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CASE STUDY

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## IN THE EARLY JOSEPH ALOIS JULIUS SCHUMPETER'S FOOTSTEPS – MARRIAGE, TRAGEDY AND EMIGRATION

*At the age of 42 Joseph Alois Schumpeter married the 20 years younger Anna ("Annie") Josefina Reisinger. Joseph Schumpeter is looking forward to being a father, and the couple have a child, Joseph, but both Annie and the baby dies during confinement. The tragedy is a fact, and Schumpeter loses the joy of scientific creativity and concentration. His existence is concurrently burdened by private financial problems. He holds fast to his creative youth work, *Theorie der wirtschaftlichen Entwicklung*, which is a companion through life and the foundation stone of modern entrepreneurial research worldwide. The article analyzes the important events in Schumpeter's life and its importance to scientific development in economic theory.*

*The article analyzes the important events in Schumpeter's life and its importance to scientific development in economic theory. *Theorie der wirtschaftlichen Entwicklung* (English title; *The Theory of Economic Development*) was first published in 1912. After emigration to Harvard in 1934, the third edition was translated into English and opened up for a broader readership worldwide. However, the seventh chapter was omitted from the second and third edition, which formed the basis for the translation into English. It is a fact that the English version of 1934 in turn has served as the basis for translation to many other languages. How well known and understood was actually Schumpeter's innovative and independent scientific contribution from his early days, and what are the consequences of the Lost Chapter in economic theory? The author of the article walks in the early Schumpeter's footsteps by visiting places where the famous economist used to live and work, and thereby making interviews with key persons on sites to analyze the background for the historical development in economic philosophy. The article concludes that personal freedom, especially in connection with wage labor and market profit are preconditions for scientific independent activity.*

**Keywords:** Joseph A. Schumpeter, wages, innovation, debt, emigration, economic development.

**Introduction.** Year 2012 marks one hundred years of the first publishing of Joseph Alois Julius Schumpeter's *Theorie der wirtschaftlichen Entwicklung* (English title; *The Theory of Economic Development*). The book has played a very important role, not only in philosophy and in the science of economics, but also in Schumpeter's own life; he never stopped working on the topics on which the theory was constructed [1]. Studying Schumpeter's theories is also relevant from an economic-historical perspective, and his theories are very up to date especially in the world situation of today, characterized by global financial crisis and mass unemployment.

In 2012, I started a research program: In the footsteps of Joseph Alois Julius Schumpeter. The program included many activities; visiting main sites where the famous economist used to live and work, in-depth interviews with key persons on site, research in relevant archives, collecting and spreading information about Schumpeter's science globally through academic institutions, libraries, organizations, forums and summits. The activities also included the beginning of a global teaching program primary based on Schumpeter's theories, writing and publishing papers, articles and books based on the research program findings. The first research trip was to Trest, Jihlava (The Czech Republik) and Chernivtsi (Ukraine) in October 2012 [2], followed by a research period at Harvard University Archives, Massachusetts, in February 2013, then a visit to Bonn (Bonn University and Bonn University Archives and Library), and Vienna (Vienna University and Vienna University Archives) in May 2013 [3], Egyptian National Library and Archives, November 2014, and Tokyo and Kobe, Japan, February 2015. The research program is now in its final stage and Fil. Dr. Jan-U. Sandal Institute funds the research program which has a budget of app. one million USD.

The preliminary results of the research program are articles, speeches, VIP invitations and counselling: "Schumpeter's Method" published in *Levende Historie* no 6/2012, Oslo, "The Hunt goes on – in the world's Libraries" *Bok og Bibliotek*, no 1/2013, Oslo. "In Joseph Alois Julius Schumpeter's Footsteps", an article presented and

