

JOSEPH ALOIS SCHUMPETER

**PIECES OF MANUSCRIPTS,
DISCARDED MANUSCRIPTS,
NOTES AND OTHER MATERIAL FOR THE
SOCIALISM BOOK**

[REFERENCE](#)

HERAUSGEGEBEN UND KOMMENTIERT VON URICH HEDTKE (BERLIN)
IN VERBINDUNG MIT KARL BENNE (BOSTON)

Für das Schumpeter-Archiv gänzlich revidierte Neuausgabe der von Shin-ichi Uraki
& Katsuhiko Imai 2015 publizierten Edition *Joseph Alois Schumpeter: Supplemental
Passage References for "Capitalism, Socialism and Democracy"*

DURCHGESEHENE AUSGABE

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Quellen und Prinzipien dieser Edition

Die Eheleute Elizabeth Boody und Alois Schumpeter waren Japan auf besondere Weise verbunden. Hatte er seit seiner Bonner Zeit in den zwanziger Jahren mit den später namhaften Ökonomen Seiichi Tobata (auch als Tohata transkribiert) und Ichiro Nakayama¹ japanische Studenten, die im Anschluss an die japanischen Vortragsreise Schumpeters von 1931 die Übersetzung seiner bis da erschienenen Hauptwerke besorgten², so galt das wirtschaftshistorische, aber auch politische Interesse von Elizabeth ausdrücklich dem Land. 1940 legte sie den von ihr edierten Band *The Industrialization of Japan and Manchukuo 1930-1940* vor und engagierte sich u.a. angesichts des II. Japanisch-Chinesischen Krieges im Frühjahr 1940 gegen eine einseitig antijapanische Politik Amerikas in Fernost³, damit auf eine Weise, die Ihr ab April 1941 die Beobachtung und intensive Abklärung eventueller „Un-American activities“ durch das FBI einbrachte.⁴

Nach dem 2. Weltkrieg ergriffen Tobata und Nakayama die Initiative zu einer japanischen Edition von *Capitalismus, Socialismus and Democracy (CS&D)*. Ihr intensiver Kontakt mit Elizabeth führte dazu, dass sie 1951 (Schumpeter war 1950 gestorben) das Manuskript wie das gesamte damit verbundene Arbeitsmaterial Schumpeters und einen beachtlichen Teil der wissenschaftlichen Bibliothek nach Japan gab.

So gelang eine heute als *Schumpeter-Library* geführte wissenschaftliche Bibliothek an die Hitotsubashi University in Tokio.⁵ Über den Verbleib des Manuskriptes von *CS&D* wie der zugehörigen Arbeitsmaterialien war dagegen über Jahrzehnte hin nichts Genaues bekannt. Der Schumpeter-Biograf Loring Allen notierte 1991: „For example, the manuscript of *Capitalismus, Socialismus and Democracy* is missing [...]“⁶ Erst das 2015 als *private edition* vorgelegte großartige Pionierunternehmen der japanischen Wissenschaftler Shin-ichi Uraki und Katsuhiko Imai, Schumpeters werkbezogene Entwürfe und Notizen zu *CS&D* als *Supplemental Passage References* für die breite wissenschaftliche Diskussion zu erschließen, hat die Lage grundsätzlich verändert.⁷

¹ Auswahl englischer Publikationen: Seiichi Tōhata & Ajia Keizai Kenkyūjo: *The modernization of Japan*, 1966; Seiichi Tōhata: *An introduction to agriculture of Japan*, 1958; Ichirō Nakayama: *Industrialization of Japan*, 1964

² Sie legten 1937 die japanische Ausgabe der *Theorie der wirtschaftlichen Entwicklung* und 1936 die von *Wesen und Hauptinhalt der theoretischen Nationalökonomie* vor. Schumpeter schrieb 1937 in seinem Vorwort „For so ardent an admirer of the Japanese nation and its culture as I am, it is a particular pleasure to welcome this translation and to express a hope that it may be contribute to the vigorous stream of Japanese thought in the field of economic theory [...]“ (Zitiert nach Richard V. Clemence: *Essays of J. A. Schumpeter*. Cambridge/Mass., Addison-Wesley Press, 1937, S. 158.)

³ „The United States has played a leading part in the ‚encirclement‘ of Japan.“ E. B. Schumpeter: *The Policy of the United States in the Far East*. *Annals of the American Academy of Political and Social Science*, Vol. 210, (Jul 1940) p. 106

⁴ So die Auflassung durch V.W. Petersen, FBI Special Agent in Charge, vom 18.4.1941 in der dann bis zum Mai 1943 geführten „E. B. Schumpeter & J. Schumpeter Akte“ des FBI, File 100-1070, Boston, Mass.

⁵ Vgl. hierzu: *The Catalogue of Prof. Schumpeter Library – The Hitotsubashi University Library*, Tokyo 1962; auch <http://www.lib.hit-u.ac.jp/catalog/jinserts/database/books/>

⁶ Robert Loring Allen: *Opening doors*, Vol II, Transaction Publishers: New Jersey 1991, p. 275

⁷ Shin-ichi Uraki/ Katsuhiko Imai: *Supplemental Passage References for „Capitalismus, Socialismus and Democracy“ by Joseph Alois Schumpeter*, Private Edition, Japan 2015.

Als Herausgeber des Schumpeter-Archivs habe ich 2018 die japanischen Editoren gefragt, ob eine Online-Edition dieses Nachlasses möglich sei und bin auf uneingeschränkte Zustimmung gestoßen. Uraki hat mir überdies seine handschriftliche Gesamttranskription und zudem die umfangreichen Entzifferungen des Dresdener Stenografen Arthur Heym überlassen. Heym hatte in den Jahren 1988-1991 in mühevoller Kleinarbeit u.a. die stenografischen Passagen der ca. 330 hinterlassenen Notizzettel transkribiert und damit einen überaus wichtigen Erschließungsbeitrag geleistet.

Zur Edition der Manuskripte

Nun ergab ein kritischer Vergleich der japanischen Edition mit den zugrundeliegenden Originalmaterialien bald, dass eine Online-Publikation nicht einfach Urakis Editionsprinzipien folgen sollte. Sind doch im Nachlass auch *zusammenhängende* Arbeitsmanuskripte überliefert, die nur auszugsweise in die Schlussfassung von *CS&D* übernommen wurden und deren ursprüngliche Einheit natürlich ein wissenschaftlich interessantes Material bildet, um die Schumpetersche Themenentwicklung kennen zu lernen.¹ Uraki ließ sich editorisch von der Vorstellung leiten, man müsse das von *CS&D* her Bekannte vom Unbekannten trennen und nur Letzteres darbieten. Ein durchaus plausibler Ansatz! Er bringt es aber auch mit sich, ursprünglich zusammenhängende thematische Entwürfe dem Interessierten nicht in toto vorzustellen. Das so selektierte Material publizierte Uraki dann gemäß einer Ordnung, deren Gliederung der Darstellung der jeweiligen Themen in *CS&D* entspricht. So interessant dieser Ordnungsgedanke ist, führt er jedoch auch dazu, zusammenhängendes Originalmaterial mit Blick auf die später von Schumpeter gewählte Themengliederung in Einzelbeiträge zu zerlegen. Diese selektive Spiegelung der Vorarbeiten am schließlich publizierten Text birgt die Gefahr, so mancher Überlegung Schumpeters – wie etwa der zur Qualifikation parlamentarischer Minoritäten – nicht gerecht zu werden, die in *CS&D* keinen Niederschlag gefunden hat. Die von ihnen selektierten Text-Abschnitte haben die Herausgeber als *Passagen* bezeichnet und ihre Arbeit folgerichtig *Supplemental Passage References* genannt.

Diesem Editionsprinzip sind wir im Interesse der authentischen Darbietung des Überlieferten nicht gefolgt. Mit Rücksicht auf die von Uraki eingeführte numerische Nomenklatur habe wir uns zudem bemüht, die von seiner Edition abweichende Darbietungen des von ihm nummerierten Archivmaterials jeweils kenntlich zu machen.

¹ So existiert im Nachlass beispielsweise ein 38seitiges zusammenhängendes Typoskript mit der Überschrift *Chapter III – Creative Destruction*. Es handelt sich hier zweifellos um eine frühe Variante des später als Kapitel VII *The Process of Creative Destruction* veröffentlichten Textes.

Zur Edition der Notizen

Hat man die Arbeitsnotizen Schumpeters vor sich, begegnet der Leser zwar durchaus nachvollziehbaren Gedankenführungen (etwa dann, wenn es sich um den Entwurf von Gliederungen handelt), häufig hat man es aber mit einem Potpourri von Einfällen und Bemerkungen zu tun, die nicht nur schwer zu entziffern, sondern durch Dritte kaum zu verstehen sind. Lohnt daher die Mühe, sie dem wissenschaftlichen Publikum zugänglich zu machen? Zumal gelegentlich nicht deutlich wird, ob Schumpeter eigene Gedanken notiert oder fremde mit dem Ziel zitiert, auf sie im Kontext einer Argumentation einzugehen. Von Letzterem kann sich der Leser leicht überzeugen, wenn er verfolgt, wie oft in den Notizen unter „Lange“ an Positionen von Oskar Lange – einem der damals wirtschaftstheoretisch aktivsten Sozialismusforscher – erinnert resp. auf sie hingewiesen wird. Trotz der oben erwähnten Bedenken haben wir uns entschieden, diese Notizen – ausgehend von der Transkription durch Uraki und Heym – zu publizieren. So verdeutlicht die Erwähnungen Langes beispielweise, wie gründlich sich Schumpeter mit den zeitgenössischen Beiträgen zum Sozialismus-Thema auseinandergesetzt hat und mit der Notiz 1.3.1 erfahren wir zudem, dass er mit Lange persönlich diskutierte.

Was die Sprache so mancher transkribierten Passagen betrifft, müssen wir den Leser mit Blick auf die Wiedergabe stenografischer Notizen um Nachsicht bitten. Hier trifft die Entzifferung wohl zumeist deren sachlichen Gehalt, jedoch selten den spezifisch Schumpeterschen Ausdruck.

Die wohl größte Schwierigkeit im Umgang mit diesen Arbeitsnotizen zu *CS&D* besteht darin, krakelige und auf Zetteln scheinbar zufallsverteilte Stichworte und Bemerkungen nicht nur kritisch zu transkribieren, sondern im Interesse der adäquaten Erfassung von Sinnzusammenhängen möglichst topografiegetreu darzubieten, gegebenenfalls einschließlich der für Schumpeter charakteristischen Pfeilverweise zwischen verschiedenen Bemerkungen oder Stichworten. Dabei waren Randnotizen oder Korrekturen in Manuskripten selbstverständlich den Textpassagen zuzuordnen, auf die sie sich in der Vorlage jeweils beziehen. Zudem waren auch Rotstifteintragungen, markant notierte Leitgedanken wie auch ergänzende Minischriften möglichst originalnah wiederzugeben. Das konnte die Edition Uraki/Imai, an die Zwänge gebunden, die ein wirtschaftlich vertretbarer Privatdruck auferlegt, nicht leisten. Handelt es sich bei der Edition der Notizzettel schon um ein prinzipiell prekäres Unternehmen, so vermag eine gegenüber dem Original topografiefremde Darbietung als Aufreihung (oder Folge) von Stichworten und Gedankensplittern Zusammenhänge zu suggerieren, die allein der Topografie der Edition geschuldet sind.

Zum digitalen Format der Edition

Über eine möglichst topografienaher Darbietung hinaus bietet eine Online-Edition die Möglichkeit, einem weiteren Editionsproblem konstruktiv zu begegnen. Stellen doch besonders die Notizen den Bearbeiter an vielen Stellen vor die Frage, ob überhaupt eine adäquate Transkription gefunden wurde. So ist etwa eine Steno-Bemerkung Schumpeters

(vgl. 3.1.6) offensichtlich dahingehend zu verstehen, die technologischen Errungenschaften wie auch die Fortschritte in Medizin und Wissenschaft einmal ausgenommen, verachte er (persönlich) die bürgerliche „Kultur“. Um in diesen und weiteren Fällen jedem näher Interessierten ein kritisches Verhältnis zu unserer Darbietung des Textes zu ermöglichen, haben wir uns entschlossen, die Transkriptionen in jedem Fall über einen jeweils *Referenz* genannten Link mit einer Kopie des Originaldokumentes zu verknüpfen.

Die hier publizierten Kopien des Archivmaterials wurden 2019 in der Bibliothek der Mie-Universität, Tsu City (Japan) angefertigt, zum einen von einem *Team um Katsuhiko Imai*, die meisten jedoch von den Studenten der Japanologie *Julia Beetz und Nick Martin*. Ihrem Engagement und der freundlichen Unterstützung durch die *Mie University Library* ist es zu verdanken, dass wir mit Ausnahme ganz weniger Blätter, die 2019 im Archiv nicht aufgefunden wurden, allen Transkriptionen eine Kopie des Originaldokumentes zur Seite stellen können. Unsere digitale Lösung überbrückt also die für jeden Druck normalerweise bezeichnende Kluft zwischen der Transkription und den Originalen des Archivs.

Unser Dank gilt ebenfalls dem Romanisten *Heinz Gerhardt* (Berlin) für seine Hilfe beim Verständnis der in französischer Sprache verfassten Texte.

Auch im Interesse eines zielgerichteten Zugriffs auf die jeweiligen Vorlagen haben wir bisher nicht lesbare Worte resp. Wortgruppe des Originals in den Transkriptionen jeweils mit [??] angezeigt. Eckige Klammern umschließen in den Transkriptionen immer Einfügungen oder Ergänzungen durch die Editoren. Unsichere Lesarten eines Wortes oder einer Wortgruppe sind kursiv gesetzt. Da in den Vorlagen keine Kursivschriften vorkommen, führt dies nicht zu Fehlinterpretationen. Der inzwischen leider verstorbene Stenograph Arthur Heym (Dresden) hat dann, wenn ihm die Entzifferung eines Ausdrucks nur als eine *mögliche* Lesart gelang, dessen Entzifferung in der gerahmten Gestalt „/:Lesart:/“ notiert.

Zum Gebrauch des Kursiven in dieser Edition ist noch zu bemerken, dass wir Sätze und Manuskriptpassagen, die der entsprechenden Darstellung in *CS&D* nahezu wortgleich entsprechen, ebenfalls kursiv wiedergeben. Beide Kennzeichnungsweisen sind leicht zu unterscheiden. Kursiv gesetzte Sätze signalisieren: *CS&D*.

Weicht nun die hier vorgelegte Edition aus den genannten Gründen von der ab, die Uraki und Imai vorgelegt haben, so ermöglicht eine Online-Publikation jedoch auch, dem Leser beide Editionen parallel zugänglich zu machen und sich deren Vor- und Nachteile je nach persönlichem Forschungsinteresse selbst zu erschließen. Im Einvernehmen mit den japanischen Herausgebern veröffentlichen wir daher die von Shin-ichi Uraki & Katsuhiko Imai besorgte Pionieredition unter www.schumpeter.info/schriften/edition_uraki.pdf. Gleichzeitig haben wir uns bemüht, das Material so darzubieten, dass die

Vergleichbarkeit beider Editionen gewahrt bleibt. Abweichend von der Editionspraxis Urakis, das Dargebotene mit einer Nummerierung zu versehen, die römische mit arabischen Zahlen kombiniert und zudem den Status der Quelle (Notiz oder Manuskript) anzeigt, haben wir jedoch eine einfache mehrstellige Notierung benutzt, die mit ihrer Punktgliederung die jeweiligen Ebenen anzeigt und z. B. mit „2.3.7“ Dokument 7 im Abschnitt 3, Kapitel 2 kennzeichnet. Haben wir dabei auch die Kapitel-Nummerierung der Uraki-Edition übernommen, gilt das jedoch nicht in jedem Fall für die Inhaltsangabe. So entspricht z. B. das bei Uraki unter „I – (3) – 1 ~ 19“ als „Austro Marxian and so forth“ präsentierte Material kaum der Austromarxismus anzeigenden Inhaltsangabe.

Trotz derartiger Korrekturen haben wir die Grundgliederung des Materials nach Kapiteln so übernommen, wie sie Uraki im Ergebnis einer gründlichen Prüfung vorgelegt hat. Mag man besonders mit Blick auf die Notizen auch hier und da zweifeln, ob sie kapiteladäquat zugeordnet wurden, so würde jedoch auch eine Neuplatzierung inhaltlich kaum zu Überraschungen führen. Denn eine trennscharfe Gliederung des Materials ist ja schon auf Grund der Komplexität der Hauptabschnitte nicht zu erwarten. Schumpeter hat selbst häufig genug gegrübelt, welchem Kapitel von *CS&D* sein Gedankengang eigentlich zuzuordnen sei.

Zum Bestand des CS&D-Nachlasses in der Bibliothek der Mie-Universität

Dieser Bestand der Mie University Library enthält auch eine offensichtlich von Shin-ichi Uraki kompilierte Sammlung von Unterlagen, die Uraki als das Verlagsmanuskript Schumpeters betrachtet. Es scheint sich dabei in großen Teilen um einen Entwurf desselben Manuskripts zu handeln, der anschließend „abgetippt“ worden ist. Das Archiv der Mie University publiziert die fünf Teile dieser Manuskriptzusammenstellung unter folgenden Adressen

[https://www.bunka.pref.mie.lg.jp/library/data-viewer/viewer/?id=163175&cls=lib_image02_m&y020=1&startpage=0](https://www.bunka.pref.mie.lg.jp/library/data/viewer/viewer/?id=163175&cls=lib_image02_m&y020=1&startpage=0)

https://www.bunka.pref.mie.lg.jp/library/data-viewer/viewer/?id=163176&cls=lib_image02_m&y020=1&startpage=0

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Eine pdf-Datei aller 5 Teile können Sie auch unter folgender Adresse einsehen:
www.schumpeter.info/CS&D/reference/entwurf.pdf . (1,1 GB)

Nun wissen wir aus dem Briefwechsel Schumpeters, dass er am 14. April 1942 eine Kopie seines Manuskripts an den Verlag Harper & Brothers gesandt hat, über die er dann am 4. Juni d. J. im Zusammenhang mit der Bitte, endlich eine Verlagsnachricht über den Empfang zu erhalten, erläuternd bemerkt hat „which ist the only copy in existence“. Wir gehen nach unserem jetzigen Kenntnisstand davon aus, dass es sich bei dem in der Mie Library deponierten Material um das 606-seitige Manuskript mit der wohl verlagsseitig vergebenen Manuskriptnummer 53967 handelt. Zusammen mit dem 59-seitigen Manuskript des XXVIII. Kapitels von 1946 mit der verlagsseitigen Manuskriptnummer 33472 befindet es sich im Schumpeter-Depot der Mie Library. Sie können es hier unter folgender Adresse einsehen: (0,6 GB)

www.schumpeter.info/CS&D/reference/manuskript_53967.pdf

Der aufmerksame Leser wird nach diesen Mitteilungen den Eindruck haben, dass noch nicht alle Fragen der Manuskripterarbeitung befriedigend geklärt sind. Das sehen wir auch so, hoffen jedoch, dass die vom Schumpeter-Archiv insgesamt zur Genese von *CS&D* vorgelegten Materialien in diesem Zusammenhang einen Forschungsbeitrag leisten.

Abkürzungen

In den nachstehenden Fußnoten benutzen wir folgende Abkürzungen:

CS&D für Joseph A. Schumpeter: *Capitalism, Socialism and Democracy*. London and New York, 2003.

SPR für Shin-ichi Uraki/ Katsuhiko Imai: *Supplemental Passage References for „Capitalism, Socialism and Democracy“* by Joseph Alois Schumpeter, Private Edition, Japan 2015. Url: <https://schumpeter.info/schriften/edition%20Uraki.pdf>

BC für Joseph A. Schumpeter: *Business Cycles. A Theoretical, Historical and Statistical Analysis of the Capitalist Process*. New York/London, 1939.

HEA für Joseph A. Schumpeter: *History of Economic Analysis*. New York, 1954.

Ulrich Hedtke & Karl Benne
Berlin und Boston, im Dezember 2020

0. Bemerkungen zu Vorworten

0.1 Veränderungen im handschriftlichen Vorwort zur ersten Edition

0.1.1¹

This volume is the result of an effort to weld into a readable form the bulk of almost forty years' thought, observation and research on the subject of socialism. The problem of democracy forced its way into the place it now occupies in this volume because it proved impossible to state my views on the relation between the socialist order of society and the democratic method of government without a rather extensive analysis of the latter.

My task turned out more difficult than I thought it would be.² The extensive and part of the heterogenous materials ranging from some personal manuscripts to heaps of disorderly notes that had proved strangely alive in parts and and occasionally cling to their lord and temporal garb that had to be marshalled, reflected the views and experiences of an individual who at various stages of his life had more opportunity for observation than no socialists usually have and who reacted to what he saw in an unconventional manner. I had no wish to obliterate the traces of this: much of such interest as this book may command would have gone if I had tried smooth them away.

—REFERENCE

The fourth part—Socialism and Democracy—is a contribution to a controversy that has been going on in this country for some time. Many of us seem however to find it so much easier to love democracy than to define it, that this sociology controversy is likely to peter out admit the repetitions of slogans. [...] But it should be noted that only a question of principle is dealt with in this part. Facts and comments relevant to the subject are scattered all over the book particularly in Parts III and V.³

I said that I am no Marxist. Neither am I a Marxologist: I have not read every letter that Marx ever wrote or all material that has been published by the Marx-Engels Institute or even collected Marxian texts. I know Marx's major publications,

—REFERENCE

and, being an economist, I have read them with a professional eye for technique. This, I dare say, I understand better than a Marx philologist would, and this is my warrant for

¹ Auch der Entwurf des Vorwortes bezeichnet das Werk als ein Sozialismus-Buch. – Gestrichene Passagen im handschriftlichen Manuskript des Vorwortes vom März 1942. Vgl. hierzu auch die ersten Seiten der Publikation einer wahrscheinlichen Endfassung von CS&D durch die Mie University Library http://www.bunka.pref.mie.lg.jp/viewer/library/00009/book_swf.htm?startpage=0

² CS&D, p. 409

³ CS&D, p. 410

presenting my interpretation and critique, although I am not the specialists equal in the knowledge of Marx's washing bills.

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0.2 Bemerkungen zur ersten und Pläne für die zweite Edition

0.2.1

clear worried of cannot?	breakdown	30 Wo ist, daß Leute nicht zufriedener werden? ¹
I have been criticized aber ich kann nicht anders und nicht leugnen, daß in armchair I should like to please any	Argument ² viel wichtiger als addit. oper. of drawing concl. aber eins: [-] ist nur /Erwähnungs/möglichkeit habe kein Urteil darüber [-] if sometimes even approved	so wird das Folgen haben <u>but not for long run</u>
To sum up.	↑ ↑ ↓	*↓; New Deal, Bürokratie und labor has warned of

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0.2.2

<p>What beats me is this – that this destruction of values is wrought by people who profess religion, private Autonomie u.s.w. ...³ Catholic church only seriously factor.</p> <p>If we were bolshevist – since I never quarrel with /:attribute:/ values – I should understand but the world is pulled down by people who believe in it – Präsident und Congressman true “conservative” before elections (und anti war)</p>	<p>trouble with this country without its history was system – next did American debtors want to work off debt</p>
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¹ Hier wird nach der Stelle im Manuskript gefragt, in der Schumpeter betont, dass es keinen (gesamtgesellschaftlichen) Trend zu einer zunehmenden Zufriedenheit gibt.

² Fraglich, ob sich die Bemerkung auf die nebenstehend erwähnte Kritik bezieht.

³ Vgl. *CS&D*, p. 414 “Defeatist is he who while giving lip service to Christianity and all the other values of our civilization, yet refuses to rise in their defense ...“

Today, 29 IV 46, beim Gebet – also in nächster Nähe Gottes /: die stets geistlich:/ – did it occur to me in all simplicity, daß das der Moment ist für Consequences of the Peace of our time ...¹

und dann in Zusammenhang damit der davon zu unterscheidende Gedanke auftauchte, daß ich etwas derart in der Neuaufgabe zu tun könnte? Ist das ein error? Kommt error im Gebet und das Wichtige ist: nicht übertreiben und rhetor. sein: in ruhigem subdued Ton and unadorned style die sad² truth sagen ...

