

MPRA

Munich Personal RePEc Archive

Schumpeter in Vienna: A Study Abroad Course

Dalton, John and Logan, Andrew

13 May 2020

Online at <https://mpra.ub.uni-muenchen.de/100372/>
MPRA Paper No. 100372, posted 16 May 2020 11:21 UTC

Schumpeter in Vienna: A Study Abroad Course*

John T. Dalton[†]

Wake Forest University

Andrew J. Logan[‡]

Wake Forest University

May 2020

Abstract

This paper builds upon the work of Dalton and Logan (forthcoming a) by describing the motivation for and mechanics of teaching a course dedicated to Schumpeter as a study abroad program in the city of Vienna. We argue that the qualities Vienna possesses, both historical and contemporary, make a good laboratory for exploring Schumpeter's ideas and that the process of encountering a new culture through a study abroad course is the best way to internalize his theory of innovation. To do so, our paper first outlines the course content before describing the linkages between “techno-romantic” Vienna and Schumpeter's intellectual development. We then describe specific examples for how instructors can use Vienna as a laboratory for teaching Schumpeter's ideas. We close by sharing preparatory details for instructors and offering the perspective of a student who took this course in the summer of 2018.

JEL Classification: A20, O31, O33, P00, B30

Keywords: Joseph Schumpeter, Vienna, Innovation, Entrepreneurship, Creative Destruction, Study Abroad, Education

*We thank all the students who participated in a course on Joseph Schumpeter in the summer of 2018 for inspiring the idea of this paper. We also thank the many people, including Günter Haika, David Levy, and Mike Tyson, for helping organize a successful study abroad course in Vienna. Financial support from the Szurek Mathematical Economics Fund at Wake Forest University is gratefully acknowledged. The usual disclaimer applies.

[†]Contact: Department of Economics, Kirby Hall, Wake Forest University, Box 7505, Winston-Salem, NC 27109. Email: daltonjt@wfu.edu

[‡]Contact: Department of Economics, Kirby Hall, Wake Forest University, Box 7505, Winston-Salem, NC 27109. Email: logaaj17@wfu.edu

1 Introduction

Studying abroad immerses students in new ways of living, exposing them to a deluge of innovations on a daily basis. Although the innovations are not new to the home country, students, as foreigners, perceive them as such, which means studying abroad may be one of the best ways for students to internalize the role of innovation in shaping an economy. Innovation and its accompanying ideas of entrepreneurship and creative destruction are central concepts in economics for understanding the dynamics of economic growth, the ultimate driver of increases in standards of living, the ur-question of economics since the time of Adam Smith. What better way then for students to learn the importance of these ideas than a class dedicated to the Prophet of Innovation himself, Joseph Schumpeter, in Vienna, Austria?¹ This paper describes such a course.

The experience on which this paper is based began as a study abroad course on the “Life and Economics of Joseph A. Schumpeter” held in Vienna, Austria during the summer of 2018. The course took place at a property in Vienna owned by Wake Forest University, called the Flow House, which regularly hosts faculty and students from the university on study abroad programs. Although the first iteration of the course on Schumpeter was specifically designed for study abroad, the intention was to continue teaching a version of the course back at Wake Forest and to begin a research agenda on Schumpeter based on the teaching experience. The course has been taught a second time at Wake Forest, and the research agenda has so far resulted in a series of papers.² The current paper is a chance to reflect on the initial study abroad course in the summer of 2018, coupled with the ensuing two years of teaching and research as a way to refine the content, to provide a guide for instructors considering teaching a study abroad course on Schumpeter. For those not yet considering to teach a course on Schumpeter abroad, our paper is designed to convince you of the value of doing so.

The paper provides a description of the study abroad course on Schumpeter and how Vienna, Schumpeter’s hometown, can be leveraged as the backdrop for the course to contextualize Schumpeter’s theories. Schumpeter’s ideas related to innovation, entrepreneurship, creative de-

¹Prophet of Innovation is the moniker McCraw (2007) gives Schumpeter in the title of his biography.

²See Dalton and Gaeto (2018), Dalton and Logan (2020), Dalton and Logan (forthcoming a), and Dalton and Logan (forthcoming b) for details.

struction, and the optimal role of government in society, i.e. capitalism versus socialism, all remain highly relevant for the study of economics. We have already highlighted the importance of these ideas for understanding economic growth; understanding contemporary public policy debates surrounding capitalism versus socialism is another topic that benefits from knowing Schumpeter. Indeed, academics recognize Schumpeter's contributions in the form of increasing citations, even outstripping those to Keynes (Diamond 2009a, Dalton and Gaeto 2018). Unfortunately, innovation, entrepreneurship, and creative destruction remain undertaught (Diamond 2007, Gwartney 2012, Phipps, Strom, and Baumol 2012), so there is a great need for more Schumpeter in the economics curriculum. The first part of the paper, the description of the course, helps to fill this gap.

After describing the course, we turn to how instructors can use Vienna as a laboratory for exploring Schumpeter's ideas. Historical and contemporary Vienna provide many examples illustrating the course's main ideas of innovation, entrepreneurship, creative destruction, and capitalism versus socialism. We center our discussion of Vienna primarily around how the city can be used to help students grasp the ideas of innovation, entrepreneurship, and creative destruction, as these ideas are most closely related to our argument of study abroad as exposure to innovation on a daily basis. However, we do provide a brief discussion of how the city's history can be used to contextualize the debate over capitalism versus socialism. The next section of the paper provides tips for instructors preparing a study abroad course on Schumpeter in Vienna. We provide additional resources for teaching Schumpeter and learning the history of Vienna for use in the classroom. We also include a brief discussion of the city's logistics. The paper then concludes by providing a student's perspective on studying Schumpeter in Vienna as a study abroad experience, along with a reflection on how the course fits into the student's overall education as an undergraduate economics major.³ This first-hand account allows instructors to evaluate the value of teaching Schumpeter abroad from a student's perspective.