published at II International Schumpeters Forum of Economics "Joseph Alois Schumpeter's Scientific Heritage and Today: A View from the Past into the Future" at Yuri Fedkovych Chernivtsi National University (Ukraine), where Fil. Dr. Jan-U. Sandal Institute also was co-arranger, and "In the footsteps of the early Joseph Alois Julius Schumpeter" at the 10<sup>th</sup> Economic-History meeting at Lund University (Sweden) on 4-5 October 2013, article "In Joseph Alois Julius Schumpeter's footsteps" published in *The Journal of the Economic Society of Finland*, No. 1/2014 and article "In the young Joseph Alois Julius Schumpeter's footsteps" published in *The Journal of the Economic Society of Finland*, No. 2/2014, Furthermore, VIP Expert invitations from Asian-Pacific CEO Association and Chinese government to The 3<sup>rd</sup> Global Economic Leaders' summit (GELS 2013), The 2<sup>nd</sup> International Culture Industry Summit (ICIS 2013) and the 2<sup>nd</sup> World Emerging Industries Summit (WEIS 2013) all in China in September and November 2013, The 3<sup>rd</sup> International Culture Industry Summit (ICIS 2014), in October 2014, The 3<sup>rd</sup> World Emerging Industries Summit (WEIS 2015), March 2015, and The 4<sup>th</sup> Global Economic Leaders' Summit (GELS 2015), august 2015, all in China, could be mentioned in this connection.

A significant highlight in the series of results that include the creation of Joseph A. Schumpeter Centre of Economic Research of Yuiry Fedkovich Chernivtsi National University, where I from March 20, 2015 is engaged as a professor of professorship comprising innovation and social entrepreneurship, could be mentioned as well [4].

**Methodology.** The article analyzes Joseph Alois Schumpeter's life with emphasis on the marriage with Anna Josephina Reisinger, the tragic event and the impact it has had partly of his own scientific activity, and partly how the incident may have affected the economic theoretical science in its entirety. Important preconditions for creating good science is the individual's creativity, ability to concentrate and independence. What consequences for Schumpeter's scientific process caused the tragic incident, concentration difficulties, the private economic situation, overseas trips and emigration to America? Second edition of *Theorie der wirtschaftlichen Entwicklung* was published

without the seventh chapter. To what extent have the students, lecturers and researchers been able to take part in the totality of Schumpeter's theory from 1912?

Source material in this article is, besides the traditional written references, to a significant degree based on site visits and in-depth interviews with relevant key personnel on site. The article consists of an analysis built over these factors and parts: introduction, family background, marriage and tragedy, Bonn today, the second edition of *Theorie der wirtschaftlichen Entwicklung*, travel, Japan today, emigration, *The Theory of Economic Development* and conclusion.

**Results.** Joseph Alois Schumpeter was born on 8 February 1883 in Triesch (now Trest in the Czech Republic). His mother, Johanna Schumpeter (born Grüner) came from a famous doctor family in the neighboring city Jihlava, and his father, Josef Alois Karel Schumpeter was the 12<sup>th</sup> generation after Vaclav Schumpeter from Mildov, who was for the first time in history mentioned when he settled in Trest [5] in 1523. Joseph was immediately baptized into the Roman Catholic religion and was named Joseph Aloisius Julius.

Through generations, the Schumpeter family had been successful businesspeople, undertaking production and trade with textiles, iron and salt. They contributed to the industrialization of the town, and both his grandfather and grand grandfather had been mayors in Trest. They all had good reputation of caring for their workers and they were even offered noble appointments, but every time they turned them down. The Schumpeter family owned two big mansion houses in the city and one large factory complex and they gave precious gifts to the church.

Anyhow, as we know, his social background from birth was drastically changed by an incident on 14 January 1887, which led to great consequences for his future life. His father died under special circumstances as result of a hunting accident. Soon after his mother and Joseph moved to Graz and later she married the recently retired lieutenant – field marshal Sigismund von Kéler and the family settled in Vienna. They moved to a flat on Doblhofgasse 3, an excellent address in Vienna situated only a few blocks from Theresianum, the famous preparatory school for the aristocracy, and here Joseph grew up.

The Reisinger family also lived on the same address. Reisinger was caretaker for the property, and the couple had a daughter, Anna ("Annie") Josefina Reisinger. Joseph got early a keen eye for Anna, something her parents did not mind. Already in her teens, Anna was in love with the 20-year older Joseph, and when she was at 17 years of age, they met regularly, first in secret and later with her parents' consent. Teen crush took nevertheless soon end, and it would be years before they resumed close relations with each other. Meanwhile, both Annie and Joseph had affairs with various partners in their respective hold, and Joseph had completed his first marriage with Gladys Ricarde Seaver, an English woman, the daughter of a high-ranking official in the Church of England, which he had contracted a marriage with during his stay in England 1906-1907. The marriage with Gladys had proved to be a mistake from the beginning, although the relationship had certainly begun with mutual love. Immediately after the First World War, the city of Vienna introduced a simplified divorce form where divorce request from only one party was sufficient. Schumpeter divorced without informing Gladys.

