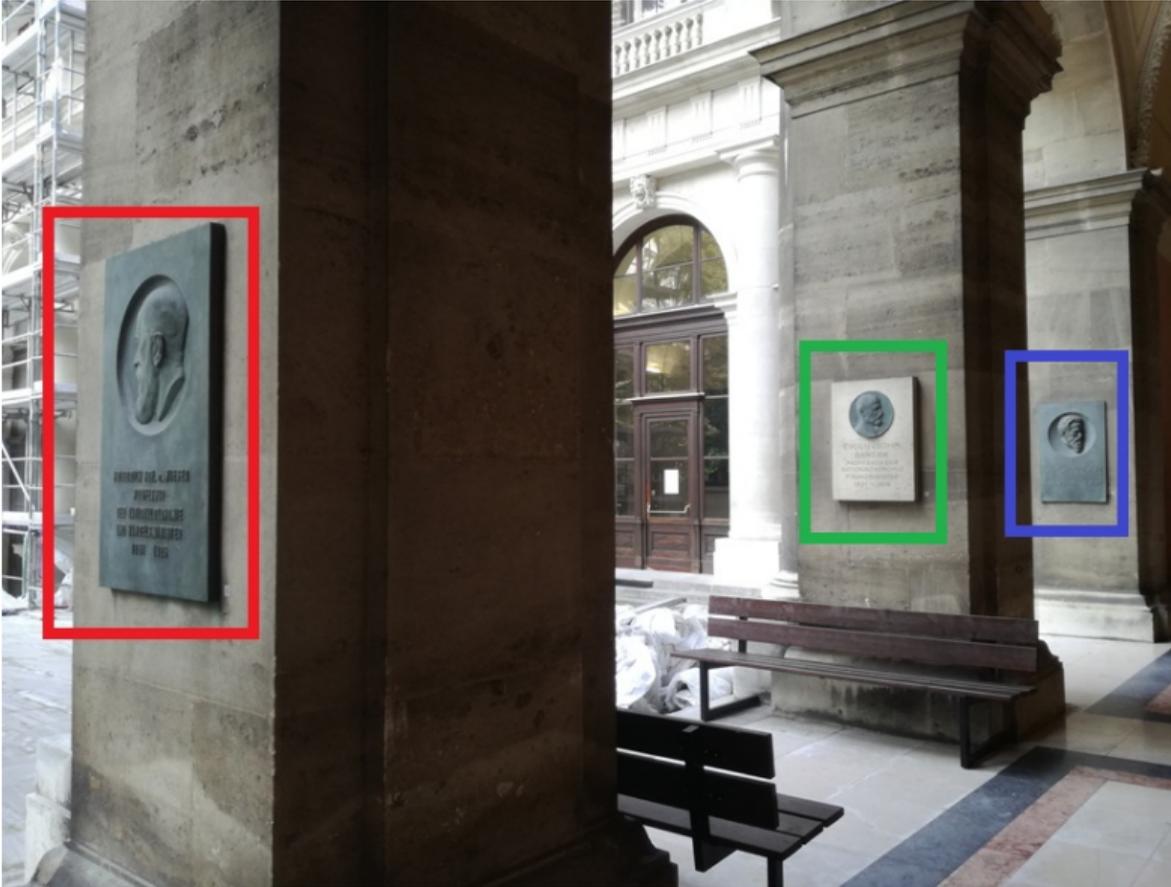
... Karl Marx died.

... the *Methodenstreit* (dispute about methods) in economics broke out between the Austrian School (Menger) and the German Historical School (Schmoller).