Thoughts [and] Reflections on a regional Peace als Einleitung?

Und dann in neuem Kapitel nur Sit. in diesem Lande
aboulie Atonie

fumbling

(Auch Konservative: die nur
ein little bit wollen)

“Serious objection to policy of this country [in]³ its own Interesse”, ist alles nur domestic politics (Iran)⁴ und ganz unglaublich

Mirage, die moralische Werte verzerrt und alles in falsche Perspektive stellt und facts aufhören facts zu sein und Wunschgebilde facts werden.

Wie /:man:/ reagiert: russische Finanzen,
welche sich lesen
wie wenn hostile propaganda
und no unempl.;
russischer Imperialismus
hinter Sozialismus.

Conant⁵ sagt ruhig: wird alles möglich sein „vielleicht ein oder der 2 Länder überlassen“, und wenn man das gesagt hätte, so wäre Krieg vermieden worden – das sieht man nicht.⁶

Tatsächlich mehr Nationen als Hitler ever threatened, Finland und Poland, hier nützt nicht Sentimentalität.

REFERENCE

- ¹ Schumpeter dachte also – zeitlich gesehen im Vorfeld zu den Pariser Friedensverhandlungen – zunächst an einen selbstständigen Aufsatz. Das Manuskript zu “The Consequences of the Seond Word War“ ist dann bis zum Juli 1946 entstanden. So ist auch das Vorwort zur 2. Auflage datiert.
- ² Mögliche Lesart: *bad*
- ³ Lesart des Stenografen: *mit*
- ⁴ Sowjetische Truppen marschierten im März 1946 in iranisches Hoheitsgebiet ein.
- ⁵ Gemeint ist: James B. Conant (1893-1978 !); 1933-1953 Präsident der Harvard Unversity, 1940-1946 Mitglied des National Defense Research Committee. Der fraglich Vortrag konnte nicht ermittelt werden. Vgl. auch in *CS&D*, p. 402 die Bemerkung über den bürgerlichen Zeitgeist: „Let Russia swallow one or two more countries...“
- ⁶ Gemeint ist offensichtlich: wenn man das 1939 Hitler angeboten hätte, „so wäre Krieg vermieden worden.“. Vgl. hierzu Schumpeters Stellungnahme vom Oktober 1939 zu einem möglichen Angebot an Hitler in *The Boston Herald*, 20. Oktober 1939, p. 17 . Publiziert auch in: <https://schumpeter.info/schriften/Edition%20Umfeld.pdf> / S. 82.

0.2.4

<p>Advertisement not waste! und auch im Sozialismus nötig hat Funktionen selbst [für] Zahnpaste</p>	<p>Sozialismus: die Schwierigkeit – warum Frankfurter² nie dasselbe über dieses Buch³ sagen wird wie über Pigous und das ist der „sting“; das darf ich nicht vergessen! Immerhin kann ich Vested interest in social unrest anführen bei way of die Dinge, die Sozialismus beseitigen werden.</p>
<p>Das Gefühl der Sozialisten, die Kämpfer des Lichts zu sein, und die anderen eben demokratisch nur bezahlte henchmen.</p>	<p>(Gruppensabotage (Bauern)* würde gerade im praktischen likely Sozialismus nicht aufhören) *sind das egoistischste</p>
<p>Was Kapitalismus für die <u>Massen</u> tut (Ptolem. reiste genau so bequem...)</p>	<p><u>Die forces which make for Sozialismus</u> Nicht-Sozialistsein ist nicht nur error, <u>Wie lange (und wo) sind Sozialisten demokratisch.</u> sondern <u>sin</u> /Verschieden/ auch page in Nocks¹ St. Paul ...</p>
<p>Change of sites ist war controversy!</p>	

[REFERENCE](#)

¹ Arthur Darby Nock: St. Paul. New York /London 1938: Harper and Brother Publishers. Schumpeter kannte Nock – Inhaber der Frothingham Professur für Religionsgeschichte an der Harvard University – seit dem Spätsommer 1933 auch persönlich. Hier ging es Schumpeter wohl darum, im Rückgriff auf Nocks Paulus-Buch den eventuell religiös motivierten Habitus der Verkehrung von Irrtümern in Sünden zu reflektieren.

² Felix Frankfurter. Eine Besprechung von Pigous *Socialism versus Capitalism* (1937) durch F. Frankfurter konnten die Herausgeber nicht ermitteln.

³ Gemeint: 1. Auflage von *CS&D*

Für Buch

Monopol und fatalismus,
futility and Saving
foreshadowing mein Conservativism

horror der Reaktion über wages in letztem Kapitel¹ (das auf Kosten
anderer Arbeiter)
Inflation
Interesse des Arbeiters ...

foreshadowing plan: unpopuläre Wahrheit: certain of big bus
must not degenerate into work

No problem
disturbed Diskussion
über Murray Bill²
und deficit /:spending:/

[REFERENCE](#)

¹ Die Notiz könnte sich auch auf *CS&D*, p. 389 beziehen.

² Vgl. hierzu *Murray Bill* im Index von *CS&D*.

0.2.6

<p><u>book</u> There is my opport. –but can't take it refusal to take norms...</p>	<p><u>fatalism</u> – futility</p>	<p><u>Monopol</u> straight comfort Letzte Chapter: Über Revolution unserer Zeit¹ und die Notwendigkeit 100% [??] not perish weil nicht alleinige cope – but defenseless lock [??] (you must² believe in yourself)</p>
<p>Über Aufnahme des Buches: das vielleicht bester Ausgangspunkt des populären</p>		<p>The book is not <u>spielerische action</u> und /:Gesetz:/ für action.</p>
	<p>Große Frage: was über Deutschland und Japan Hitler ist Produkt of Wilson³ Russia does not check non sequitur creating ones own life</p>	
<p>Positives Problem: that you want full empl</p>		<p>wages and preispolitische Fragen</p>
	<p>Was ich darstellen wollte [-] das System in its organic whole</p>	
<p>Suicide - <u>this</u> war: so merkwürdig das [...]das hierbei vor</p>	<p>free society Land der kleinen Bourgeoisie</p>	<p>4 freedoms in Prison⁴ Revolution in Amerika for me or against me, what should be done, the “Plan”</p>

REFERENCE

-
- ¹ Harold Laski: *Reflections On the Revolution of our Time*. 1943. Vgl hierzu die Rezension Schumpeters (Reflections on the Revolution of Our Time by Harold J. Laski Review by: Joseph A. Schumpeter. In: The American Economic Review, Vol. 34, No. 1, Part 1 (Mar., 1944), pp. 161-164) mit der Feststellung, Ausgangspunkt für Laski sei die “theory of the mature economy”.
- ² Lesart: *can't*
- ³ Wood Wilson (1856-1924) von 1913 bis 1921 Präsident der USA. Schumpeter reflektiert hier wohl die Rolle Wilson im Ausgang des 1. Weltkrieges.
- ⁴ Franklin Delano Roosevelt proklamierte in seiner Rede vom 6.1.1941 „In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms” Für Schumpeter lief die Proklamation dieser Freiheiten darauf hinaus, die kapitalistischen Entwicklungskräfte zu fesseln. Wohl von daher seine hier und im Arbeitsmaterial zu *CS&D* wiederholt – vgl. hierzu 3.5.17 und 5.2.24 – zu findenden Bemerkungen.

0.2.7

Prefatory Essay on
Futility and Defeatism¹

In the preface to first ed. I have told the Es. of the History of this book. Was alles drin; aber nicht als Philosophie und unit verfasst...

Entscheidend für Urteile der Zusammenhang zwischen nicht-ökonomischen Erfolgen dieser
/:Jahrhunderte:/ mit Kapitalismus (nicht so natürlich, dass nichts geschehen wäre); Hinweis auf
Konservatismus – book auch über Monopole
und Einwendungen gegen Ökonomie

Applying reason to have some affairs ohne wishfulness

Erkenntnis der Vorteile eines sozialen Systems nicht
entscheidend.[??]² Systeme (verschwinden?)/ wenn sie gut werden:/ Antoninus Pius³
oder selbst Diocletian
oder selbst Julian⁴

[REFERENCE](#)

0.2.8

Preface

What I miss offhand:

1. our lack of leadership and [??]
- 2 etwas über Bedeutungslosigkeit von Klassenkampf
3. fascism
4. Church
5. Killing off of good stocks

world faces this problem
de-energized und verdummt⁵

~~betraying small countries~~ ↑

[REFERENCE](#)

¹ Offensichtlich Notizen zum *Preface* von 1946, vgl. *CS&D*, p. 413. Bemerkungen zum „charge of defeatism“ und „futility“ hatte O. Hardy gemacht. Vgl: Charles O. Hardy: Schumpeter on Capitalism, Socialism and Democracy. *Journal of Political Economy* Vol. 53, No. 4 (Dez 1945) pp. 348-356, besonders p. 356

² Lesart Uraki: seine überlegenen

³ 138-162 Kaiser des römischen Reiches

⁴ Flavius Claudius Julianus, 360-363 Kaiser des römischen Reiches

⁵ Unsichere Lesart

0.2.9

I the 2nd altern.
not completely impossible
über amerikanische labor sit. und guild soc.
schon jetzt strikes gegen andere Arbeiter ...

II 1st altern. ...
Vergleich mit meinem Index ...

III Sit. in this Country und econ. Consequence. ...
Unmöglichkeit privaten exports,
wenn aber staatlich garantiert
„unless there be second war“

—REFERENCE

0.2.10

- 1.) keine Veränderung
- 2.) Defeatism – und /:weniger:/ – auszuführen
- 3.) Voraussage war pessimistisch, aber das hätte ich nicht erwartet
put ourselves on /:Stände:/ of bourgeois und was er nicht wollen kann
blind und deaf to claims not only of interest und safety but of honor und decency
- 4.) und so wird nun die Sache mit Arbeiter/:klasse:/ als cat`s-paw¹ ...

We accept glad it is impossible
we should believe

Unter uns immer Leute, die immer alles believe,
aber dennoch
aboulie und lethargy

Oder vielleicht im Endkapitel, immer alles honor und soziale Sit.
“No amount of defeatism would have suffered”

Rationaler Kampf ist das Essentielle, während we talk nonsense on full empl ↑

—REFERENCE

¹ Vgl. hierzu die später ausformulierte Sicht Schumpeters auf die *labor society*. Hierzu:
<https://schumpeter.info/schriften/Schumpeters%20Sozialismus.pdf>

0.2.11

<p>↑Sabotage, say sincerely what you want und I shall.</p>	<p><u>New ed.</u></p>	<p>Wirklich nichts zu ändern</p> <p>More explicit; another Kritiker kann nicht verstehen, daß... calls this a non sequitur³</p>
<p>↑Beveridge¹ und Murray² vice vs reconstruction</p>	<p>...</p> <p>futile ...</p> <p>der amerikanische angle; positiver estim. ... OPA⁴, wages, Steuern, interest</p> <p>Ist nicht ökonomischer failure, das Notwendige zu /:finanzieren:/: sind die side conditions die Sit. unmöglich machen</p> <p>Dinge können so klar vor unseren Augen stehen, daß wir sie nicht verstehen creation of big Bus</p>	
<p>↑Das und vielleicht post war demand <u>und vielleicht Plan?</u> und über Einkommenssteuer</p>	<p>full empl.</p>	<p>Wahre empl. Problem (Bekke⁵) und wage Problem</p> <p>↓ über Br. Socialismus <u>Zinsproblem</u></p> <p>Wirkung des Weltkrieges</p>
	<p>guild Socialism</p> <p>Vielleicht doch möglich, im letzten Kapitel zu sagen: was so erstaunlich, ist nicht inhumanity (Djingis Khan), sondern complete irrationality. (Schon im 1st world war: in etwas more futile, France als destroy A-H Monarchie und dann zu trennen, daß größter Erfolg wäre, to set it up again)</p>	<p><u>kapitalistische Rekonstruktion möglich</u>, aber too old for nursury games</p> <p>Über Baruch⁶ und Morgenthau⁷ könnte ich nicht ohne impat. sprechen</p> <p>Warum [??] nicht schrieb Kapitalismus und Frieden Export mit Staatsgarantie</p>
		<p>auch über Defizit und ↑ balanced budget keine Differenz</p>

REFERENCE

- ¹ Vgl. William H. Beveridge: Full Employment in a Free Society. 1945.
- ² James E. Murray, 1876-1961, Senator von Montana und leidenschaftlicher New Deal Politiker. Vgl. auch Seymour E. Harris: Some Aspects of the Murray full Employment Bill. Review of Economic and Statistics, Vol. .27 No. 3 (Aug., 1945) pp. 104-106.
- ³ Zum *non sequitur* vgl. die kritische Rezension von Charles O. Hardy in: Journal of Political Economy Vol. 53, No. 4 (Dez 1945) pp. 348-356, besonders p. 351.
- ⁴ Office of Price Administration, 1941-1947. It was established by Executive Order number 8875 back on August 28th of 1941. The purposes of this OPA were initially created to help keep a reign on the prices of rents and essential goods following the beginning of the American involvement in the Second World War. (Wikipedia)
- ⁵ Vermutlich gemeint: Herbert von Beckerath: Interrelations Between Moral and Economic Factors in the Post-War World. AER, Vol. 34, No.1, Part 2 (Mar., 1944) pp.25-40
- ⁶ Bernard Mannes Baruch, 1870-1965, Mitbegründer der National Recovery Administration, im 2. Weltkrieg Berater des amerikanischen Präsidenten.
- ⁷ Henry Morgenthau jun, 1891-1967, 1934-1945 Finanzminister der USA und Autor des Morgenthau-Planes

0.2.12

Wenn das "Philosophy of history" ist, so könnte ich diesen
Gesichtspunkt im neuen Kapitel in Vordergrund stellen

- a) underlying tendency
- b) chance u.s.w

konsequent zu Hardys¹

Möglichkeit eines Syndic.² in U.S.,
weil keine sozialistische Partei emerges

[??]³

[REFERENCE](#)

0.2.13

A philosophical (und propitiatory)
Preface to the Second Ed.

Apology ...patient of criticism

Was wirkt und how

und das zuerst und dann My und /:Rest:/ und little u.s.w.
nur wenn möglich

First step to sol. of a problem is to recognize it

Sozialist
Kapitalist

[REFERENCE](#)

¹ Vgl. die kritische Rezension von Charles O Hardy im *Journal of Political Economy* Vol. 53 No. 4 (Dez 1945) pp. 348-365, besonders p. 351.

² Syndicalism

³ Die Bemerkung unten rechts wurde nicht entziffert.

0.2.14

Vorwort für Kapitalismus
defection
dieses Buch gegenüber anderen
of *Salins*¹

useful deprivation is not mine
Aber heute sind Leute tired, sie wollen
ja und nein, for and against comfort.

GB definition of a Liberal

Und Schlußkapitel: ganz klar, daß Steuer, OPA
und wages genügend, um System nicht
funktionieren zu lassen...
und das muß gewollt sein.

the meaner fellow

—REFERENCE

0.2.15

last Chapter: No agreement weil man denselben
draft: nichts schlimmer als in Mitte abbrechen
Country-asserts itself ex post .
workman strike gegen andere workman
wie 20er Jahre in Deutschland

—REFERENCE

0.2.16

Ist /:erlebt:/ und selbst /:nötig:/ ein Satz über
horrors und wanton destruction², if I succeed in
keeping last chapter cool.

—REFERENCE

¹ Unsichere Lesart. Mit Blick auf die Lesart *Salin*: Edgar Salin, der Herausgeber einer deutschen Teil-Ausgabe von *CS&D*, hatte im Gefolge seiner von ihm selbst öffentlich wiederholt vorgetragenen Kritik, Schumpeter mangle es am Verständnis für die Singularität des Geschichtlichen, Teil V des Werkes nicht publiziert und seine Ausgabe im Jahre 1945 zudem mit der Feststellung eingeleitet, Schumpeter sei Sozialist. Elizabeth Boody Schumpeter hat 1950 (unter Hinweis auf die Haltung ihres Mannes) weitere Auflagen dieser Teil-Edition untersagt. 70 Jahre später ist der Verlag dem mit der 10., aber nunmehr vollständigen Auflage von *Kapitalismus, Sozialismus und Demokratie* gefolgt.

² Im Kontext der für die Reflexion des Kapitalismus in *CS&D* durchaus charakteristischen „Zerstörungs-Analysen“ thematisiert Schumpeter in den Arbeitsunterlagen mehrfach die „wanton destruction“. So in 2.1.10; 3.6.17; 5.2.18 und 5.4.13. Mit Blick auf die von ihm in der Notiz erwähnte Bedingung ist festzustellen, dass der fragliche Satz im Werk nicht vorkommt. Vgl zu „wanton destruction“ auch *BC*, p. 993.

0.2.17

Demokratie und freedom
Escapism
und defaitism
antidemo a form of defection
Erkenntnis essential für Freund und Feind
Not a political book
It's the *fell* for
horse that kicks ...

[REFERENCE](#)

0.2.18

Chapter
I no wish positive Probleme¹
following considerations beschließen
mit Wirkung von war auf Sozialstruktur und features² of soc. groups
– ???³ wieder ???. England
Russland komplizierter weil populäre Interpretation ganz falsch
Wir haben nationale Autokratie⁴ ??? what ?ß? success
der außerdem redemands – unlike other victory countries
to leader dessen Taktik beyond genuine
holy Russen; horrible *is nuts*
Die verzweifelten Besiegten ...
what chance... [??] ruthless or
tired escapist; wir for policy
dem. politics

[REFERENCE](#)

¹ Mit Blick auf die entsprechende Feststellung in 5.3.3 bedeutet das u. a., keine soziologische *Analyse* des 2. Weltkrieges anzustrengen (wie dies – siehe oben – etwa Laski tat), sondern sich auf die nachstehend benannten Aspekte zu beschränken. In 0.2.23 heißt es hierzu, für eine derartige Analyse sei es noch zu früh.

² Mögliche Lesart: *pictures*

³ Lesarten: *als* oder *alles*

⁴ Vgl. hierzu auch *CS&D*, p. 296

0.2.19

	<p>Eine Möglichkeit ist aber in der pref. (die so eigentlich zur Einleitung zum neuen Kapitel wird) Weltsit zu schildern: outstanding fact, victory of Russia – victory über England und U.S. und <u>das</u> stärkt autocracy; so sehr, daß man der russischen Nation sagen kann: neue Rüstung, neue sufferings² selbst in [??]³ von Sweden, Schweiz, Spanien ...</p>	<p>honor and Poland occupied nur mit bomb ↓ escapism; undermined ...</p>
<p>Inwieweit "dasselbe"¹</p>	<p>Diagnose der Natur von Russland (trouble ist nicht⁴) und <u>Wille</u> und unglaubliches Phänomen a) daß most obvious not recognized b) daß dieser Autokrat die alliance der "Liberalen" hat. Sit des Sozialismus</p>	
	<p>before Problem persistent werden kann</p> <p>fumbling society vs. inexor logic going on mit Schergendienst. ...</p>	<p>a) was Prognosis mean b) Sit changing</p>

—REFERENCE—

0.2.20

In preface, warum nicht
 fascism
 Cathol Church

—REFERENCE—

¹ Die Frage gilt dem möglichen inneren Zusammenhang zwischen dem von Schumpeter hier unterstellten russischen Imperialismus und den weiteren erwähnten Merkmalen.
² Spätestens mit seinem Tagesbefehl vom 22.2.1946 orientierte Stalin auf den Vorrang der umfassenden Modernisierung der Roten Armee und eine Stärkung der militärischen Macht der Sowjetunion. Wenige Tage später wurde das bisherige *Volkskommissariat für Verteidigung* zum *Volkskommissariat der Streitkräfte der UDSSR*.
³ Lesart Uraki: *surrender*
⁴ Schumpeter beteuert immer wieder, der „trouble“ mit Russland sei nicht dessen kommunistischer Verfassung, sondern dessen Imperialismus geschuldet. Vgl. 0.2.22; 0.2.23; 5.2.8; 5.3.11.

0.2.21

klappt nicht

first defeatism is not an argument
second nicht applic to ...; *reasoning*
right and duty
third first step towards rational action is to face a
problem. (to solve a problem is to recognize it)

“Should be done everywhere”¹
C. banks are not only agencies und *is mere able believe*
that they are”
rule of B. of England in 2nd War ganz wie ein dep. mit
spezialist advice

fake ...
Was alles gemacht werden könnte,
die merkwürdige Sit der Sozialisten

[REFERENCE](#)

0.2.22

Neuaufgabe

Positive Probleme – keine Probleme

Es sind [??] Weltanschauungen,
welche kämpfen)

full empl. um zu verhindern sincerity
a)
b)
nothing easier c)

trouble mit Russland ist nicht daß soviet, sondern daß Russland
wahrer Imperialismus

3. Weltkrieg

über kommunist danger

Ist a) marxist } Sozialismus out?
b) liberaler }

[REFERENCE](#)

¹ Wenn Schumpeter Sentenzen in Anführungszeichen setzt, bezieht er sich zumeist auf Äußerungen oder Gedanken Dritter.

<u>Preface or chapter</u> ¹		
Morally und politically undefensible und so in the present attitude die Schuld noch größer [ge]macht		
Escapism: als ob Bombe ² einziges Problem wäre!		
Hinweis auf “Bogey” ³		
Das [??] Theoretiker pattern (gegenüber Marx).	Diese Auffassung, wie wenn die Bürokratie die Kräfte geschaffen hätte, which it harnessed. ...	full empl. als positives Problem ... nicht imagi. danger, daß alle Erfolge von Arbeitern auf Kosten anderer Arbeitern gehen
Trouble mit Russia ist nicht – und das wird immer verwechselt und Russenimperialismus profiteer [da]von	(demand impinging on underutilized organism)	
noch nicht time, sociol. of 2nd world war zu schreiben – aber sicher nicht marxistisch “in welchem Sinne” dann?		
Demokratie bedeutet Richtungslosigkeit, (statt im game of power Politik welche wir /:gezielt:/ sehen (und allow for boozer...))		

[REFERENCE](#)

-
- ¹ Hinweis auf die Möglichkeit, entweder mit einem neuen Kapitel oder mit einem Vorwort zur Ausgabe ausführlich Stellung zu nehmen.
- ² Die US-amerikanischen Atombombenabwürfe auf Hiroshima und Nagasaki am 6. und 9. August 1945. Vgl. hierzu u.a. 5.4.20; 5.4.22 und 5.4.25
- ³ Die Bemerkung reflektiert auf Georg Terborghs *The bogey of economic maturity*. Chicago: Chemical and Allied Products Institute, 1945 und die anschließende fachliche (ab Februar 1946 in *The Review of Economics and Statistics*) wie auch öffentliche Diskussion. Terborgh kritisierte die Grundannahmen der Maturity-Konzeption. Vgl. hierzu auch: *Trade 'Ingenuity' urged by Hansen – Harvard Economist Replies to Dr. Terborgh's Criticism on Theory of Stagnation*. NYT march 17 1946, p. L 21

Einleitung zu 2nd ed.:

Vorurteil to apply reason to human affairs –
aber das implies Erkenntnis, daß “what should
be done” depends on loves and hates.“

Hardy’s non sequitur¹

Was man will, ist eben comfort

“ U. S. äußere Politik as unjustifiable Politologie[,] as it is
morally[,]” ist keine Politik; for.² policy ist domestic policy
and just follows humors

[REFERENCE](#)

¹ Zum *non sequitur* vgl. die Rezension von Charles O Hardy in: *Journal of Political Economy*, Vol. 53, No. 4 (Dez 1945) pp. 348-365, besonders p. 351.