One day in May 1925, Joseph proposed to Anna, and on 5 November, the same year the wedding took place in a Lutheran church in Vienna. Both Anna and Joseph, both of which belonged to the Catholic faith, had converted. They had been separated a long time, but now they realized that they were deeply in love with each other. Joseph would

accede as professor in Bonn, which meant that they could afford to marry. Meanwhile Joseph wanted to put his experiences from Vienna behind and start again. Yet neither Anna's parents or Joseph's mother were present during the ceremony when they all opposed the marriage.

Joseph moved to Bonn and started his new job as professor and shortly afterwards Anna also came. They moved into the Koblenzer Strasse 39, one magnificent property on the shores of the Rhine. The couple Anna and Joseph Schumpeter was popular among their friends; they kept merry parties and were frequent guests in their social circles. After a short time, Anna got pregnant and Joseph rejoiced to become a father. It may seem as if Joseph had finally found happiness in a harmonious family life.

However, the joy was short-lived. His mother, whom he was very attached to, and which had been a strong role model and a very important person in Joseph's life, died on June 22, 1926. Immediately after, Anna should give birth to their firstborn, but she and the baby died unexpectedly in childbirth on August 3, the same year. They moved the child in a hurry to a nearby hospital in an attempt to save its life, but to no avail. The child was christened Joseph Schumpeter, but lived only 3 and ¼ hours. Already from the beginning, the pregnancy had been problematic, and in addition, the tone between Anna and Joseph had been rather tense lately. It was the problems with Gladys, who threatened to sue Joseph for bigamy, which had caused tensions.

Annie and the baby were buried in a cemetery nearby. Schumpeter was crushed by grief over the deaths in his family, and the upcoming time was terrible for him. He tried to drown his grief in work, but in vain. Every morning he went to the tomb, and in that period, he developed a distinctive cult with religious undertones where worship of both his mother and Annie as saints evolved. The saintly cult, where his mother and Anna practically were worshiped as saints, would persist throughout Schumpeter's life.

Schumpeter could not drop his mind at Annie's death, which led to his increasingly withdrawal to his work. Nevertheless, he had lost the glow and his old ability to concentration and creativity in scientific work. Meanwhile, he was pressured to undertake an increasing number of salaried lecture assignments for different groups of listeners outside university. The old debt should be repaid. During his stay in Cairo, Joseph Schumpeter had created his private fortune, which he could enjoy during the short time as finance minister until he was dismissed in October 1919. He had nevertheless lived beyond his means in this period, but at accession as chair of Biedermann Bank, he took the opportunity to borrow money from the bank to invest in enterprises in order to profit from the sale of shares. In 1924, he abruptly resigned from the bank and his private financial situation became critical. He got no income, but had a substantial debt to the bank, other creditors and a tax debt to the Austrian state. The financial situation deteriorated, however, in 1926 – 1927 when Biedermann Bank failed, and Schumpeter's debt increased. Schumpeter had until this time to a substantial level lived as an independent intellectual, followed his own interests and willingness on scientific matters. Now the situation was reversed, it was the clients who took the decisions, Schumpeter was compelled to write and speak for money.

The unhappy circumstances; deaths in the family, the social situation, lack of concentration, the financial situation and not least the involuntary approach to the scientific activities led to the fact that Schumpeter, and with him the main site for innovation science, moved to Harvard University.

Bonn University, like the city, was entirely rebuilt after the bombardment during World War II. It is thus not possible to find any authentic traces of buildings or physical

locations where Schumpeter stayed during the time he was linked to Bonn.

On the plot in Koblenzer Strasse 39, not far away from Koblenzer Tor, where the residence where Annie and Joseph lived in 1925 and 1926 stood, has now the new University and State Library in Bonn been built. After the Second World War, the address was changed to Adenauerallee 39 – 41.

Carmen Passera is subject specialist and head of the library for the political science seminar at the Universität und Landes Bibliothek der Rheinische Friedrich-Wilhelms-Universität of Bonn. She can inform that innovation and entrepreneurship as a subject has not yet received any firm foothold at the university. Prof. Dr. Urs Schweizer at the Department of Economics and Social Sciences, University of Bonn, is pleased to announce that here are taught by what's in the books, and that the scope of literature on innovation and entrepreneurship are not strikingly large. The creativity and scientific independence and enthusiasm that characterized Schumpeter's early work, and that he brought to Bonn the first time during his stay here, one cannot currently find any traces.