Schumpeter's professorial trajectory



University of Vienna, Arkadenhof, monuments

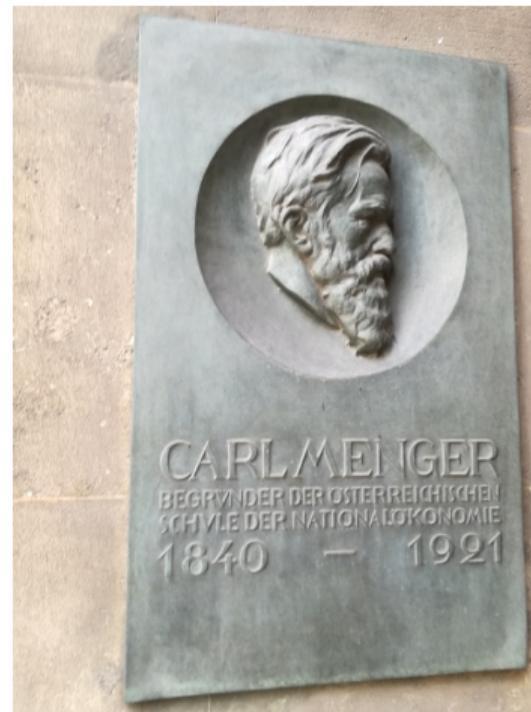
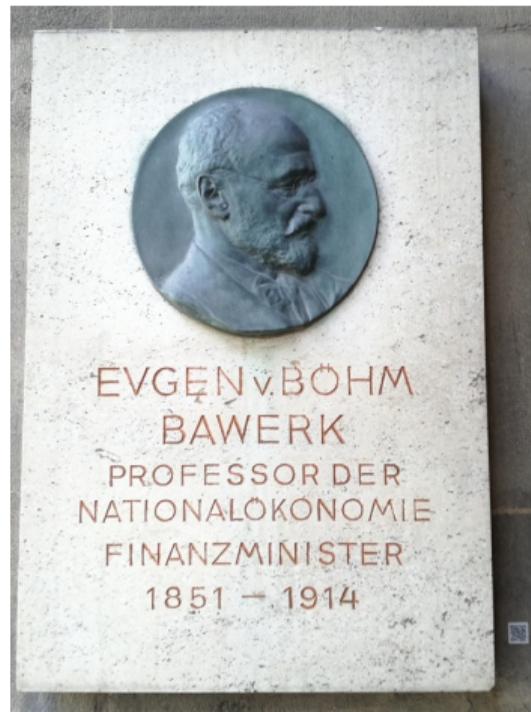
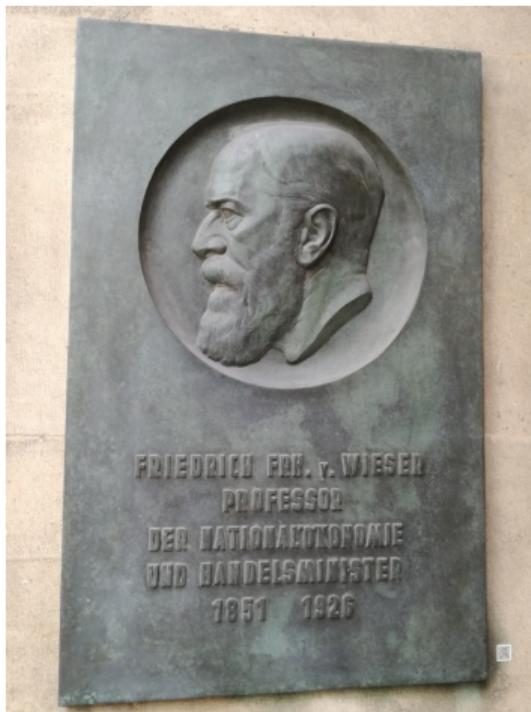