This paper most closely relates to Dalton and Logan (forthcoming a). Dalton and Logan (forthcoming a) provides a description of a discussion-based course on Schumpeter. Using a dialogue between professor and student before, during, and after the course, the paper describes the

³Andrew J. Logan was a student in Professor Dalton's Schumpeter course in Vienna during the summer of 2018.

structure of the course and specific details related to content. Dalton and Logan (forthcoming a) also includes a syllabus, sources for class materials, and a list of over forty discussion questions for the class. Whereas this current paper focuses on study abroad and Vienna as a backdrop to a course on Schumpeter, Dalton and Logan (forthcoming a) is written for a general audience interested in teaching more Schumpeter, whether at home or abroad, and goes more in depth into course content than we do here. This paper also relates to two pedagogical papers written specifically about Schumpeter, Diamond (2009b) and Dalton and Logan (forthcoming b). Diamond (2009b) shows how different video clips can be used to teach creative destruction, whereas Dalton and Logan (forthcoming b) shows how the movie *Joy* can be used to teach Schumpeter's theories of innovation and entrepreneurship. Lastly, this paper relates to two papers written on teaching economics courses abroad. McCannon (2011) describes a course on Austrian economics taught at the same Wake Forest University facility in Vienna. Indeed, the course described in McCannon (2011) planted one of the first seeds for the idea of teaching Schumpeter in Vienna. Strow (2016) provides suggestions for teaching on a range of economic topics in Costa Rica. Strow (2016) points out the lack of papers on study abroad courses in economics. We help to fill this gap.

2 A Study Abroad Course on Schumpeter

A course dedicated to Schumpeter is valuable for two reasons. First, the ideas Schumpeter wrestles with are especially relevant for the present day. In an era marked by technological change and disruption, his analysis of creative destruction is a useful way to make sense of the whirlwind changes our society is facing both economically and politically. Students often have a personal relationship to his ideas, be they through childhood memories of strolling through now shuttered Blockbusters or the political disruption caused by social media. Schumpeter's diagnosis of the problems of democracy and capitalism also resonate for students, many of whom are young voters still forming their own political opinions. Dalton and Logan (forthcoming a) argues that a discussion-based course on Schumpeter can serve as a model for civil dialogue on contentious topics like those Schumpeter's own writing tackles. Second, Schumpeter's work is rich and complex, and a class dedicated to unraveling his ideas allows students to tease

out their many nuances. For example, the class would have sufficient context to engage in discussions about whether Schumpeter was being satirical when discussing the feasibility of socialism. Situating the course in Vienna aids in this process, as the course design makes use of the city as Schumpeter’s “intellectual home” to illustrate key concepts and provide context for his experiences and ideas.

Broadly, the course design identifies and critically analyzes Schumpeter’s response to the following three questions: (1) What are the key characteristics of capitalism? (2) What does the future of capitalism hold? and (3) How does democratic governance fit into that future? To answer each question, the course has students read parts of three books. The first book is Thomas McCraw’s *Prophet of Innovation: Joseph Schumpeter and Creative Destruction* (McCraw 2007), an accessible Schumpeter biography that provides a comprehensive look at how Schumpeter’s tumultuous personal life shaped his thinking on capitalism, especially his theory of creative destruction. The second book is *The Theory of Economic Development*, written by Schumpeter himself (Schumpeter 1934). We focus on Chapter 2 of the book that elucidates Schumpeter’s view of economic growth as a dynamic process that relies on credit, entrepreneurs, and “new combinations,” or what we now call innovation. The third book students read is Schumpeter’s *Capitalism, Socialism and Democracy* (Schumpeter 1950), which incorporates his work in *The Theory of Economic Development* and extends it to analyzing the relationship capitalism has with democratic governance, capitalism’s feasibility relative to a socialist economic system, and what the future holds for capitalism. Schumpeter’s answers are startling and insightful and provide fertile ground for discussion and debate. Dalton and Logan (forthcoming a) showcases what such classroom discussion might look like. All three books are available to students as inexpensive paperbacks.

Students begin the course by watching the 2016 documentary *The Man Who Discovered Capitalism*. The documentary provides an overview of Schumpeter’s life, his key economic ideas, and their relevance for today. We find that the documentary is a useful motivation for the first section of the class, which delves into Schumpeter’s life with a special emphasis on the time he spent learning economics in Vienna. Students read McCraw (2007) and do “Schumpeter selfies” at key landmarks around the city of Vienna that relate to formative years he spent in the city, such as the apartment building in which Schumpeter lived while growing up and the