Before Schumpeter arrived Bonn University in 1925, he had already published two major works in economic theory, *Das Wesen und der Hauptinhalt der theoretischen Nationalökonomie*, 1908 and *Theorie der wirtschaftlichen Entwicklung*, 1911. *Das Wesen* he had written in his spare time and non-salaried during his stay in Cairo. The book was Schumpeter's habilitation work and qualified him for private docent (associate professor) with the right to teach at the university's all levels. *Theorie* was, as *Das Wesen* written in his spare time and non-salaried under Schumpeter's stay in Chernivtsi during the years 1909-1911.

Schumpeter had decided to write a third greater economic theoretical work on monetary theory. However, it turned out that it was not possible for him to carry out these plans. Given the difficult circumstances of life after Annie's death, and later the fact that John Maynard Keynes published his *A Treatise on Money*, 1930, which was considered to be a major work on monetary theory, and that Schumpeter perceived it as a death blow to his own attempt to author a similar theory, his commitment for life was characterized by an attitude of postponement and new attempts to complete his work.

Although *Das Wesen* had been well received and earned its role as habilitation work, Schumpeter was still not happy with the book. For the German academic community the content was new and opened up to the understanding of a number of issues, perspectives and content in pure economic theory, but internationally it was mostly already known. For that reason, no second edition was published, and Schumpeter decided not to take the book when he emigrated to America in 1932.

Nor was *Theorie der wirtschaftlichen Entwicklung* without problems. The book did not get the big reception when it became available in 1912. The First World War was a cause; most people were occupied by other thoughts than economic theory. Many thought that the main points of the book was outside the economic tradition that formed the basis for the common teaching of the subject, and particularly the book's interest theory was received with great skepticism. An early translation of the book into English naturally would have contributed to an increased proliferation of the book's readership, which did not occur.

Schumpeter was nevertheless pleased with *Theorie*, especially as it represented a new economic perspective where he introduced static and dynamic approach to the understanding of economic development. Nevertheless, *Theorie* was above all the result of an independent and

creative scientific process. It was the fruit of a young man's determination to pursue his own intellectual ideas. Schumpeter decided to publish the book again in 1926.

Second edition of *Theorie der wirtschaftlichen Entwicklung* differs from the first edition, with the exception of minor cosmetic changes, in that the seventh and final chapter in the book is omitted. The seventh chapter, the economy as a whole, is a very important chapter. Here Schumpeter ties the book's opening theme together and shows that the social process is an indivisible whole. Despite the chapter's importance, Schumpeter meant that it drew readers' attention away from the main theory, the attempt to introduce a new economic theory.

The relationship between economic theory and the entire socio-economic phenomena is explained in the seventh chapter of a number of circumstances where the entrepreneur as a social agent is the driving force in economic development. The entrepreneur is a pioneer and a key figure in both the micro and macro economy and in society as a whole. Many look up to the entrepreneur; he both impresses and fascinates, and thus takes his role as a community leader.

However, each community has a social culture which consists of relatively independent groups of individuals based on their membership in various spheres such as art, politics etc. where both the static and dynamic dimension exists. Similarly, Schumpeter claims in the seventh chapter, there is a static dimension in society culture, but also something that can be explained through an unforeseen development that is not solely based on society's total amount of knowledge.

Ultimately, society is a whole, as Schumpeter described in the opening of the book and concludes in the seventh chapter, and development takes place through the entrepreneurs' unforeseen and successful activities, a viewpoint that is not based on slogans or ad hoc analysis, but a result of a proven method.

Second edition of *The Theory* received the title *Theorie der wirtschaftlichen Entwicklung. Eine Untersuchung über Unternehmerrgewinn, Capital, Credit, Zins und den Konjunkturzyklus*.

The time after Annie's death was a challenge for Schumpeter. In connection with the appointment as a professor at Bonn University, he had become a German citizen. He used the coming years to travel apparently as much as possible to other countries and universities. Schumpeter seeking August 3, 1927 for leave from his duties as professor in Bonn to travel to Harvard University. He has been invited to lecture on economic theory. He spends the academic year 1927-28 at Harvard.

