
ISS Forum

The Newsletter of the
International Joseph A. Schumpeter Society

Dear Member of the International
Joseph A. Schumpeter Society,

Many of our members have heard the sad news: The co-founder, inaugural President and Honorary President of our Society, Wolfgang F. Stolper passed away on Easter Sunday, March 31 2002, in Ann Arbor, Michigan, only one day after the end of our Gainesville conference. Unaware of just how ill he was, we had spoken about him at the conference's General Assembly, and about how to commemorate his 90th birthday in May.

Now he is no longer with us. The official memorial was held at Ann Arbor in June. We deeply mourn for Wolfgang.

The greater part of this edition is dedicated in memoriam Wolfgang Stolper. We are indebted to his close friend and colleague Paul A. Samuelson, and our former ISS Presidents, who contributed their memories and experiences with Wolfgang.

It was good to see many of you in Gainesville. For those who were unable to attend the meeting we are including reports and summaries on the conference. Our thanks go to the former President Bob Lanzillotti and to his co-organizer Elias Dinopoulos for their tremendous efforts.

Sincerely,
Horst Hanusch

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Aspects of the 1941 Stolper-Samuelson Collaboration*

*Lightly edited, taken from Paul A. Samuelson's „Tribute to Wolfgang Stolper on the Fiftieth Anniversary of the Stolper-Samuelson Theorem“,
Lecture at the University of Michigan Symposium, Nov. 17, 1991

In a good life a high point was my 1941 collaboration with Wolfgang Stolper on our much anthologized „Protection and Real Wages“. Nothing was more fun than our exciting progress after Wolfgang brought to me his seminal insight. „How can Haberler and Taussig be right about the necessary harm to a versatile factor like labor from America's tariff, when the Ohlin theory entails that free trade must hurt the factor of production that is scarce relative to land?“

The rest is history. So fundamental a point is obvious in retrospect but the earth moves when first you hear it. „You have something here. Work it out, Wolfie,“ I said. He worked it out.

But suddenly, like all breakthroughs, the analysis opened up a new continent. The newly-married Stolpers and Samuelsons lived on the same Ware Street in earshot of Harvard Yard's bells. We talked about new puzzles when we met, and each week a surprising lemma knocked on our brain's door. Was it really possible and mandatory that free trade raise the American land/labor ratio in both food and clothing!

I have always insisted I was the midwife, helping to deliver Wolfie's brainchild. Eventually Stolper turned stubborn, saying he could not conscientiously take sole credit for what had involved a fruitful collaboration. I yielded gracefully,

understanding that I was the junior partner but that the senior partner might never feel completely comfortable under an other arrangement.

Never was there a more harmonious collaboration. Gilbert and Sullivan were never like that. Stolper-Samuelson has always been quite a different matter. If anything the junior partner has been accorded too much credit. This is in accordance with Robert K. Merton's "Matthew Effect" in the history of science: *To him who hath shall be given.*

Stolper-Samuelson was an overture to a symphony that has never stopped playing. But always there are overtures to overtures. On this occasion I must call attention to an unconscious influence that was operating on us back in 1940 – operating at least on Paul if not on Wolfgang.

As readers of the 1941 paper will remember, we were painstaking in seeking for earlier anticipations of our analytical relationships between the production-possibility frontier and the Stolper-Samuelson production box diagram.

The pickings were very slim indeed.

But we did twice refer explicitly to Marion Crawford's celebrated term paper on the Australian case for a tariff on labor intensive imports, calculated to raise that land-rich country's population and real wage rate. I can cite for interested readers to relatively recent *post mortem* on that Marion Crawford Australian breakthrough in M. C. Samuelson (1989). I ought to add now what I failed to stress earlier: that my unconscious mind must certainly have benefited enormously in 1940-41 from knowledge of Marion's 1939 *QJE* findings. This is the occasion to do justice to that influence.

Without the Stolper-Samuelson box diagram, Marion Crawford could handle the *p-p* frontier of the 2-good case where one of them utilized only

labor. I doubt not that my midwifery benefited from this remembered source.

Let me conclude with some fond remembrances of Wolfgang Stolper.

When I came to Harvard, he exuded unconscious charm, European charm. Stolper was Cambridge's link with Schumpeter's days at Bonn. I can recall Wolfgang's indignation when his complaint about the warmth of the Mosel wine served him was met by a waiter who returned with an ice cube plunked down into the wine glass. If Wolfgang had asked that same waiter to cut his Cuban cigar, no doubt he would have returned with two equal pieces.

In 1938 Wolfgang returned from summer vacation with his beautiful Swiss bride. To European eyes America presented many strange features worth commenting on. In his gentle way, Wolfgang suggested: "Vögi, ride with the punches. It's really not polite to comment on each perceived difference." Therefore, when the terrible Hurricane of 1938 hit us, Vögi observed urbanely, "Your usual autumnal disturbance, I presume?"

I am sure Wolfgang thought me a crude American. For one thing I never knew the proper temperature at which a Riesling should be served. For another I once revealed an unbelievable *gaucherie*. In those days we had short-lasting 78-inch classical records. You were always having to get up to change the record. Then semi-automatic record changers arrived on the market. You had to get up only half as often. I made the mistake of revealing to Wolfgang that I saved more effort still by listening to Beethoven's Sixth Symphony in the following order: First, the first movement. Then the third movement. Then the fourth movement. And then the second movement. He was incredulous. I realized that Wolfgang

Amadeus and Wolfgang Friedrich must use a different half of the brain than I do when listening to music.

One thing we did have in common was our affection and respect for Schumpeter. Mine was great, his was unbounded.

That was a magic pre-war world in the Harvard Yard. And no one is preserved more perfectly in the amber of my affectionate memory than Wolfie Stolper – friend and collaborator.