University of Vienna: teachers

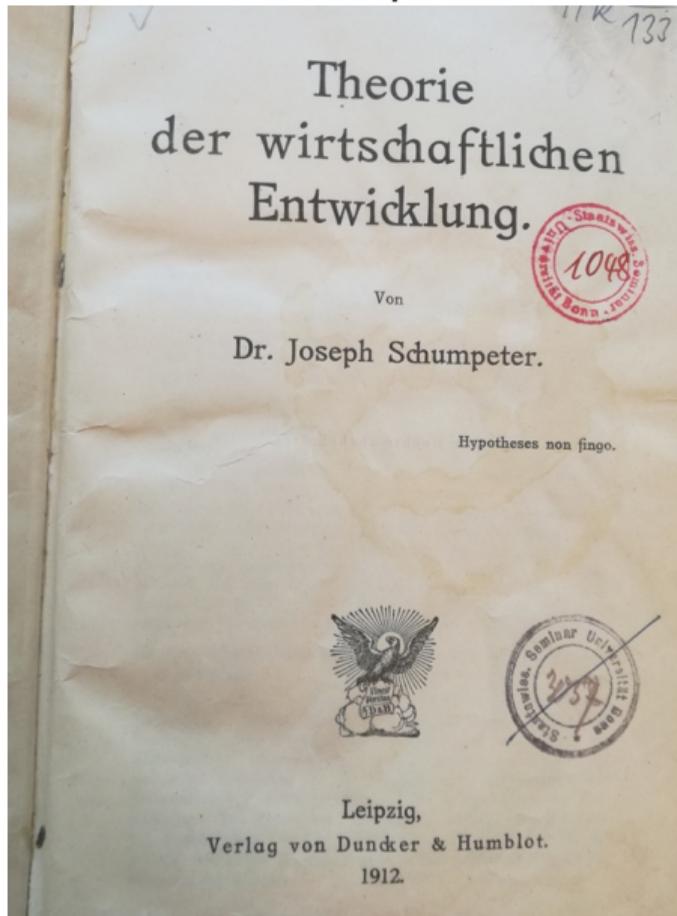
von Wieser,

von Böhm-Bawerk,

Menger



Book: The Theory of Economic Development, 1911



Theorie der wirtschaftlichen Entwicklung, preface

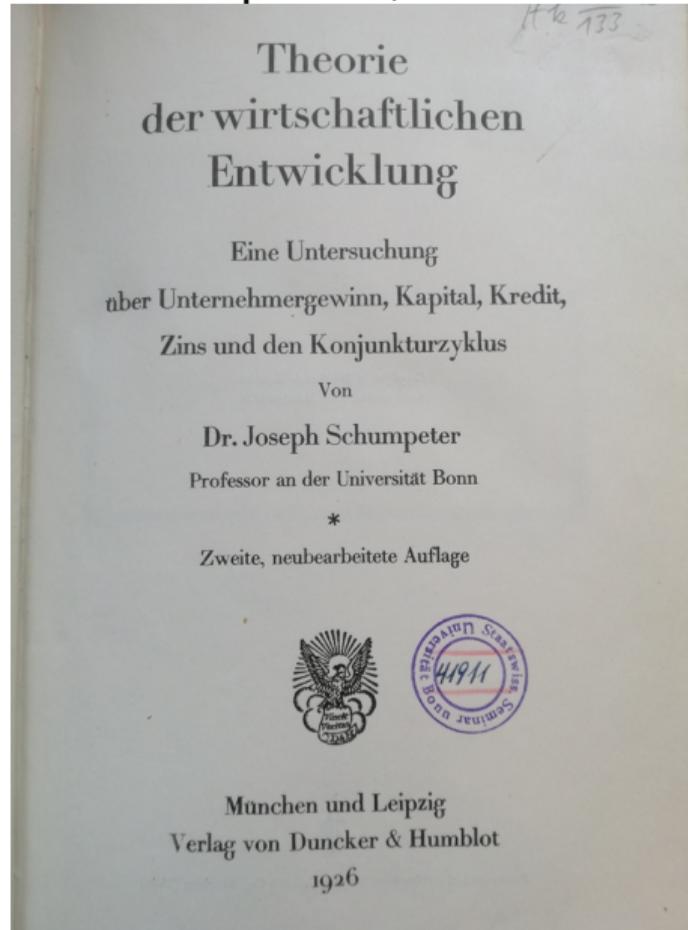
danach beurteilt werden. Ich habe sie nicht als solche gemeint und hoffe, daß es auch Leute gibt, die in wissenschaftlichem Geist an die wissenschaftliche Beschreibung sozialen Geschehens herantreten können.

Der Gedankengang, den ich darlegen will, ist gewiß, und namentlich im Einzelnen, nicht fehlerfrei. Es genügt vollkommen, wenn sich der Leser durch ihn angeregt fühlt und die Überzeugung gewinnt, daß „etwas Wahres an der Sache sei“. Die ökonomische Theorie darf an den Tatsachen und Argumenten, die nach gewissenhaftester Arbeit und bei genauester Kenntnis des Standes der Disziplin hier vorgebracht werden, nicht vorübergehen. Darüber hinaus wünsche ich nicht mehr, als daß diese Arbeit sobald wie möglich überholt und vergessen werde.

Wien, im Juli 1911.

Schumpeter.

The Theory of Economic Development, second edition, 1926



Theorie der wirtschaftlichen Entwicklung,
preface, second edition, **Bonn**

springen, wenn die
Wendung ungenügend begründet
eine Einwendung macht. Im zweiten Kapitel kommt es auf jeden
Satz an. Aus dem dritten habe ich als „Anhang“ ausgeschieden,
was ohne Schaden für den Zusammenhang übergangen werden
kann. Hat man sich das zweite und das dritte Kapitel zu eigen
gemacht, so hat man alles Nötige für das Verständnis jedes der
drei noch folgenden. Wen der Grundgedanke ohne weiteres
überzeugt, der braucht vom vierten Kapitel nur Beginn und
Schluß zu lesen, und nur für den Spezialisten, insbesondere den
der vorgetragenen Auffassung grundsätzlich widerstrebenden
Fachmann, sind Teile des Arguments des fünften. Das sechste
Kapitel drängt so viele Dinge so verzweifelt kurz zusammen, daß
schon die Nichtbeachtung eines Satzes zustimmendem Verständnis
hinderlich sein kann.

Bonn am Rhein, im Oktober 1926.

Schumpeter

Theorie der wirtschaftlichen Entwicklung, 1911

The Theory of Economic Development, translation to English (only!) in 1934

Chapter II: The Fundamental Phenomenon of Economic Development

“Unter ‚Entwicklung‘ sollen [...] hier nur solche Veränderungen des Kreislaufs des Wirtschaftslebens verstanden werden, die die Wirtschaft aus sich selbst heraus zeugt [...]

‚sich selbst überlassenen‘, nicht von äußerem Anstoße getriebenen, Volkswirtschaft.”

(Schumpeter, *Theorie ...*, 1912, p. 103, my emphasis.

In the 1934 English edition, p. 63, the corresponding passage reads:

“By ‘development,’ therefore, we shall understand only such changes in economic life as are not forced upon it from without but arise by its own initiative, from within.”)

my translation

“By ‘development’ here only such changes in the circular flow of economic life are to be understood that the economy generates from within itself [...] an economy ‘left-to-itself’, not driven by external impetus.”