commemorative plaques of economics professors in the courtyard of the University of Vienna. The course then shifts to discussing Schumpeter's ideas in depth, beginning with his theory of innovation and entrepreneurship. To do so, students read Chapter 2 of Schumpeter's *The Theory of Economic Development*. Class discussions focus on identifying the characteristics of the Schumpeterian new combination, the qualities of the entrepreneurs that bring such innovations to market, and how the interrelated mechanisms of credit, entrepreneurs, and new combinations create economic growth. To reinforce the course material, students watch the 2015 film *Joy*, which Dalton and Logan (forthcoming b) argues is effective at showing Schumpeter's theory of innovation and entrepreneurship in practice, and then tackle the case studies of Netflix/Blockbuster and Uber/taxicabs, one a complete example of creative destruction and one, at the time of this writing, an ongoing example. The course then progresses to *Capitalism, Socialism and Democracy*, wrestling with each of the book's first four parts: Marx, Capitalism, Socialism, and Democracy, in turn.⁴ Dalton and Logan (forthcoming a) provides sample discussion questions and classroom deliberation to help provide a reference for where discussion in this section might lead. In our experience, students connect best with discussions of the feasibility of socialism, the ability of capitalism to coexist with democracy, and the impact of creative destruction on their daily lives. Recognizing that, the course concludes with teams of students giving group lectures to the class highlighting different real world examples of creative destruction. Project topics have been diverse as students use it to engage with their specific interests. As an example, the projects have ranged from the effects of the introduction of the light bulb on the oil lamp market to the guided missile's effect on the manned bomber industry.

3 Vienna as Schumpeterian Laboratory

Schumpeter's personal and intellectual growth was heavily shaped by the years he spent in Vienna. Born in the small Czech village of Triesch in the Austro-Hungarian empire to an upper middle class family, Schumpeter's father died when he was only four. In pursuit of a better life for her son in Austria-Hungary's rigid, class-defined society, Schumpeter's mother, Johanna,

⁴The last part of *Capitalism, Socialism and Democracy* presents a history of socialist parties. Since this part of the book is the least essential for teaching Schumpeter's theories, the course leaves out this part of the book.

remarried to a noble military commander 30 years her senior for status and money. Recognizing young Schumpeter's precociousness and eager to help him succeed, Johanna moved the Schumpeter family to Vienna, the capital of the Hapsburg empire and one of the great intellectual centers of Europe. There, Schumpeter attended the Theresianum, a rigorous preparatory school designed to train the next generation of imperial civil servants and leaders. The Theresianum sits near the Ringstrasse, or simply "the Ring," a circular boulevard that wraps around key administrative buildings and works of monumental architecture. Schumpeter's family apartment was also situated near the Ring only a hundred yards away from Parliament; biographer Thomas McCraw notes how his daily walk to school would have taught lessons about architecture, art, and politics just from the effects of proximity (McCraw 2007, p. 14). After graduating from the Theresianum, Schumpeter next enrolled in the University of Vienna, where he developed the special talent he had for economics. At the time, the University of Vienna was one of the best places to study economics in the entire world. Under the tutelage of mentors like Eugen von Böhm-Bawerk, Schumpeter was exposed to competing theories of capitalism at a time when Vienna and the Austro-Hungarian empire were industrializing, a process that would bring about the kind of radical change that would inspire Schumpeter's theories on capitalism and usher in a "techno-romantic" Vienna.⁵

The phrase techno-romantic captures the clash between technological change and capitalist society, on the one hand, and imperial and aristocratic society, on the other, taking place in turn of the century Vienna, the period in which Schumpeter grew up. As we have argued elsewhere (Dalton and Logan 2020), this period of immense social and economic transformation helps explain Schumpeter's focus on understanding economic dynamics, both in terms of its origins, entrepreneurs, and its consequences, innovation and creative destruction. As a social scientist trying to explain the world around him, Vienna was Schumpeter's laboratory. Of course, visitors to Vienna today cannot witness in real time the transformations that unfolded during Schumpeter's time in the city, but visitors can find evidence of many of the transformations, such as the physical enshrined in architecture and art. Indeed, one of the main reasons to teach a study abroad course on Schumpeter in Vienna is that Schumpeter's Vienna is so well preserved.

⁵The use of the phrase techno-romantic to describe Vienna during this period comes from McCraw (2007, p. 34).

Students can experience the Vienna of Schumpeter's time and better contextualize his ideas.

Consider two examples, Otto Wagner and Gustav Klimt. They lived and worked in Vienna during Schumpeter's time. Wagner and Klimt both died in 1918, with Wagner being approximately twenty years senior to Klimt. Both men are quintessential Schumpeterian entrepreneurs whose legacies of creative destruction are on full display to the modern visitor of Vienna. Wagner was an architect and urban planner who worked primarily in the art nouveau style. His buildings, such as the Austrian Postal Savings Bank, can be seen today in the city. Most visitors to Vienna, however, encounter Wagner's legacy when riding the subway. Wagner was chosen by the city government to lead a team in expanding and redesigning the city's transportation network during a time of rapid population growth. Wagner designed the infrastructure, such as the stations and bridges, in the Renaissance style and bathed the structures in a distinct white and green color, which, today, are easily noticeable throughout the city. The most famous structure in the Wagner subway network is considered the station at Karlsplatz. The students on Wake Forest's study abroad programs in Vienna encounter Wagner's legacy every time they take the subway, as the local station is a Wagner station. The Wagner subway illustrates techno-romantic Vienna by the obvious merger of the old and the new—the Renaissance style and color scheme from another era coupled with the functionality of a modern subway system. This same combination of old and new in the Wagner subway illustrates Schumpeter's idea of innovation as new combinations. Finally, the story of the Wagner subway can be used as an example of creative destruction, as old parts of the city were torn down to make room for the new and one type of transportation, rail, replaced another, such as horsepower.