² for.: *foreign*

0.2.25

Im neuen Kapitel, ein Plan? based upon sincerity (z.B. unser unemployment)		(Besser aus englischem System of taxation)
und daß Schwierigkeit mit Theorien eben ist, daß die Leute ihnen vormachen wollen, daß <u>wirtschaftlich</u> nötig ist, was sie politisch wollen: nur <u>das</u> schafft die Probleme, die ganz einfach sind, wenn [man] wirklich zugibt, <u>was man wirklich will.</u>		clearly other half of work remains to be done und Leistung nötig für ein Problem, das nur militärisch gelöst werden kann.
Defl. und Infl.; full empl.		
Ein System, das man nicht fallenlassen will – weil dazu keine demokratische Zustimmung – das man aber entschlossen ist, nicht arbeiten zu lassen		
Wie Inflation absorbiert werden wird hinauf mit Zins!		
	Imaginäres Hilfsmittel für imaginäre Gefahr	
Despairing ¹ waste of econ acting - something easier; if you want freedom und responsibility –	If you really want full empl. a) to avoid suffering, b) to avoid deterioration, c) to avoid social loss, why das costs something und unempl. of econo. capacity u.s.w. <u>clash of ideas</u>	case indefensible Third world war (has already begun)
	<u>Ganz anderes Problem,</u> a) weil alles zu /:Arbeiter:/ geht anyhow – sie sind die Aktionäre, b) weil nicht Arbeitsgelegenheit die Vorteile sondern discipl	reform vs recovery perfectly true, perfectly just

[REFERENCE](#)

¹ Lesart Uraki: *exposing*

0.3 Schumpeters Manuskript Changes for Second Edition of “Capitalism, Socialism, and Democracy”

0.3.1

*Changes for Second Edition of
Capitalism, Socialism, and Democracy*¹

The idea is to leave the text completely unchanged even where verbal corrections would seem indicated, in order to avoid the impression that otherwise might arise in the readers mind that the author harbors any wish to detract or modify anything he had written before. New material will be added by means of a new preface and an additional chapter *at the end of Part V (Chapter XXVIII. The Consequences of the Second World War)*.

The preface, besides noticing other objections that have been raised against the argument of the book, will deal fully with the charge of “Defeatism”. That is to say, it will reassert the right and duty of the analyst to present social patterns and tendencies as he sees these no matter whether the resulting picture is pleasant or not. But it will also show how the results of such analysis may be put to practical political use.

The new chapter, which will bring up to date the historical sketch of socialist parties, will serve two purposes. On the one hand it will fit the course of events during the last few years into the framework of the preceding analysis and thus provide a test of the latter’s reliability and a basis for prognosis. On the other hand it will discuss the implications of the present economic and political situation in the U.S. and Europe and try to appraise the social changes wrought by the war. *There will be some comment on the attempt of communist parties everywhere to fuse with or otherwise dominate socialist parties.*²

¹ Alle kursiv gesetzten Passagen handschriftlich von dritter Hand.

² Die folgende von Schumpeter als Nr. 2 paginierte Seite schließt nicht kontinuierlich an.

stand for and
against
can not we stand
for truth?

straight argument
for our argument

statement can be
followed by call to
???, or its criticising
aber das ist nicht für

make appetite for last chapter
is escapist,
is defeatist

... into the philosophy of history adumbrated in this book. Nevertheless it needs an introduction. For its argument will impress readers as still more “defeatist” than have other parts of this book and since labels are effective in preventing an argument from the readers mind it occurred to me to use this opportunity for a brief discourse on Defeatism and Escapism.

~~But there is another point on which I should like to comment first. Many readers and some critics seem to have been shocked by my treatment of the monopoly problem in Part II.~~¹

My argument undoubtedly yields the result that, as far as ascertainable facts are concerned, there exists in the modern world a strong tendency towards socialism in the particular sense in which socialism has been defined in this book. Put like this, the thesis is certainly no more surprising than it is novel. All the novelty is in the factors which I hold to be responsible for that tendency and which may be summed up in another thesis that has indeed struck some critics as paradoxical: capitalism is being killed not by economic failure but by economic success and by the effects this success has upon the social structure. I thought I had taken every care to make it quite clear that I had no intention to advocate either socialism or anything else. Nevertheless, to my immense amusement, I have been actually accused – and more than once though not, so ²

into the philosophy of history adumbrated in this book. Nevertheless it needs an introduction. For still more than other parts of my argument are my comments on that situation of exposed to certain misunderstandings with which the book as a whole has met. In the rest of this preface I shall therefore avail myself of the opportunity to clear up at least one of these misunderstandings, the one that refers to what has been called my defeatism.³

The argument of this book undoubtedly yields the result that, so far as ascertainable facts concerned, there exists in the modern world a strong tendency towards socialism, that is, a tendency to transfer the management of economic affairs from the hands of the private entrepreneur into the hands of public authority. Put like this, the statement is certainly not more surprising than it is novel. What is novel, and

¹ Diese Passage ist im Original deutlich gestrichen.

² Dieser Gedankengang zielt offensichtlich darauf, ob die Vorwürfe in wissenschaftlichen Rezensionen erhoben worden sind oder eher im mündlichen Diskurs. Vgl. hierzu das folgende Blatt. Daher schließt die ziffernmäßig nächste Seite Vorlage Blatt 441 dem Inhalt nach nicht kontinuierlich an.

³ Passage ist im Original deutlich gestrichen

may have been felt to be surprising by some readers is motivation of that tendency that I have presented. However, I thought I had taken every care to make it quite clear that recognition or denial of the existence of any such tendency is logically quite independent of whether we love or hate the goal toward which it points, and that is particular there is nothing paradoxical in the prediction of some event one dislikes. Nevertheless, to my immense amusement, I have been actually accused — and more than once, though not, so far as I know, in print — of “preaching foreign

collectivism”.¹ Let me repeat then: je ne propose rien, je n’impose rien, j’expose: I do not preach anything, all I want to do is to explain, for the benefit of conservatives and socialist alike, why things are as they are and why they move in the way they do. Furthermore, I thought I had taken every care to define the sense in which I hold that capitalism is “doomed” and that socialism is “inevitable”. All I meant to establish — and I still think that I have established it — is the existence of the aforesaid tendency which will produce socialism if allowed to work itself out according to its inherent logic or, which is the same thing, if no contradicting tendencies emerge. It should be clear that this statement does not imply prophecy about the actual course of things in any particular country, still less a prediction of the timing of events: it merely serves to sum up certain sets of probable facts. Nor does that proposition spell Sociological Determinism.² For, unlike to astronomical system, the system of social phenomena does not admit of unique determination. And whenever this is not possible, determinism reduces to a dogma of materialistic metaphysics and therefore ceases to have scientific — or “operational” — meaning. Nevertheless my argument has been described as defeatist by several critics who should know better.

Defeatism means, if anything, the anticipation of the defeat of some group or cause with which the defeatist identifies himself. Since in this book or in my scientific work in general — I do not identify myself with any group or cause. But even if it had with any, it would have nothing

to do with fatalism or, speaking from the standpoint of capitalist civilization, defeatism because the terms denote attitudes of men in action and are inapplicable to the attitudes of the observer: facts in themselves, hence statements about facts are never defeated or the contrary. But have I not, by this very argument, laid myself open to what most people will consider a much more damaging charge — the charge of futility?³ How can the mass of ominous facts presented in this book, especially all

¹ Der genannte Vorwurf ließ sich in einer sehr großen Sammlung zeitgenössischer Fachrezensionen wie auch publizistischer Stellungnahmen zu *CS&D* nicht nachweisen.

² Determinismus wurde Schumpeter in einer anonymen Kurzrezension am 1.12.1943 in *The Guardian* (Seite 3) attestiert.

³ So auch der Vorwurf in der Rezension Hardys, vgl. hierzu 0.2.24.

those facts that go to show that the process of disintegration of capitalist society is far advanced, suggest anything but defeatism unless they are practically irrelevant? Well, I suppose that a report to the effect that a given ship is slowly sinking has its practical uses. The measures there upon taken by the crew in order to keep the ship afloat may indeed be futile and the spirit in which it accepts the report may indeed be defeatist but so far as the report is concerned there is no more point in calling it futile than there is calling it defeatist even if it does not go into the question “what should be done about it.” The first step towards the solution of a problem is to see the facts of the case. He who refuses to do so is an escapist. The escapist attitude is much more indicative of deep-seated defeatism

than is the frank presentation of ominous facts. Sometimes it also is a form of desertion.¹

The reader is requested to keep all this in mind when perusing the new chapter. The time has not come for writing the sociology of the second world war. But its consequences are so clear beyond reasonable doubt. In any case, this war would have had what I described as an accelerating effect when speaking of the consequence of the first world war. But this effect is complicated by the event that dominates the political sense, Russia’s victory not only over her enemy but also over her allies.² It is only the prevailing escapism that creates a problem out of this simple state of things. And escapists will again dispose of the argument of that chapter by calling it defeatist. I can only hope that some readers will not. Even these will miss advice as to “What should be done.” ...

But this is not a political book. Description and explanation (“analysis”) is my chosen task. I want to accomplish it as best I can. And the only way I know of doing so is to keep to it. *For comfort and advice I refer the reader to those who have it in stock.*³

Taconic Conn.
May 1946

J. A. S.

¹ Vgl. Hierzu Max Webers religionssoziologische Typologie der Weltablehnung.

² Über dem Satz handschriftlich von Schumpeter eingefügt: *and the important point to grasp about this victory is not...*

³ Die kursive Passage ist ein handschriftlicher Zusatz von dritter Hand; von EBS?

1. Zur Marxschen Lehre

1.1 Ökonomische Interpretation der Geschichte

1.1.1

Social life – ökonomische Geschichtsauffassung

Marx als bourgeois

— REFERENCE

1.1.2

Besser zu sagen!

Look at ... Visualize ...

— REFERENCE

1.1.3

We must try to visualize
oder wieder Geister?

welches wählen? <

Aber falsche Klassentheorie;
falsche Vision verdirbt alles

Kann man Sozialismus voraus-
sagen?

[??]?
Differenz, zunächst erklären this working
und der Veränderung
go back* to econ interpr und make Analyse
subservient to it – bringt Opfer
aber dafür /institutioneller/
nicht¹ ganz originell
*²Das tut die Ökonomie nicht. Was
sie tut, ist untersuchen, was geschieht. Wenn
nur das equil Problem, aber nicht so eine
Theorie.

does not do
does not aim
wie der Historiker...

Schwer zu beurteilen; macht Fehler
nicht besser

Readily understood
Bringe den Reserv selbst...
every step is historically connected

[REFERENCE](#)

1.1.4

Every social state produces next one³
“as to outgun their own frame.“

Conservatismus is bribray

Meine Sozialismusdeutung ist auch noch
ökonomische Geschichtsauffassung

Vision

[REFERENCE](#)

-
- ¹ Ob das fragliche Zeichen “/“ als stenografisches *nicht* zu lesen ist, ist wegen seines Zusam menhanges mit der Klammer nicht eindeutig.
- ² Die Notiz ist mit einem Pfeil als Zusatz zum obigen “go back“ markiert.
- ³ Wohl Bezug auf Marx, *Kapital* Bd. 1: „Die Zentralisation der Produktionsmittel und die Vergesellschaftung der Arbeit erreichen einen Punkt, wo sie unverträglich werden mit ihrer kapitalistischen Hülle. Sie wird gesprengt.“

1.1.5

Vielleicht noch auszuführen über ökonomische
Geschichtsauffassung Handmill¹
prove of inevitab[ility]

Auch auf p 11 noch möglicherweise zu sagen,
dass Ideologie nicht steam, auch nicht smoke

Lange und Sweezy²

dann Klassen!
Das Klassenkampfverhalten der Geschichte ist nicht so
schlecht: das muß ich sagen!

und “Daten“

Und bürgerlicher Staat hat Freihandel gemacht

—REFERENCE

1.1.6

Propeller, der nicht selbst impetus braucht³
Schon gesagt, daß ökonomische Geschichtsauffassung
wichtiges Glied im Argument, daß inevitability⁴
bewiesen werden kann, und dieser Aspekt ist noch
aufzunehmen!

Der Menschheit zeigen, warum sie kämpft⁵

Plan des Sozial. Gemeinwesens
Sozialistische Politik ...

—REFERENCE

¹ Rekuriert auf die Bemerkung von Marx: „Die Handmühle ergibt eine Gesellschaft mit Feudalherren.“ Karl Marx: Das Elend der Philosophie. In: Karl Marx, Friedrich Engels: Werke. Berlin 1959, Band 4, S. 130.

² Oskar Lange (1904-1965), Paul Sweezy (1910-2004)

³ Schumpeters Bild für soziale Eigenbewegung resp Eigendynamik.

⁴ Gemeint: des Weges zum Sozialismus

⁵ Offensichtlich mit Blick auf Karl Marx' Brief an Ruge vom September 1843 notiert. “Wir treten dann nicht der Welt doktrinär mit einem neuen Prinzip entgegen: Hier ist die Wahrheit, hier kniee nieder! Wir entwickeln der Welt aus den Prinzipien der Welt neue Prinzipien. Wir sagen ihr nicht: Laß ab von deinen Kämpfen, sie sind dummes Zeug; wir wollen dir die wahre Parole des Kampfes zuschreiben. Wir zeigen ihr nur, warum sie eigentlich kämpft [...] Es wird sich endlich zeigen, daß die Menschheit keine neue Arbeit beginnt, sondern mit Bewußtsein ihre alte Arbeit zustande bringt.” Karl Marx/ Friedrich Engels: Werke. (Karl) Dietz Verlag, Berlin (DDR) 1976. Bd. 1., S. 345/346.

1.1.7

	The Bourgeois [??] – framing of mind* ¹ [<i>Wirtschaft und</i>] Capital als Soziol und ökonomische Kategorie	keine Klassentheorie Marx und Hegel
Verachtung der Psychologie als ideologischer Wissenschaft Soziol*	Value surplus value* Never we must do a thing*	Kein ethischer Materialismus Bernstein und Engels

[REFERENCE](#)

1.1.8

Marx Verachtung für Psychologie das Greifen hinter die Anschauungen englische Geschichten
Klassen und Produktionsform inwieweit das historisch ist
Mehrwert – Rodbertus ² auch zugleich soziol und ökonomische Kategorie

[REFERENCE](#)

¹ Die Schreibrichtung der mit * gekennzeichneten Notizen ist im Original um 180° gedreht.

² Karl Rodbertus, 1805-1875, deutscher Ökonom.

V

Such then are Marx's economics: While it was impossible of course to present anything approaching a satisfactory statement, it may still be hoped that what has been said will suffice to give an idea of the general character of the Marxian system and, as it were, its flavor: the light in which he saw his problems, the spirit and technique he brought to bear upon them and the way in which he coordinated results. It is clear I believe that both the technique and the results carry date, and that neither can today be accepted at their face value. Provable mistakes abound and no semi-religious sublimation of them into perfect truths avails to alter the fact. Moreover closer scrutiny shows that amendment, while perfectly possible in many cases, would cut deeply into the fundamental lines of the picture of social reality which he draws: the mistakes are not, so to speak, distributed at random over the system, so that its social message might after all come out of such a process of amendment unscathed, but they cluster around some points which are most material to it. If for instance we reformulate the theory of exploitation so as to make it tenable, or if we reduce the theory of immiserization to such elements of truth as it contains, the glow of the indictment vanishes immediately and it becomes very difficult for anyone who means to deal honestly with his facts to keep himself in a transport of righteous social rage. Nobody can be a Marxist today in the full and primitive sense and at the same time pretend that he is giving scientific analysis its due. If he stands by truth a very different picture of the social process will unavoidably emerge, a picture which in important respects carries different, and in some points even opposite,

implications.² No less clear is it however that much ground remains after what is untenable has been yielded. This claim does not rest on the fact that in many fields of

¹ Unter den Nummern 9-10 dieses Kapitels publizieren Uraki/Imai isolierte Passagen aus zwei jeweils in sich kontinuierlichen Manuskripten Schumpeters, die beide mit den Worten „Such are then Marx's economics“ anfangen. Ich publiziere hier beide maschinenschriftlichen Manuskripte unter den veränderten Notierungen 9A und 10A jeweils in Gänze.

² Fußnote Schumpeters: *As far as that goes, Marx himself is, because of his very virtues, in a worse position than some of his more uncritical and narrower allies and followers. As pointed out before, among those virtues was a keen sense on the one hand of the logic of social things, and on the other hand, of cultural values. We need only refer back to our quotation from the Communist Manifesto. When once so much has been admitted about both the necessity and the achievements of the bourgeois epoch, the flaming attack on exploitation that follows loses much of its conclusiveness. The anxious questions present themselves whether exploitation in the Marxian or in any other sense, is not a prerequisite of cultural achievement and if no, whether that time during which it was is really quite past. The very word "exploitation" then loses much of its sting and possibly of its meaning. And the way in which the Romans of old used to deal with their slaves when they revolted acquires an uncomfortable association with all that gives to the antique world its unique significance for humanity. Now the barbarian who poses as a socialist by virtue of being unable to visualize anything in the social world except the wage bill and the boss is within his rights if he does not bother about all that, but to Marx this pitiful right is denied.*

economic theory and particularly in the field of capital structure, he has considerable contributions to offer,¹ or that with all his shortcomings he must still be listed among the greatest theorists of all times. Much more important is it that he contributed a new goal and a new method of social research. He visualized the possibility of a theory of the historic process of economic life and looked upon all concepts and propositions of theory as tools with which to interpret the actual variety of historic patterns. He strove after ideal (and there is undoubtedly something Hegelian in this) of a

very general organon of truth which would however lose nothing of specific fact by generalisation: as a rule or, as most of us would say, by logical necessity, a proposition loses in content, the more general it becomes. Marx denied this necessity and, proceeding upon that denial, succeeded to an astonishing extent. What attempts there had been before him to analyze economic evolution sink into insignificance when compared with his achievement. The classics also painted historical backgrounds but these were almost completely divorced from their description of the capitalist process. They also tried to extrapolate their findings and to develop a picture of change from such elements as increase of capital and population with natural resources remaining constant. But this is as nothing beside the grandiose Marxian conception of social dynamics which as a program would retain into value even if all the methods, principles and results by which he tried to realize it were at fault.

The fascination of this conception is understandable particularly if we compare it with what non Marxian economics² has to offer. A young mind fresh from school and with no other means of satisfying his craving for actuality and action except his newspaper, thoroughly bored with both the factual and theoretical disquisitions offered to him in his

college courses, finds himself on turning to Marx suddenly admitted to all the dark secrets of the politics of all times and places. Here is a severely scientific argument for him, saturated with facts und convincing in inverse proportion to what he really knows and understands. He leaves behind him the behavior of the second derivative of the utility function and finds himself in the midst of the great events of his day all lit up from him

¹ Fußnote Schumpeters: *Proof of this is afforded by the curious revival of some of his concepts in the work of the modern Cambridge school: whoever talks about wage goods and about productivity of labor in wage goods industries determining the rate of wages is much less removed from Marx than he might think to be. In the modern discussion on the period of production his contribution though mostly quoted unmistakably, looms in the background.*

² Fußnote Schumpeters: *Marxists are in the habit of describing non Marxian economics as "bourgeois". Like all such terms of opprobrium, this one very soon lost the original meaning assigned to it by Marx, and acquired a different one. Marx himself defines a bourgeois economist as an economist who believes that the capitalist world of the nineteenth century type is the absolute end and perfection of social evolution and going to last indefinitely. This at least defines the term by a scientific criterion and only labors under the disadvantage that there are hardly any economists left who indulge in that belief. Later on however it came to mean simply non-socialist economists, the innuendo being that they were either disingenious or stupid defenders of the interest of the bourgeoisie.*

by the light of a few grand principles. He not only suddenly finds that he understands more than the academic economist, but also that he is vastly superior in insight over the man of practical life who becomes simply a marionette of factors which they do not even suspect. And many intellectuals who have not the same excuse and are excluded forever from the heart of analysis as well as the heart of power simply because of their inadequacy feel the same way about it. But behind this there is something much more serious and substantial. Wherever modern analysis, whether theoretical, historical or statistical meets Marxian argument, the latter is sure to be defeated. That is not more than natural. It is the privilege of the artist, that once he has, from his own standpoint and that of his time, risen to supreme achievement, that achievement will retain its significance over the centuries. It is not so in science. We economists have little reason to congratulate ourselves on the rate at which we progress but nevertheless, and in spite of all the setbacks we suffer from time to time, we move on. In particular we have built a technique of theoretical analysis with which the Marxian cannot compete, but among the building costs are specialization, aridity and resignation. The details of the various monetary and non monetary mechanisms we present very much more satisfactorily

than former generations could, but theory loses all red hot associations in the process. This is unavoidable and no worse a fate than befalls any other science as soon as it becomes of age. But the task which Marx set himself remains and it will have to be undertaken with the better apparatus and the larger factual resources at our command. In this respect his venture is not lost for us. It may even serve as a sign post and example.

Marx's own progress towards the heights to which he points, must be viewed in connection with his sociology for his economic dynamics were meant to serve as social dynamics as well - the connecting link being supplied by the economic interpretation of history. We are now able to form an opinion about the reliability of the second of the two propositions of which it consists. How far has Marx succeeded in establishing his case for an immanent or self propelled economic evolution or, to put it as plainly as possible, for the proposition that from its very structure the economic process of capitalist society must go on revolutionizing itself, destroying each state of equilibrium to which it may be tending at any given time? The answer is, I believe, this: he has not succeeded in proving that proposition but he correctly recognized that it is so. And an exactly similar answer must be given to the question which emerges behind that. Was he correct in believing that this economic evolution will eventually transform its institutional framework in such a way that socialism will be the inevitable result?

The first thing to realize is that while the proposition which asserts the presence in the capitalist machine of factors which will propel it indefinitely from any state in which we may find it at any

time raises a question of fact, the proposition now before us is a proposition about future developments taking a certain course. Now propositions about future events or forecasts unless they are prophecies in the strict sense of the word are necessarily hypothetical in the sense that they assume the persistence of mechanisms at work in the present or past. In predicting ordinary astronomical events we need not expressly state that hypothesis because we may rest assured that it will not fail us. This is obviously not so in the social field and hence the Marxian proposition must at once be qualified by the proviso: "if the process we observe continue to have the right of way". Even quite orthodox Marxists recognize this. As an example we may adduce the fact previously alluded to that a man as steeped in the true Marxian faith as Hilferding could have thought it necessary to abandon the theory that capitalism will break down so to speak under its own weight. The alternative he visualizes, progressive consolidation of giant concerns, is perhaps not particularly convincing because such an organism would display an obvious bent towards verging into a sort of bureaucratic socialism after all. At any rate it is only one possibility out of many and as soon as we admit it, we cannot exclude others and the imposing determinism of the original position is gone.

But there seems to be another line of argument which agrees with the fundamentals of the Marxian creed at least as well as does that which Marx actually took. To expect breakdown of the type which Marx envisaged may be as complete nonsense as the theory of immiserization is contrary to fact and indeed to expectation from any correct analysis of the capitalist process. But the conditions of capitalist production may so transform the mind and cultural outlook of humanity as to make it

turn away from capitalist modes of action and habits of thought. If capitalist economic practice destroys, on the one hand, the close connection between the entrepreneur or capitalist and the brick and mortar of a given factory, if it wears away all that the lordly position which a captain of industry once meant, if it destroys, on the other hand, the family house and the form of life and system of motivation it stands for, will not the grip relax by which property is held and the generation be evolved to which all the beacon lights of capitalist society mean just nothing? Is not this what actually happens? And is this not Marxian enough - do we want the dubious glitter of wrong theories at all?

This socio-psychological process undoubtedly heads for something that in important respects will have a claim to be called socialism and in particular to issue into a social control over all means of production. Events that impinge on this process from outside may undoubtedly deflect, conceivably even arrest it for good. But there is nothing within the social system of a modern capitalist society to point to that likelihood. It should be noticed especially that the process can go on within a very wide variety of cultural and political complements and that authoritarian forms of social organism need not necessarily interfere with it. Socialism under a nationalist dictatorship may not be recognized as socialism by what we may term a professional socialist, but in the cool air

of scientific analysis it might have to be labelled socialism all the same. It is not at all impossible that some of us will live to see situations in which many of those who are socialists now will see the ideal they cherish in a way that will make them yearn for the freedom and democracy of capital society, the uppermost strata of which sometimes carried gentleness to the point of financing the very

publications which ran them down. They then may plaintively assert that this is not the sort of thing they intended to fight for and that what they really meant was socialist society only if run by themselves, but that is another matter. Even if this should be the outcome, Marx would be entitled to the compliment that he foresaw correctly even though he may have formulated incorrectly substantial features of what was to come. If I have succeeded in conveying my meaning, no further word should be necessary on the problem of the "necessity of socialism", but we may add that our argument at the same time suggests a way out of the difficulty which Marxians experience about the precise relation between evolution and revolution in the master's thought. No doubt spectacular revolution has to be "featured" on the posters of any movement that intends to fire the imagination. It is also very understandable that anyone who fervently adheres to some practical idea will not find it easy when talking about it or acting with reference to it, to apply the results and attitudes which become a matter of course to him as soon as he is back to his study. So Marx undoubtedly preached revolution and Engels actually went to the trouble to study tactics in order to be prepared for what he evidently conceived to be his function in the coming physical struggle. But this sort of thing must be discarded if we want to do justice to the thinker. His whole system resting on a most rigid belief in the logic of historical sequences, it is impossible to accuse him of having fallen so far below his own standards as to share the infantile attitudes of the common run of revolutionists. At the same time he of course realized the inertia inherent to institutional setups and thought revolution probably necessary as a last step to

realization. But it was not revolution in general but revolution in the fullness of time and this makes all the difference. Faithful Marxists invariably become irritated if the implications of this are pointed out with reference to the Russian revolution but that case allows perhaps of an interpretation acceptable to them.