Change arising from within

“What we are about to consider is that kind of change arising from within the system *which so displaces its equilibrium point that the new one cannot be reached from the old one by infinitesimal steps.*

Add successively as many mail coaches as you please,
you will never get a railway thereby.”

(Schumpeter, *The Theory ...*, English ed. 1934, p. 64, footnote 1, my highlighting)

New combinations

What is needed for such change?

“[...] Durchsetzung
neuer Kombinationen [...]”

(Schumpeter, *Theorie ...*, 1912, p. 158)

my translation

“[...] pushing through of
new combinations [...]”

Carrying out of new combinations

“[...] five cases:

- (1) The introduction of a **new good** [...]
- (2) The introduction of a **new method of production** [...]
- (3) The opening of a **new market** [...]
- (4) The conquest of a **new source of supply** [...]
- (5) The carrying out of the **new organisation** of any industry [...]

(Schumpeter, *The Theory ...*, English ed. 1934, p. 66, my highlighting.)

The entrepreneur

“The carrying out of new combinations we call ‘enterprise’; the individuals whose function it is to carry them out we call ‘entrepreneurs’.”

(Schumpeter, *The Theory ...*, English ed. 1934, p. 64)

” Because being an entrepreneur is not a profession and as a rule not a lasting condition, **entrepreneurs do not form a social class** [...]”

(Schumpeter, *The Theory ...*, English ed. 1934, p. 78, my highlighting)

“Die **soziale Stellung**
entgleitet dem Nachfolger,
der mit der Beute nicht auch
die Klaue des Löwen geerbt hat.”

(Schumpeter, *Theorie ...*, 1912, p. 529, my highlighting)

my translation

“The **social status**
is lost for the successor,
who has inherited the prey
but not **the claw of the lion.**”

Innovation vs. Invention

“Economic leadership [...] must hence be distinguished from ‘invention.’ [...]

Although entrepreneurs of course *may* be inventors just as they may be capitalists, they are inventors not by nature of their function but by coincidence and vice versa.

Besides, the innovations which it is the function of entrepreneurs to carry out need not necessarily be any inventions at all.

[...] it may be downright misleading, to stress the element of invention as much as many writers do.”

(Schumpeter, *The Theory ...*, English ed. 1934, pp. 88–89, my highlighting)

(Long-run) growth potential

“[...] innerhalb gegebener Kombinationen hat jede Gütermenge ihre Grenze. Die Kombinationen selbst aber haben keine.

Stets wird im großen Ganzen der Volkswirtschaft geändert und gebessert

und **der Erschöpfung der Möglichkeiten stehen wir heute nicht näher als zur Steinzeit.**”

my translation

“[...] within given combinations each quantity of goods has its limit. However, the combinations themselves don't.

There is always change and improvement in the overall economy

and **we are no closer today to the exhaustion of possibilities than in the Stone Age.**”

(Schumpeter, *Theorie ...*, 1912, p. 161, my highlighting)

Three ambitions

'Early in life I had three ambitions:

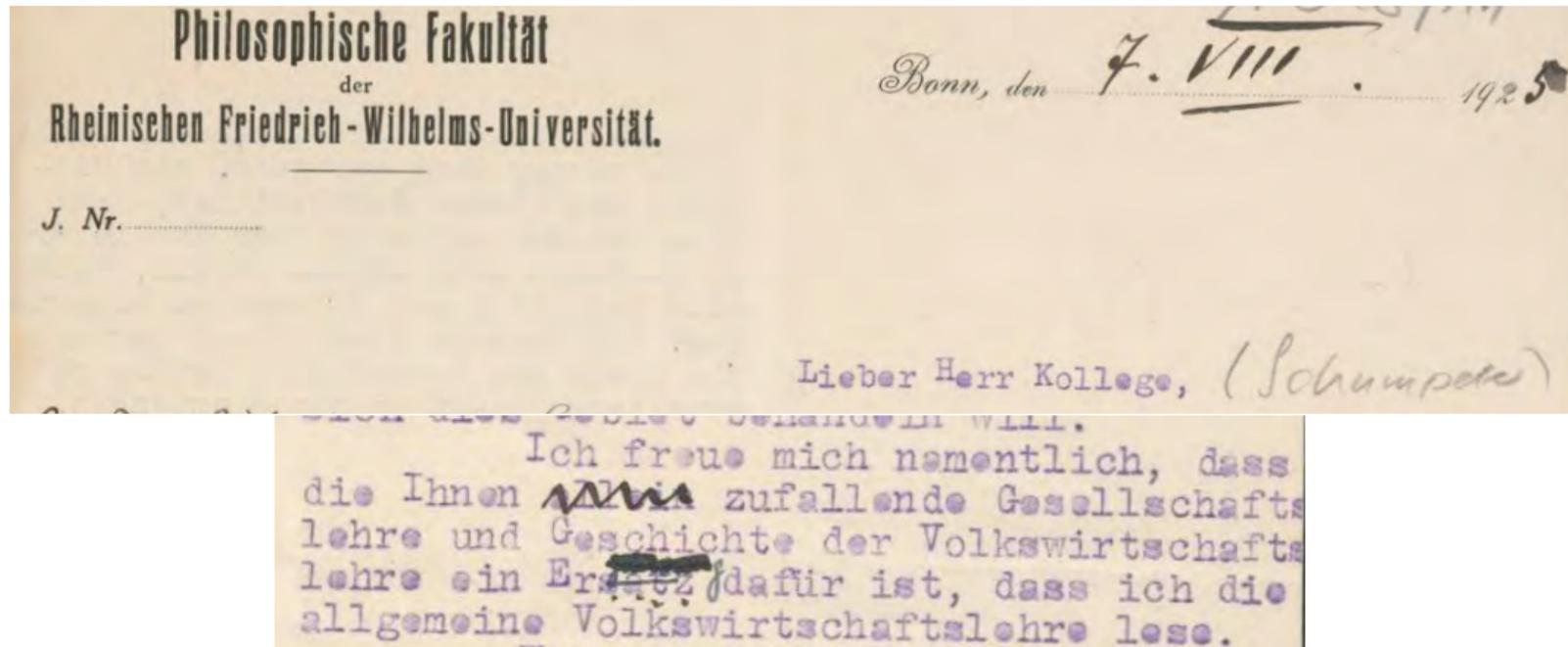
to be the greatest economist in the world,
the greatest horseman in Austria,
and the best lover in Vienna.