Paul A. Samuelson

Memories of Wolfgang Stolper

by Arnold Heertje, ISS-President 1986-1988

I knew the name of the late Wolfgang Stolper from my days as a student in the Faculty of Economics at the University of Amsterdam in the 1950s. My beloved teacher Pieter Hennipman made us acquainted with his vast knowledge of the economic literature. As far as I remember, he referred to Stolper as one of the bright young men around Joseph Schumpeter in the 1930s. Hennipman introduced us to great names like Haberler, Samuelson, Hicks, Joan Robinson and Stolper. I could not imagine as a young student ever to arrive at the stage when I would actually meet Stolper in person. Even more so, I could never have dreamt of being allowed to say “Wolfgang” to one of the heroes of my youth. But, this is, in fact, what happened in Augsburg where the first conference of the International Schumpeter Society was held under the Chairmanship of Wolfgang Stolper. I still feel the warmth of his friendly personality, I still hear his pleasant voice, and I still appreciate his calm and wise way of arguing and way of conversation. I never felt the distance in age between us, nor the gap in wisdom and experience. But, of course, this was only due to Wolfgang’s modesty and kindness, as in reality there was a difference in age, wisdom and experience.

Still, to my surprise, I overlooked him in 1979 when I prepared for the Dutch Bank, Insinger, Willems and Cie, the volume *Capitalism, Socialism and Democracy: Schumpeter after forty years*, published in 1981, with contributions from, among others, Samuelson, Smithies, Haberler, Fellner, Bortolomeo and Zassenhaus. In a sense, this book started the whole of the Schumpeter revival in the last quarter of the 20th century. In a letter to me, dated 20 January 1997, Wolfgang observed: “If you had asked me to contribute to your volume – of course, we did not yet know each other at the time – I would have contributed a dissenting opinion.” Needless to say, I made a major mistake as an editor, but Wolfgang never blamed me for it.

We did meet in person in Vienna in November 1980 at the Schumpeter symposium, organized by the “Österreichische Länderbank” and Helmuth Frisch. Interestingly enough, Stolper’s name did not show up in the original list of speakers. I remember the friendly atmosphere at the meeting, but also that I remained in the background, being too shy to talk openly with the other speakers. I still felt like a student and I do not recall having had any conversation with Wolfgang at the time. The “Frisch” book, *Schumpeterian Economics*, with

Stolper's contribution on aspects of Schumpeter's theory of evolution, was published in 1982.

Wolfgang and I both attended the international conference on Schumpeter and Keynes in September 1983 in Paris, where Stolper presented a paper on "J. A. Schumpeter: The Role of Government". In 1986, Wolfgang Stolper took the initiative together with Horst Hanusch to found the International J. A. Schumpeter Society. As is well known, the first conference took place at Augsburg in September 1986, with Stolper as the Founding-President of the Society. I felt honoured to be invited to become Vice-President and to present a paper on technical change and evolutionary economics. On 30 August just a few days before the conference, Wolfgang called me at home to ask me whether I would be prepared to become his successor as President of the Schumpeter Society, immediately after the Augsburg meeting. Wolfgang referred to his weak health. I could barely believe my ears. While in Augsburg, I realized how difficult it would be to succeed such a warm personality, a student and assistant of Schumpeter, and in all respects such a modest man. We became friends and remained in contact. In 1988, we gathered with many other members of the Schumpeter Society in Siena. Wolfgang very much enjoyed the Italian sun. In the summer of 1989, when teaching in the United States, I conducted several interviews with former students of Schumpeter. My wife and I were guests in Wolfgang's and Margot's summerhouse in Vermont. With his natural patience, Wolfgang answered the many questions I had on Schumpeter's life and work. He also referred me to his brother Max and spoke with deep devotion of his father Gustav and his stepmother Toni Stolper, both good friends of Schumpeter. On 25 April 1990, Wolfgang came over to Holland to give a

lecture at the Tinbergen Institute at the University of Amsterdam. In the evening, we gathered with friends at our place. Wolfgang made a brief speech on Schumpeter. He told us that on the occasion of the defence of Paul Samuelson's thesis, Schumpeter asked his colleagues: "Gentlemen, did we pass?". And, as far as Schumpeter as a teacher was concerned: he was someone whose students would say, ten years later: "Oh, that is what he meant!". In June of the same year, the third conference of the Schumpeter Society was organized by Mike Scherer in Virginia, in the USA, and Stolper was there as well.

In 1994, Stolper's book on Schumpeter came out. We corresponded at length on the book, in particular after my review in the *Journal of Evolutionary Economics* of 1996. We argued in a very friendly way on the question of whether Schumpeter was anti-Semitic. There is no doubt that, according to Wolfgang, this question has to be answered in the negative. I did put forward the evidence that points in another direction. As we shared a Jewish background, we were on common ground, but we arrived at different conclusions. As Stolper put it in one of his previous letters to me: "Of course, differences of interpretation remain. About anti-Semitism, for example. Of course, Schumpeter made a few nasty remarks on Jews, or Roosevelt for that matter, but to judge from that alone seems to me to disregard the context of the times and his actions of helping". He never concealed his Jewishness, although he converted to the Protestant religion. I remember our continuing debate during the Stockholm conference in 1996 and 1997. In one of them, Wolfgang kindly offered to obtain from him the second edition of Böhm's *Positive Theorie des Kapitals*, a presentation copy with an autograph in our exchange of letters by Böhm-Bawerk.

I feel privileged to have known Wolfgang Stolper during the last 20 years of his life. He was a fine human being. He contributed tremendously to our knowledge and understanding of Joseph A. Schumpeter. For this, he deserves a standing ovation from the whole profession. Both as a person and through his work, he embodied the link between the present generation

and the essence of the culture and greatness of the European world before the disaster brought upon us by Nazi Germany. And, above all, he passed on to all of us the spirit and atmosphere of the late Austrian School.

Arnold Heertje

In Memoriam Wolfgang Stolper

by Frederic M. Scherer, ISS President 1988-1990

With the death of Wolf Stolper, the world lost an insightful economist and an outstanding human being. That much is clear in all that has been written about him. But my mandate in this memoir is to provide a more personal view. That I do.