[REFERENCE](#)

Such then are Marx's economics. However imperfect, our sketch will I hope suffice to give an idea of the general character of Marx's system, the light in which he saw his problem, the spirit and technique he brought to bear upon them. If so, it should help us to understand what seemed to be such a paradox to Edgeworth: how it is possible for many of us to admire a writer while finding him guilty, at the same time, of serious error.

It is true, on the one hand, that Marx's methods are obsolete and cannot today be accepted at ~~their~~² face value. Moreover, provable mistakes abound and no semi-religious sublimation avails to alter the fact. Closer scrutiny also shows that emendation, while possible in many cases, would cut deeply into the fundamental lines of the Marxian picture of social reality: the mistakes are not distributed at random over his system but they cluster around some points which are most material to some of the most typically Marxian doctrines. If we reformulate them so as to make them tenable, or if we reduce them to such elements of truth as they contain, the glow of the Marxian indictment vanishes completely and it becomes very difficult for anyone who means to deal honestly with his facts to keep himself in a transport of what Bernard Shaw somewhere described sociological rage. But it is no less true that, on the other hand, that the author of all those misconceptions which in some cases amount to distortions, was the first to visualize what even at the present time is still the economic science of the future, for which we are slowly and laboriously accumulating stone and mortar, functional equations and periodic integrals.

This would be high achievement, stood it even alone. What told at the time however and has told ever since, was primarily a particular

turn which he gave to his economic dynamics and which expanded it into a system of social dynamics. In order to understand what was a stroke of incomparable boldness and brilliance, we must first define the relation of his economics to his sociology. For this purpose let us recall the second of the two propositions of which the economic interpretation of history was above shown to consist. That proposition postulates the existence of a self-propelling economic mechanism and must be justified by proof not only that the economic process and the conditions of production do change of themselves but also that they change in such a way as to enforce those changes in the institutional superstructure which we actually observe. Within the economic interpretation of history itself such proof cannot be supplied: all that historical analysis can do is to establish a greater or smaller degree of concordance and plausibility. Nor can historical analysis, unless reinforced by more powerful instruments, show how that change in production

¹ Die im Manuskript festzustellende Durchkreuzungen des Textes könnten auch von einem Bearbeiter stammen. Vgl. hierzu unter *References* die Kopie der Vorlage.

² In der Vorlage gestrichen

function comes about and how it shapes the institutional framework of society, habits and attitudes and volitions included: without this that proposition and, in consequence, the economic theory of history itself, would indeed be nothing but a hypothesis. But fulfillment of all those desiderata is now before us. The body of economic doctrine discussed in the preceding section is nothing else as but an arsenal of answers to these questions. We know now what it is that according Marx propels the economic system away from any equilibrium it may at any time be approaching and that there is a „force“ to do this which does not need the help of any extra-economic impulses. We also know how this economic change enforces social change – by creating raising depressing destroying social strata (classes)

that are the carriers of institutions and attitudes and by placing them in situations implying antagonism of “objective” interests. Thus the economic process changes its own institutional data. We may answer our question about the relation between Marxian economics and Marxian sociology by saying that the former implements the latter. Through the intermediate link of the Second Proposition on the economic argument supplies the wheels on which the sociological explanation runs its course and so grows in fact into a theory of social evolution. And this is what had, systematically, never been tried before, though after it was partially attempted by Historical School.

Success of this fascinating construction was immediate and profound. The struggles and vicissitudes of humanity fell into order in the light of a few fundamental principles. The most intimate secrets, the deepest meanings of history seemed to be laid bare. In particular we shall understand the enthusiasms of the educated young who found the arid bones of economic theory they abhorred from experiences of indescribable tedium, and no less arid bones served up by the scholarly historian, suddenly coming to life - moving in an orderly trionfo del morte towards a shining far-off peak. They felt that they now saw through the marionettes of current politics and that they were admitted to an understanding of the core of things denied to all the professional authorities, who drew contempt by shaking hoary heads and trying to argue that "it was not so". But what of the success not with the public but with the problems? To avoid colorless generalities, we will discuss this question by means of three concrete examples, arranged in order of importance, which will at the same time serve the purpose of rounding

off our exposition of Marx’s message. In doing so we shall not any longer stress shortcomings in theoretical technique, but bear in mind again that while they must unavoidably detract from the value of Marx’s individual results, the great idea underlying his social dynamics is not necessarily impaired by them.

1. In describing the competitive struggle between firms, working through the mechanism of the accumulation of capital, Marx derives the proposition that weaker competitors are progressively eliminated (“expropriated”) so that the size of individual concerns tends to increase until only few giant concerns are left in each field (“theory of

concentration”). Most people, foes included, have been much impressed by this proposition which at first sight seems to be strikingly verified by the subsequent course of events. We will not enter into the question whether Marx’s reasoning is perfectly correct, that is to say, whether such a tendency to concentration really follows from his argument, either as it stands or as it could be amended in the light of recent work on increasing returns, and how far that verification is genuine. We will grant that in order to display the explanatory values of any argument of that type.

First it provides us with a theory of “big business”. That is exactly what the beginner in economics and the intellectual who is not a trained economist craves for.¹ He hears incessantly of that mysterious

power and reads about it incessantly in his daily paper. When he turns to some treatise on economics he is as likely as not to find it and its satanic practices relegated to a secondary place, while problems that to him are entirely uninteresting are dealt with at considerable length. Marx lights things up for him, gives him an explanation, tells him what to think, which way to turn his vague suspicions and how to justify his impulsive dislikes. The work of R. Hilferding (*Das Finanzkapital*) then adds the complement of a theory of haute finance, which gives the beginner a still more vivid sense of life and reality, while the unfortunate professional economist to whom that sort of thing is old stuff and anything but fascinating, here fail to satisfy still more.

Secondly, however, we see immediately why production functions are being incessantly revolutionized and how the process of eliminating classes incident to this – for it is in terms of classes and not in terms of incessant rise and fall of individual concerns that Marx reasons – changes the mentality of the community. Bourgeois attitudes tend to disappear with the proletarianization, first of the artisan and then of the small and medium sized factory, and a dwindling set of wealthy magnates faces a mass, levelled by “expropriation”, that increasingly realizes its homogeneous position and interest. Thus an economic process creates and marshals the troupe that are to fight the social battles, stages the political scene, makes people in every respect – and not only in economic matters – think and feel as they actually do. I think the reader will admit that, granting what we do grant now, the type of argument of which this is an example, really succeeds in doing what it is intended to do.

[REFERENCE](#)²

¹ Fußnote Schumpeters: *It is a fact of some interest to observe that the majority of the most fervent members of Marxist groups at the universities of all countries invariably consist of students who concentrate in fields other than economics. To these Marx seems particularly revealing and these feel greatly elated by the possessions of the Marxian lights. Economists lose much of this satisfaction by being more familiar with those things.*

² Ob die großflächigen Durchkreuzungen im Manuskript von Schumpeter oder einem Dritten stammen, ist nicht bekannt.

1.2 Max der Ökonom

1.2.1

unter Marx

Marx does not reason
with equilibrium
und so interpretiert selbst Ausbeutung may
be right

[REFERENCE](#)

1.2.2

~~Understanding of Marx as an econ
begins by the fact that as far as technique
goes – and more – he was first and last a pupil of Ricardo⁺~~

Model in time
Ricardo's Betrachtungsgesetz

[REFERENCE](#)

1.2.3

Aber muß nicht profitlessness of constant
Capital lead back to all this?

Capital Theory

Ricardo's Betrachtungsgesetz

Evol. or Rev.: dumme Kontroverse

Revolution in fullness of time
knew[,] daß man mit Revolution
nicht neu Sit. schaffen kann
aber /seine/ *humanitas*²!!

[REFERENCE](#)

¹ Im Original gestrichen

² Lesart: humanities

1.2.4¹

Ist so etwas logisch möglich – eine Theorie in voller Lebensfülle?	<p>Vielleicht many others</p> <p>/:Spruch:/ – das ist ein Verdienst aber <u>wie anders</u> Ist kein Vorteil oder Nachteil ... multiplicity of forces</p> <p>Also was ist [??] Marx – und ist das möglich? Und wie steht es zu meiner /:Grenz:/idee?</p> <p>Eindeutige Bestimmtheit (Gleichgewicht in diesem Sinne) in dem Sinn, daß eine Sit. von vorheriger Sit. eindeutig bestimmt ist (das übrigens wichtig für Gleichgewichtsbegriff)</p>
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— [REFERENCE](#)

1.2.5

... following some Marxologists, we took the view that, whether a distinct “substance” or not, Marx’s labor-quantity values are merely intended to serve as tools by which to display the division of total social income into labor income and capital income (the theory of individual relative prices being then a secondary matter). For, as we shall see presently, Marx’s theory of value also fails at that task (granted that we can divorce that task from the problem of individual prices).

— [REFERENCE](#)

1.2.6

Marx – seine tieferen Bedeutungen

Essai: necessity of red *clashes*²
für consumptive expenditure ...

— [REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Lesart Uraki: *checks*

1.2.7¹

For Marx, saving or accumulation is identical with conversion of “surplus value into capital”. With that I do not propose to take issue, though individual attempts at saving do not necessarily and automatically increase real capital: ~~Today, many economists, among whom the groups led or influenced by Mr. Keynes are outstanding, deny that and sometimes stress the opposite possibility to the point of making it appear a certainty. But though not correct.~~ Marx’s view seem to me to be so much nearer the truth, than the opposite view sponsored by many of my contemporaries, that I do not think it worth while to challenge it here.

— [REFERENCE](#)²

1.2.8

Both greatness und results ist in Verbindung mit Soziol.
Aber für Theorie ein Nachteil

Keynes’ Urteil
nochmals Grundrente

Agitatorial
Soziol

War seine Theorie historisch?
Zins billigend u.s.w.,
I. und III. Bd

Ist die Theorie historisch?

Ausbeutung des Menschen durch den Menschen
Eindringen von ökonomischer Geschichtsauffassung
Dynamik

↑ Categoriale neatness ...

— [REFERENCE](#)

¹ Kein Originalnachweis vorhanden. Der Beleg unter *Referenz* entstammt einem Sekundärmaterial Urakis.

² Die roten Anmerkungen stammen von Uraki.

1.2.9

Marx hat mit all seiner Philosophie doch eigentlich eine Dynamik!
Aber Verhältnis zwischen Gleichgewichtstheorie und Entwicklungstheorie nicht richtig gesehen

There is too much which is “not so”

Konzentration in V. und auch Zusammenbruch
. und Datenveränderung
*wirtsch hist*¹ . . .

[REFERENCE](#)

1.2.10

Theorie – Fehler, technisch und in Vision ob man sie verbessern kann dynamisch–evolutionär	entrepreneur – capitalist Verelendung, <u>rel.</u> verelendung
more fascinating: Politik aufklärend und alles was geschah! und in vielen Dingen ...	
<u>Second propos. belongs to econ.</u> <u>Menschennatur</u> ²	Einbeziehung von Politik diff. line
kommt: V	Renten key
Schluß: in what sense Entwicklung zum Sozialismus, a) was für Sinn in Prognose b) meine Theorie – aber was heißt Sozialismus?...	Wie ist das mit Hitlerismus
Marx' sozialistische Politik und Vision richtiger als die Theorien??	capital Struktur Depts wage good

[REFERENCE](#)

¹ Unsichere Lesart. Lesart Uraki: *outside Sit*

² Schumpeter rekonstruiert einen wichtigen sozialphilosophischen Zug des Marxschen Denken mit den zwei Postulaten „(1) The forms or conditions of production are the fundamental determinant of social structures which in turn breed attitudes, actions and civilizations.“ „(2) The forms of production themselves have a logic of their own; that is to say, they change according to necessities inherent in them so as to produce their successors merely by their own working.“ *CS&D*, p. 11/12

... economic interpretation of history is an essential part of the argument which is to prove the inevitability of the socialist goal. But before we take up this aspect it is important to note how valuable an instrument for the training of the faithful it is. The disciple receives a comparatively simple key to all secrets of history, a uniform schema by which to coordinate observations and ideas and to array contemporaneous events. Perhaps some of us cannot help smiling when taking up some provincial daily sponsoring the Marxist cause. There, everything that happens anywhere in the world becomes so very simple and clear in the light of a few Marxian phrases. But even such analysis is greatly superior to what non-socialist sheets of the same standing have to say about the same events. Even the crippled sister of the economic interpretation of history, the Marxist theory of social classes², will then look

different to us, if only because of its value as a tool with which to hammer in the idea of proletarian consciousness. Marx himself has not developed any theory of social classes, but he offers in many places stone and mortar for the structure which it was not given to himself to build. Some of his minor writings, especially the history of class struggles in France, offer excellent examples of that type of analysis which may be looked upon as an application. But all this is not sufficient to give us a clear idea. Perhaps some points remained unsettled in Marx's mind. The difficulties, which he created for himself by trying to define the phenomenon in terms exclusively economic and by making everything rest on the unrealistic and secondary distinction between people who have and people who

¹ Unter den Nummern 11-13 publizieren Uraki/Imai isolierte Passagen aus einem zusammenhängenden Manuskript Schumpeters. Wir publizieren hier, insoweit überliefert, das ganze Manuskript unter der Notierung 11A.

² Fußnote Schumpeters: *With the proviso which follows in the text above, it may be said that for the capitalist world, there are, according to Marx, two social classes only which replaced the more complex structure of earlier states of society, the bourgeoisie and the proletariat, property being the distinguishing characteristic of the former, lack of property, of the latter. This is, of course, a highly simplified picture of capitalist society, and the proposition that the history of society is the history of struggles between classes, had to be qualified immediately, by Marx himself, by the admission that groups within the bourgeoisie and the bourgeoisie of different countries fight each other quite as much as they fight or fought either feudal or proletarian groups, a qualification which, while rescuing the theory from obviously clashing with facts, breaks the heart out of it. Moreover, acquisition of property by some people who in the beginnings of bourgeois ascendancy were in no more favourable position than others who failed to conquer similar positions, evidently raises a problem which Marx, of course, was unwilling to solve by reference to such bourgeois "children's tales" as saving and so on. So the (logical as well as historical) origins of the bourgeois class position remained in the dark. The basic phenomenon of the constant rise of non-bourgeois elements into the bourgeoisie and the not less constant dropping out of the bourgeois class of families not equal to fulfilment of the class function – "three generations from shirt-sleeves to shirt-sleeves", as the proverb has it – has been so persistently neglected by all socialist writers that it is hardly too uncharitable to suspect that they were aware of its uncomfortable implications. No real progress has been achieved in this field by Marx's followers. Development and application of the principle, that associates class distinctions with property and all social antagonisms with class distinctions, is all that has been done.*

have not command over means of production other than labor, may account for this. At all events Engels' theory of social classes does not reproduce or carry on the Marxian rudiments but is essentially of the division-of-labor kind. However, the appeal to the followers of the slogan of the class struggle being the meaning of history, was not

diminished at all thereby.

Another aspect of the great idea underlying the economic interpretation of history requires mentioning before we go on. Marx was personally much too civilized to fall in with those current and vulgar forms of socialism which do not recognize a temple when they see it. His cultural vision was much too wide for that. He was perfectly able to understand a civilization and the "relatively absolute" value of its values, however far removed from it he might have felt himself to be. In this respect no better testimony to his broad-mindedness can be offered than the Communist Manifesto which is an account nothing short of glowing¹ of the achievements of capitalism and a clear recognition of its historical necessity (which of course implies quite a lot of things Marx himself would have been unable to accept). But in this attitude he was undoubtedly strengthened, and it was made more easy for him to take, because of that perception of the organic logic of things to which

his theory of history gives one particular expression. Things social from his standpoint fell into order for him, and however much of the coffee-house conspirator he may have been at some junctures of his private life, his true [...]

[REFERENCE](#)

¹ Fußnote Schumpeters: *My eminent friend, Professor Mason, who has been good enough to read this essay, remarked on the margin of above passage: "This is stretching it a bit". Well, let us quote from the authorized English translation: "The bourgeoisie...has been the first to show what man's activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts and Gothic cathedrals.... The bourgeoisie... draws all nations...into civilization.... It has created enormous cities... and thus rescued a considerable part of the population from the idiocy [sic!] of rural life.... The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together." Observe that all the achievements referred to are attributed to the bourgeoisie alone which is more than many thoroughly bourgeois economists would claim. This is all I meant by the above passage—and strikingly different from the views of the vulgarized Marxism of today or from the Veblenite stuff of the modern non-Marxist radical.*

1.2.14¹

1.2.15²

We have endeavoured to sketch Marxian economics as it must inevitably strike a modern economist who approaches it in the armor which later work has put at his command. Enough has been said to enable the reader to understand the verdict to which the vast majority of competent economists of to-day would unhesitatingly subscribe: A series of blunders in analysis, in a setting of glowing phrases, wedded to a faulty sociology glittering with dubious gems. This is, for instance, but a summary of the opinion of Mr. J. M. Keynes.

But if we look back on the last steps of the Marxian argument, and if we compare them with what any standard treatise on economics has to say, we cannot fail to

—————[REFERENCE](#)

observe a fact, which will immediately shake our confidence in the verdict. However rigorously we may strip Marx of both prophecy and phraseology, something emerges behind it all, which has a meaning and a value of its own. And however severely we may condemn his blunders, something remains if not as an achievement, yet as a goal – something which makes his argument, in one important point, incommensurable with the rest of traditional economics (although there is no reason, except a „phraseological“ one, to call the latter „bourgeois“ on that account). This something is the attempt to construct a theoretical model of the historic process of economic change.

In order to realize what this means,

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we must remember what has been said above about the Economic Interpretation of History and its cardinal importance for the whole of the Marxian system. We are now concerned with the second of the two propositions, into which we have resolved it, viz. the proposition that the economic element in Social Life contains, within itself, the evolutionary impetus, which by its own logic and by necessity, transforms the social and economic conditions of production and, by virtue of the first proposition, everything else. And the purely economic argument of Marx, his economic analysis or what we usually call „theory“, serves the purpose of providing the apparatus, the conceptual tools, in order to show why and how it is that the economic

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¹ Die von Uraki/Imai unter Nr. 14 publizierten und durch Originale belegbaren Passagen sind in Nr. 1.2.15 enthalten.

² Wiedergabe von 6 Seiten eines offensichtlich zusammenhängenden Manuskriptes.

organism is thus incessantly transformed, what the disruptive forces are which every economic organization (save socialism) generates, and how they act so as to produce another such organization and, with it, the social data of another civilization.

Ordinarily, economic theory does not attempt to do that. It is true that we find – Ricardo is again the author, in whose pages we find particularly clearly – the elements of a theory of economic change, consisting mainly of certain propositions about the historical – and future – course of rent, wages and profits. Marx may very well have started from these, as he undoubtedly started in so many other cases from Ricardos teaching. But here it was so little Ricardo had to offer, and in the non-marxian theory even that little died out so completely after John St Mill,

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that we may fairly allocate to Marx alone the idea of an economic theory which does not stop at the description of economic mechanisms of various kinds but undertakes to reduce to exact principle the historic evolution of the actual mechanisms we observe, from the dawn of civilization through “capitalism” and beyond. Theory thereby acquires an historical connotation and a fascinating flavor of reality and of the struggles and catastrophes of real life, which must necessarily be absent from the structures of other economists, who are content to provide the means with which to analyse the working of given economic systems, defined each of them by appropriate assumptions, and who are in perfect agreement with the majority of economic and social historians in holding that nothing can be said about

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the historic sequence of certain of those systems or about the way in which one historic state “generates” the other.

Of course, all this does not excuse mistakes. Besides, the grandiose aim of thus reducing history to simple principles, is obviously open to question, and might easily, by some of us, be voted out of court as just another of those dilettantic “philosophies of history”, which are, and always have been, so distasteful to serious and conscientious historians. Finally, even if we waive any such objections, the question remains as to the correctness of Marx’ social vision and as to the value of his particular contribution towards the realization of that – scientific as distinguished from any practical – goal. On all three counts, his system ought to be tried again.

—————[REFERENCE](#)

1.2.16¹

1.2.17

... question whether the intrusion of the element of different lengths of production must really by itself and in all cases cause the commodities to be sold for prices different to those indicated by his fundamental theorem on value. As it was, he never questioned the fact, and finding Ricardo unsatisfactory on the point and perceiving much more clearly than Ricardo did himself the seriousness of the breach, he employed himself with all the doggedness the true theorist displays in the face of a logical hitch, for years and over hundreds of pages, to show how prices are in reality determined, if they are not determined by the law of proportionality to quantities of labor and furthermore to prove that the principle according to which they are determined does not after all really contradict that law. It is an open question whether the final results of his efforts are really before us, for the third volume of his chief work, having been put together after his death, contains much matter of the character of provisional sketches. But there can be no question, that the problem was wrongly put by the master and wrongly accepted by the pupil. Formulated as they were, the principle of proportionality and the principle of the equal rate of profits are logically incompatible if introduced on the same plane, so that prices would have to conform to both in the same sense and at the same stage of argument. They are not incompatible in the sense that the one was logically prior to the other and that the other modified the consequences of the former. Marx's labors have been paralleled by the efforts of defenders and critics who of course failed to convince each other, as people must when...

[REFERENCE](#)

¹ Unter dieser Nummer bieten Uraki/Imai Passagen eines maschinenschriftlichen Entwurfs, die sich vom publizierten Original (*CS&D*, p. 25, ab Mitte fortfahrend) wesentlich nur stilistisch und diaktisch (deutlichere Herausarbeitung des Unterschiedes zwischen Arbeitskraft und Arbeit in *CS&D*) unterscheidet. Hier der Online-Zugriff auf den unter 1.2 gemeinten Entwurf: [REFERENCE](#)

3. His booty, the surplus value, the capitalist invests in labor-saving machinery. To Marx's argument it is essential that he should do just this and do it promptly (theory of accumulation). Why this should be so, unavoidably and automatically, is explained by the pressure of competition, which forces this course on the capitalist who would otherwise be thrown out of the running. This rests on the observation of a fact of experience. We all know that concerns are forced to plough back into the business a great part of their gains and that they have little choice but to do so. But this is not a cause but a consequence of the rapid rate of capitalist evolution, and it is this evolution and its rate which must be explained and which once explained in turn explains the extreme instability and sensitiveness of the industrial organism existing at any time and the necessity of constantly remodeling every established concern. Without such explanation, the process of the reinvestment of gain and especially reinvestment in the direction indicated by Marx, lacks motivation, and it cannot find it in itself. Hence the conclusion that from the theory and the explanation of exploitation gains, were it even as satisfactory as it is as a matter of fact, unsatisfactory, we cannot follow Marx on to his next step because his bridge is a mere surface phenomenon and breaks under us unless we peg it by elements entirely foreign both to his theory and his social vision.

The main peg is the entrepreneurial function which is much more important than any routine process of investment, which moreover acquires its own importance and its meaning from the

thing the creation of which it finances. Marx was unable to take account of this. He accepted the old classical identification of the entrepreneur and the capitalist, which may with the classics be partly excused by the extenuating circumstance that the two functions so often coincided in the family enterprise of their time, but which nevertheless remains faulty analysis.