Klimt's domain was painting. He arguably became Vienna's most famous painter and his paintings, such as *The Kiss*, are recognized by people throughout the world today. His artwork can be viewed throughout the city, but the largest collection, including *The Kiss*, resides in the galleries at the Oberes Belvedere. There are different ways instructors can use Klimt as an example of techno-romantic Vienna and Schumpeter's ideas. The most straightforward is just to view paintings from Klimt's so-called "Golden Phase," such as *The Kiss* or *Judith and the Head of Holofernes*. Even the most untrained eye immediately recognizes Klimt's innovation of combining gold leaf with portraiture. What the untrained eye does not recognize, and here the instructor can provide a deeper look at Klimt as an example of techno-romantic Vienna and

Schumpeter's ideas, is the context from which this artistic period of Klimt's evolved. Klimt began his career as a more traditional artist in the prevailing styles by working on large murals, including in the Burgtheater, or Imperial Court Theater. But, as his style developed, Klimt began to push artistic boundaries as far as he could, including his more sexualized renditions of *Philosophy*, *Medicine*, and *Jurisprudence* commissioned by the University of Vienna.⁶ The outcry against these "pornographic" paintings was immediate and far reaching for Klimt, including not displaying the paintings and Klimt refusing to take public commissions for the rest of his life. Klimt continued to innovate in his painting but only for private consumption. This episode highlights the very real clash between new and old ways of being taking place in technoromantic Vienna. Klimt's struggles against the status quo also illustrate Schumpeter's theory of the entrepreneur as a special economic agent. Schumpeter stresses entrepreneurs must have the psychological characteristics necessary to go against the prevailing tendencies in society, to break free of routine and risk condemnation in order to bring their vision of the world into reality. Schumpeter writes of the obstacles entrepreneurs face, including resistance from the outside world, such as that faced by Klimt after his paintings for the University of Vienna were unveiled. The example of Klimt brings Schumpeter's ideas to life for students studying in Vienna.

Of course, being able to observe historical examples of Schumpeter's ideas is not the only way Vienna enhances the learning experience of students. Contemporary Vienna, a modern, multicultural city, offers much for students interested in seeing Schumpeter's ideas come to life. At its heart, a study abroad experience is about observing and learning from innovation. Why? The theory of innovation developed in Schumpeter (1934) can help us understand. Schumpeter described innovation as new combinations of existing resources. Schumpeter argued these new combinations could take five different forms: 1) a new good or quality of a good, 2) a new method of production, 3) opening a new market, 4) finding a new source of supply, or 5) carrying out a new organization of an industry. New combinations are typically embodied in firms. In so far as students are encountering a new culture for the first time, which is overwhelmingly the case and the motivating factor for most study abroad students, then students observe the very act of creation, the birth of new innovations all around them. It does not matter if these innovations are not new, not new to the Viennese, for example. What matters is that the innovations are

⁶Unfortunately, these paintings did not survive World War II, but their images can still be viewed online.

new to the student, to the foreigner. In this way, living abroad, encountering a new culture for the first time, may in fact be the absolute best way to internalize Schumpeter's theory of innovation.

Living in Vienna provides an abundance of opportunities to internalize Schumpeter's theory of innovation: traditional meals served in restaurants, like Tafelspitz, Gulasch, and Wiener Schnitzel; street food, like the Käsekrainer sausage; Kaffee und Kuchen, or coffee and cake; eating ice cream at an ice cream parlor with its seating spilling onto the sidewalk; a glass of wine at a local Heuriger; a mug of Glühwein at a Christmas market; a bottle of Ottakringer beer; a night of music, opera, and theater at the Musikverein, Staatsoper, and Burgtheater, respectively; viewing modern art in the Museumsquartier, or simply relaxing on its unique outdoor furniture; listening to live classical music played by a local musician in the shadow of the Hofburg; horse drawn carriage tours of the old city; different architectural styles, including that of the Hundertwasserhaus and all its eccentricities; the stillness of Vienna's churches and cathedral, Stephansdom; and long, meandering walks. But, even the mundane, like grocery shopping: How do I untether the cart? Shouldn't the eggs be refrigerated? And, the milk? I've entered the store, haven't bought anything, and now want to leave. How do I get out? Instructors can incorporate these examples and more from life in Vienna to show students the continuing relevance of Schumpeter's theory of innovation. Students will internalize the ideas much better having been exposed to them on a daily basis.

In addition to discussing Viennese innovation with students in the classroom, we also recommend instructors take students on a field trip to see the innovations together as a class. There are many possible itineraries, but we suggest what we call the Naschmarkt-Secession-Café Museum tour of innovation. This tour has the following advantages: 1) it is logistically easy, 2) students observe many different examples of Viennese innovation, both historical and contemporary, and 3) the tour provides a full range of sensory experiences to engage students' minds.

The tour begins in the Naschmarkt by getting off at the subway station Kettenbrückengasse on the U4, or green subway line. The Naschmarkt is the largest outdoor food market in Vienna. Its pathways are flanked by grocers, street food vendors, cafés, and restaurants, all mixed together to form a beautiful chaos. Austrian, Turkish, and Asian cuisines feature prominently. Walk in a northeast direction for the entire length of the Naschmarkt. As you walk, sample