In 1930, he is again invited to Harvard. Meanwhile, The Econometric Society is founded on the initiative including by Ragnar Frisch. Schumpeter becomes member from the start and the honor of leading the association's foundation meeting in Cleveland, Ohio on December 29, 1930.

During his time as professor at the University of Bonn, Schumpeter had several Japanese students. Also one of his relatives, Hugo Schumpeter, had close ties to Japan as consul in the period 1913 – 1917. After the First World War the relationship between Germany and Japan was again strengthened, which Schumpeter could experience the fruits of during his visit to the country in 1931.

On his way back home to Bonn after his stay at Harvard University in autumn 1930, Schumpeter makes one stay in Japan. Wednesday January 28, 1931 Schumpeter gives his first lecture in Japan. He has been invited to the Tokyo University of Commerce (now Hitotsubashi University). During two hours that morning, he lectures at Kanematsu Auditorium on the theme "The crisis

in economics – fifty years ago." While he is in Tokyo, he gives two additional lectures. Tuesday January 29 in the Industry Club of Japan and on Friday January 30, at Tokyo Imperial University (now Tokyo University). He also visits the host university for his stay in Japan, Kobe University of Commerce (now Kobe University), where he gives three lectures. Thursday February 12, he gives a radio speech in Radio Osaka, and he has time to participate in several excursions and social events before leaving Japan on Friday February 13, 1931.

Wherever Schumpeter came during his stay in Japan, he was received with great enthusiasm, not only among colleagues and students, but also among business people, business executives and politicians. His stay in Japan must also clearly have had a positive social and cultural impact of Schumpeter's part, but the crossing by boat to Europe gave another opportunity for deeper reflections on life.

From the Japanese side Schumpeter's visit was also a great success. His presence was of great importance for the flourishing Japanese school of modern economy through the rising generation of Japanese economists. This trend can also be seen in the close ties that the relations between Japan and Germany had contributed to in the scientific and cultural context.

Back in Bonn, Schumpeter still felt a need to find a new foothold for his creative research work. He receives several offers from different universities, but it is particularly one suggestion he did not want to refuse, and that is the provision of economic faculty at Harvard University that for some time have wanted to recruit him. He accepts the offer and in 1932, Schumpeter leaves Bonn for good and emigrates to America.

Joseph Schumpeter's third wife, Elizabeth Boody Schumpeter, in her testament had favored Hitotsubashi University with a number of books and writings from Schumpeter's private collection. The formal procedure in connection with the completion of the donation was facilitated by the US embassy in Tokyo and took place February 28, 1955.

Natsuko Fukuda PhD, subject librarian at Hitotsubashi University Library informs that it has been an extensive work with conservation and cataloging of books and writings in the collection through various periods and that work is still ongoing.

Hiroko Suzuki, manager of Library Affairs Division, refers to the fact that the collection consists of 215 books, 500 periodicals and 1,000 pamphlets.

Hideaki Hirayama, head of research support and outreach division, indicates that so far they have found and identified 1708 inserts in the 215 books in addition to a large and not quantified number of clippings, offprints, bookmarks and blank pieces. Schumpeter had a habit already from young days writing down notes on small yellow and orange notes and stick them between the pages of the books for later use. He used Gabelsberger, the common shorthand in Germany and Austria at the time. It may seem as if Schumpeter began to collect these books and writings after he moved to Harvard in 1932. The collection is designated Schumpeter library.

During conversation with Professor Seiichiro Yonekura. Ph.D., Institute of Innovation Research, Hitotsubashi University, reveals that one does not have a tradition of teaching theories that are directly related to Schumpeter's theory, although subjects such as innovation and entrepreneurship are very central in both teaching and research in Japan. Professor Yonekura can inform that there has been no international research in Japan on Schumpeter's life and teachings earlier and he considers it

very important and desirable as scientific contributions to Japan's economic history.

Sachiro Morimoto, professor at Tokyo University's archives, can exhibit an interesting specimen of Taikoku Daigaku Shimbun No. 370 of 1931-02-02 (The Imperial University Newspaper) where Joseph Schumpeter's visit to Tokyo University are discussed and depicted. The image material and the caption states that he was intercepted by the professors Mitsutaro Araki, Eizo Yahagi, Eijiro Kawai, and Torao Nakanishi, Faculty of Economics and Seiichi Tobata, associate professor, Faculty of Agriculture. The article says that a lunch reception was held for Schumpeter before the lecture in University's guesthouse, Sanjo Kaikan, with university president as host. Morimoto stressed that Schumpeter probably must have felt that he was given a grand welcome from the entire university.