For me the loss was that of a colleague and friend of nearly four decades. My cursory acquaintance goes back even farther. As an undergraduate economics major at the University of Michigan, I took no courses from Wolf. But in the spring of 1954 the economics honors students were invited to join the audience at an operetta, "Ileoanthe," honoring the retirement of long-time department chair I. Leo Sharfman. Music for the operetta was said in the program to have been borrowed from Sir Athur Sullivan by the principal accompanist, Wolfgang Amadeus Stolper, with libretto by Kenneth Boulding. One verse that still persists in my memory was:

*If an economist you will be,
You must talk of GNP,
Of marginal this, and marginal that
And the other propensity.*

From what I later learned about Wolf, I wonder why the music was cribbed from Sullivan and not from one of Wolf's great loves, Mozart.

The lyrics, sung to the tune of Leporello's first aria, might have included:

*Night and day I push my math
De-ri-ving an opt mal path.
Data are no help to me,
Mine is purest theory.
No; no, no; no, no; no, no;
I disdain reality.*

Mozart and Bach were two of Wolf's great passions. His home on Lincoln Street in Ann Arbor harbored two grand pianos, which were often the gathering point for chamber music performances.

When I became his colleague in 1966, I was fortunate occasionally to hear him play one of the pianos. His gaps in technique were more than compensated by the enthusiasm with which he attacked Bach preludes and Mozart sonatas. He remarked more than once, with only the faintest twinkle in his eyes, that our friendship was based much less on my own personal merits than on the heritage of my wife, a descendant of the Silbermann family whose organs and (later) pianofortes Johann Sebastian Bach played.

In public appearances as in the performance of music Wolf was irreplaceable. During the 1950s, he was invited back to Germany to deliver a particularly prestigious lecture. He was to be introduced by Theodor Heuss, a close family friend and at the time the first president of the Federal German Republic. Before the lecture, Heuss cautioned him that the proceedings had to be conducted with the utmost dignity, so Wolf should forego using the familiar “Du” form of address to which they were accustomed. On the rostrum, after the introduction by Heuss, Wolf’s first remark was, “Ich danke Ihnen [the formal second person dative pronoun], Onkel Theodor.” The audience was appropriately delighted.

Another of Wolf’s great loves was, of course, his mentor in Bonn and Cambridge, Schumpeter. About that I’m sure others will have much to say.

It was Wolf who asked me in 1986 to become president-elect of the newly-founded Schumpeter Society, taking office after Arnold Heertje’s presidency. There are very few people other than Wolf who could have persuaded me to accept such a frustrating and thankless job. (I had hoped that, as proclaimed Schumpeter fans, the Forbes family would finance a conference; I was wrong.) As a native of the Daley family’s Chicago, it seemed a natural democratic phenomenon to be named to a presidency by a handful of colleagues. So accept I did, and if I entertain fond memories about any aspect of the task, it was that it brought me together with Wolf at Schumpeter Society meetings and at his homes in Ann Arbor and beautiful Vermont. My wife and I miss his effervescent presence.

F. M. Scherer

Unequal Exchange of Ideas by Yuichi Shionoya, ISS President 1990-1992

It was at the constituent congress of the International Schumpeter Society at Augsburg in 1986 that I met Wolfgang Stolper for the first time. He was the founding president of the Society. Although I had known his name as the author of the Stolper-Samuelson theorem, I was unaware of his close relations with Schumpeter, that justified him as the genuine founding father of the Society. At that time, having completed the translation of Schumpeter’s *Theorie der wirtschaftlichen Entwicklung* into Japanese, I took more and more interest in Schumpeter as a unique social scientist. At the congress I was immediately nominated as a member of the board of management, just for the reason of balancing the nationality of members. In the executive

committee, without a sufficient background knowledge, I expressed a doubt about the relationship between the Society and the *Wirtschaftswoche*. It might have been an unpleasant jar on Wolfgang, who had made real efforts in raising fund. After the committee he came to me and said that the Society would count on me lest it should become an American and German club. I promised the cooperation. In my subjective judgment, my greatest contribution was hosting the Kyoto conference in 1992; at the same time we commemorated Wolfgang’s 80th birthday on the first day of the gathering.

Although Wolfgang resigned presidency at the close of the first conference for his pleaded lack of energy, he traveled a lot and we met each other

at every biennial conference of the Society. His last letter to me was a postcard from Toscana, Italy, where he was traveling after the Manchester conference in 2000, writing that he missed my family and me. He was always kind and soft to me, except one occasion. When I stayed in North Carolina in 1993-94, he invited me to Ann Arbor. He was kind enough to see me at Detroit Airport and send me to his home. But I never forget those dreadful twenty minutes that he drove at full speed, saying that his eyesight was only single and had no three dimensions.

While the academic interest of the Society was centering on the economic analysis of evolution, innovation and entrepreneurship, I had an idea that at the same time Schumpeter's own economic and social thought should be studied in theoretical and historical context. Wolfgang, with immense stock of first-hand knowledge about Schumpeter's life and thought from the Vienna period, naturally supported this idea, and I intentionally expanded the scope of topics at the Kyoto conference and compiled the results of the conference into two volumes, one for innovation and the other for Schumpeter's thought, with the consent of Mark Perlman, the editor.

In fact, Wolfgang and I were writing on Schumpeter separately. He sent me a manuscript of his *Joseph Alois Schumpeter: The Public Life of a Private Man* (1994); with a lag of a few years, I sent him a manuscript of my *Schumpeter and the Idea of Social Science: A Metatheoretical Study* (1997). I could only make comments about the first half of his manuscript (the first ten chapters) because the second half was concerned with Schumpeter's political and business activities and I had nothing to say but accept it. In the acknowledgments of his published book he wrote "I have followed all his suggestions." In contrast, he sent me com-

ments of twenty-one pages on the whole chapters of my manuscript, with his letter saying that "If I had your strength of character, I would, of course, have refused to read your manuscript, as you refused to comment on my chapters 11ff., on the grounds of incompetence. I really know very little about philosophy, epistemology or methodology, and, to tell the truth, I am rather suspicious of all of them. So you will do with my comments as you want. I will certainly not be insulted if you totally ignore them" (March 12, 1996). Of course, I was helped very much by his detailed comments. The exchange of ideas around Schumpeter between us ended in unequal distribution of benefits. The balance of my indebtedness grew and remains as it was by his passing.