Apart from this, however, his own vision and the structure of his theoretic apparatus made it all but unavoidable for him to look at the capitalist process as something automatic and impersonal, in which the only creative force, labor, was tied by ineluctable chains to an apparatus running by itself. As it ran, so it developed by itself and reinvestment was the only automatic factor available in this development. It stands to reason that any other view would have made it difficult to draw the picture of a parasitic capitalist class, the only function of which was to squeeze value out of the producing workmen and to squeeze it into the economic process again. No importance need, however, be attached

¹ Unter den Nummern 18-22 publizieren Uraki/Imai isolierte Passagen aus einem zusammenhängenden Manuskript Schumpeters. Wir publizieren hier unter der Notierung 18A das ganze Manuskript, insoweit überliefert, zusammenhängend.

to this. It is quite enough that Marx's analytic apparatus would not work that way. It is interesting to note that a similar theoretic situation and similar practical tendencies are present in and responsible for much of monetary theory of our own time: with some of our most prominent authors investment has again become a shibboleth constructed to do what a faulty apparatus is unable to do. We are in the habit nowadays of calling this the monetary theory of the business cycle.

Nevertheless let us cross the swaying bridge and accept the theory of accumulation.

4. As I have said above, nowhere Marx's direct dependence on Ricardo is more in evidence than in the theory of the effects of mechanization on the productive process. What we behold after having crossed the gulf just described, the theory of "immiserization", entirely leans on the argument in Ricardo's famous chapter on machinery. Marx lets workman at an increasing rate be displaced by machinery and pours wrathful sarcasm on his critics, as he always does when the ground is unsafe. The workmen so displaced, or to use the phrase offered by Marx for popular consumption, thrown on to the streets (the "industrial reserve army") depress wages and increasing misery ensues on the one hand and increased discrepancy between the productive capacity created and society's capacity to consume on the other.

There is nothing in all this and at best a very modest case can be made out on the strength of temporary disturbances incident to economic change. From the theory of accumulation, displacement of labor in the productive process taken as a whole does not follow under competitive assumptions. Moreover, absolute as distinguished from relative fall of total real wages would not follow from even permanent displacement. Finally the discrepancy between productive capacity and ability to absorb the product does not follow from even an absolute fall in wages. It is true that an improved analysis shows that while this whole chain of argument is fundamentally wrong, yet an insertion of suitable assumption may prove each of the Marxian results as statement of possibilities or even tendencies, although these are overshadowed by much more fundamental factors. Because of this it is not entirely justified to point to the steady increase of employment at rising real wages during the

whole of the capitalist epoch as an obvious refutation of Marx. It can easily be replied that such an intermezzo, coinciding as it did with the opening up of new countries, does not prove anything at all. Theoretical argument can only be refuted by theoretical argument. But it is precisely this test that Marxian argument fails to meet.

5. The last and crowning piece of argument, which has thrilled many thousands but was the first to be given up by the best brains among Marx's followers (among the most orthodox and most accredited the first to do this was, I believe, R. Hilferding) follows immediately from the theory of the reserve army, the Ricardian „redundant population“.

Under the pressure of the automatic process of mechanization, concerns rush down along descending cost curves into a desperate struggle characterized by both over-production and under-consumption in which progressively fewer and fewer survive, whilst the capitalists connected with the others are progressively “expropriated”. The facts of the elimination of the craftsman and the growth of the giant unit and others by which the factual connotation of this could be illustrated are obvious and have been often triumphantly pointed to by the faithful. We waive the question how far this triumph was really justified and are content with stating that in part it certainly was. Not as much, however, can be said for the other branch of the argument leading up to the same result. The discrepancy between power to produce and power to consume deduced before is made to explain the phenomenon of recurrent capitalist crises. As a theory of the business

cycle this is entirely wrong because the working of the capitalist system as such does not produce any such discrepancy. So far the theory is hardly more than the application of faulty instruments to the description of a surface phenomenon observable when depression has actually set in.

But there is more to it. By what some may think a stroke of genius and others may think a simple mistake in analysis, the same argument is made to lead up to a final catastrophe of capitalism (“breakdown theory”). The same mechanism which will produce crises from time to time will increase these in intensity as time goes on, and one such crisis, not differing in kind from the preceding ones, will one day kill the system in a chaos of failure, disgrace and misery, when the class-conscious proletariat will irresistibly rise to its feet and take possession of the means of production – “expropriate the expropriators”. Be it mentioned to Marx’s honor that he thought of this in a truly great spirit. No mean cruelties, no despicable sadisms enter into this picture which is a sublime one of universal liberation not only of the workman but also of the capitalists themselves, who are perfectly logically thought of as being a special kind of victims of the system. And not only all men are liberated but also tremendous cultural forces and sources of new cultural creation. Here we may as well dispose of the silly controversy which goes on under the heading: Evolution or Revolution? It has already been emphasized that Marx did not lack historic sense. ~~Perhaps he thought it possible to quicken its step – one instance~~

~~pointing to this is his strangely devious argument for free trade, in which the competent economist he was perfectly recognized that free trade was to the advantage of the working class, but the socialist leader, being very reluctant to admit that any such bourgeois tenet could possibly be true, advocated the thing merely on the ground that it would quicken the step of evolution and so bring capitalism sooner to its end.~~¹ But he can never have approved of revolutionary initiative in milieus which were not in his sense “ripe” for

¹ Passage offensichtlich von Schumpeter gestrichen, vgl. hierzu die Vorlage.

socialism. However, he correctly recognized the fact that the institutional framework of any society has a momentum of its own which may make it outlast its economic foundations, and this he certainly proposed to do away with by revolution. None of the infantile attitude of the common run of revolutionists, who hope to create new worlds by violence can be charged to him, however often his associations and his passions may have betrayed him into similar attitudes in particular cases. His Revolution was not only not incompatible with evolution towards socialism but on the contrary its realization. It was revolution in the fullness of time.

Incidentally it should be observed that this is also the reply to all those who persist in still looking upon Marx as a visionary, scientific socialism and opposition to Utopian socialism notwithstanding. Quite reasonably socialism in the fullness of time, when rationalization of industry could be expected to have been carried very far and the rate of interest to have converged towards zero, when men's minds moreover could be expected to have lost feudal and bourgeois prepossessions

and to be psychically ready for the great change, would be a thing also practically different from a merely thought out socialist scheme set up just somewhere and somehow.

An interesting doctrinal development, hinted at by Marx but set up by Bauer, Hilferding, Luxemburg and Sternberg (the whole important group, in fact, which is known as Neo-Marxist), derives from the analysis of the capitalist process sketched in our last steps. When capitalists find that the masses they have impoverished can not buy what they could produce, and when the rate of profit is rapidly shrinking after each attempt to keep it up by mechanization, they try to invade other markets or other fields of investments. As this happens in all capitalist countries, they first of all cry out everywhere for protection. And they go at the same time for those countries which cannot protect themselves, urging the home governments to conquer those countries and make them colonies or if this be not possible, to conquer those countries economically by investing in them – “capitalizing through the existing precapitalist space”. Their competing nations meet and in no friendly mood, the capitalists of everyone of them being whipped from behind by shrinking profits and increasing cut throat competition at home. Hence nationalistic attitudes and phraseologies, hence capitalistic wars. This is the socialist theory of imperialism which thereby reveals itself as only one stage, the last one, of capitalist evolution.¹

Needless to say how wide the expanse of historic and contemporaneous fact is which the theory has to account for. Needless also to emphasize how excusable it is for the faithful

¹ Vgl. CS&D, p. 49f.

to look upon facts which seemingly fit the schema so well as so many verifications. Of course if we have no faith in the steps leading up to it, no amount of verification can save the doctrine, especially if there are other explanations which fit the facts still better. In this case nothing remains but to add this fascinating theory on to the long list of instances of spurious verification.

The economic interpretation of history intervenes here most obviously. In fact the theory of imperialism offers a very good illustration of the art of how to apply it. But of course the whole orchestration of the great symphony of the capitalist process rest upon it, and the way in which socialism is to come about according to Marx is the best and most forceful exposition of his general idea about the way in which every social organization procreates the next one. ¹

[REFERENCE](#)

¹ Handschriftlich von Schumpeter unter dem maschinenschriftlichen Manuskript: *not a very good endeavour*

The verdict on Marx's purely economic argument is at once seen to require a modification. Marx did not explain, and he was probably not fully aware, that what mattered most to him, were states of disequilibrium or essentially transitory situations, which are never allowed to work themselves out into a state of equilibrium but on the contrary procreate others which are¹ still farther removed from it.

Das ist nicht gut

Vielleicht so besser: It will be best to state first the result of revision and then to add so much of its as is possible in an essay like this. Both as to purely econ. argument and sociology (and vision) it is possible to correct and still retain not only the bad /:fest:/ aim², sondern auch some details, but sting is taken out and sweep – science is eben nicht prophecy und es ist mit Voraussicht wie mit Abwägen von Konsequenzen. (Ausblick auf Möglichkeiten des Kapitalismus? abolish poverty?)

all colours und implic. lost

Aber das ist doch als wie wenn ich nur hätte Marx verbessern wollen; sollte doch lieber sagen: das ist ein anderes aim und Kritik von Stande der gewöhnlichen /:Theorie:/ trifft nicht das Ganze und wird auch ungerecht aber das verbessert die Sache nicht.

Mechanismus beruht auf a) Ökonomie
 b) Klassen ...

Falsche Vision
falsche Diagnose des Kapitalismus
und seiner Dynamik ...

[REFERENCE](#)

¹ über dem „are“ die Einfügung „may be“

² Lesart Uraki: *the festigt aim*

Such then, is Marxian economics in a nutshell, as it cannot fail to strike any dispassionate analyst who is familiar with the modern apparatus of the science. It's case may well seem hopeless, and this is in fact the verdict of the vast majority of competent economists of to-day: A series of blunders in a setting glowing phrases wedded to a faulty sociology glittering with dubious gems. In support of this statement we need only mention Mr. Keynes. ...

Verbesserung aber definiert

implice. Dann

Nur eine /:Enquete:/ über

- 1) disequil.
- 2) imperf. compet.
- 3) labor theory of value

Lange

fascination und Verif.!

Sociology ist eine Aufgabe

Model of process in time ...

Können wir noch Marxisten sein? (Die Theorie sagt immer nur "wenn")

Und nicht vergessen, über die Wichtigkeit des 2. tenets der ökonomischen Geschichtsauffassung zu sprechen — dieser 2. Satz falsifiziert ¹

...

Capitalismus falsch gesehen! ...

[REFERENCE](#)

¹ Das letztes Zeichen des Terms wurde nicht identifiziert.

1.3 Weiteres zu Marx und zum Sozialismus

1.3.1

Marx	<u>Philosophy ...</u>	<u>gemeinsamer Boden</u>
		heaven* ¹ this side of grave obgleich gerade so wenig ??? ² wie bible
	Beteiligung in Russia aber Renaissance in Amerika besonders merkwürdig!	
<u>Licking boots</u> [??] [??] ³ slowly accepts order from Moskau	Neomarxists und Sternberg ⁵) auch Bernstein?)	
	Religion, ends, *Prophecy, Heilslehre; applying reason to social affairs is <u>not</u> the point	
	<u>letzter Stand</u> und Schema für Erklärung von <u>allem</u> aber Religion auch Schwierigkeit für Entwicklung	
Gemeinheit <i>they</i> ⁴ speaks of god scientists	Widerspruch: Wissenschaftsentwicklung	
	<u>Neomarxismus</u> <u>Erklärung verschiedener Meinungen über ihn (in England! Ricardo)</u>	
	<u>Man kann Marxist sein und Zins billigen</u>	
		Imperialism Neomarxism Expr. of Expropr.
	Seine kulturelle footprints (und /Morde/ ⁶); Komm. Manifest... konserv. Deutung! crooked Argument für Freihandel	
	Gespräche mit Lange ⁷ und seine Artikel	
	Ich gebe another example für widerspruchsvolle Wertung.	

REFERENCE

¹ Die mit *gekennzeichnete Passage weiter unten („Prophecy“) verweist auf diese Bemerkung.

² Lesart Uraki: *recht*

³ Hier sind 5 Worte nicht zu identifizieren.

⁴ Lesart: *he*

⁵ Der Marxist Fritz Sternberg (1895-1963) hat besonders zu Imperialismustheorie gearbeitet. Nach dem überlieferten und bei der Friedrich-Ebert-Stiftung aufbewahrten Briefwechsel Schumpeter-Sternberg ist davon auszugehen, daß sie sich getroffen und fachlich diskutiert haben.

⁶ Die Passage in Klammern steht im Original als Einfügung über dem Text.

⁷ Oskar Lange (1904-1965), marxistischer polnischer Ökonom und Politiker. 1938-1945 Professur in Chicago. Nach 1945 politisch und wissenschaftlich erst als Botschafter der VR, dann in der VR Polen tätig. Wir erfahren hier, dass es Gespräche Schumpeter-Lange gegeben hat.

1.3.2

Beginn von “V” (ad Edgeworth)
also jedes Element in sich /forschen/!

Und ökonomische Geschichtsauffassung [??]¹
part well – auch bei Diktaturen

Das Große ist die richtige Vision

Zusammenbruch des Kapitalismus
Ricardos Betrachtungsgesetz

— [REFERENCE](#)

1.3.3

Schon gesagt bei Ausbeutung, daß seine Zahl² nicht [??]³ ist ... can never *attain*⁴....

V

Warum so fasziniert?

but there is none to it; truly dynamic

Imperialism – Nazismus

das socio-psychol. Moment was inevitability means

Inevitability ↗ – aber auf diese aus durch Ökonomie und Daten

— [REFERENCE](#)

¹ Lesart Uraki: *directs*

² Vgl. Schumpeters Auseinandersetzung mit Marxens Vorstellung von der Ware Arbeitskraft, insbesondere seine Frage: „But what number of labor hours enters into the “production” of the stock of potential labor that is stored up within a workman’s skin?“ *CS&D*, p. 26.

³ Lesart Uraki: *equal*

⁴ Lesart Uraki: *alter*

1.3.4

Ausgangspunkt Daten
Sociology
dann was das alles bietet
Imperialismus ... Kämpfe um Profit

— [REFERENCE](#)

1.3.5

Gesetz der fallenden Profitrate ...

ultimate victory – wissenschaftlicher Sozialismus
aber schon gesagt, aber noch darauf zurückkommen auf proof
vielleicht auch /:Hitlerism:/

— [REFERENCE](#)

1.3.6

Marx unempl.

data und Variables zu behandeln

Methods; trusts¹; institution – besonders private property –²

Rationalität

Aber capital ist auch ein Datum! ... Kinderfibel

Bevölkerung kein Datum ...

Produktionsfunktion ... Theorie of development s. Mill ...

accuml. ist Funktion von output and increase
und nicht rate of Interesse. ...

Also, wenn faced mit Argument, daß Leute nicht wie Maschinen produziert
werden, hat Marx die labor saving methods, wenn Mehrwert reduziert wird
z.B. durch Reduktion des Arbeitstages u.s.w., dadurch der nötige Druck
gegen das Maß von /:Entgelt:/ hin — das ??? verhindert wäre
aber Durchschnittsprofitrate change of Methode

high wage = low profits;

Kapitalismus kann nicht leben ohne Profit. ...

Data: changing ceteris paribus

labor saving nur eine Form, Profit zu verfolgen

aber das ist schief!

protection of profit; Combine; use of state

faith; Imperialismus; Monopolismus,

war ...

REFERENCE

¹ Lesart Uraki: *factors*

² Der Einschub ist im Original ein Pfeilverweis.

1.3.7

Wie antisozial
Arbeiter- und Farmerinteresse immer ist
worse than any bus. group, die wenigstens immer was
leisten sollen

und das antisozialistische ist, daß "Labor" eine
Profession ernährt

Marian Bowley¹
mit Senior und Classical Economics

REFERENCE

1.3.8

FinanzKapital **doch wichtig!!**

Die Neomarxisten überhaupt
would be the best today,
das alles daran.

Imperialismus als letzte Stufe – eine falsche Vision

Die Notes on Klassentheorie
(our aspect of existing classes
und das falsch²)

nicht vor uns Philipp d'Orleans. ...

REFERENCE

¹ 1937 erschien bei Georg Allen & Unwin die Arbeit von Marion Bowley: Nassau Senior and Classical Economics. Vgl. auch den Marx-Senior Vergleich in CS&S, p. 33 fn.15.

² Schumpeter bezieht sich hier offensichtlich selbstkritisch auf seine Unterlagen zur Klassentheorie.

1.3.9¹

1. Ausbeutung 2. fallende Profitrate	} vielleicht mit einem Moreover anzuschließen als das Referat und die Kritik über veränderte Theorie
Cost nicht proportional to value	
Passage über Reed ²	Kämpfe um Profit und ihre Erhaltung ⁴
Datenveränderung essential	<u>Novel</u> ⁵ : das Modell
<u>Genug Hypothesen!</u> Marx hier technisch [??] ³ und <u>wie equil damit zu vereinigen</u>	Kladderadatsch ⁶ aus Reise eigentlich nicht marxistisch
defence of profits, Großbetrieb	Marx himself points and bases on it
“dynamics” Konzentration oder in IV vielleicht in 5? jedenfalls imperialism	Zusammenbruch aufgegeben Capitalist perversion of its achievements
bourgeois categories	Also “Daten” in V zusammen mit Geschichtsauffassung und /:Klassen:/ Politics IV enden mit Model in time

REFERENCE

- ¹ Das fragliche Originaldokument konnte im Sommer 2019 nicht im Bestand der Schumpeter-Kollektion ermittelt werden. Als Belegexemplar benutze ich daher ein von Uraki im Sommer 2018 übermitteltes pdf- Dokument.
- ² John Reed: Ten Days That Shook the World (1919). Vgl. die Bemerkung über Reed *CS&D*, p. 17P
- ³ Lesart Uraki: *äußerer*
- ⁴ Die Notiz ist mit einem Bleistiftverweis auf die Bemerkungen unten links zu „Konzentration“ bezogen.
- ⁵ Wohl für *novelties*
- ⁶ *Kladderadatsch*: ein wöchentlich erscheinendes Witzblattes, das vorzugsweise die politische Satire kultivierte, 1848-1944. Schumpeter wird anlässlich einer Reise darin geblättert haben.

Der Kostpreis bei Marx ...

Schicksale der Wissenschaft – wird nicht weniger
fascinating[,] wohl aber für den Laien!

Not convenient for more rigorous
dealing mit einzelnen Problemen

Krisen entstehen durch dieselben Faktoren,
die auch Kapitalismus über [den] Haufen werfen

Marxism und Hitlerism

REFERENCE

1.3.11

Warning in what sense that is expl. – keine Basis für Kritik	
Subtrahend und minuend zweifelhaft aber nicht so falsch gleiche Profitrate und dann also Schwierigkeit; Idee, Maße und Verteilung	

Jetzt Dynamik of it: for is Tool for irreversible process	
accumul <u>theory of saving</u> Verelendung ([??] ¹ prop.)	class struggle in defence of Profit
Zusammenbruch (Krisen von der gleichen Ursache)	und um ihn zu erobern: Verkürzung der Arbeit; Frauen- und Kinderarbeit; hinzufügen Geldwert
Verbindung mit mat. Geschichtsauffassung und besonders deren 2th Propos.	exprop. Krisentheorie

Vision falsch glaring irrtümlich; seine sozialistische Politik (aus Zeitumständen aber tiefe Einsicht, daß andere Klassen die Arbeit des Prolet. tun.)	
Young and inexper. that feel themselves to be admitted sight in dark secrets.	
Finanz Kapital	
Anwendung auf Nationalismus	Hilferding; Bauer, Adler, Luxemburg; Sternberg
Neomarxisten; Imperialismus	↔ struggle for Keeping surplus
Inevitability of Socialism – dissolving aber wer weiß	
<u>When corrected, fascination gone</u>	
Contempl of bourgeois eco. – was ist das?	
Also unter 3. die Dynamik →; die Widerlegung, der junge Mann hätte aufgegeben, und dann V. Such are Marx Economics ² wider implication wie weit Automatisch (2. Proposition ³) Imperialismus – ?? Politik	→ hier noch Marx und Hegel (oft in einem Satz) [sowie] Marx und Engels – warum so viel mehr fascin besonders Sagt er wirklich mehr? z.T. nur scheinbar, aber zum größten Teil wirklich. Wir werden /:nur:/ ⁴ Teilwahrheit /:sehen:/ ⁵ incommensurable like a line and a square, wo immer wirklich meet, wird Marx geschlagen ??? unsere /:Kapital:/theorie.
Neomarxisten Sozialistische Taktiker	
... die Inevitability	

REFERENCE

¹ Lesart Uraki: *rational*

² Das ist, wie aus diesem und weiteren Arbeitszetteln mit Gliederungshinweisen u.a. zu V hervorgeht, offensichtlich eine frühe Planskizze.

³ Vgl. hierzu Fn. 2 zu 1.2.10

⁴ Lesart: /:nun:/

⁵ Lesart: /:sagen:/

<p>V. Junge Leute glamor Such there are flavor kind of argument....</p>		<p><u>Sozialismus zu</u> <u>/:begründen:/</u> Können wir Marxisten sein?</p>
<p>Automatismus</p>	<p>fascination</p>	<p>Marxist. Politik und Revolution /:Evolution:/ und Revolution</p>
<p>Hineinnehmen von ökonomischer Geschichtsauffassung und Klassen; obgleich class struggles find its place along</p>		<p>Beispiel struggle of nations</p>
<p>Neomarxist</p>	<p>Imperialismus</p>	
<p><i>Einstein</i> Deutsch</p>		
<p>Allgemein und doch concrete aber selbst in Theorie Pigou und Keynes Veblen</p>	<p>Center presence Russland Deutschland in Italien und Frankreich</p>	
	<p>Class dispute yearn for freedom who finance carry gentleness.</p>	<p>Sehr weise, daß kein Program: <u>uncritical belief</u> [??] Kultur malleability ...</p>
<p>This does not mean, daß Sozialismus unmöglich Demokratie</p>		

REFERENCE

1.3.13

Ja – weshalb die Geschichte des
Marxismus?
Neom. Sternberg¹

Die Sicherheit des heiligen /Zinses/
Salvation
from what

Einheit des Systems: es gibt keine Einheit

pupil-redundancy
Professor Ricardo

Model in time

Ricardo und Quesnay

Question of socialism is not economic – yet its ballyhoo und advertising is
what Marxists ought to say.

Werttheorie
der Widerspruch

auch andere Widersprüche

schwache Geldtheorie

Natur der Ausbeutung
kulturelle Vision

scientific soz
Leitfaden für Beurteilung der Klassenkämpfe
im kommunist Manifest

Philosophy

[REFERENCE](#)

¹ Neomarxist Fritz Sternberg.

Also über politics als Teil der Reakt ist schon in marxian economics p 63.¹
 No longer politics – roughly strong or wise statesman – bring det. and conductor of efforts
 Aber noch nicht das Moment, daß politics nicht separat behandelt werden kann und man nicht sagen kann: “wäre nicht nötig; ist nur politics”
 Noch zu sagen daß, was ein Datum ist, ein matter of analytic choice ist

Ferner schon etwas über Erklärung der letzten decade: nicht spezif. marxist. strukturell change²

Evol. und revol. ???	for, as we shall see later, those facts
fullness of time maturity 84!	sind nur der Krise überhaupt
	(Arbeitslosigkeit, kein investment
	opp. u.s.w.)
	Dem ähnlich auch schon die 70er
	Jahre
Emperial ³ und “these things”	so many sources of social waste p 13.
Imperialism in I und II	schon über Revolution von 1905
	p 84

[REFERENCE](#)

¹ Schumpeters Selbstverweis auf ein unbekanntes Manuskript zur marxistischen Ökonomie.
² Womit Schumpeter auf seine langweilige Analyse der 30er Jahre abhebt.
³ Alte Form von *Imperial*

1.3.16(N)

Tendenz Marx umzudeuten
und in Verbindung zu bringen mit moderner
Ökonomie!
Neomarxismus

fascination und Wissenschaft

Theorie und historische connection

Marx und Freihandel

second preposition

wrong vision? pre-descending Theorie

tragedy of prophet Glance at examples of
phrases

—REFERENCE

1.3.17

Können wir noch Marxisten sein?
So nicht; Konzentration
Finanzkapital; auswärtiger Handel

Wages *goods*

Struktur of capital
Krisen

Vergleich mit bourgeois Theorie

—REFERENCE

1.3.18¹

¹ Dieser Beitrag ist in unserer Edition Teil des Manuskriptes unter 1.2.18A.