During conversation with Masaru Yarim, Ph.D, project associate professor at Tokyo University, is stated that teaching in economic theory based on Schumpeter's doctrine is not emphasized. Since 2001, Masaru Yarim is member of the International Joseph A. Schumpeter Society. Also at Kobe University a copy of the press and pictorial material from Schumpeter's visit here on February 6 and 9, 1931 have been taken care of. It is reproduced in Kobe Shodai Shimbun, February 15, 1931. Schumpeter's economic theory has no bearing on the teaching program at the university.

In 1932, Joseph A. Schumpeter emigrated to America. He left Bonn for good, but also the difficult period in his life from 1919 to 1932 he took a symbolic farewell to through the emigration to America. His personal financial situation had been troublesome for a long time, and after the failure of Bidermann Bank the financial situation of Schumpeter had deteriorated further. In order to pay off his huge debt, Schumpeter was in this period forced partly to produce articles, primarily in professional journals and general economic journals, in a number of 60 articles, and give speeches for compensation [6]. In the 1920s Schumpeter had, including his permanent professor salary and extra income, a yearly total income of 4-5000 USD and his debt was estimated at three times the annual income [7: 76] (a corresponding equivalent value in 2012 of 143.000 to 179.000 USD, author's own calculation).

In the theory of the entrepreneur, Schumpeter emphasizes that salary is one of the breaks in production [8: 153]. Wages are an element of price, thus preventing the creation of innovation. Salaried employee leaders in the industry fill according to Schumpeter not the role of entrepreneurs because they do not exert the necessary freedom that the innovation process requires. The debt burden Schumpeter had gained in Europe had the same effect on his scientific activity that wages have for managers in any industry in terms of innovation and creativity.

The existence at Harvard University offered Joseph Schumpeter what he needed of financial strength to be able to function as a creative scientist. Harvard University in Cambridge Massachusetts was founded September 8, 1636 and is named after John Harvard, an English immigrant priest who by his death donated half his fortune at £ 780 and holding of 320 scientific books to the creation of a college. In innovation and entrepreneurship scientific context, the university is of great importance, primarily because Joseph Alois Schumpeter was employed here in 1932 and was active as a professor until his death on January 8, 1950. Harvard University inherited in turn Schumpeter and has in its possession 139 archive boxes with documents by the world-renowned economist. During my research at Harvard University's archives in February 2013, I got full access to the unique clause coated and

very interesting historical material. Naturally, the university library has a very rich stock of science literature on innovation and entrepreneurship, but an interesting and important development, among others, as a result of my stay was the creation of a new track in HOLLIS, Entrepreneurship Scandinavia, that had not previously existed. When Schumpeter arrived at Harvard in the summer of 1932, he was invited to stay at FW Taussig, a senior professor and old acquaintance of Schumpeter, in his house on 2 Scott Street. He was living with Taussig until August 1937 when he married Elisabeth Boody. At the same time, Schumpeter demanded a significant salary to accept the offer from the university. The reason was that he still at the emigration time owed substantial amounts in Europe. Nevertheless, in 1935 he managed to erase all debts. Finally, he got rid of the creditors.

Joseph Schumpeter liked his new life at Harvard very much. On April 4, 1933, he applied for US citizenship, an action that further reinforces the notion that he wanted a new life and a new start in America. Marriage with Elisabeth Boody Schumpeter gave him the comfort that a family often is characterized by. They moved into 7 Acacia Street in Cambridge, Massachusetts, in walking distance to the university.

*Theorie der Wirtschaftlichen Entwicklung* was translated into English in 1934. It was the third edition, almost unchanged compared to the second edition of 1926 that formed the basis for translation. *Theorie* was translated by Dr. Redvers Opie, a good friend of Schumpeter, and originally published in Cambridge, Massachusetts: Harvard University Series Harvard Economic Studies, V.46, 1934. Before the English translation became available in 1934, anyone who wanted to acquire Schumpeter's theory of the entrepreneur was referred to read in German, which by natural causes was an obstacle to the spread of the theory. At the same time, the English-speaking readership was excluded from taking part in the seventh chapter. It was not until 2002 that "The Economy as a Whole", "The Seventh Chapter of The Theory of Economic Development" was translated into English by Ursula Backhaus [9] and made available to a wider readership.