The impressive thing about his attitude toward me was that of a good teacher. He must have understood well that with my scarce knowledge of political history of Central Europe I could not write something critical that John Medearis recently made against Wolfgang (*Joseph Schumpeter's Two Theories of Democracy*, 2001). (I wonder if Wolfgang ever responded to Medearis's criticism.) Nevertheless, he was dissatisfied with my option because, I suspect, he wanted to show in person how to be a good teacher; how a teacher should behave when he encounters a student involved in subject matters on which he is really quite incompetent. This does not mean that the teacher should pretend knowledge; rather he should help the student broaden intellectual horizons by raising relevant questions.

Out of his massive comments on my manuscript I would record one precept here. It is well known that Wolfgang was anxious to refute a statement that Schumpeter was obsessed with Keynes as a rivalry. When I hinted in my manuscript Schumpeter's sense of rivalry with Max

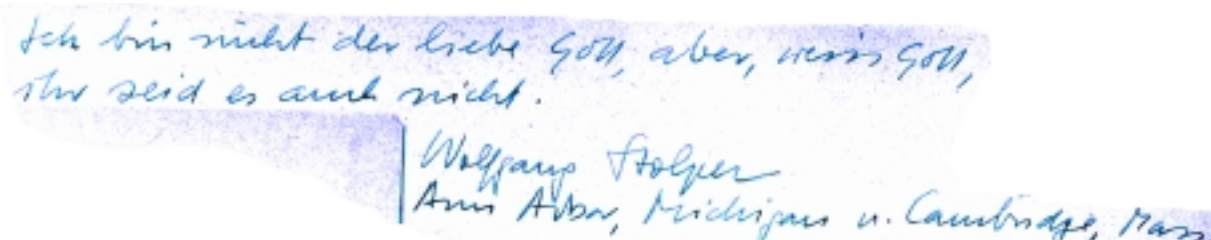
Weber, Wolfgang responded: “Schumpeter’s criticism of Weber’s methodology is substantive. Why should any feeling of rivalry enter? I believe that Schumpeter was quite free of that sort of thing, just as Böhm-Bawerk supported Schumpeter despite disagreement about interest theory, or as Haberler wanted to have the Stolper-Samuelson

article published despite the fact that it was a direct criticism of him. I really do believe that great scholars are not subject to that kind of petty rivalry.” Indeed, Wolfgang was a great scholar as well as a good teacher.

Yuichi Shionoya

Encounters with Wolfgang Stolper

by Ernst Helmstädter, ISS President 1992-1994



(Wolfgang Stolper’s entry in the visitor’s book of the Econometric Institute at the University of Heidelberg, 1955)

My first encounter with Wolfgang Stolper

It was on November 30, 1955, when Professor Wolfgang Stolper came to Heidelberg to give a lecture about *Factor Prices and Trade*. I was a young researcher at the Econometric Institute under Wilhelm Krelle, who happened to know Wolfgang Stolper from his visit in the USA a few years earlier.

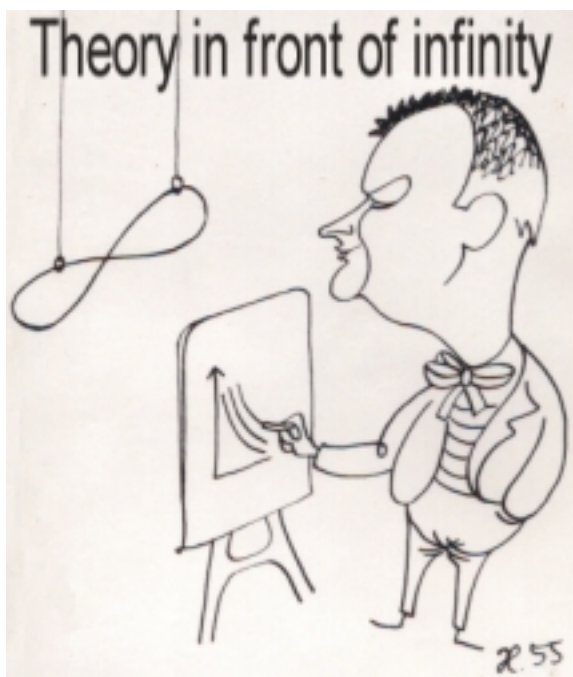
When Wolfgang Stolper entered our modest premises, he noticed on the wall a self-made caricature of Theodor Heuss, at that time the head of the state, and said to our greatest surprise: “I’ll be seeing him this evening in Bonn!” So I was keen enough to ask him whether our president might possibly be willing to write in our visitor’s book a presidential preface, in addition to Stolper’s own entry? (see above). And indeed, the president did

- thanks to Wolfgang Stolper !

He spoke of the president as his godfather. Gustav Stolper, his father, and the president had been very good friends in Berlin during the 20s.

The lecture in front of infinity

Wolfgang Stolper’s lecture impressed us by its very freshness that was quite unusual in a German lecture room at that time. He taught the audience that economic theory would never be complete. Being a theorist one was in a situation similar to a Christian: always only under way to a very far distant final clarity, reachable only in infinity. This gave me the headword for a student’s press article with the cartoon below, where I tried to articulate my fresh impression.



Wolfgang Stolper on "Factor Prices and Trade" at the University of Heidelberg Nov. 30, 1955. *The Heidelberg Student's Press*. Cartoon Ernst Helmstädter.

In the Schumpeter Society

In the 80s of the last century I had many opportunities of meeting Wolfgang Stolper at the International Schumpeter Society conferences, and I thoroughly enjoyed them every time. His friendly attitude and, let me say, his *subtle sarcasm* and humor were really refreshing.



Photo: Peter Heimbach

During the Society's meeting in Münster in 1994, he gave me an example of his self irony, when he said: "I've got only an average intelligence, my wife is much more intelligent than I." The photo shows Wolfgang Stolper in Münster. Isn't that the same attitude as forty years ago in Heidelberg? Personally, I shall gratefully remember him in such a perspective.