something you have never tried, maybe the famous Turkish street food, döner kebab. Challenge your students to do the same, as the Naschmarkt has something new for any budget. Food is a perfect example of Schumpeter's definition of innovation as new combinations, and students should easily be able to relate to the idea of food as innovation. Pay attention also to the different forms of business organization, another example of innovation. From the aggressive hawking of the Turkish vendors with their kebabs to the inviting demeanor of the staff at a sushi stall, the Naschmarkt contains many different styles of salesmanship. Notice the way food is displayed and packaged by the grocers. Can you smell the fresh dates? The cheeses, sausages, and sauerkraut? The candied treats? Think about the entrepreneurs who created the food stalls. Ask your students what it would take to create such a business. Schumpeter (1934) identifies three main obstacles entrepreneurs face: 1) uncertainty, 2) subjective reluctance on the part of the entrepreneur, and 3) resistance from outside forces (remember Klimt), such as legal and political obstacles, social mores, customs, etc. Which of these do students think is the greatest obstacle faced by entrepreneurs wanting to create a Naschmarkt business? Beyond the connection to Schumpeter's theories, the Naschmarkt provides many other opportunities to observe economics in action. How do prices vary across the different sellers? Does the quality of the goods matter? Or, is the location of the seller within the Naschmarkt more important for prices? Is there any evidence of collusion? For students who have never applied an economics framework for trying to understand a lively market like the Naschmarkt, the educational value of the in person experience can be substantial.

After exiting the Naschmarkt onto the street called Getreidemarkt, the Secession building will be on your left on Friedrichstraße. This part of the tour focuses on Viennese art history as examples of innovation and entrepreneurship. The Secession building was created to house the art exhibitions of the Vienna Secession, an art movement founded in 1897 and designed to break away from the traditional art establishment of Vienna. Both Otto Wagner and Gustav Klimt were members of the Vienna Secession, and we have discussed above how both figures embody many of Schumpeter's ideas. As a result, this stop on the tour is a good place to discuss Wagner and Klimt in more detail with the class.⁷ The exterior design of the Secession building with

⁷For those instructors interested in incorporating more art history to illustrate Schumpeter's ideas, then this is also a good place to introduce students to another founding member of the Vienna Secession, Josef Hoffmann. Hoffmann was an architect and interior designer, most famously associated with the Wiener Werkstätte, an artist

its golden globe of foliage announces to all the intention of the builders: there is a new way of doing art. Inside the building, the main attraction is the *Beethoven Frieze*, a painting by Klimt in honor of the composer. Students can view the art and identify Klimt's innovative style.

By this point in the tour, everyone will likely be tired and need a break to sit down. The last stop on the tour, Café Museum, provides a place to relax and is just a short walk away from the Secession building. As you exit the main entrance of the Secession building, turn left and continue walking down Friedrichstraße away from the Naschmarkt. The sidewalk along Friedrichstraße merges into Operngasse, which you follow towards the city center until you reach Café Museum on your right. Vienna's café culture is world famous, and Café Museum is one of many options available to enjoy. Kaffee und Kuchen are a staple of Viennese life, and patrons are invited to sit as long as they like. Students can choose from over a dozen each of traditional Viennese coffees and cakes, most of which will be new combinations for the first time visitor. The coffee combinations range from the simple, e.g. a Kleiner Brauner (espresso and milk), to the complex, e.g. a Maria Theresia (espresso with sugar, orange liqueur, and whipped cream garnished with orange zest). The cakes are similarly diverse. Instructors may want to connect previous discussions in the course by pointing out the history of the Café Museum as an artists' café, with Gustav Klimt, Otto Wagner, and many others as frequent guests. Instructors can then synthesize what was learned on the tour by leading a discussion about Schumpeter's theory of innovation and Viennese innovation. Getting back home from Café Museum is easy with the nearby Karlsplatz subway station.

This section has focused primarily on techno-romantic Vienna as a source of Schumpeter's ideas on entrepreneurs, innovation, and creative destruction, and we have naturally drawn from historical and contemporary Vienna for examples of these theories in action. These topics coincide with more than half of the course on Schumpeter, the other primary topic of the course being the optimal role of government in society, e.g. capitalism versus socialism. We want to briefly point out that the capitalism versus socialism part of the course also benefits from being taught in Vienna. Debates surrounding capitalism versus socialism, both in terms of economics and politics, were raging in Vienna during Schumpeter's time. As we have pointed out,

workshop that produced pioneering modern design. Hoffmann's work, and that of other members of the Wiener Werkstätte, can be viewed at the Museum of Applied Arts in Vienna.

Schumpeter studied under the economist Böhm-Bawerk, one of the leading critics of Marxism at the time. Schumpeter attended Böhm-Bawerk's seminar on Marx, which was also attended by Otto Bauer, Rudolf Hilferding, Emil Lederer—all three of them Marxists who went on to distinguished careers—and Ludwig von Mises (McCraw 2007, p. 45). One can only imagine the level of debate. Schumpeter's command of Marxist thought mastered during this period comes through convincingly during the Marxism portion of *Capitalism, Socialism and Democracy*. Café Central, which is arguably the most famous, or at least heavily touristed, of Vienna's café's today, was another center of these debates, with Leon Trotsky regularly holding court there. The socialist politics of the period peaked during so-called "Red Vienna," the period of social democratic government following the collapse of the Habsburg monarchy. One of Red Vienna's most lasting public works projects, the Karl-Marx-Hof, an imposing housing complex, can still be viewed today. In short, the history of Vienna during Schumpeter's time serves as a useful backdrop for the capitalism versus socialism portion of the course.