The fact that Joseph Schumpeter chose to translate *Theorie* into English without the seventh chapter has had consequences, partly for the understanding of his entrepreneurial theory and partly for entrepreneurial research in full. It has been shown that in cases where *Theorie* has been translated into other languages, the translations was based on *The Theory of Economic Development*, without the seventh chapter. It is therefore reasonable to assume that a significant number of researchers and students over the past 90 years have been unaware of the contents of the 86 pages the seventh chapter covered in the first edition of 1912.

**Conclusion & Discussion.** *Theorie der wirtschaftlichen Entwicklung* is the result of a creative independent scientific process. Joseph Schumpeter wrote the book beside his employment, in his spare time and without compensation, be that from employer or market profit.

The great tragedy in Schumpeter's life led to his creative scientific process subsided and trivial monetary based activities were dominant for his life, a situation that also acted as a barrier to creative independent scientific expression.

The seventh chapter of *Theorie* was not translated into English in connection with the emigration to America. That fact has had consequences partly for lecturers and students and partly for the economic theoretical science in its entirety because translations of *Theorie* into other languages have not included the seventh chapter.

Joseph Schumpeter argued that the creative period in a person's life is the first three decades. In Schumpeter's case, this proves well. In his life the cause was primarily the private economic circumstances that lay as obstacle for independent scientific activity and barrier to personal liberty as creative creation both requires and presupposes.

#### Unpublished results

Carmen Passera, subject specialist and head of the library for the political science seminar at the Universität und Landes Bibliothek at Rheinische Friedrich-Wilhelms-Universität: 2013-05-08. Prof. Dr. Urs Schweizer, Department of Economics and Social Sciences, University of Bonn: 2013-05-08. Natsuko Fukuda PhD, subject librarian at Hitotsubashi University Library: Tokyo 2015-02-02. Hiroko Suzuki, manager of Library Affairs Division, Hitotsubashi University Library: Tokyo 2015-02-02. Hideaki Hirayama, head of research support and outreach division, Hitotsubashi University, Tokyo: 2015-02-02. Professor Seiichiro Yonekura. Ph.D., Institute of Innovation Research, Hitotsubashi University, Tokyo: 2015-02-02. Sachiro Morimoto, professor at Tokyo University's archives, Tokyo University: 2015-02-03. Masaru Yarim, Ph.D, project associate professor at Tokyo University: 2015-02-03. 2015-07-30 <https://www.econometricsociety.org/society/about>, 2015-08-03 <http://www.lib.kobe-u.ac.jp/bunsho/shinbun/12%281931.02.15%29s.pdf>, 2015-08-03 <http://www.dollartimes.com/inflation/inflation.php?>

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### СЛІДАМИ РАНЬОГО ПЕРІОДУ ЙОЗЕФА АЛОІЗА ЮЛІУСА ШУМПЕТЕРА: ШЛЮБ, ТРАГЕДІЯ, ЕМІГРАЦІЯ

У статті аналізуються важливі події з життя Й. Шумпетера та його науковий внесок у розвиток економічної теорії. "Теорія економічного розвитку" була вперше опублікована німецькою мовою в 1912 р. Після еміграції в Гарвард у 1934 році було перекладено на англійську мову третє видання і відкрито для широкої аудиторії читачів по всьому світу. Проте сьома глава була виключена з другого і третього видання, які були використані для перекладу на англійську мову. За фактом англійська версія 1934 року, у свою чергу, послужила основою для перекладу на багато інших мов. Насправді інноваційний і незалежний науковий внесок Й. Шумпетер зробив і в роки своєї молодості. Тому проаналізовано ранній етап наукової спадщини Й. Шумпетера. Автор статті відвідає місця, де відомий економіст жив і працював, поспілкувався з ключовими особами в тих місцях, щоб проаналізувати передумови історичного розвитку

економічної філософії науковця. У статті зроблено висновок, що особиста свобода, особливо у зв'язку з найманою працею та ринком прибутком дуже вплинули на самостійну діяльність вченого.

Ключові слов: Йозеф А. Шумпетер, зарплата, інновація, борг, еміграція, економічний розвиток.