Ernst Helmstädter

Wolfgang Stolper in memoriam

by Gunnar Eliasson, ISS President 1994-1996

My first encounter with Wolfgang Stolper was entirely in the abstract dimension, through the Stolper - Samuelson theorem, one of the then three cornerstones of modern international trade theory. With comparative advantage based on differential national endowments of factor supplies, the Stolper-Samuelson theorem rigorously demonstrated trade tends to equalize factor prices. Even though the ordering of the names suggested to me that Wolfgang Stolper was the idea man and that Paul Samuelson did the formal work, this theorem did not signal the correct image of Wolfgang.

My second encounter with Wolfgang was indirect and more physical. In 1981 my family and I spent two months at the University of Michigan and just happened to rent Wolfgang's and Margot's beautiful home on Lincoln Avenue in Ann Arbor.

This time my reading of Wolfgang was more accurate. The house had two grand pianos, which was a great experience for our three daughters who were all studying at a special music high school in Stockholm, a studio section for Margot's art work, which stirred some slumbering artistic ambitions in me, and an original Duerer woodcut on the wall which greatly impressed the family. Above all the house was spacious, pleasant and furnished with taste and imagination reflecting the intellectual and artistic qualities and the warmth of Wolfgang Stolper as a person.

My third encounter with Wolfgang – still, I had not met him- was more embarrassing.

In 1986 I received a kind invitation, signed by Wolfgang Stolper, to be one of the founding fathers of the International Joseph A. Schumpeter

Society, about to be established. At the time, I had been reading up on Schumpeter's *The Theory of Economic Development* to prepare together with Erik Dahmen- one of the very first conferences in Europe on the economics of innovation and entrepreneurship in honor of the great Swedish industrialist and entrepreneur Marcus Wallenberg on his 80th birthday in 1979, then honorary chairman of my institute (IUI). I was beginning to realize that I was more inclined towards dynamic Austrian/Schumpeterian economics than the semi dead theorizing of the Walrasian-Arrow-Debreu model. So I felt greatly honored to receive that invitation, but still forgot to respond in time. After a while a slightly irritated Wolfgang kindly called one morning, either from his retreat in Vermont or his place in Munich, but not from Lincoln Avenue I understood. After quickly having cleared the practical aspects, we continued with a long discussion about the need to revitalize received economic theory to become a natural theoretical habitat for live innovators and entrepreneurs demonstrating their roles in economic development, and the important real and symbolic roles for the Schumpeter Society of initiating such a renaissance in economics.

Wolfgang and I first met at the first Schumpeter conference in Augsburg in 1986, and have continued to see each other regularly at the Schumpeter conferences every other year since then, excepting, unfortunately the latest conference in Florida this year. I was particularly pleased to see Wolfgang and Margot with us at my own Stockholm conference in 1996 and all the way by special conference train to the General

Assembly in Falun, then the city of the corporate headquarters of the world's oldest incorporated entity, Stora Kopparberg, with a registered share transaction from 1288.

An obvious, and returning discussion theme between Wolfgang and me has been the need to re-introduce Austrian and Schumpeterian dynamics in received economic theory. We have been in agreement that this means backtracking to Adam Smithian dynamics, but keeping the great systems contribution of Walras, whom Schumpeter greatly admired, integrating demand and supply, but without sterilizing it with artificial and deadly static equilibrium conditions. This cannot really be done in a true Austrian/Schumpeterian model. And this is also the main reason why the introduction of true Schumpeterian dynamics in economics takes such a long time and creates such unnecessary intellectual and ideological contention- we agreed. With unpredictable entrepreneurs moving the economy, politicians are no longer in either theoretical or real control. The economists experience double frustration. They lose their Machiavellian advisory roles to the policy maker, cleverly embodied in the external equilibrium design of received theory, and they have

to change the mathematics of their tool box. This has been all too frustrating to be readily accepted.

I think we also agreed that Schumpeter made a mistake when he positioned his model world in Walrasian equilibrium for pedagogical reasons to illustrate the creative destruction process initiated by the unpredictable innovators. The true Schumpeterian model simply cannot be placed in static equilibrium. We furthermore decided that it was fortunate that Schumpeter so far has been wrong in his dismal 1942 scenario about the demise of Schumpeterian dynamics from a fatal injection of scientific technological management in firms. But really, we agreed again, this time on a sunny day in Falun 1996 waiting for the final assembly to get organized; by reading *The Theory of Economic Development* carefully you would understand that Schumpeter's dismal scenario of firm concentration from 1942 would not occur in an open market economy of the US type. Here Schumpeter had misinterpreted, and been carried away by, the events of the day.

Gunnar Eliasson

Remembering Wolfgang Stolper

by Dennis C. Mueller, ISS President 1996-1998

I first met Wolfgang Stolper at a meeting of the International Joseph A. Schumpeter Society. He was already well on in years and the years had taken an obvious toll on his ability to get around and see. His mind, however, seemed to have been left unscathed by time. It was a pleasure to engage him conversation regardless of whether the

topic was current developments in the United States and Europe, or remembrances of the past including personal recollections of Schumpeter.

I, like probably everyone else who ever met Wolfgang Stolper, took an immediately liking to him. His gentlemanly grace and charm were irresistible. I was pleased to get the impression that

he had also decided to include me among his wide circle of friends. I soon began to receive his annual Christmas letter describing the events of the year. With each passing year, the contents of these letters recounted the increasing physical deterioration and memory loss of the previous year. But despite all this, the letters always had a positive tone to them, and revealed the inner strength and character of their author.

There are few people alive today who knew Schumpeter personally, and perhaps no one who knew him and identified with him as closely as Wolfgang Stolper. Stolper's admiration for

Schumpeter and the close affinity of the two men are both apparent in Stolper's wonderful biography of Schumpeter (*Joseph Alois Schumpeter: The Public Life of a Private Man*, Princeton University Press, 1994). This close link between Stolper and Schumpeter is reason enough for all members of this society to mourn his passing. But with the death of Wolfgang Stolper, the society has lost more than just a direct link to the man for whom our society is named. It has lost a great intellect and a wonderful human being. All of us shall miss him.