1.4 Ergänzungen und Verwandtes

1.4.1

Marx essay — über amerikanischen
Marxismus
über das neue Wollen
aber Marx behauptet nicht /:statistisch:/¹ gemeint

— REFERENCE

1.4.2

- 1) socio. psychol. Frage
- 2) nicht aktuell
- 3) theoretisch,
- 4) ...

Habe wieder auf “Betrachtung” hingewiesen
daß jedoch Marx deshalb noch nicht gerechtfertigt
Krisen – Zusammenbruch – /:Moden:/, merit, *novel*

eher V { Datenänderung und
Zusammenwirken mit
Geschichtsauffassung und
Klassentheorie ist inevitable

Kampf der Kapitalisten;

Imperialismus; Politik ...

— REFERENCE

¹ Lesart „statisch“ ist aber naheliegend.

<p>9.) Real basis of socialist prediction, socialist Möglichkeit und social. Kultur, Bild verunstaltet durch sickness und durch jene, die bürgerliche Konzessionen machen</p> <p>Meine Prognose <u>Was der Sozialist sagen sollte und nicht sagen kann</u> grand show Trusts, exprop. Ende ...</p>	<p><u>Insert in proper places</u></p> <p>1a) defence of Marx dagegen, daß er sich nicht mit /psychologischen/ Fragen abgab</p> <p>1) Dauertypus racial u.s.w. ...</p> <p>2) Bernstein (a. a.¹ Stelle auch seine anderen Argumente) immanente Logik der Wirtschaft (und anderer Gebiete nicht?)</p> <p>3) Expl. Sublimation von populären Begriffen <i>zu /behaupten/, so daß nonsense Gefühle eingespart werden</i>²</p> <p>4) daß nicht Kleinbürger und nicht trade union</p> <p>5) Referat – Rodbertus (zugleich soziol und ökonomische Kateg), 5 a) fallenden Profitrate</p> <p>6) Capital Struktur und kein surplus value on konstantem Kapital</p> <p>7) <u>über mögliche Rechtfertigung der Ausbeutung</u> Ricardo's Betrachtungesetz</p> <p>8) model in time und Kapital u.s.w., trotzdem daß jeder Schritt falsch, auch wenn jeweils alle vorhergehenden [??]³</p>	<p>Directions into picture</p>
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[REFERENCE](#)

¹ a. a.: an anderer

² Der Stenograf war sich der Wortfolge nicht sicher.

³ Lesart Uraki: *Kategorien*

1.4.4¹

Zitate und Erklärungen wären nötig

1 mal bei "Edgeworth"

2 mal bei "Max Weber"

3 mal bei "Pareto" (p12)

p 14 erfordert dann sequel später – automatische Entwicklung

4 mal bei Bernstein p14 – Revisionismus

bis 22 geht es so ziemlich, aber p 15, 16, 17 require re-[Wertung](#)

systematische Berücksichtigung von – und Entgegnung– Lange?

Lenismus wirft alle Visionen über Bord
bloße Theorie

Entwicklung zum
Sozialismus
Wirkung

Wirkung außerökonomischer Daten und
Rückwirkung

...Ökonomische Geschichtsauffassung und
*Buddenroman*²

[REFERENCE](#)

¹ Die Entzifferung durch Stenografen liegt mir nicht vor.

² Stimmt die Lesart, dann sind die *Buddenbrooks* von Thomas Mann gemeint.

2. Zum Kapitalismus

2.1 Im Umkreis der schöpferischen Zerstörung

2.2.1¹

Material in Cambr. Cabbage ?

Ich habe in Chap.V nur 2 % gerechnet
Das applied to 1928; dann gilt für 1978 $2,7 \times 1928^2$,
das sei trotz private disp. inc. corrected für changes
of p.p. schätzte für 160 Millionen³ p.p.
und aver. income from 650 to about 1300 of 1928
p.p.⁴
Amount of 1 \$ at compound interest of 2%: 1.55
gross total Einkommen, Kuznetz, total pr.c und cap.
Investment p.8, both von p.130 ...
Wenn 90 für 2% (correct pr.) ... also
 $90 \times 1.55 = 139.50 \sim 140$... in 28 prices ... 1000 per
head aber gross ... Aber wenn 3% : $1.9 \times 90 = 171$
Billionen ...
Ernste Frage: danach hätte der Krieg
ein hedge gemacht. ...
Wenn 1943 Preise, welche 103.1 der basis 26
sind, (1928:95), so macht dieses letztere (weil
 $108 = 108\%$ von 95) 188^5 ...

—REFERENCE

- ¹ Wie auch Uraki/Imai notieren, entstand diese Notiz nach Fertigstellung der ersten Auflage.
² Gemeint: 1978 ist bei durchgehend 2%igem Wachstum das 2,7 fache des 1928er Wertes vorhanden, für die 650 \$ Durchschnittseinkommen von 1928 ergäben sich so für 1978 um 1755 \$, bei Berücksichtigung von Kaufkraftänderungen, wie Schumpeter *CS&D*, p. 65 entwickelt, 1300\$ der Kaufkraft von 1928.
³ Sloanes Schätzung der Bevölkerung für 1978: 160 Millionen. Vgl *CS&D*, p 65.
⁴ Zu „purchasing power“ see *CS&D*, p. 65. Der Blick auf 1930 zu 1980, wobei die 1517 \$ von 1930 bezogen auf die Inflation im Jahre 1980 der Kaufkraft von 7500 \$ entsprechen, ergibt etwa eine Verdopplung. Nach: <https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>.

State and Local Government Workers	\$ 1517/year	State and Local Government Workers	\$ 15078/year
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Vgl. hierzu die Verdopplungsannahme in *CS&D*, p. 65.

- ⁵ Uraki notiert zu diesem Blatt u.a. “This note was made in the writing of the additional part of the book (Chapter XXVIII, IInd Edition, 1947)” Vgl. Uraki/Imai, p. 42.

2.2.2

die soziol-ökonomische Doppelbedeutung
die wissenschaftlich-agit. Doppelbedeutung

entrep. und cap.
cap. und Grundbesitzer,
peasant
booty ...

—REFERENCE

2.1.3

Das wahre Argument für Profit
und für Privateigentum

Pigou¹ spricht immer nur über Institution und
Prinzipien, nie über men und Taktik

—REFERENCE

¹ Zu dieser Sicht vgl. Schumpeters Bemerkung in *Instability of Capitalism*: „The present writer believes that some of the difficulties and consequent controversies about Prof. Pigou's argument in his *Economics of Welfare* are traceable to the same source, and his work on *Industrial Fluctuations* is a monument to the view that economic life, in itself essentially passive, is being continually disturbed and propelled by ‚initial impulses‘ coming from outside.” *The Economic Journal*, vol. 38, no. 151 (1928), p. 375 fn. 1.

Navigation in the torrent	<p>Zum second stick gehört auch noch die Kritik der perf. competitive case</p> <p>Wiederholungsgefahr: Wesen des Kapitalismus geschildert im 2. Kapitel II</p> <p>-----</p> <p>prod. Performance strategy u.s.w. of der einzelnen Firma</p> <p style="text-align: center;">Und dann muß die Firma mit allen ihren peers, die mehr gewinnen oder verlieren, gesehen werden!</p> <p>Plans having threating und loss from New commodity come loss and threat</p> <p style="text-align: right;">Gewinne kommen auch anderswo her</p> <p>a) bus. sit. wird erzeugt b) für einzelne Firma loss und gain ...</p> <p style="text-align: center;">Where does the strategy come in?</p> <p>Der Plan, die junge Firma, die Firma in success, die consol. Firma, die Firma in decay</p>	<u>Source of gains</u> und die accessorischen
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[REFERENCE](#)

2.1.5¹

concerning the ineff.

price prop. to social cost

does this restrict?!
aber it saves!

zu schnell
oder zu langsam Kahn und Lerner über perf compet

Ragner

Here price compet. in 2 Bedeutungen!

Bonanza time mit viel foolness und price compet. **function of acc., [??] die auch beim Monopol enter banks**

gerade diese haben die großen Produktionen Nitrogen u.s.w. defence of profit ex ante ex post

aber regulativ

aber ist immer das moving gegen Sweezys²

über profit bei Monopol ... Monopol große Unternehmung darf nicht statisch betrieben werden

movement in those 3 /:Formen:/ ³... Funktion of Restriktion

Vergleich protected by adv; selling **app.** und service Consumers (output) Interesse aus regul.

[REFERENCE](#)

¹ Viele Leseunsicherheiten

² Paul Sweezy (1910-2004), US-amerikanischer Ökonom, Marxist, war mit den Eheleuten Schumpeter persönlich befreundet.

³ Lesarte: *Firmen*

2.1.6

<p>Was Firma tun würde unter gegebenen Umständen, ist Nebensache Stephens</p>	<p>Reason why those theories lead to false conclusion</p> <p>Was diese Theorien, die sonst richtig genug wären, übersehen, ist, daß die Fragen, die sie beschreiben, eingebettet sind in den Prozeß of industriellem change, als deren Konsequenzen diese Verhaltensarten aufzufassen sind und von dem sie ihren Sinn gewinnen. run away with formalen¹ properties Change goal Looking at model²</p> <p><u>Aber wir sehen</u> doch a) den kleinen Mann zu dem change kommt von außen b) wir sehen Preismanipulation ohne jeden Zusammenhang mit produktivem change und nur um Preis zu halten.</p>	<p><u>Darf doch Werte nicht leugnen, dann noch über perfect compet.</u></p> <p>Am Ende des fundamentalen Kapitels, die Bemerkung, daß sonst jene Theorien richtig wären, deren Monopol das arises out of Entwicklung und als eine Form of it. a) Kommt fast nicht vor, b) wäre, wenn vorkäme, kein Monopol, c) selbst wenn Monopol, würde dieses Monopol noch immer billiger sein können, d) Vorteil einer Monopolstellung; darunter auch gelegentlich eine Machtstellung in einer Ecke. Ganz andere Auffassung von Monopol nötig sind und von compet. und so auch von waste e) rigidity ... ex ante – ex post ... Monopolistische compet. ist freie compet. und zugleich Vorsorge für unempl. .</p> <p>obsolescence auf Konsumentenseite und Produzentenseite, wenn vorausgesehen a) was muß schneller reingemacht werden, b) oder es muß an dem, was geschaffen wird, festgehalten werden vor a time.</p> <p>Total cost aber prime cost</p>
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REFERENCE

¹ Lesart *former* nicht ausgeschlossen

² Lesart möglich: *mode*

2.1.7

¹routine operating incident to running existing concerns. Not only is that routine not all: it is itself dominated by the fact that these concerns stand on ground that is being shifted by a perennial earthquake. No doubt there are, at any given point of time, large strata of firms which somehow drifted into existence because some people could not think of anything better to do. They just run their business on established lines and change comes to them as an external event to be managed by passive adaptation. But observation of their behavior tells us much about the working of capitalism as observation of the soldiers who at any given times lie in hospitals would tell us about the movement of their army. There are also, at any given point of time, many inlets made by the great torrent of capitalist evolution, in which a number of firms can take shelter and without effort exploit temporary advantages. These inlets, to be sure, are not interesting to study, but the life of the stream is in the torrent.²

To recognize this is to adopt a new standpoint from which to look out on the profit-making and profit-preserving strategy of individual concerns on the fortunes of any given industry and on the functioning of the industrial organism as a whole. But precisely how does it bear upon our thesis?

Anderer Begriff von compet. und Monopol³

REFERENCE

¹ Ab hier Blatt 369

² An dieser Stelle des Manuskripts folgender Zusatz Schumpeters, soweit er zu entziffern ist: *Kommt jetzt das Argument: how this works out mit Monopol – over worked in this country –, oder noch ein Punkt über individuelle Frage, lure und threat, profit conserving ex ante-ex post, regul. zu langsam; nicht einfach waste, ist ja fraglich, of investment pays bonanza times mit failure den barren quasirents.*

³ Danebenstehende Bemerkung nicht entziffert.

2.1.8

Well, life in that torrent is a process of finite duration and what any given firm is and does at any moment must be seen

Oder creative destruction

oder einfach: typical case oder life lasting und dann somewhat as follows:

What a given concern is and does at any given time has been partly determined before it came into existence, by the plan: the setup. There was an idea, conjunctive with it or expressed that was beyond to its ?? chance or superiority

Yet both our theorists and our government experts who write reports on industrial conditions almost invariably reason as if those hospitals and those inlets were all. In consequence we get that picture of industries the component elements of which are given, produce by especially given methods and just struggle for their shares in no less given markets in which quasimonopolistic situations understandably ensure that are characterized by high and rigid prices and low outputs. But this analysis neglects the case which embodies the driving force of capitalist evolution and which may be schematised as follows.

A business concern first takes shape as a plan, in our case, that

Analysis nicht inapplicabel aber ganz andere wichtig. Nicht nur wird die conquered Sit gesperrt, sondern die conquering factores erscheinen in neuen Licht / Stand of life Historie/ to produce promptly always: such plans, however Firma tut 2 Dinge. ...

—REFERENCE

2.1.9

That gives us a new standpoint from which to look out on the individual firm's behavior and its profit-making and its profit-conserving strategy, on the fortunes of any given industry, on the functioning of the industrial organism as a whole – a standpoint not usually adopted by theorists or by the government experts who write reports on the industrial conditions. But precisely how does it bear on the problem at hand?

Well, so soon as we cease to think of any given concern as just an assemblage of buildings, machines stocks of materials, credit relations and so on that somehow come into existence and has somehow got to be administrated and begin with to think of it as what it really is, a living being with a past that determined by what it is and with a future that is largely determined by what it does, we¹

sub specie dieses life processes

Lieber gleich eine Industrie!

Vielleicht zuerst die creative destruction, unabhängig von Monopol?

Das ist compet. – creative destruction und devices of those who are not creatively destroying, aber auch jener, die es ?? sind to protect ???

¹ Das Manuskript Blatt 368 bricht hier ab. Nachstehend bruchstückhafte Notizen.

Warum nicht gleich willigste Parteien	Darin besteht price flexibility	entscheiden wenn Firma hovers on threshold of existence als plan (???)
	es ante ex post	bonanza time
	life in torrent	
	viewed from the life history	
loosing		
rigidly		
predatory compet. beweist nur, daß Kapitalismus tut was sonst god tun müßte		

—REFERENCE—

2.1.10¹

Chapter III

The Process of Creative Destruction²

~~(e) No these conclusions are wrong. Yet both the observation and the theorems from which they are derived, are substantially right. They even constitute valuable additions to our knowledge of the capitalist engine, the theory of which has been much improved by them. How is that possible?~~

~~Before I proceed with my argument, I want to settle a minor point that is still of some importance.~~ The theories of monopolistic and oligopolistic competition and their popular variants may in two ways be made to serve the view that capitalist reality is unfavorable to maximum performance in production. It may be held that it was always so and that all along output has been expanding in spite of the secular sabotage perpetrated by the managing bourgeoisie. Advocates of this proposition would have to produce evidence to the effect that the observed rate of increase can be accounted for by a sequence of favorable circumstances unconnected with the mechanism of private enterprise and strong enough to overcome the latter's resistance. This is precisely the question which we shall have to discuss in the next chapter.³ However, those who espouse this variant at least avoid the trouble about historical fact which the advocates of the alternative proposition have to face which avers that capitalist reality once tended to favor maximum productive performance, or at all events productive performance so considerable as to constitute a major element in any serious appraisal of the system; but that the later spread of monopolist structures, killing competition, has by now turned that tendency into its opposite.

¹ Mit der zusammenhängenden Vorstellung des Manuskriptes *The Process of Creative Destruction* führen wir Textpassagen zusammen, die Uraki/Imai in diesem Kapitel unter den Nummern 13, 14 und 15 jeweils einzeln präsentieren.

² Unter dem Titel die ebenfalls gestrichene Bemerkung *The answer is in the negative*.

³ Gestrichene Fußnote Schumpeters: *They are not quite right, as a matter of fact. But it seems best to waive comparative minutiae.*

Now, first, this involves the creation of an entirely imaginary golden age of perfect competition that at some time somehow metamorphosed itself into the monopolistic age, whereas it

is quite clear that perfect competition at no time has been more of a reality than it is at present. Secondly, inasmuch as it is nevertheless possible to argue, that the merger movement and the advent of the modern giant firm made a difference, it is necessary to point out not only that the rate of increase in output did not decrease since the nineties from which, I suppose, the prevalence of largest-size concerns, at least in manufacturing industry, would have to be dated, and that there is nothing in the behavior of the time series of total output to suggest a "break in trend," but also that the modern standard of life of the masses precisely evolved during the period of relatively unfettered "big business." If we list the items that enter the modern workman's budget and observe, say from 1899 on, the course of their prices not in terms of money but in terms of the hours of labor that will buy them – i. e. each year's money prices divided by each year's hourly wage rates – we cannot fail to be struck by the rate of the advance which, considering the spectacular improvement in qualities, seems to have been greater and not smaller than it ever was before. If we economists were less given to wishful thinking and more to the observation of facts, doubts would immediately arise as to the realistic virtues of a theory that would have led us to expect a very different result. Nor is that all. As soon as we go into details and inquire into the

individual items in which progress was most conspicuous, the trail we find does not turn to the doors of those firms that still work under conditions of comparatively free competition but characteristically to the doors of big business, and a shocking suspicion dawns upon us that the latter may have had more to do with creating that standard of life than with keeping it down.

(f) That is in fact the thesis I am now going to defend. And first of all I shall state what I believe to be the reason why, as I said before, conclusions that are almost completely false, have been derived from premises that are almost completely true. It is that, both scientific economists and popular writers have – as they nearly always do – run away with the fragments of reality which they happened to get hold of. These fragments themselves were on the whole correctly seen. Their formal properties were on the whole correctly developed. To do this is the theorists' right and duty. But no conclusions about the working of the capitalist system follow from such fragmentary analyses. In order to find out what those fragments really mean we must put them into their proper place within the capitalist process. Unless this be done, conclusions could be right only by accident. It has not been done. And the lucky accident did not happen. That is unfortunate. But it is nothing to wonder at.

The essential truth to grasp, that in importance overshadows everything else and nevertheless has been persistently neglected, is that capitalism is a form or method of rapid industrial change. It is evolutionary by nature and

~~cannot~~ be stationary. And this evolutionary character of the capitalist process is not merely due to the fact that economic life goes on in a social and natural environment which changes and by its change alters the data of economic action: this fact is important and these changes (wars, revolutions and so on) often condition industrial change, but they are not its prime mover. Nor is that evolutionary character due to a quasi-automatic increase in population or capital or to the vagaries of monetary systems – of which exactly the same holds true. The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates.

~~Let us get this quite straight. We are told that when a man is being faced by sudden death, his whole life passes before his mind's eye. In much the same way, let us review again~~ as we have seen in the preceding chapter ~~let us review again~~ the evolution contents of the laborer's budget say from say, 1760 – ~~when soap had just entered it~~ – to 1940, ~~and note what will be obvious to everyone, however slender his acquirements in economic history, vis. that its contents~~ did not simply grow on unchanging lines but ~~that~~ they underwent a process of qualitative change. Similarly, ~~let us review, for the same period,~~ the history of the productive apparatus of a typical farm, from the beginnings of the rationalization in crop rotation, ploughing, and fattening to the mechanized thing – linking up with elevators and railroads – of today, is a history of revolutions. So is the history of the productive apparatus of the iron and steel industry from the charcoal furnace to our own type of furnace or the history of the apparatus of power production from the overshot wheel to the modern power plant, or the history of transportation from the mailcoach to the airplane. The opening up of new markets foreign or domestic, and the organizational development from the craftshop and factory to such concerns as U. S. Steel illustrate the same process of industrial mutation – if I may use that biological term – that in-

cessantly¹ revolutionizes economic life from within incessantly destroying old structures, incessantly creating new ones.²

That process of creative destruction is what capitalism and capitalist enterprise consist in. For the problem we are discussing two consequences follow.

¹ Fußnote Schumpeters: *Strictly speaking that does not happen "incessantly" but rather in outbursts that recur from time to time. Though this does not matter for the purpose in hand, it may be well to remember that "incessantly" here only means that the capitalist process is always dominated by the effects of this revolutions.*

² Hier ersichtliche Änderungsvorschläge Schumpeters wurden noch nicht entziffert.

First, since we have to deal with a process in time we must judge its results as they unfold in the course of decades – for some purposes, even of centuries – and there is no point in trying to judge the system or any part of it in the usual way, that is from the standpoint of any given moment. What happens at any given moment, taken by itself, is almost meaningless. Theory that reasons from that standpoint may still render useful service in clarifying individual points of mechanism. But it moves on the surface and says nothing about what is going on below. Secondly, that process is not merely an indefinite compound of all that may occur over time, but a definite organic thing evolving in well defined units – business cycles – according to a well defined schema. Since it supplies the dominant setting or background, which gives its color and significance to every situation or individual phenomenon we may observe, every situation and every individual phenomenon, in particular every observed bit of business strategy must be analyzed with reference to it. In order to see how this principle works out we shall consider a schematized example.

Let there be, in some industrial field, at any given time, a given number of concerns of given size; each producing by given methods in a monopolistically competitive and at the same time oligopolistic situation¹ and controlling

special markets.

Many different patterns may result from such a situation but we shall only consider the one that will best illustrate what I wish to convey: let us assume that each concern sits tight, prepared to defend its market but avoiding trespassing on the domains of the others, keeping its prices as stable as possible and varying output, quality, and advertising effort according to circumstances. As we have seen, those prices will in general be higher and that output lower than they would be under conditions of perfect competition. Excess capacity is likely to ensue. The antagonism between the making of profits and the making of goods stands out well.²

Now such patterns do occur and from the standpoint of a short-run analysis they even are fairly frequent. But in the capitalist process they are but lulls in a perennial storm and cannot in general persist for any length of time. Around them hover plans for doing differently – better or more cheaply – the things that those concerns are doing. Those plans materialize sooner or later. It does not matter whether they are carried out by one or more of the concerns already in existence or failing that by new concerns set up for the purpose. In either case the old structure is effectively brought down and a new one

¹ Fußnote Schumpeters: *That is to say, to repeat, that those concerns produce distinguishable products and that they are at the same time big enough for their individual action to matter to the rest of the firms. The situation is therefore not perfectly competitive in the technical sense. It should be observed that, even independently of the argument that is to follow, there are important cases in which this pattern will yield, exactly or approximately, the same results as the perfectly competitive one. This is not emphasized in the text merely to save space.*

² Da die mir vorliegende Kopie der Originalseite aus zwei Teilen besteht, kann ich nicht feststellen, ob der Anschluss des nächsten Absatzes im Original kontinuierlich erfolgt.

emerges. To the observer who confines himself to a moment or short period, this may well seem to be as exceptional an event as a political revolution. To the observer who surveys the capitalist process over time it is the normal thing that occurs even in those sectors which are not themselves imbued with the spirit of enterprise: the agriculture of New England was destroyed by the railroads,¹

the high-cost retail shop is being destroyed by the department store and by the chains.

(i) As soon as this is realized, the necessity of overhauling our ideas about the working of the capitalist engine become obvious. The first thing to go is the traditional conception of competition. The ~~true~~ truly effective lever of competition is the impact of new products and new technologies. It is as much more effective than the price competition and the freedom of entry into a trade per se that are exclusively emphasized by the usual theory, as a bombardment of a building is in comparison with ~~widening~~ forcing a door.

When the concept of competition is so broadened as to include the effects of those impacts the other component elements not only lose much of their importance but they also acquire a different significance. Perfect freedom of entry may sometimes prove to be retarding factor – this is in fact universally recognized for otherwise there would be no sense in the practice of granting patents or protecting brands. So may perfect flexibility of price. Moreover, although the intrusion into the industrial organism of new products and technologies generally does involve downward revision of prices in the short as well as in the long run, this revision is not necessarily brought about by the mechanism of price competition in the usual sense. If a given market is revolutionized by a new commodity, statistics of prices can conceivably display the utmost rigidity though in everything that matters the case might be an instance of perfect flexibility in the economic system: the explosion motor displaced the horse, but horses are not any cheaper than they used to be; a new perfume may conquer the market and satisfy consumer's desire for perfumes much more cheaply, and yet as long as the old brands sell at all, not a single price need

have changed to indicate that fact.