Well, in one of those goals I have failed.'

Statement attributed to Joseph Schumpeter,
according to Swedberg (1991, p. 3).

1925: Appointment to Bonn

Spiethoff to Schumpeter, August 7, 1925



“I am particularly pleased that the **social theory** and the **history of economics assigned to you** serve as a substitute for the fact that **I am teaching general economics.**”

Source for this and the subsequent letters:

Schumpeter–Spiethoff correspondence, Universitätsbibliothek Basel

Schumpeter to Spiethoff, September 9, 1925

WIEN IX., STRUDLHOFG. 17

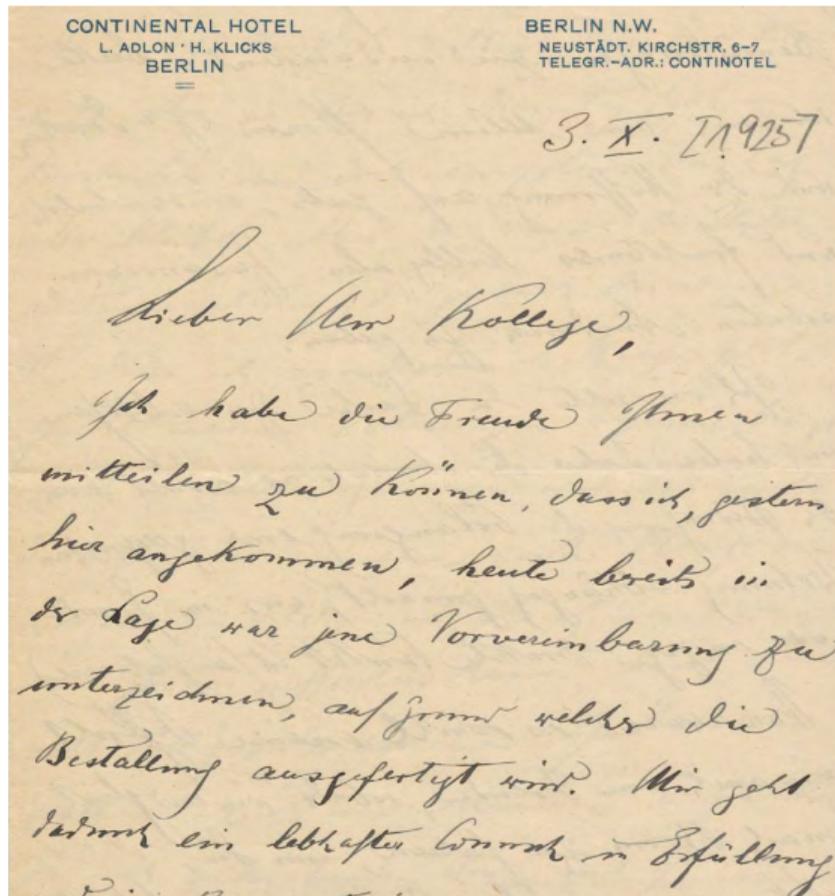
TEL. 19 0 41

9. IX. 25

Dankbarer als [ich nunmehr wegen der Berufung nach Tokyo
einigenmaßen in Gedränge komme. Denn nur die mir
so sympathische Möglichkeit einer Berufung nach Bonn
hält mich von der Unterzeichnung des Vertrags ab, der mich
auf wenigstens zwei Jahre nach Japan verpflanzen würde

“[...] as I now find myself somewhat pressed due to the appointment to **Tokyo**. For only the appealing prospect of an appointment to Bonn keeps me from signing the contract that would transplant me to Japan for at least two years.”