Dennis C. Mueller

Wolfgang F. Stolper In Memoriam

by J. Stanley Metcalfe, ISS President 1998-2000

Like many of my generation I came across Wolfgang Stolper's name as a student of international economics; he is of course, the co-author of the famous eponymous theorem. The relation between factor prices and commodity prices became one of the pillars around which the Heckscher-Ohlin theorem was reconstructed in the immediate post 1945 period; and the label HOS could as well have had the last symbol applied to Stolper rather than Samuelson. I had no idea at that time of Stolper's Schumpeterian heritage. Nor did I know it then but Stolper had in the 1930s visited Manchester University in his quest to finish his thesis on British monetary policy and the housing boom. This he completed under Schumpeter's direction and his reason for visiting Manchester was to speak with Sir Ernest Simon, one of the great benefactors of Manchester University, a strong Fabian socialist and a successful industrialist to boot. There is also another Manchester connection, Stolper was a friend to Hans Singer, the distinguished development economist,

a former Manchester academic and also a member of Schumpeter's Bonn seminar.

Imagine my pleasure and delight when Wolfgang Stolper agreed to come to the Manchester conference in 2000 as a guest of the Society, and to speak in a special session with Giovanni Dosi and Dick Nelson. Three great scholars from three generations, each of whom has been of monumental significance in keeping alive the Schumpeterian view of capitalism. I shall certainly not forget Stolper speaking at that meeting. Indeed, I happily admit to being moved by his lecture and I shall not forget easily his concluding words, "The fundamental ideas of Schumpeter have proven to be developable, and that we can meet here in Manchester is a joyful realisation of this fact". We will do the memory of Wolfgang Stolper no little service by continuing with the development of these profound ideas.

J. Stanley Metcalfe

A Tribute to Wolfgang Stolper

by Robert F. Lanzillotti, ISS President 2000-2002

Professor Wolfgang Stolper has left a great and unique Schumpeterian legacy. As a student and follower of Schumpeter, Wolfgang was one of the principals responsible for establishing the Schumpeter Society and devoted a large part of his professional career living and stimulating interest internationally in Schumpeterian economics.

I first met Wolfgang in the early 1960s, when I became chairman of the Economics Department at Michigan State University and was invited to participate in seminars at our “sister” institution, the University of Michigan. Even though interstate institutional rivalries ran strong in those days, I gratefully recall how Wolfgang, as a true professional, warmly welcomed me at those events.

Later, in the 1980s, when I joined ISS, I immediately recognized and admired inspiration and impetus Wolfgang provided at our biennial sessions. To my recollection, he participated in virtually all of our congresses.

It was with great sadness that I learned he would be unable to attend the recent Gainesville meetings.

However, despite the void we felt at those sessions this year, we can all take some comfort in knowing that while he will be greatly missed, his indomitable spirit lives on and will never be forgotten by the Society.

Robert F. Lanzillotti

A Short Report on the 9th ISS Conference Gainesville, Florida, March 2002

The ninth International J. A. Schumpeter Society Biannual Conference was hosted in the University of Florida, Gainesville, Florida by Robert E. Lanzillotti, the Society’s president at the time, from March 27 to March 30. More than 160 participants gathered at the University of Florida Hotel and Conference Center to deliver a variety of papers. The theme of the conference was “Entrepreneurship, The New Economy and Public Policy: Schumpeterian Perspectives” and embraced several current research topics in the fields of evolutionary economics, technological change and industry evolution, industrial organization

and public policy, and historical perspectives on Schumpeter.

The conference started with a welcome reception at the Florida Museum of Natural History, where participants had a chance to see the T-Rex “Sue”. The first plenary session featured Schumpeter’s most prominent student, Nobel Laureate Paul Samuelson, who delivered a talk entitled “Some Personal Rememberings of Joseph Schumpeter”. Paul Samuelson concluded this historic lecture with the following statement “ Now, at the turn of the millennia, when total-factor-productivity has remarkably soared in America and abroad, both fools and sages sing

Schumpeter's praise. That would have amused and pleased this worldly scholar who in some dark hours of the night used to despair in his German-shorthand diaries of justly deserved praises passing him by. So Keynes was wrong: in the long run not all of us are dead".

The presidential address and two additional plenary sessions highlighted various aspects of Schumpeterian economics: This year's presidential address was entitled "Schumpeter, Product Innovation and Public Policy: The US Tobacco Case" and was delivered by Robert Lanzillotti (University of Florida). The talk addressed the role of cigarette product innovations on the recent anti-trust complaint versus the US tobacco companies. One plenary session was devoted to the evolution of industry and the geographic distribution of economic activity. Olaf Sorenson (UCLA) delivered a talk on "Social Networks and the Geography of Entrepreneurial Activity", Peter Thompson (Carnegie-Mellon University) spoke on "Pre-Entry Experience and the Immobility of Entrepreneurs: Shipbuilding in the 19th Century", and Steven Klepper (Carnegie-Mellon University) delivered a speech on "How Detroit Became the Automobile Capital of the United States". Another plenary session was dedicated to recent developments in Schumpeterian growth theory. Elias Dinopoulos (University of Florida) delivered a speech on "Schumpeterian Unemployment Dynamics" and Samuel Kortum (University of Minnesota) spoke on "Innovating Firms and Aggregate Innovation".

In addition to the plenary sessions 35 parallel sessions of three presentations each addressed numerous issues that expanded the general topic of this year's conference. Several sessions were devoted to the theory and evidence on entrepreneurship and on its role in innovation and indus-

try evolution. Aspects of the new economy were debated in a number of sessions. Some participants questioned the concept of a "new economy" and others emphasized the new structural elements of the new economy from a Schumpeterian perspective. Evolutionary economics was represented by sessions on firm dynamics and evolution, evolutionary economic models, market formation and evolution, evolutionary economic systems and innovation dynamics and evolution among others. The economics of Schumpeterian innovation and technological change constituted the core of the parallel sessions with themes such as sectoral systems of innovation, technology adoption and diffusion, public and private R&D, technology and innovation strategies, innovation policies, innovation in the service economy, and public policy and technological change. Schumpeterian macroeconomics was represented by several sessions on Schumpeterian cycles and growth, capital markets, endogenous growth, and market structure and economic growth. A few sessions were devoted to Schumpeter in historical perspective and several sessions addressed international competition issues.