4 Pre-departure Tips for Teaching Schumpeter in Vienna

Instructors teaching a study abroad course on Schumpeter in Vienna should concentrate on three areas of preparation before departure: 1) Schumpeter and his ideas, 2) Austrian and Viennese history and culture, and 3) the logistics of life in Vienna. The primary texts for the course (McCraw (2007), Schumpeter (1934), and Schumpeter (1950)) provide the bare minimum foundation necessary for teaching, but a more extensive background on Schumpeter and his ideas is preferable. Allen (1991), März (1991), Stolper (1994), and Swedberg (1991) are all examples of biographies of Schumpeter containing information about his life, including his formative years in Vienna, and the development of his economic ideas. Schumpeter's flamboyant personality appeals to students in a way other economists do not, so knowing the biographical details of Schumpeter the man allows instructors to bring Schumpeter to life in the classroom as a way to motivate students' interest. In terms of ideas for specific course content, Dalton and Logan (forthcoming a) provides a wealth of information for anyone looking to teach a course on Schumpeter, whether as a study abroad course or not. Wasserman (2019) is the most recent full-length history of the Austrian school of economics. The first part of the book naturally takes

place in Vienna and details the rise of the early economists, such as Carl Menger, Friedrich von Wieser, and Eugen Böhm von Bawerk, who would later be associated with what became known as the Austrian school of economics. Schumpeter features prominently in this part of the book, as the intellectual atmosphere in which he learned economics was heavily influenced by these thinkers. Wasserman (2019) gives instructors a thorough background in understanding the time and place in which Schumpeter learned economics, and parts of the book can be assigned as reading for students in the class. Lastly, although we think Schumpeter (1934) and Schumpeter (1950) expose students to the most important of Schumpeter's ideas, there are, of course, many other primary works by Schumpeter which were not used as class materials in the study abroad course. Two collections of essays, Schumpeter (1991) and Schumpeter (2009), contain some of Schumpeter's most important shorter works. As such, instructors can easily use the essays as individual modules for a course.

The Vienna of Schumpeter's life is well preserved, and it is easy to imagine what life might have been like for Schumpeter in the city by simply walking its streets, viewing the architecture and art, and visiting its many cafés. Instructors can use the city as an extension of the classroom by familiarizing themselves with its history and understanding the context in which Schumpeter lived. Zweig (1943) is the most famous book written on the final years of the Austro-Hungarian Empire, the time period in which Schumpeter lived in Vienna. Stefan Zweig, a writer, was one of the leading intellectuals in Vienna at the time, and his book paints an intimate portrait of the cultural and intellectual milieu through which Schumpeter would have moved. Morton (1979) and Morton (1989) give more historical details about particular time periods during the final years of the Austro-Hungarian Empire. Schorske (1985) provides a broad overview of life, cultural and political, in fin-de-siècle Vienna, whereas Hofmann (1988) covers the entire history of the city. For those with little background knowledge on Vienna, Schorske (1985) and Hofmann (1988) give the best overview and should be read first before our other suggestions. Lastly, Gainham (1979) provides a compelling look at Vienna through a series of biographies of figures from its history. Taken together, these readings will give an instructor a thorough grounding in the cultural, social, and political history of Vienna and will help connect the city to the content of the course. These suggested readings can also be given to students as pre-departure reading to familiarize themselves with Vienna as well.

Instructors should also familiarize themselves with the logistics of life in Vienna before departure. All the standard resources, such as travel guides and online resources, for traveling abroad should be used to prepare. The geography of Vienna is easily mastered. The modern city straddles the Danube with a canal extending south of the river. The old city rests south of the canal and is encircled by the Ring, Vienna's grand boulevard. Many of Vienna's most beautiful buildings line the Ring, including the University of Vienna, which was central to Schumpeter's education as an economist. Knowing Vienna's geography will help instructors map out their Schumpeter selfies, along with possible field trips such as the Naschmarkt-Secession-Café Museum tour of innovation. Vienna is a major destination for tourists. As a result, making online reservations for certain attractions, such as the Musikverein, Boys' Choir, and Spanish Riding School, among others, should be made months in advance. Instructors should let their students know about the demand for these attractions for students to make their own plans before departure. Lastly, instructors can purchase their public transportation tickets online before departure at <https://shop.wienerlinien.at/> and recommend that students do the same.

5 A Student's Perspective on Schumpeter in Vienna

As a student, I got a great deal out of Professor Dalton's study abroad course in Vienna. More than anything, the experience of being in Vienna brought the course material to life in a way the four walls of a typical classroom do not. Biographer Thomas McCraw analyzes how Schumpeter's personal experiences in a rapidly changing, techno-romantic Vienna influenced his writing and thinking, and the way Professor Dalton structured our course to take full advantage of everything the city has to offer really illuminated what McCraw meant. The Schumpeter selfies in our first week did a great job of both orienting our class to a new city and showcasing Schumpeter's many personal and intellectual influences. Seeing his Vienna apartment near the Parliament building and the prestigious private high school he attended gave context for his personal and political ambitions. Innovative works of architecture such as the Secession Building and the Looshaus showcased the influence of a vibrant city in transition. Of course, no discussion of the Schumpeter selfies would be complete without a mention of my favorite spot: the University of Vienna courtyard with its plaques of famous economists like Böhm-Bawerk and

Menger. Walking in the footsteps of those intellectual giants, much like Schumpeter did, was such a treat, especially since it was just earlier that day that our class had discussed their impact on Schumpeter's thought! Professor Dalton's use of the city's food and architecture to illustrate the idea of new combinations—the heart of Schumpeter's theory—was also highly effective. I particularly enjoyed the time he would take at the beginning of some class lectures to describe the various coffees and pastries at the many Vienna coffeehouses, describing the influences they combined to create a (delicious) Schumpeterian new combination. As an example, one pastry I particularly liked—the Apfelstrudel, a long piece of dough stuffed with apple filling, dusted with sugar, and often served with ice cream—was in part inspired by the Ottoman Empire's baklava.