Schumpeter to Spiethoff, October 3, 1925



“Dear Colleague,

[...] today I already have been in a position to sign the pre-contract agreement [...]

University course catalog



University course catalog, faculty listings for winter semester 1925/1926

5. Die philosophische Fakultät.

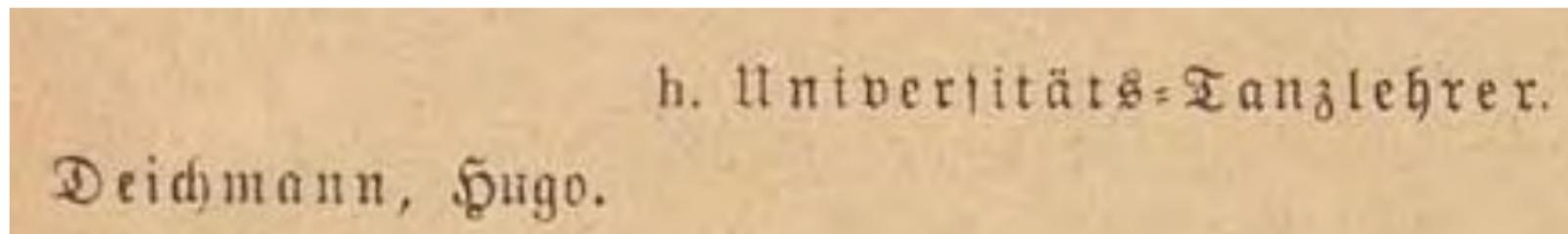
a. Ordentliche Professoren.

- *Dr. phil. et rer. pol. et theol. von Bezold, Friedrich, Geh. Reg.-Rat (Mittlere und neuere Geschichte).
- *— phil. et litt. Jacobi, Hermann Georg, Geh. Reg.-Rat (Indische Philologie und vergleichende Sprachwissenschaft).
- *— Steinmann, Gustav, Geh. Bergrat (Geologie u. Paläontologie).
- *— Thurneysen, Rudolf, Geh. Reg.-Rat (Vergl. Sprachwissenschaft, indogerm. Sprachwissenschaft).
- Marx, Friedrich, Geh. Reg.-Rat (Klassische Philologie).
- *— phil. et iur. Dieckel, Heinrich, Geh. Reg.-Rat (Staatswissenschaften).
- *— Küstner, Karl Friedrich, Geh. Reg.-Rat (Astronomie).
- Meyer-Lübke, Wilhelm, Geh. Reg.-Rat (Roman. Philologie).
- *— phil. et iur. Schulte, Moys, Geh. Reg.-Rat (Geschichte des Mittelalters u. der Neuzeit).
- Elter, Anton, Geh. Reg.-Rat (Klass. Philologie).
- *— phil. et iur. Kayser, Heinrich, Geh. Reg.-Rat (Physik).
- Brauns, Reinhard, Geh. Bergrat (Mineralogie u. Petrographie).
- Study, Eduard, Geh. Reg.-Rat (Mathematik).
- Walzel, Oskar, Geh. Hofrat (Neuere d. Sprach- u. Literaturgesch.).
- *— Wigmann, Berthold, Geh. Reg.-Rat (Neue deutsche Literaturgeschichte).
- *— phil. et iur. Anschütz, Richard, Geh. Reg.-Rat (Chemie).
- Eichorius, Conrad, Geh. Reg.-Rat (alte Geschichte).
- phil. et ing. Clemen, Paul, Geh. Reg.-Rat (Mittlere und neuere Kunstgeschichte).
- Dyroff, Adolf, Geh. Reg.-Rat (Philosophie). Rektor der Universität.
- phil. et sc. Philippson, Alfred, Geh. Reg.-Rat (Geographie).
- Meißner, Rudolf, Geh. Reg.-Rat (Deutsche Sprache u. Literatur, nord. Philologie).
- Winter, Franz, Geh. Reg.-Rat (Archäologie).
- Spiethoff, Arthur (Wirtschaftliche Staatswissenschaften).
- Sommer, Ferdinand (Vergl. Sprachwissenschaft).
- phil. et med. Störriug, Gustav, Geh. Reg.-Rat (Philosophie).
- Schumpeter, Jos. Moïss, (Wirtschaftl. Staatswissenschaften).
- Fitting, Johannes (Botanik),
- Hausdorff, Felix (Mathematik).

5. Die philosophische Fakultät.

- Spiethoff, Arthur (Wirtschaftlich
- Sommer, Ferdinand (Vergl. S
- phil. et med. Störriug, Gustav
- Schumpeter, Jos. Moïss, (Wirt
- Fitting, Johannes (Botanik),
- Hausdorff, Felix (Mathematik).

Noteworthy section of staff listing, winter semester 1925/1926



Note that back then there was an *Universitäts-Tanzlehrer*,
i.e., a *University dance instructor*.

Teaching at Bonn

Example: courses taught by Schumpeter in summer semester 1926

Gesellschafts- und Wirtschaftswissenschaften.