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### СЛЕДАМИ РАННЕГО ПЕРИОДА ЙОЗЕФА АЛОИЗА ЮЛИУСА ШУМПЕТЕРА: БРАК, ТРАГЕДИЯ, ЭМИГРАЦИЯ

В статье анализируются важные события из жизни И. Шумпетера и его научный вклад в развитие экономической теории. "Теория экономического развития" была впервые опубликована на немецком языке в 1912 г. После эмиграции в Гарвард в 1934 году было переведено на английский язык третье издание и открыто для широкой аудитории читателей по всему миру. Однако седьмая глава была исключена из второго и третьего изданий, которые были использованы для перевода на английский язык. Фактически английская версия 1934 года, в свою очередь, послужила основой для перевода на много других языков. В действительности инновационный и независимый научный вклад И. Шумпетера сделал и в годы своей молодости. Поэтому проанализирован ранний этап научного наследства И. Шумпетера. Автор статьи посетил места, где известный экономист жил и работал, пообщался с ключевыми лицами в тех местах, чтобы проанализировать предпосылки исторического развития экономической философии ученого. В статье сделан вывод, что личная свобода, особенно в связи с наемным трудом и рыночной прибылью очень повлияли на самостоятельную деятельность ученого.

Ключевые слова: Йозеф А. Шумпетер, зарплата, инновация, долг, эмиграция, экономическое развитие.

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### THE USE OF PROJECTS IN GENERATING CHANGE IN ORGANIZATIONS

The article above is part of a research conducted in order to evidence the role of leaders in generating change in organizations and to observe the methods and techniques used, knowing that projects and their management are tools for implementing change in organizations. Leaders, by their influence and not by force, can determine their team to initiate new projects, considered by specialists and practitioners also, real practices of generating change in organizations.

Keywords: project, change, leader, influence, employees.

**Introduction.** Academics and practitioners have noticed that people are daily involved in projects, from small to large ones, at personal level and organizational also, and these are a new way to determine change. No matter of source (from in or from out), specialists are attracted in organizational change process by implicating in different projects and so, step by step through analyzing, planning and organizing is influenced and determined change. Researchers showed that the real challenge when we speak about implementing projects that involves change are actions that are oriented to people because people are the ones that can resist change and even stop it.

According to Ogrea Claudia and Troanca Dumitru a project can be defined as several connected activities, done for a limited period of time and set to generate a unique result but clear defined (Ogrea, C., Troanca, D., 2001). This is why project and its management can be used as an instrument that can be used to accomplish any outcome which is distinctive, that can be well-defined and must be realized in a precise period of time.

All projects, no matter of their dimension, domain of implementation and complexity, have some common characteristics as: something that has to be changed, objectives to be achieved, a deadline, people that work in achieving objectives, cost determined by involved resources and expected results.

Throughout its existence, a project goes through several phases where volume, intensity and complexity of activities and information are very different, from simple to complex. Also, the need of resources is different during the project, each phase requiring a different volume.

Regardless of number of steps considered to explain the phases of a project, there are three common aspects to be considered as the project is passing from idea and the need of change to its materialization in practice and in the end to measuring the results obtained and comparing with the initial idea of change.

Leaders are responsible for ensuring that the project is well done, the objectives are achieved considering the restrictions about estimated time, estimated cost, results expected and using rational estimated resources.

Considering all these, it is important to determine the use of projects within Romanian organizations, and this is why there was conducted a research at national level. The research below is just a small part of the whole research.

**The research objectives and methodology.** In order to observe the use of projects in Romania there were interviewed employees from Romanian organizations through an online research to notice their opinion about operationalization and implementation of change in organizations where they work in.

The investigation was accomplished at national level with the aid and assistance of a market research company with national coverage and the inquiry form were filled using the Internet.

The research shows that of the 103 analyzed employees, more than half of those surveyed were female (70%) and in terms of age and it was found that most of them are aged between 20 and 25 years (47%). Most of the respondents are university graduates, faculty level (49%), followed by those with master degrees. Most of the companies to which the respondents belong, are active in service, followed by commerce, the two areas dominating the market with a total share of 55% and most of these companies had in 2011 a turnover of over 10 million lei.

The results of the research. The present research gives the results after interviewing employees from Romanian organizations. To provide complete answers, in the survey was inserted an informative text: "A project is a sequence of connected activities, conducted in an organized manner, undertaken in a defined period of time and designed to generate a single result, well-defined (e.g., construction of a new production hall, the reorganization of a department within a company, a promotional campaign, etc.)". (Văcar, A., 2013).