Second, we have to accept the fact that even in dealing with business behavior in an industry that enjoys what I have above described as a temporary lull, the usual analysis misses an essential element in the situation. Even the threat of the intrusion of something new that one day will upset the existing structure, in general suffices to enforce a business policy that in the long run tends to approximate outputs to those of perfect competition. For one at least of the methods available in order to ward off ever present changes²

¹ Ich führe den Text im Anschluss an die nächsten in sich mit der Seitenzählung 20-24 als zusammenhängend vorliegenden Manuskriptseite weiter. Ob der Text auch im Original mit dem vorherigen nicht nur inhaltlich zusammenhängt, sondern – wie mir scheint – einem anderen Manuskript Schumpeters entstammt, kann ich nicht klären.

² Korrigiert, im Original steht: chabges.

consists in refraining from provoking them by a restriction of output, that would, whether resulting in abnormal profits or not, might leave too much unutilized demand for the would-be intruder, to attract customers firmly by establishing a name for quality and service and so on.¹ Thus the process of creative destruction disciplines also where it is for the moment not actually at work. That is why the businessmen at the recent hearings on monopolistic practice in Washington² astonished their examiners by talking about competition in cases in which those examiners were unable to see any competition at all and were inclined to look upon those utterances as so much

make believe.

That, however, brings us up to the point on which the theory about the antagonism between profit and production is chiefly made to turn, viz. those other methods of defense and attack that are open to a concern – all the devices that are inscribed to restraint of trade and seem associated with the very devil – big business and monopoly.³ Of these there is an interminable list. I believe that we have also got to revise our ideas about the long-run effects some of them have on output. In order to show this, I shall touch upon a few types of cases that in common parlance come under the heading of monopolistic practice.

Third, then let us return to our “schematized example” of an oligopolistic group of firms and sharpen its edges by the assumption that these firms enter into an agreement to respect each other’s markets and to fix prices, outputs, and credit terms by consent. The sort of thing we can best visualize in the form of a German cartel. Now, As we have seen, such a rigid setup that to the observer who refuses to look beyond it, may well look like appear to be the very picture of absolute petrification, we will in the typical case be first disciplined and eventually blown up by the threat and then by the actual impact of the new product or technology: looking over a sufficient span of time we do not indeed find

¹ Anmerkung Schumpeters: *It is highly significant for the temper of the discussion that the exponents of the theory of imperfect competition exclusively stressed the other side of the medal. In doing so they undoubtedly were telling the truth. But they were not telling the whole truth. For even within the range of vision that they made their own and independently of the viewpoint I am emphasizing here it should be added that looked at from the standpoint, of the consumers’ interests, there are in imperfectly competitive situations many compensations for what they are supposed to lose. Consumers are offered a wider variety of products to choose from. And since every product can be associated with a definite producer, that producer cannot in general and in the long run be indifferent to what his consumers think of him and his wares. No doubt, advertising and other devices may be used in order to mislead them; and there are other qualifications. But what remains after all deductions is enough to support a more favorable view which should not be completely neglected.*

² Schumpeter reflektiert hier die Ende 1938 aufgenommenen Anhörungen durch das *Temporary National Economic Committee* u.a. zum Problem monopolistischer Praktiken. Zum Lerneffekt, den diese Anhörungen bei der Kommission bewirkte, vgl. den Bericht *Inquiry Forecasts Anti-Trust Change* der *New York Times* vom 23.3.1939, p. 22.

³ Fußnote Schumpeters: *I am sorry if this part of my argument should still more than other parts shock many a worthy man. I do not wish to shock anyone. Nor do I wish to "defend" anything disapproved by moral sentiment. I am just as disgusted as anyone can be not only at the picturesque crimes and follies of piratical finance but at much that even now passes uncondemned. But I have got to tell what I believe to be the truth.*

flexibility at every ~~point~~ moment; but we not find inflexibility either but sequence of temporarily inflexible structures moving along, as it were, a conveyer.

However, even for the intervals of rigidity it does not necessarily follow that cartel restrictions mean injury to all except the capitalist interests in

possession. They would (in general) if economic life were a stationary flow. But if it is pervaded by our process of creative destruction such organizations and the monopolistic practices regulate, steady and conserve in a manner which does not necessarily curtail total output in the long run and may well work the other way, even if the particular practice resorted to is intended to fight the full utilization of new techniques. Suppose that somebody invented a method of producing synthetic wheat flour at one cent a pound. There is no argument for suppressing such a boon. But since the sudden intrusion of that synthetic wheat would mean a catastrophe for wheat growers and after that, in the well known sequence of cumulative depressive effects, a catastrophe for banks, for all business that catered for wheat growers' demands and in the end for the whole economy, there is a very obvious argument for slowing down the process to allow for orderly retreat and to avoid the wanton destruction of things and values¹ that before the catastrophe had justified themselves and might, if the catastrophe be prevented, justify themselves again. Now cartels and similar types of industrial selforganization, whether the new method happens to impinge ~~in~~ on their own field or outside of it, are to some extent able to accomplish just that. This is why they so often emerge in times of prolonged depression. Politicians and the intellectuals are, of course, quite aware of this aspect. They condemn cartels only when industry forms them on its initiative whereas, witness the N. R. A.² they are perfectly ready to approve the same kind of thing if it be done under their own auspices. Hence that curious vacillation between imposing and persecuting them.

The reader will please understand that this is not meant to be an adequate

presentation of the cartel problem. Still less do I wish to argue in favor of cartels in general. I hold no brief for them. All that matters here is that the usual uncritical condemnation of anything that tends to restrict price competition visualizes what, in the setting of capitalist evolution, must be a special case of rare occurrence; that the presence in an economic system of monopolistic practices of that type proves less for the gulf between profit making and maximum output than one might think; and even that, in the long run, a ~~high-powered~~ motor car might conceivably travel not only more safely but also more quickly if it has a brake than it would without one.

Fourth, it should also be understood, that our example covers a great many other cases that are more or less similar in the essential respect. Fully-fledged cartels are not essential.

¹ Nicht identifizierte Fußnote

² National Recovery Administration (ab 1933)

Nor are trade associations and special agreements, about pooling minor inventions for instance, though they are now practically ubiquitous. Coordination of policies enforcing something like orderly advance in step would, even without any organizational machinery, result from an oligopolistic pattern with product differentiation, if there are but few concerns left that are intensely alive and aware of the facts, on the one hand, that they must incessantly move on under penalty of death and, on the other hand, that they cannot hope to oust their competitors from anything more vital than outlying positions. The difference between this case and the preceding one can be defined most conveniently by reference to the schema that served as starting point: whereas, in order to produce the preceding case, we emphasized the element of rigidity in that schema¹, we will now produce another variety by emphasizing another element, viz, the fact that modern oligopolistic regulation may also directly result from, and be a form of, progressive motion instead of being an intermezzo between movements and a defense against their consequences. It “may”. But as a matter of fact, that is the rule.

In the United States at least, the bulk of large scale industry comes within this pattern. A dozen instances, all of which are particularly associated with the pace of the economic progress of the country, could easily be listed, from motor car to tin cans, but it will be sufficient to think of the classical instance, motor cars. Beholding the quantitative and qualitative development of its output, no observer who accepts the ordinary rules of commonsense inference can help to realize the fact that the theory of oligopolistic restriction is in this case and in all analogous ones a ludicrous misfit,² and also the reason why that is so.

Applying our principle – that the history of an industry must be considered as a whole and with reference to its setting supplied by the process of capitalist evolution, and neither ex visu of any given, e. g. the present, moment nor in an imaginary setting of a substantially stationary character – we can distinguish four clearly marked periods. There was an experimental period: many small-scale and short-lived efforts most of them failures from the start. It lasted from the middle nineties to 1908. Then came, ushered in by the spectacular success of Henry Ford the “bonanza period” that lasted to roughly 1915 and displayed also numerous cases of loss and failure but coupled with them very large profits in the successful minority of cases. The new thing had caught on, freaks had been eliminated, fundamental features definitively discovered. It is easy to see how this development is induced by the experimental period, how

¹ Gemeint: Drittens

² Fußnote Schumpeters: *Looking at the performance of that industry with the indictment of oligopolistic restriction in mind, one feels inclined to recall what Abraham Lincoln felt, according to the well known anecdote, about General Grant's propensity for whisky. The misfit is particularly in evidence in the proposition which forms part of the theory of imperfect competition, viz. that the latter tends to produce an uneconomically great number of firms of uneconomically small size. And the proposition is not, as the reader might think, erroneous. Within its setting it is quite correct, and it even has some applications. Difficile est satiram non scribere. [Es fällt schwer, keine Satire zu schreiben.]*

it induced – mainly through the supernormal profits – the next one which may be dated from 1916 to the recovery from the 1921 crisis, let us say to 1923. Again many newcomers crowded in, in most cases only to be crowded out before long, while a few concerns definitively established their position and a number of minor but still very important improvements created the conditions for the outburst of productivity that was to follow. That outburst and subsequent consolidation, declining profits and the ascendancy of three giant concerns characterize the fourth phase during which the industry still led in every upswing, and in particular, led out of most recessions what increasingly showed signs of settling down. After having curtailed the passenger and short-haul freight business of railroads – an excellent example of that kind of competition that really matters in the capitalist world, – it begins to face the competition of the airplane as well as satiety and consequently a further fall in net return. During the whole of its career it not only incessantly moved itself but imparted a powerful impulse to the whole of the economic system. This it did immediately through conditioning the development of subsidiary trades, such as the tire and gasoline industries, road building, the retailing and servicing trades and so on, and indirectly through its influence on incomes and expenditure that shifted demand and supply schedules of commodities and stimulated production all around. Compared with the effects all this had on total output, the question whether or not the industry expanded its own output fully as much as it would have had to do under conditions of perfect competition ceases to be so very important. At any rate it ceases to be the only important one. But from a long-run standpoint, though not from a short-run one, even that question must presumably be answered in the affirmative.

Price competition is, of course, not absent between the three big concerns.

It manifests itself on the one hand in the “cuts” which have been from time to time announced, in the past mainly by the Ford concern, and on the other hand in the yearly variations in the offerings of the individual firms. If flexibility of prices is not more in evidence, that is due partly to the fact that, the war-time peak having been lower than in other industries, there was less to descend from, partly to the practice of varying price by varying the allowance for “traded-in” cars and partly because of the steady improvements in quality. If competition in prices is not more in evidence – and if prices of different concerns tend to the whole to move in step – that is due to the fact that the strategy of big concerns to some extent reacts to expected as well as to actual moves of competitors and hence anticipates the results of competitive struggles that otherwise would, but under the circumstances, need not ensue.

Thus, results differ from those that a cartel would produce by the fact that, though in a less obvious form, competition between the giants and competition from existing or potential outsiders still regulates the business policy of the three concerns. Having risen by

performance and keeping or expanding their ground by performance, they have little to gain by combining into a cartel that would raise difficult questions, impose irksome fetters, and be very vulnerable to attack from outside. And results differ from those that perfect competition of the classical type would produce by the regulation of that regulator. Since it is not a state but a movement that is being regulated¹ all the individual concern can hope to attain is to avoid disorganization of the market by sudden aggression, and to stand ready to penalize aggression,

while the boundaries of its domain gently expand or contract in response to its lucky and unlucky hits. Each individual concern therefore does not do what it would do if it were a “drop in the sea”, i.e. fully use all the advantages it commands at the moment, but, unless it should happen to have an absolutely decisive one with which to drive all competitors from the field, it uses them, i.e. improves quality and reduces price, gradually and as far as possible in step with the others. The established position and the existing physical plant, the well-nourished capital account, the advertising campaign, the well-developed sales organization, the greater facility of servicing cares that are familiar to every station – all that helps, of course, in warding off deviations from that canon. But over time results are much the same as if there had been perfect competition. And they may be better inasmuch as the perfectly competitive process might, if the pace of progress be very quick, entail many breakdowns and other avoidable waste. Some of the points relevant to this many breakdowns and other avoidable waste. Some or the points relevant to this part of our argument, will however be more conveniently dealt with by envisaging monopoly.

~~Fifth, in order to do that and to arrive at a reasonable appraisal of the rule of monopoly in modern industry, we must for a moment glance at an almost grotesque situation. The term Monopolist means a single seller. In the literal sense, therefore, anyone is a monopolist, who sells anything that is not in every respect, location and wrapping included, exactly like what other people sell: every grocer or haberdasher for instance or every seller of “Good Humors” on a road simply lined with sellers of the same brand of ice cream. This,~~²

however, is not what people mean when talking about monopoly – it is monopolistic competition and with that we have dealt already. But can the thing that people do mean by monopoly ever be anything else? For is not practically any single seller of a commod-

¹ Fußnote Schumpeters im zugehörigen handschriftlichen Manuskript in Steno: *Beispiel für stationäre Auffassung* [REFERENCE](#)

² Fußnote Schumpeters im zugehörigen handschriftlichen Manuskript in Steno: *Hier wieder über Kapitalkonservierung möglicherweise! aber dieser Gesichtspunkt kommt dann wieder beim Monopol.* [REFERENCE](#)

ity exposed to competition by would-be producers of the same commodity or by producers of other types or qualities of the “same” commodity or else by producers of “different” commodities that will serve, at least approximately, the same purpose?

That the fact indicated by the term single seller does not in itself suffice to constitute the monopoly people feel and worry about, becomes indeed evident as soon as we state the assumptions of the Cournot-Marshall theory. This theory presents the single seller with a given market for his commodity and derives the theorems about price output and profits by allowing him every facility for exploiting that market at his leisure.*¹ Slightly more technically, this theory assumes that the monopolist faces a given demand schedule which is severely independent of his own actions as well as of reactions to his actions by any other concern. Whenever that is not so, i. e. if the single seller must take into account all the shifts of that schedule that will result from his attempts to maximize his profits with reference to it he cannot behave as that theory would have him. Now it is clear, on the one hand, that typical monopolistic exploitation will occur only if he does so behave; and on the other hand, that cases in which he can so behave for a period long enough to matter for the analysis of the secular trend in output must in the era of modern capitalism be extremely rare. Deferring for a moment the discussion of the short-lived cases we can easily satisfy ourselves of this.

There are commodities – salt for instance – or groups of commodities - tobacco products - or particular qualities of a commodity – speaking from the English standpoint we might mention port – which are so refractory to substitution by others that effective prevention of entry into the trade is in fact all that is required in order to produce a truly monopolistic situation. This may be accomplished by public authority and has actually been accomplished by the European fiscal monopolies of salt, tobacco, matches, brandy and others. But it is not easy to see how it could be accomplished (we are speaking of articles that, except for prohibition, can be easily produced by anyone who cares to do so) in any other way.

There is, however, some point in insisting on that class of monopolies – which, in the sixteenth and seventeenth centuries, and even earlier, were also created, in England for instance, as favors to individuals, powerful courtiers and so on. They were simply a method of exploiting the public and nothing else. Hence they were passionately resented, and this perhaps accounts for the facts², otherwise not easy to understand, that especially in the English speaking world, any politician can even today so easily rouse waves of unreasoning hatred against anything that he may succeed in associating with the mere

¹ Eine Fußnotenmarkierung * ohne zugehörigem Text.

² Fußnote Schumpeters: *That is not as fantastic as it may seem. The memory of the popular mind is singularly retentive and no sociology can be adequate without taking account of the fact that the attitudes of the public are largely founded upon past conditions. The attitude of the public toward labor problems is an instance. The attitude of modern Germany (unexplainable without reference to the thirty years war and its sequel) is another.*

name of monopoly, however little the object of his attack may have to do with the genuine case, and that otherwise quite sensible people become impervious to rational argument once the world is thrown into discussion: no wonder that the modern economist and government agent whose moral and cultural vision is adverse to the capitalist system, is anxious to use it as often as he can. Even the trade monopolies of that same epoch however, though they were also buttressed by law, and much more akin to true monopoly than any industrial position can be today, are not pure

cases and partake of the character we are about to delineate.

Barring creation by legislative or administrative action, monopolies answering to the Cournot-Marshall description not only temporarily but in the long run, could arise only from the control, by one seller,¹ of the whole of the available supply of a raw material provided that this raw material is not only practically irreplaceable for certain purposes but also fully established, that is to say that no account need be taken by the seller of the possibility of "raising the demand schedules" in those uses or of conquering others. Examples that will approximate that pattern, can no doubt be formed. For part of the nineteenth century mercury (then almost wholly found in Almaden and Idria, both sources being controlled by the same financial group) was one. The Katanga production of radium is another. But they are few and far between. A discussion that of late has aroused some interest, though not concerned with our problem, may be drawn upon in order to illustrate this point. It has been suggested that the Anglo-American world could bring pressure to bear upon other nations by withholding certain materials. The better informed among the advocates have been careful not to mention any of those great articles of trade of which the layman might think. But then they were left with such things as vanadium, molybdenum, nickel, tin, chromium and a few others – and not a single one of them would, even if controlled by a single seller, produce a true case of monopoly. But even if all of them would, the quantitative importance of any resulting restrictions on the long-run trend of output in the capitalist world would be small as it is and it would be rendered still smaller by technological changes that would not fail to occur. Perfect competition is no doubt a very

theoretical case, if we exclude the great agrarian staples. But long-run monopoly is immeasurably more so.

In the short run, on the contrary, monopolistic situations – or let us call them monopoloid in order to include approximations – are quite common. They are of two kinds. The one is the creature of exceptional circumstances: if a village in the Ohio valley is temporarily turned into an island by an inundation, the village grocer may for hours or

¹ Fußnote Schumpeters: *It is of course not sufficient that the material be found in one country only. The talk about a country's having a monopoly of this or that is only another instance of the misuse of that unfortunate term.*

days be turned into a monopolist. The other is a creature of the capitalist process of creative destruction that incessantly creates and destroys monopoloid situations. This kind is for us the only important one and we will briefly notice a few cases pertaining to it, thus gathering up the thread dropped a few pages ago.

If a firm – new or old – starts producing a new commodity – or an old one by a new method: let us agree to include this case whenever we use the former phrase – it will, for a time at least, move into a “monopolistically competitive” situation. In fact this affords the most interesting opportunity for applying the theory of monopolistic competition. Inasmuch, however, as the surplus which such a firm normally earns if the novelty is not a failure, would not emerge if competition followed on its heels instantaneously, we may say that there is an element of “true” monopoly in it. But if we say that, we must at once add that this is a very peculiar kind of monopoly that fills an organic function and is responsible for results not associated with monopoly as such.¹ More important is, however, something else.

There is obviously no ~~sense~~ point in speaking of monopoly unless we have reason to expect behavior to conform to the schema of the theory of monopoly. In our

case, such behavior is no doubt conceivable, but it should be noticed what that would imply. The producer would have to exploit his market such as he finds it without ever thinking either of potential competition or of the possibility of developing that market. Supposing that motorcars had in the nineties been produced by only one firm, the sole producer would, in order to do what a monopolist is supposed to do, have had to offer his cars – for which horse and buggy then were acceptable, if not superior, substitutes – at the price which would have maximized net surplus with respect to the demand that then actually existed for them. Obviously he would have had to be an odd sort of person to do that. As it is, both the lure and the dangers of the bigger market looming ahead will in all normal cases induce the sole producer of the new commodity to behave much as the producer in conditions of perfect competition is forced to behave. It has been pointed out before that oligopolists are normally disciplined by the threat of potential competition. This also holds true in our case. Still more clearly than the firm struggling in an oligopolistic pattern, the sole producer of our case must realize that he has to compete for his place in the industrial organism; that competitors will not fail to crowd after him; that he has got to build up his demand. As long as he regulates quantity and quality of his output

¹ Fußnote Schumpeters: *Similarly, if we call wage every return to personal effort, we might call that surplus a wage. But since we should have to recognize that it is a very particular kind of wage, there is not much gained by calling it so.*

according to these conditions, he could be called a monopolist only with the proviso that he cannot in the ordinary course of things behave as such. ¹

Before we touch upon the exceptions which to selective observation may easily appear to be the rule, we will notice in passing that the case envisaged throws some light on the source and nature of profits. The typical source of profits is in temporary cost advantage incident to the successful introduction of a new commodity (or method) and profits are typically premia on this particular kind of performance that is readily seen to be the prime mover of the capitalist process.² Practically all other kinds of surpluses of returns over cost, except those that are due to "true" monopoly, are reducible to that one or else to the opportunities offered to speculation in the widest sense of the term by the sequence of alternating prosperities and depressions which are themselves traceable to that process and its prime mover. It stands to reason that profits can, as far as that goes, hardly be described as "tolls" unless we are prepared so to call a payment that increases the flow of goods. Moreover, from the nature of the process within which those profits have to be made it follows that if an enterprise is not to result in social as well as private loss, expected profits will in most cases have to be large enough to provide for rapid depreciation and also for funds with which to weather storms and to repair losses from mistakes: strictly speaking there is no net profit until a plant has been written down to scrap value; and in practice there can be no boldness and freedom of planning without an accumulation of owned funds to fall back upon. No appraisal of service or return is possible before a concern has run its course. Even then subnormal returns must be viewed, as has been pointed out already, together with the supernormal, supernormal ones together with the subnormal returns or losses of other concerns. There is no sense in considering peak suc-

cesses only and these only from a suitably chosen point of time in order to be able to exclaim: "Look how much more cheaply those goods could be made available to consumers if there were no profits to pay!"

But the concept of necessary profits, that is of profits sufficiently great to propel the process of creative destruction, should be further enlarged by the inclusion of some of those exceptions mentioned above. During the decades usually covered by the life of a

¹ Fußnote Schumpeters: *Efforts to develop demand as a rule last until the new product is in turn displaced. In any case they are a matter of decades. The aluminium industry in its present shape is about fifty years old. Nevertheless it continues in its efforts to "create demand" by experimenting with possible uses of aluminium, educating its public and so on. And it is clear that it has no device but to do so. For aluminium is (or was until the recent developments in air transport) either irreplaceable or conspicuously superior only in lines, the demand from which would make it insufficient to exploit the advantages of largest scale production.*

² Fußnote Schumpeters: *As it stands that proposition as well as the one that follows reads undoubtably bold and dogmatic. It has been fully developed in historical and statistical detail, in my book on Business Cycles 1939.*

successful concern temporary situations will arise from causes independent from the action of that concern itself in which it may be able to behave as a "true" monopolist. Such windfalls have nothing to do with the expansion of output if viewed *ex post*. But they have much to do with it if viewed *ex ante*. They figure in the – conscious or subconscious – balance of chances and risks that is at the basis of every long-range enterprise. Hence, they are part and parcel of the general schema of things into which every firm is born and for which it frames its production schedule.

Next come those cases in which the disciplining effect of the process of creative destruction apparently does not work at all or takes so very long in becoming effective that the result is much the same. Railroads and public utilities are the outstanding examples of enterprises that in fact may locally acquire "true" monopoly positions. Since the public sometimes looks upon them as it does on kidnappers I may perhaps hope to be forgiven the triviality that kidnappers exploit what exists independently of them, whereas railroads and public utilities first create what they afterwards exploit. The necessity of

nursing demand is here of particular importance because of the pressure exerted by the absolute and relative share of the overhead. Concerning monopoly gains in general, the argument of the last paragraph holds true. Concerning monopoly gains that are in particular due to discrimination between classes of commodities and localities, it is enough to say that the development of this country would have been impossible without it and that the static balance of advantages and disadvantages to the various interests concerned – though also much more favorable to the practice of discrimination than current and especially legal theories admit – is completely irrelevant to our problem. But since nobody ever thought of denying that railroads and utilities were vehicles of progress and that, all their misdeeds notwithstanding, their net effect on output was anything but restrictive, we need for the purpose in hand, not go further into this matter.