The social program of the conference included a Southern-style cookout at the Historic Haile Plantation Homestead. The traditional Schumpeter Prize Banquet was again one of the conferences highlights. This year's winner of the Schumpeter Prize was Steven Klepper of Carnegie Mellon University for his entry "The Evolution of the U.S. Automobile Industry and Detroit as its Capital". A summary of the basic findings was presented in one of the conferences plenary sessions.

The conference organizers would like to acknowledge the generous financial support of the following sponsors of the conference: the War-

rington College of Business of the University of Florida, the Robert Lanzillotti Center for Public Policy Research, the University of Florida, and Merrill Lynch; and would like to express their special gratitude to WirtschaftsWoche for continuing its sponsorship of the Schumpeter Prize and Awards Banquet. In addition to the sponsors, many individuals gave their time and effort to guarantee the conference's success. Many thanks are due to La Jauna Blackwell, James Bassett,

Jordan Petsas, and Professor Horst Hanusch, the Secretary General of the Society.

With the conclusion of the conference, the presidency passed to Franco Malerba of the University of Bocconi who will organize the 2004 ISS biannual conference in Milan, Italy.

Robert F. Lanzillotti / Elias Dinopoulos

Report on the Schumpeter Prize Competition 2002

This year's Schumpeter Prize competition focused on the theme "Entrepreneurship, The New Economy and Public Policy: Schumpeterian Perspectives". More than thirty entries of superb quality were submitted for this year's competition including working papers, books and published articles.

The composition of the evaluation committee were as follows: The five voting members of the committee consisted of David Audretsch (Indiana University), Uwe Cantner, (Friedrich-Schiller-University Jena), Wesley Cohen (Carnegie Mellon University), Franco Malerba (Università Bocconi Milan), and Elias Dinopoulos (University of Florida, chairman of the prize committee); and the two non-voting committee members were Horst Hanusch (University of Augsburg, ex officio member as General Secretary) and Robert Lanzillotti (University of Florida, ex officio member as President).

Given the outstanding quality of the entries and the reputation of most authors, the following selection procedure was established: In the first stage, each voting member of the committee nominated three entries without necessarily

ranking the nominated entries. The three entries with the most nominations entered the second stage. In the second stage, each voting member of the committee ranked the entries with the most nominations providing a detailed rationale for the ranking. The role of the two ex officio members was confined to break any possible ties in the selection process (in consultation with the chairman of the committee). It should be noted that there were no ties in this year's competition and the winner was solely determined by the input of the voting members.

The prize was awarded to Steven Klepper from Carnegie Mellon University for the manuscript "The Evolution of the U.S. Automobile Industry and Detroit as its Capital". Following the Schumpeterian tradition, Steven Klepper continues to advance our knowledge on the determinants of the evolution of market structure and its relationship to the combination of diverse technological opportunities and increasing returns to R&D at the firm level. In this paper, he extends his work to also analyze the effect of these forces on the geographic concentration of industrial activity, focusing on the development of the auto

industry in around Detroit. The paper uses rigorous empirical methods and archival data to establish several new insights: It establishes clearly that time of industry entry matters for which firms survive and eventually thrive in the auto industry. It also demonstrates tremendous importance of spinoffs in the evolution of industry market structure, and show in a tangible way why heredity matters. In general, the paper

shows the fruitfulness of integrating the forces that determine the evolution of market structure with those that shape the evolution of industry location.

*Elias Dinopoulos,
Prize Committee Chairman 2002*

Minutes of the General Assembly Gainesville, March 30, 2002

The General Assembly was called to order at 10:20 a.m. on Saturday, March 30, 2002 at the Hotel & Conference Center of the University of Florida by the Society's president, Robert F. Lanzillotti.

1. Approval of the Minutes of the General Assembly pertaining to Manchester 2000

The minutes of July 1, 2000 were unanimously approved.

2. Report of the President

President Robert Lanzillotti reported on the good financial status of the 2002 Conference.

Andreas Pyka was asked by the President to report on the "EMAEE" initiative "European Meeting on Applied Evolutionary Economics". A first conference of this group, organized by Werner Hölzl, took place in Vienna in 2001. The next meeting, organized by Andreas Pyka, will take place in 2003 in Augsburg, Germany.

3. Report of the Treasurer/Secretary General

a) Administrative Report

The Secretary General Horst Hanusch reported on the status of ISS membership and fees payments.

By March 2002 ISS membership totalled 356 members from 30 countries. In the past two years, 70-80 % of the members were paid-up by the end of the year.

b) Report on Finances

The Secretary General reported on the finances for the years 2000 and 2001 and gave an outlook for the near future. His report was accepted.

President Robert Lanzillotti presented the reports by the auditors for the years 2000 and 2001.

They were accepted.

4. Publications

The General Editor Uwe Cantner reported that the current issue of the Journal of Evolutionary Economics, Vol. 12, Nos. 1-2, March 2002, is a special issue on "Change, Transformation and Development" with papers pertaining to the ISS Manchester Conference of 2000. The content of this special issue (guest editor Stan Metcalfe) combined with a number of further interesting

papers will be published as a book in late 2002. For the proceedings of this year's Gainesville conference, he suggested to invite the President Robert Lanzillotti and the local organizer Elias Dinopoulos as guest editors. There was full agreement on this issue.

5. Schumpeter Prize

The chairman of the Schumpeter Prize Committee, Elias Dinopoulos, reported on the 2002 competition.