- *Allgemeine Volkswirtschaftslehre Mo. Di. Mi. Do. Fr. Sa. 8 im Aud. maximum, Prof. Spiethoff.
- *Geschichte der Volkswirtschaftslehre Mo. 4–6 in XIX, Prof. Schumpeter.
- *Geld und Wahrung Mi. 9–11 in XIX, Prof. Schumpeter.
- *Bank- und Borsenwesen Do. Fr. 4–6 in XI, von Beckerath.

*History of Economics
Money and Currency*

*Staat und Gesellschaft (Hauptprobleme der Gesellschaftslehre) Di. 4–6 in XIX, Prof. Schumpeter.

State and Society

*Landwirtschaftliche Betriebslehre II. Teil Mo. Di. 10 im Horsaal I der Landwirtsch. Hochschule, Prof. Brinkmann.

*Landwirtschaftliches Rechnungswesen Mi. Do. 10 im Horsaal I der Landwirtsch. Hochschule, Prof. Brinkmann.

*Die Grundlagen des kaufmannischen Rechnungswesens Di. 2¹/₂–4 in XXIII, Prof. Beste.

*Die Finanzierung der Unternehmung Mi. 2¹/₂–4 in XXIII, Prof. Beste.

*Die Lehre von der kaufm. Bilanz Do. 2¹/₂–4 in XXIII, Prof. Beste.
Volkswirtschaftliches Seminar (allgemeine Volkswirtschaftslehre) Fr. 6–8 in XXII, Prof. Spiethoff.

Finanzwissenschaftliches Seminar Mi. 6–8 in XXII, Prof. Schumpeter.

Public Finance Seminar

Teaching theory — despite “not teaching theory”

“In 1925, Schumpeter was appointed to the **chair of public finance** [...]

It has been said that Spiethoff prevented Schumpeter from teaching theory.
This statement can be dismissed.

He certainly did teach theory in his lectures and seminars,
as I can attest from personal experience.”

Stolper (1994, p. 8), my highlighting

Bonn students (among others)

Cläre Tisch

August Lösch

Wolfgang Stolper

Cläre Tisch

Dissertation: *Wirtschaftsrechnung und Verteilung im zentralistisch organisierten sozialistischen Gemeinwesen*, 1932.

– cited by J. A. Schumpeter in his *Capitalism, Socialism, and Democracy*, Chapter XVI, The Socialist Blueprint, footnote 2, p. 173, 3rd ed. 1950;

– cited by F. A. Hayek in his (very negative commenting on work by Oskar Lange) *Two Pages of Fiction: The Impossibility of Socialist Calculation*, 1982, p. 141, in a section entitled “Schumpeter’s equivocations”.

August Lösch

major work: *Die räumliche Ordnung der Wirtschaft*, 1940;

(translated: *The Economics of Location*, 1954).

Founding of the Econometric Society

Schumpeter-Frisch memo, Bonn, September 1931

Memorandum in re the Econometric Society .

- I. Charter Members
- II. Fellows.
- III. Regular Members.
- IV. Publication of a Journal.
- V. Annual Meetings.

Having met in Munich and Bonn on September 27th and 28th and discussed the matters of the Econometric Society the undersigned Josef Schumpeter and Ragnar Frisch have agreed on the following points; which they take the liberty to communicate to the colleagues in the Council of the Econometric Society as proposals regarding the policy to ~~the~~ be followed by the Council in the further work.

Schumpeter-Frisch memo, Bonn, September 1931, some items

essential object of our society; the collaboration of the thinker and the observer in economics - to such an extent as to warrant their election as fellows.

We propose the following persons ^{to be} elected as fellows:

U.S.A. Evans, Fisher, Hotelling, Mitchell, Moore, Roos, Schultz
E.B. Wilson,

England: Bowley, Pigou, Keynes,

France: Colson, Divisia, Roy, Rueff.

Germany: Schumpeter.

Italy: Amoroso, Del Vecchio, Fanno, Ricci, Vietri-Tenelli,

Switzerland: Boninsegni.

Austria: Haberler,

Scandinavian Countries: Frisch, Zeuthen.

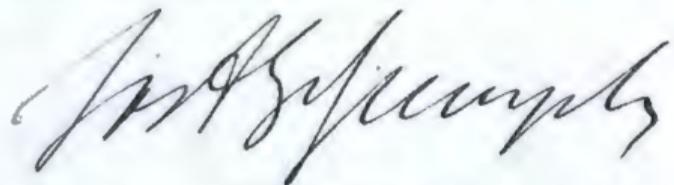
Poland: Zawadzki,

Russia: Kondratieff, Slutsky.

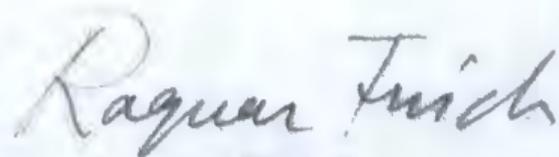
As name of the journal we propose: " The
Journal of the Econometric Society " or " Econometrica " .