Teaching the course in Vienna has many functional benefits; it is certainly effective at bringing Schumpeter's ideas to life. However, from my experience as a student, a study abroad course is valuable not just for the physical sights it offers but for the sense of immersion it evokes. Vienna did just that—I found that the city was incredibly conducive to learning and immersion. Vienna has a rich history that plays out in its coffeehouses, palaces, and churches, which create an appropriately dramatic setting for learning landmark theories of economics. The imperial grandiosity of Viennese architecture and the unapologetically dated norms of the coffeehouse helped knock me back to the past in a way that offered fresh inspiration and perspective on Schumpeter's ideas. The coexistence of the past with the city's many modern touches—like quaint trams and horse drawn carriages trundling down the Ring alongside modern cars—reflect a Vienna still dwelling on the threshold between the past and present, and in some ways must have been reminiscent of how Schumpeter felt living in a city in transition between a powerful imperial history and a humble democratic future. Another aspect of the city that I especially appreciated was that there were many good spots to read and study. Unlike many other cities, Viennese coffeehouses expect their patrons to be seated for several hours and enjoy books, newspapers, or good conversation over coffee and pastries. I found myself on several occasions taking advantage of this to wander into Café Schopenhauer, order a pastry, and lose myself in Schumpeter's writings for a few hours, carefully cocooned in a coffeehouse that was not seeking to hustle me out the door to make table space for the next patron. To me, the café perfectly encapsulates why Vienna and Schumpeter made such a good study abroad pairing: I was eating, drinking, and living a culture whilst learning an influential work of economics whose conclusions

were shaped by countless hours of conversation spent at many of those same places almost a century ago.

Finally, Vienna's centralized location makes a good spot for a study abroad course. Since Vienna is a major rail hub, I was able to quickly and cheaply travel to the Austrian Alps and other Central European cities to gain new cultural exposure. I found this aspect of Vienna to be particularly helpful given that this summer study abroad course was my first time outside the United States, like many other students on the trip, and I wanted to make the most of it.

For other students who might be about to embark on their own journey to Vienna to study Schumpeter, I offer the following tips. First, do your research on the city to start identifying places you would like to see and experiences you would like to have. I primarily consulted Google, TripAdvisor, Lonely Planet: Vienna, and my study abroad professor for ideas. Thanks to that legwork done beforehand, I was able to connect my love of Cold War history with a special screening of the classic Cold War film *The Third Man* at the Burg Kino cinema and do a tour of the Vienna sewer system which features so prominently in the film's plot. Second, even if you do not like classical music, plan a trip to the Opera. The Opera is quintessential Vienna and a very distinctive experience—I was skeptical at first but ended up really enjoying it! Note that limited availability means tickets must be sought out well in advance. Third, pack comfortable walking shoes and at least one outfit of business casual clothes. Vienna is very much a walking city, and you will want the business casual for the opera or some upscale cafés and restaurants. Fourth (this one is Schumpeter specific), I would recommend brushing up on your notes from your principles of economics and intermediate macroeconomics classes.⁸ Schumpeter is not technical at all, but the heart of his work is dedicated to describing the causes and consequences of economic growth. I found it helpful to review some of the elementary growth models (Solow and Romer) I had learned in class beforehand to get a sense of how economists had made sense of Schumpeter's work in the years since.

In all, I learned much from my study abroad experience and gained substantial insight into the life and works of Joseph Schumpeter. Even today, some of those lessons and the way they

⁸The course has been taught at different levels, including with only principles of economics as being a prerequisite and with both intermediate microeconomics and intermediate macroeconomics as being prerequisites. The latter is the preferred set of prerequisites, as we believe intermediate courses prepare students to get the most out of Schumpeter's theories.

were presented in Vienna still resonate with me. For one, I came into the class quite skeptical about the value of reading an economist who used no mathematics to formulate his theory of innovation and entrepreneurship. Early on in my economics courses I had intuited that mathematics was the language used to describe economic phenomena and was not sure what value Schumpeter added to that body of work. What I came to realize is that powerful insights in economics can be made without mathematics. Schumpeter does not present any theorems and proofs to back his analysis of an entrepreneur guided by the desire to build a lasting dynasty, nor does he model the struggles entrepreneurs face when bringing their innovations to market, but that makes his analysis no less accurate or valuable. In fact, it has helped shape how I think about more mathematically oriented classes. Particularly in courses that evaluate different drivers of economic growth, Schumpeter's identification of creative destruction as the vital fact of capitalism goes a long way towards describing what goes into black boxes like Total Factor Productivity, as Dalton and Logan (forthcoming a) discusses further. The way in which Professor Dalton formulated the innovation section of our course syllabus, with its emphasis on case studies, really drove this home for me. Our class did no econometric analysis of Blockbuster's demise or the Naschmarkt vendors, but we were still able to engage in fruitful discussions that put Schumpeter's prose in context in a way a Stata script does not. Another thing I realized from the course is how inspiring Schumpeter's intellectual breadth was and how he could be a role model for my own life. McCraw (2007, p. 488) notes how Schumpeter died with a book of plays in its original Greek at his bedside. This was a man with a rigorous classical education whose life experiences ranged from academia to politics to business, and he drew upon all of those experiences in his writing. Schumpeter has inspired me to read and think more broadly, in the hopes that I too might be able to bring a breadth of knowledge to bear on research questions. I conclude my thoughts by sharing that Professor Dalton did a phenomenal job guiding our class both through a new city and Schumpeter's dense prose alike, and I am incredibly grateful for the opportunity to relate my experience.