The following colleagues served on the jury: David Audretsch, Uwe Cantner, Wesley Cohen, Franco Malerba, and Horst Hanusch (ex officio). All submissions were sent to each member who were asked in a first round to chose three best entries, then in a second round, these entries were ranked. In the end, the prize winner was Steven Klepper.

6. Elections

Concerning the elections for vacant positions on the Executive Committee and the Board of Management, the following names were suggested to the General Assembly:

President-Elect: Jean-Luc GAFFARD (France).

Vice-Presidents to be re-elected: (1) Cristiano ANTONELLI (Italy), (2) Brian J. LOASBY (UK).

Auditing Committee: David AUDRETSCH (USA) to be re-elected; Hariolf GRUPP (Germany) to replace Hermann Schnabl (Germany).

Deputy-Treasurer: Elias DINOPOULOS (USA) eligible for re-election.

Treasurer: Horst HANUSCH (standing office)

Honorary President: Wolfgang F. STOLPER (standing office).

Board of Management:

Mario AMENDOLA (Italy) to replace Luigi Marengo; Eric BROUSSEAU (France) to replace Patrick Llerena; Leonardo BURLAMAQUI (Bra-

zil) to replace Vladimir Mayevsky; Dilek CETINDAMAR (Turkey) to replace Erol Taymaz; Gerhard HANAPPI (Austria) to replace Erich Streissler; Moshe JUSTMAN (Israel) to replace Morris Teubal; Alfred KLEINKNECHT (Netherlands) to replace Bart Nooteboom; Maureen MCKELVEY (Sweden) to replace Esben Sloth Andersen; Peter THOMPSON (USA) to replace Elias Dinopoulos.

The following previous members are eligible for re-election:

John CANTWELL (United Kingdom), John FOSTER (Australia), Joel MOKYR (USA), Ulrich WITT (Germany), Seichiro YONEKURA (Japan).

The membership elected all candidates unanimously.

7. Conference 2004

Franco Malerba, who takes up his office as President with the end of this conference gave an inaugural address. He announced the 2004 ISS conference to take place at the end of June 2004 at Bocconi University in Milan. The title of the conference is: "Innovation, Industrial Dynamics and Structural Transformation - Schumpeterian Perspectives"

8. Other Issues

It was discussed how to celebrate the upcoming 90th birthday of the ISS founding and honorary President Wolfgang F. Stolper (born May 13, 1912).

It was proposed to offer a list of names and full addresses of ISS members as a download from the ISS web site, protected by a password given to members only. The members are to be asked for their consent. Those who disagree will be omitted from such a list.

The resigning President Robert F. Lanzillotti thanked Elias Dinopoulos for his support as co-organizer and he also appreciated the assisting team. He gratefully acknowledged the generous support of the sponsors, The Warrington College of Business, The Robert F. Lanzillotti Center for Public Policy Research, The University of Florida, the German weekly "WirtschaftsWoche" for continuing its sponsorship of the Schumpeter Prize and Awards Banquet, and Merrill Lynch for sponsoring the welcome reception.

Jean-Luc Gaffard thanked Robert F. Lanzillotti for his enormous efforts in organising the Gainesville conference and congratulated him on the great success of this meeting. The assembly approved with applause.

The meeting was adjourned at 11:30 p.m.

Robert F. Lanzillotti, President
Horst Hanusch, Secretary General

CALL FOR PAPERS

EMAEE 2003

The 3rd European Meeting on Applied Evolutionary Economics

**The Knowledge-based Economy –
New Challenges in Methodology, Theory and Policy**
University of Augsburg, Germany, April 9 - 12, 2003
<http://www.emaee.net>

Conference Themes:

- Knowledge and Learning
- Dynamics of Technological and Qualitative Change
- Industrial Organisation in a Knowledge-based Economy
- Evolution of Institutions
- Financial Markets in Knowledge-based Economies
- Evolution of Demand
- Policy in a Knowledge-based Economy

Submission of abstracts and papers:

Proposals for papers to be presented in the parallel sessions are invited in the form of an abstract of 800-1000 words to be submitted by October 18, 2002 to the conference secretariat by e-mail. Alike previous European meetings on applied evolutionary economics, the scientific

committee considers to edit selected papers as a book and/or as a journal's special issue. The conference is also open for participants not presenting a paper.

There is no conference fee.

Proposals for papers can be e-mailed to the following address:

EMAEE 2003 Conference Committee

E-mail: scientific.committee@emaee.net

or sent by mail to:

Andreas Pyka

University of Augsburg, Economics Department,
Universitaetsstr. 16, D-86159 Augsburg
Germany

I, ,
(full name, academ. title)

would like to settle payment of my membership fees to the International J. A. Schumpeter Society which includes subscription to the **Journal of Evolutionary Economics**.

Currency

- EUR
 USD

Duration of Payment

- For 1 year ()
 In advance for 3 years
special rate EUR 160 (USD 160)

Method of Payment

- by direct remittance via your bank to Dresdner Bank Augsburg, acc. no.: 01 098 950 00,
bank routing no.: 720 800 01. Agent: Prof. Dr. Horst Hanusch.
- EUR-nominated check made payable to: "International J.A. Schumpeter Society,
Horst Hanusch", mail to: Horst Hanusch, see address below.
- USD-nominated check made payable to: "International J.A. Schumpeter Society,
E. Dinopoulos", mail to: E. Dinopoulos, University of Florida, College of Business Administration,
Gainesville FL 32611-7140 USA.
- By credit card
- Eurocard Mastercard VISA American Express

Card number:

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Signed

Date

(Expiry month/year)

The annual membership fees are:

For full, associate, assistant professors, tenured lecturers
and other individuals EUR 65 USD 65

For all corporate members by self-assessment, but at least EUR 65 USD 65

For students and teaching assistants (e.g. instructors)
(not longer than for the first 5 years of membership) EUR 40 USD 40

For members from Eastern Europe and
from less-developed countries EUR 25 USD 25

Please fill in and return to the Secretary General:

Horst Hanusch,
University of Augsburg
Universitaetsstr. 16,
D-86135 Augsburg,
Germany
Fax: + 49 - 821 - 598 4229