Schumpeter-Frisch memo, Bonn, September 1931, place and date

Bonn, September 28th 1931.



Josef Schumpeter,



Ragnar Frisch.

This Memorandum has been sent to:

Amoroso, Prof. Luigi, University of Rome, Italy.
Bowley, Prof. A.L., London School of Economics, London, England.
Divisia, Prof. Francois, Ecole Polytechnique, Paris, France.
Fisher, Prof. Irving, Yale University, New Haven, Connecticut.
Frisch, Prof. Ragnar, University of Oslo, Oslo, Norway.
Roos, Dr. Charles, F. American Association for the Advancement of
Science, Smithsonian Institution Building, Washington, D.C.
Schumpeter, Prof. Josef, University of Bonn, Bonn, Germany.
Wilson, Prof. E.B., School of Public Health, Harvard University,
Van Dyke Street, Boston 17, Mass.
Zawadski, Prof. William, University of Wilno, Wilno, Poland.

Bonn: Joseph-Schumpeter-Allee



Book: Capitalism, Socialism, and Democracy, 1942

From the Prologue of Part II: Can Capitalism Survive?

“Can capitalism survive? No. I do not think it can.”

“But this opinion of mine [...] is in itself completely uninteresting. What counts in any attempt at social prognosis is not the Yes or No that sums up the facts and arguments which lead up to it but those facts and arguments themselves. They contain all that is scientific in the final result. Everything else is not science but prophecy.”

(Schumpeter, Capitalism, Socialism, and Democracy, 3rd ed., 1950, p. 61)

Chapter VII: The Process of Creative Destruction

“Capitalism, then, is by nature a form or method of economic change [...].”

(Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed., 1950, p. 82)

“[...]that incessantly revolutionizes[...] the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one.

This process of Creative Destruction is the essential fact about capitalism.”

(Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed., 1950, p. 83)

Some factors for possible decline of capitalism

- ▶ changing role of entrepreneur

- ▶ motives and attitudes

“A genius in the business office may be, and often is, unable outside to say boo to a goose [...]” (p. 138)

“[...] introduce into private life

a sort of inarticulate system of cost accounting [...]” (p. 157)

- ▶ changing institutional framework

“Thus the capitalist process pushes into the background all those institutions, [...] property and free contracting in particular, that expressed the needs and ways of the truly ‘private’ economic activity.” (pp. 141–142)

- ▶ growing hostility,

featuring extensive treatment of “The Sociology of the Intellectual” (pp. 145–155)

(page numbers above refer to:

Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed., 1950)

Related work during time in Bonn:

Excerpts from: Schumpeter, *The Instability of Capitalism*, *Economic Journal*, 1928

sentence: Capitalism, whilst economically stable, and even gaining

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in stability, creates, by rationalising the human mind, a mentality and a style of life incompatible with its own fundamental conditions, motives and social institutions, and will be changed, although not by economic necessity and probably even at some sacrifice of economic welfare, into an order of things which it will be merely matter of taste and terminology to call Socialism or not.

JOSEPH SCHUMPETER

University of Bonn.

From Schumpeter's farewell speech to the Fachschaft (student association) in Bonn (1932):

“That holds particularly my own case, Ladies and Gentlemen, since I never wish to say anything final. **If I have a role, it is not to close doors, but to open them**, and I have never had the ambition to create anything like a Schumpeter School. It does not exist, and it is not meant to exist. Rather, I only wish to offer suggestions as circumstances bring them to me — good ones, if possible, and bad ones, if it cannot be otherwise.”

Joseph Schumpeter, *Das Woher und Wohin unserer Wissenschaft, Abschiedsrede gehalten vor der Bonner staatswissenschaftlichen Fachschaft am 20. Juni 1932*,
(my translation and highlighting).

References I

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Duncker & Humblot, Leipzig.

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Schumpeter, J. A. (1918).

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Universitätsbibliothek Basel, Shelf Mark: UBH NL 301 : A 548,1–27.

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Schumpeter, J. A. (1928).

The instability of capitalism.

The Economic Journal, 38(151):361–386.

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First English edition, 3rd printing.

Schumpeter, J. A. (1950).

Capitalism, Socialism and Democracy.

Harper & Brothers, New York, 3rd edition.

Schumpeter, J. A. (1952).

Das Woher und Wohin unserer Wissenschaft.

In Schneider, E. and Spiethoff, A., editors, *Aufsätze zur ökonomischen Theorie.* J. C.

B. Mohr (Paul Siebeck), Tübingen.

References III

Schumpeter, J. A. and Frisch, R. (1931).

Memorandum in re the Econometric Society.

Internal memorandum circulated in preparation for the founding of the Econometric Society.

Stolper, W. F. (1994).

Joseph Alois Schumpeter: The Public Life of a Private Man.

Princeton University Press, Princeton, NJ.

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Joseph A. Schumpeter: His Life and Works.

Polity Press, Cambridge.