6 Conclusion

Studying abroad expands a student's notion of acceptable ways of being. This is an important personal lesson for students to learn. For example, it teaches students to be more tolerant of other cultures and helps foster cooperation. But, students also learn an important economic lesson when studying abroad as well, which is to be more tolerant of economic innovation. Studying abroad teaches students innovation is not to be feared—it can be viewed as simply another way of being. This idea helps foster an openness to entrepreneurship, innovation, and creative destruction, which has important public policy implications for promoting economic growth and prosperity. Many students do not easily internalize these economic lessons from the blackboard alone, or are not entirely convinced at least, so having students immersed in the innovations accompanying any study abroad experience is a powerful learning tool.

This paper argues teaching a course on Joseph Schumpeter, the Prophet of Innovation himself, in Vienna, Austria, is an effective way to bring about this transformation in students' openness to entrepreneurship, innovation, and creative destruction. We describe the course details and encourage readers interested in a more in depth look at the course to read Dalton and Logan (forthcoming a). We then discuss in detail how both historical and contemporary Vienna can be used to illustrate various ideas from Schumpeter's theories. The paper also provides practical tips on preparation for anyone considering teaching Schumpeter in Vienna. Lastly, we give a student's prospective on studying Schumpeter in Vienna, along with a reflection about how a course on Schumpeter fits into an overall undergraduate education in economics.

References

- ALLEN, R. L. (1991): *Opening Doors: The Life and Work of Joseph Schumpeter*, 2 volumes. New Brunswick, NJ: Transaction Publishers.
- DALTON, J. T., AND L. R. GAETO (2018): “Schumpeter vs. Keynes Redux: “Still Not Dead”,” working paper.
- DALTON, J. T., AND A. J. LOGAN (2020): “A Vision for a Dynamic World: Reading *Capitalism, Socialism and Democracy* for Today,” *The Independent Review*, 24(4), 567–577.
- (forthcoming a): “Teaching and Learning Schumpeter: A Dialogue Between Professor and Student,” *Review of Austrian Economics*.
- (forthcoming b): “Using the Movie *Joy* to Teach Innovation and Entrepreneurship,” *Journal of Economic Education*.
- DIAMOND, JR., A. M. (2007): “The Neglect of Creative Destruction in Micro-Principles Texts,” *History of Economic Ideas*, 26(4), 352–356.
- (2009a): “Schumpeter vs. Keynes: “In the Long Run Not All of Us Are Dead”,” *Journal of the History of Economic Thought*, 31(4), 531–541.
- (2009b): “Using Video Clips to Teach Creative Destruction,” *Journal of Private Enterprise*, 25(1).
- GAINHAM, S. (1979): *The Hapsburg Twilight: Tales from Vienna*. New York, NY: Atheneum.
- GWARTNEY, J. (2012): “What Should We Be Teaching in Basic Economics Courses?,” *Journal of Economic Education*, 43(3), 300–307.
- HOFMANN, P. (1988): *The Viennese: Splendor, Twilight, and Exile*. New York, NY: Doubleday.
- MÄRZ, E. (1991): *Joseph Schumpeter: Scholar, Teacher and Politician*. New Haven, CT: Yale University Press.
- MCCANNON, B. C. (2011): “Teaching Austrian Economics in Austria as a Non-Austrian: A Note,” *Journal of Economics and Finance Education*, 10(2), 1–5.

- MCCRAW, T. K. (2007): *Prophet of Innovation: Joseph Schumpeter and Creative Destruction*. Cambridge, MA: The Belknap Press of Harvard University Press.
- MORTON, F. (1979): *A Nervous Splendor: Vienna 1888/1889*. London, UK: Weidenfeld and Nicolson.
- (1989): *Thunder at Twilight: Vienna 1913/1914*. New York, NY: Charles Scribner's Sons.
- PHIPPS, B. J., R. J. STROM, AND W. J. BAUMOL (2012): "Principles of Economics Without the Prince of Denmark," *Journal of Economic Education*, 43(1), 58–71.
- SCHORSKE, C. E. (1985): *Fin-de-siècle Vienna: Politics and Culture*. New York, NY: Alfred A. Knopf.
- SCHUMPETER, J. A. (1934): *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*. Cambridge, MA: Harvard University Press.
- (1950): *Capitalism, Socialism and Democracy*. New York, NY: Harper & Row.
- (1991): *The Economics and Sociology of Capitalism*. Princeton, NJ: Princeton University Press, edited by Richard Swedberg.
- (2009): *Essays: On Entrepreneurship, Innovations, Business Cycles, and the Evolution of Capitalism*. New Brunswick, NJ: Transaction Publishers, edited by Richard V. Clemence.
- STOLPER, W. F. (1994): *Joseph Alois Schumpeter: The Public Life of a Private Man*. Princeton, NJ: Princeton University Press.
- STROW, C. (2016): "Teaching the Economics of Ecotourism, Trade, Healthcare, Education, Poverty, and Immigration as a Study Abroad experience in Costa Rica," *Journal of Economics and Finance Education*, 15(3), 83–94.
- SWEDBERG, R. (1991): *Schumpeter: A Biography*. Princeton, NJ: Princeton University Press.
- WASSERMAN, J. (2019): *The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas*. New Haven, CT: Yale University Press.

ZWEIG, S. (1943): *The World of Yesterday*. New York, NY: Viking Press.