Again, realizing the volatile nature of profit, any concern producing a new commodity will naturally try to conserve it, and even to recreate it when it has evaporated, by an appropriate price policy and a number of devices, some of which like patents are legally recognized, while the law and public opinion are indifferent or hostile to others. Measures to keep technological experience as secret as possible, are an instance of the former type and measures to secure preferential treatment from public carriers an instance of the latter. Previous argument contains all that, from our standpoint, it is necessary to say on the subject, though it may not be superfluous to repeat that few enterprises of the more risky type could ever be entered into if all such means of defense were effectively prohibited and if everyone were fully convinced of that beforehand. In this sense restrictive monopolistic practices may well be instrumental in increasing rather than decreasing total output over time. But another question

might occur to the reader. Thinking of individual concerns – they are easier to imagine than to find though they do exist – that strain every nerve either to remain or to become single sellers, he may wonder how this agrees with my statement, that even in case of success they will not in general be able to behave as monopolists: why then do they try so hard? I have not said, however, that the position of a single seller is valueless. We have seen that single sellers are able to take advantage of exceptionally favorable situations that are too short-lived to attract competition. Though it is not in general the policy of big single sellers¹ to use such opportunities to the full, they do use to the full the advantages of their position in unfavorable short-run situations. It is for them infinitely easier to overcome these without permanent injury to their commercial and financial structure than it would be in any competitive case. To be sure, this involves the most important case of “rigidity” which may have dislocating, though it also has stabilizing, effects on the economic system as a whole. But it greatly increases the scope for undisturbed planning over long periods, and it does not follow that there is monopolistic exploitation over time, i.e. that total output over time increases under this regime at a smaller rate than it would under competitive conditions.

Since we have in any case incurred the penalty for preaching commonplace

but unpopular truth, we might as well conclude by pointing out that most of what has been said also applies to single-seller positions, or positions approaching it, that have been created by means of mergers or “trusts”. Even if no new technological or commercial principles enter into a process of trust building, there is always a new administrative principle involved since, as every textbook puts it, a trust differs from a cartel by the rationalizing reorganization of the trustified industry. Therefore, it always means something more than the simple monopolization of the existing setup would: the conquest of a single-seller position is never more than one of many elements in the case. And since the thing may spell progress contingent upon such a position, there is no excuse for indiscriminate “trust busting”. That is nothing but political exploitation of legislative survivals from the period of Manchester liberalism. Whatever sense there is in any particular prosecution must be looked for in the demerits of the individual case.

(h) Finally, it is time that economists should drop their narrow ideas about waste and recognize that this is another concept that must be made to include a time dimension. What is social waste – i.e. unproductive of any return (monetary or other) except possibly

¹ Fußnote Schumpeters: *There are small single sellers who fully use such opportunities even over considerable time because chances in their field are so poor that nobody cares to invade it. But it is as wrong to overrate the importance of such cases as it is to overlook them.*

to the agent responsible for the wasteful act or condition¹ – ex visu of an individual spot in the economic organization and of a given point of time is not necessarily wasteful if considered as an element in an organic process over time and vice versa: what we are to mean by waste is thus relative to the length of the period that we wish to survey.

Now, in one sense “monopolistic capitalism” is almost ideally free from waste – in the sense that many, if not most large scale concerns of today are marvels of technological, administrative and commercial efficiency. In another sense industry increasingly learns to control its processes with a view to avoidance of waste – some of the monopolistic practices we have surveyed afford conspicuous examples. But we have also had examples – and there are many others – which reveal the presence of very serious sources of social waste. Some of these will be discussed in the next chapter. As we shall see there, it cannot be seriously questioned that a central management of the industrial organism could do significantly better. But here we are concerned only with the question

whether that waste either always was, or since about 1900 has become, such as to invalidate the conclusion about the monopolistic capitalism to the observed rate of increase of total output, toward which our argument is obviously drifting.

The answer is in the negative. It must suffice to go quickly over a few headings.

One conspicuous instance is the inability of the system to use its productive resources in full – as displayed by excess capacity of plant and by underemployment or unemployment of labor.² But as soon as we put these phenomena into the setting of the evolutionary process the inference from them lapses to a considerable extent. Quick progress means quick obsolescence. Obsolescent plant that is not yet obsolete and hence, while not being fully used or being used intermittingly only, is still carried on the books and in statistical reports. Quick progress also means the necessity of building ahead of demands, that is creating capacity which cannot immediately be used at a profit. In the first case there is no loss at all, in the second case there may be if there is, it is only a price paid for the rapid expansion of output.³ To the

¹ Fußnote Schumpeters: *The concept of waste is full of difficulties with which we cannot enter and has suffered much from precritical use. For our purpose we may perhaps content ourselves with noting the obvious distinction waste from the standpoint of the shareholder interest of an individual concern and waste from the standpoint of society (here simply equal to other people.) We are interested in the latter only.*

² Fußnote Schumpeters: *The reader will realize that we are dealing with unemployment merely from the standpoint of waste. Though serious, this is not the most serious aspect of it. And the other do not concern us at the moment.*

³ Fußnote Schumpeters: *Whether that price would have to be paid in a socialist society, is not easy to say. According to the pure logic of such a society, it would have to be paid only if a certain plant is, in view of future demand, erected on a larger scale than it is possible to use with the existing capacity of complementary plant. But the usual argument to the effect that the socialist management could and would, barring that case, use the plant fully from the start provided marginal costs are covered, assumes either that there would be no difficulty in raising the prices of its products so as to recoup the loss – i. e. that the public will be very reasonable or the central power very strong – or that it is necessary to recoup the loss in which case the argument is wrong. See p*

observer who merely looks at a cross section of the process, both cases must appear in a completely misleading light. Quick progress also means constant upheavals and cyclical alterations of prosperities and depression and thus entails the consequences that plant will be constructed that is from the outset intended to be worked in the prosperity phases only and that shrinkages will occur in depression productive of both excess capacity and unemployment. This is no doubt waste though opinions may differ as to the extent to which they could be avoided by other social arrangements. But since this waste is but an aspect of the rapidity with which total output expands – a waste incident to tropical growth – and would largely be absent if that pace slowed down, it cannot be made to support the thesis that, owing to the wastefulness of the capitalist process, the observed rate of increase in output cannot be attributed to it.

There are other reasons, to be noticed later, for the underutilization of resources in the pattern of monopolistic capitalism. But when we deduct the effect of the causes mentioned, there is not so very much left to account for. Moreover, there are compensations. What I believe to be exaggerated emphasis has been placed on the tendency of monopolistic competition to overcrowd certain sectors that are not much in the running with small and inefficient firms – gasoline stations being the classic example. But so far as – temporarily as we have seen – that is so, it must not be overlooked that this is a method, and a

very economical one, to take care of a particularly deserving type of unemployed: the skilled workman whose skill has become useless might do worse than run a gasoline station.

Another instance is afforded by advertising and other selling expenses, not of course by the whole of amount spent – for even a socialist management would have to do something of the kind – but by part of it, especially by that competitive advertising that merely results in shifting clientèles from one source of supply to another. In some cases the waste even extends beyond the resources used up in advertising to the resources used up in producing the things that are advertised and are accepted only because they are. In such cases output itself as an index of economic performance plays as false. During the twenties we have in this country witnessed such an outburst of selling activity of every description – partly caused, it is true by the torrent of new types of consumers' goods that had to be made familiar – that we are perhaps prone to exaggerate their normal importance. Precisely how we are to weight them, relatively to the improvements in quality and service that from the producers' standpoint are to some extent alternative to them, must remain a matter of impression. Consumers' education is likely to reduce their importance in the future.

Of course, any kind of waste, including the two kinds just mentioned and those which we noticed before, might be described as a faulty allocation of resources. But we will use the term in a narrower sense and make it the heading for a third type of waste. From it we

shall exclude all that appears as waste of resources from moral standpoints: productions that serves the actual structure of demand is in part wasted from the standpoint of the equalitarian – this ideal,

however, has other aspects also¹ that will be dealt with in the next chapter –and production of alcoholic beverages wastes resources from the standpoint of the teetotaler. Even so the list is long.

For instance duplication and overlapping of services is of common occurrence both in the ordinary run of business and in struggles between industrial groups such as rate wars. This really is a special case of excess capacity but is mentioned separately in order to display a few points of interest. The exact balance of an industrial pattern, even if it ever were established to perfection, would have to be quickly upset in a process of rapid advance, because improvement always impinges on a particular element of the pattern, causing duplication in some part of it and bottleneck difficulties in others. Moreover, duplication of service may not be an ideally economic form of competition but it is a very effective one and guarantees quality of service as nothing else would. It's rationality is a question of more or less², and business has plenty of motive and plenty of methods in order to prevent excess that would spell uncompensated waste. On the other hand, rate wars are, for the commodity and the development of total output, obviously not unmixed evils. They bring down prices, with unsurpassable efficiency, in spots where they otherwise might become really rigid.

Or it might be argued that cost calculation for the purpose of guiding private enterprise does not coincide with the cost calculation that would guarantee socially correct allocation of resources. That is true.³ The fact that the smoke nuisance and the support of the unemployed and so on are not

¹ Fußnote Schumpeters: *The main argument is that, with capitalistic distribution, "the same demand price offered by different consumers does not represent an equal urgency of need" see O. Lange, On the Economic Theory of Socialism, The Review of Economic Studies, Vol. IV, p. 124. If this argument is not founded on a moral postulat but made to stand on its purely economic merits, it is open to objections.* [Das vermeintliche Lange-Zitat erweist sich bei näherem Hinsehen als eine Zusammenfassung der Positionen Langes, die wörtlich wie folgt zu verifizieren sind. Oskar Lange: On the Economic Theory of Socialism PART TWO, The Review of Economic Studies, Vol. 4, No. 2 (Feb., 1937), p.123 heißt es zunächst „Under capitalism the distribution of the ownership of the ultimate productive resources is a very unequal one, a large part of the population owning only their labour power. Under such conditions demand price does not reflect the relative urgency of the needs of different persons ...” Auf der von Schumpeter bemühten p. 124 heißt es dann: “Free choice in consumption and free choice of occupation being assumed, the distribution of incomes maximising the total welfare of society has to satisfy the following two conditions: (i) the distribution has to be such that the same demand price offered by different consumers represents an equal urgency of need..” U.H.]

² Hier zeigt ausgesparter Raum offensichtlich einen Lesefehler der Sekretärin an.

³ Fußnote Schumpeters: This point was first emphasized by Professor A. C. Pigou.

elements of the private list of cost, unless made to enter it by public authority, no doubt vitiates the allocation of resources. But in very many cases the private method of calculating cost favors rapid advance and thus the development of output. This consideration is not necessarily decisive from a welfare standpoint. It is from the standpoint of our problem.

There are other reasons for suspecting socially faulty allocation of that type. Cases in which output could be increased by transferring resources from one industry to another will frequently occur under imperfectly competitive conditions. Even independently of these imperfections they will occur if an industry could expand output at falling costs and nevertheless no single concern can do so (external economics). While they would be very important in a substantially stationary process, they are precisely the sort of thing that creative destruction in general, and the evolution of the giant concern in particular, tend to eliminate.¹

Or we might think of the waste of funds, saving in particular, that have been squandered in “empire-building” or in order to serve the personal interests of an individual executive. Here it is necessary to distinguish

between faulty allocation of funds and faulty allocation of real resources. What is directly squandered in the wars of conquest between financial groups is funds. That no doubt may entail, but is not in itself, faulty allocation of real resources. However morally objectional and aesthetically repulsive stock exchange manoeuvres and all that sort of thing may be, however treacherous the guides in whose hands the leading strings of investment are placed – capitalism is certainly not kind to the average capitalist whose fate it is left to socialists to be moan – directly they have nothing to do with the productive performance of the system. The most ruthless financial private may have highly productive ideas about what he is going to do with his loot. Scandalous doings in a holding company may be compatible with excellent management – management whose efficiency is increased by the integration effected by the holding company – of its operating companies. And the financial conquest of otherwise unassailable competitive positions may spell a great step in rationalization: British coal mining and its services to the English economy are not in better shape because application such method was out of the question. “Control” must be judged by its fruits. It should cease to be a bogey.

¹ Fußnote Schumpeters: *It is not possible to enter into that subject more fully. The reader is referred to Mr. R. F. Kahn's brilliant analysis "Some notes on Ideal Output", Economic Journal for March, 1935. Very many examples for the various ways in which capitalism so works as to restrict output can easily be found though it is not so easy to appraise their importance within the setting of capitalist evolution. Here is another which shows that the restrictive influence extends the personal services. Some professors are paid relatively high salaries because the individual institution cannot secure their services for less. But if these salaries were reduced those professors, or some of them, might be willing to do (still) more outside lecturing and to write (still) more textbooks. The capitalist way of remunerating services thus deprives society of that inestimable blessing. That capitalism is not quite powerless to deal with the problem, is however illustrated by the development of movies and talkies or, in another field, of the syndicated article.*

Thus, expansion of a group's control over other concerns or industries is not necessarily inimical to expansion of output. Even if it is embarked upon in order to paralyze a competing group, for instance if an electrical concern buys a controlling interest in a gas company, the effects of coordination and the advantages of what I have called ordered advance may well result in net increase of output greater than what it would otherwise have been, quite independently of the additional consideration that the prospect of being able to paralyze the competitor might be an essential element in the creation of the

conquering plant. Allocation of resources, that not only looks faulty when viewed without regard to ultimate results but really is faulty in the sense that it reduces the secular rate of increase in output, is less frequent than it seems to economists and government committees who are convinced beforehand. Of course a group may acquire control over a concern in order to "pick its eyes out" and either to steal the temporary surplus that will result from letting the plant run down or to profit from appropriate speculations in its stock. A group may use its control over a concern and its funds or credit in order to enter into disadvantageous contracts or hopeless enterprises because it is bribed.¹ Past history was everywhere but especially in this country where temptations were greater and more plentiful than elsewhere, full of instances of both. The number and importance of established cases does not justify a suspicion that our conclusion about the trend of output be invalidated on this count. In the future semi-criminal or simply criminal practice will not be very easy and even the role of honest error is, for obvious reasons, likely to be smaller than it used to be.

(i) Bevor concluding, it is necessary to show how our argument bears upon our opinion about perfect competition. It is easy to see that most of the points made must dim its halo exactly to the extent to which clear monopoloid capitalism, and it remains only to dot a few i's and to cross few t's.

Even our predecessors had drifted away from that unqualified admiration that a still earlier generation – the one, roughly, between Mill and Marshall; an excellent instance in

¹ Fußnote Schumpeters: *It must not be forgotten that unless there is bribery, there is, excepting error, no reason to expect malinvestment of real resources to arise out of investment of available surplus funds in other concerns. For if there is no definite interest of the investing concern to serve, investment will simply be guided by profit expectations which is as it should be and, as far as social results go, preferable to stuffing the investing concern itself from a pride in its absolute perfection, a practice which, though perfectly honorable, often enters the category of social waste, but is clearly a deviation from a rule. All these things are however extremely difficult to appraise. In order to do them justice, the observer must be intimately familiar with very many individual cases and with the spirit and general environment of the business community with which he is dealing. That is why it is also difficult not to get impatient with entirely inexperienced people who pronounce about these matters with the utmost confidence.*

Dieser Fußnote ist im zugehörigen handschriftlichen Entwurf folgende Notiz angefügt: *hier noch etwas über cognate question of incompetence: hence, however, außerdem ganz, wenn – aber das hat nur Bedeutung für besondere Umstände z.B. Inflation.* [REFERENCE](#)

the Italian leader Francesco Ferrara – felt for perfect competition. On the one hand, Marshall and Edgeworth and after them Pigou and others, kept on discovering an increasing number of cases in which the general propositions about the properties of perfect competition simply ceased to be true. It is not true for instance that, even accepting any given distribution of income as a datum, perfect competition always guarantees ideal allocation of resources, and hence maximum output.¹ On the other hand, the same economists also realized that, even if the perfectly competitive pattern really performed as a cruder analysis would have had us to believe, its virtues could not amount to more than that, under its conditions everyone, trying to do for himself the best he can, would achieve the maximum of satisfaction compatible with these conditions. This proposition is not quite the stale triviality it looks. It plays a considerable role in many an economic argument, e.g. in all arguments which deal with the effects of measures that aim at influencing economic activity without altering these conditions themselves. But it is a poor reason for believing, as many of our more ancestors did, that perfect competition is the absolute ideal for all times and places.

Modern – mainly postwar – theory has gone beyond that. In developing the

dynamic aspects of the economic process, that is to say, in paying attention to the sequence of reactions to any disturbance, to their different velocities and to the influence of expectations on economic behavior, modern theorists have come to doubt the validity of the old schema – first developed by Walras – according to which economic equilibrium is a very stable thing which quickly absorbed, and smoothly adapted itself, to any changes in prices or quantities that might occur. The possibility eventually presented itself of violent and even explosive fluctuations, lasting for an indefinite time and conceivably resulting in temporary chaos, and the remedial effects that had been attributed to the automatism and the flexibility of the competitive system, in consequence appeared to be largely imaginary. From our standpoint, since we stress the violence of the process of creative destruction, those considerations acquire additional weight.

The whole case for perfect competition in modern industry collapses, however, as soon as it is recognized that the monopoloid elements in modern capitalism are not more concomitants but essentials; that its achievements during the last fifty years would have been impossible without them; and that in very important respects they are not mere necessary evils but serve organic functions. So far as modern methods of production require not only the giant plant but also the giant concern and so far as the giant concern cannot be

created and run without prospective and actual resources to monopolistic practices, there is no sense in yearning for perfect competition.

¹ Fußnote Schumpeters: *Reference may again be made to Mr. Kahn's article quoted before. But the number of contributions to that subject is by now quite considerable.*

That would hold true even if the modern industrial giants ever did attain truly monopolistic positions and were free to settle down to the business of exploiting them according to the Cournot – Marshall schema. For the theorem, that (save a limiting case) monopoly price is always higher than competitive price and monopoly output always smaller than competitive output, is valid only under a strict *ceteris paribus* proviso. That is to say, it is valid only if we compare two (equally possible) states of an industry which differ in absolutely nothing else but in that the one is perfectly competitive and the other perfectly monopolistic. Whenever that condition is not fulfilled, that is to say, monopolisation means the introduction of cost-reducing improvements of a technological or commercial or administrative nature, the monopoly price is not necessarily higher, or monopoly output lower, than competitive price and competitive output are at the lowest level of costs that could be reached in a competitive situation. Competing mail-coach firms might transport more passengers at lower fares than a truly monopolistic mail-coach trust. It does not follow that a railroad, even if it were a true monopolist, would supply less transportation service at higher fare than would a perfectly competitive mail-coach industry. When Adam Smith said that “to narrow competition must be always against the interest of the public”, he was simply wrong.

But as we have seen, railroads are not true monopolists. Still less so are the modern giants of manufacturing industry.

Even as regards economy in functioning we must amend our own statement, that one property of a system conforming to the pattern of perfect competition would be the absence of all major sources of social waste. Once we recognize the superiority with respect to productive performance of monopoloid over perfectly competitive capitalism, the question which of the two alternatives is more free from waste within its own conditions loses much of its importance, particularly if we are interested in comparing how they do in the evolutionary process rather than in the comparative virtues they would in a stationary equilibrium. It seems nevertheless worth pointing out that perfectly competitive systems, though free from some sources of waste, do have others of their own. And it further seems to be the case that the wastes they are free from carry their compensations whereas those they suffer from do not. This is sufficiently clear from the recent analysis of purely competitive processes that has been mentioned before. But an example may be useful. Rate as high as you please the waste of resources induced by monopoloid rigidities and as low as you please their steadying influence; provided you do not entirely deny the latter’s existence, there is some compensation. But there is nothing to compensate anyone for the waste involved in such a phenomenon as the hog cycle: if a favorable fodder-pork price, relation due to some random event, induces an expansion of hog production that issues in a collapse of prices and if, thereupon, all farmers restrict hog production so as to bring about high prices of pork which induce another untenable expansion and so on, there is indeed waste and nothing else.

The recurrence of untenable situations in perfectly or at all events highly competitive industries – wheat, cotton, production of crude rubber for instance – cannot be disposed of by entirely unfounded slogan that they are due to the rigidities in other sectors or by making a virtue of them. They and

the waste incident to them must be accepted as part and parcel of perfect competition if it has to work in a process of rapid change. People have always been shocked – only too naturally of course – at the practice of destroying commodities in order to raise their prices. This could not occur in a socialist society. It need not occur in a capitalist one, if there were responsible and competent governments to handle such situations. But the situations themselves imply waste even irrespectively of the actual destruction of things that would satisfy human wants. Given, for instance, the conditions under which the Dutch East Indian trade had to be carried on in the times of early capitalism and which precluded competition, it is not so sure that their practice was so much more wasteful than was the destruction of cotton, wheat, oranges in this country a few years ago. No doubt those traders presumably safeguarded a gain and the recent destruction of agricultural products was merely intended to prevent or reduce losses. But the main difference seems to be that in the former case breakdowns were prevented whereas in the latter case they were allowed to spread their effect over the whole of the economy and its banking system.

[REFERENCE](#)

2.1.11

Neuer Stand: besteht darin, daß wir behold
Prozeß over time, der must be longer
over time und den Sinn gibt allem,
was die Firma zu einem Zeitpunkt ist und tut

Lets see how this works out
active und positive Frage (wobei ein und dieselbe
abwechselnd das eine und andere sein kann)
Einführung eines /:Gutes:/
compet. Monopolisation – Monopolisation compet. und
monopoly waste Rigidity –
Selbst predatory compet hat Funktion?
Prozeß over time der Bedeutung gibt und als Element of
which alles betrachtet werden muß

[REFERENCE](#)

2.1.12

Gewinn zu berechnen

Motor car – Entwicklung der kleinen ???¹

dann finanz² a period mit failure

nach [19]21 die 3 concerns, die sich nur halten können, wenn immer wieder [allocating?] ausgreifen auf andere³; Preis compel daß aber – auch pot. von output – rigidit⁴

Natur dieser sehr großen Gewinne...hier Profite?

Wer das für den Moment sieht und nicht in organischer Funktion...

Loss of Position of leaders nicht vergessen
und Aufsteigen von /:nichts:/

viel effectiver als scheint nicht nur überschritten durch various devices, sondern auch die Wiederholung genügt; in Form von Qualität anticipating Resultat of compet struggles

fortwährend Pflege des

Marktes

Rigidity; /:moderate:/ case

One at best be sound out,
aber wieder ein

/:economist:/, der

/:entdeckt:/ runs away ...

Single seller aber nicht mit gegebenem demand

Cannot -Yes

... Standard Oil

rigidity bei Monopol

REFERENCE

2.1.13 -2.1.15⁵

¹ Wahrscheinlich gemeint: *kleinen Firmeneinheiten*. Der Stenograf vermutete, es könne vielleicht *kleinen Regierungen* heißen.

² “We have seen by such outstanding examples as the rise of the automobile industry that it need not be the entrepreneur who borrows from a bank, but that the burden can be shifted to the firms who furnish the materials or market the product” *BC*, p. 600 / “Among modern industries it also was, in its beginnings, almost in a class by itself with respect to financial methods.” *BC*, p. 415 In 1914, 888 firms (the 1914 census of manufactures gives, however, p. 415, not counting producers of electric vehicles) produced a total of 578,114 cars [...], to which Ford contributed almost one-half p. 417

³ Vergleich hierzu die Überlegungen zu “edited” competition in *CS&D*, p. 90 fn. 5 sowie *BC* pp. 415ff, 600, 763

⁴ gemeint wohl: *rigidities*

⁵ Wie zu 2.1.10 notiert, sind die von Uraki/Imai unter diesen Nummern publizierten Textpassagen im obigen Gesamttext enthalten.

2.2 Monopolistische Praktiken

2.2.1¹²

part of our argument, will have to be more conveniently dealt with by envisaging monopoly.

Fifth, in order to do that and to arrive at a reasonable appraisal of the role of monopoly in modern industry, we must for a moment glance at an almost grotesque situation. The term monopolist means a single seller. In the literal sense therefore, anyone is a monopolist who sells anything that is not in every respect, location and wrapping included, exactly like what other people sell: every grocer or haberdasher for instance or every seller of “Good Humors” on a road not simply lived with sellers of the same branch of ice cream. This however is not, what people mean when talking about monopoly – it is monopolistic competition and with that we have dealt with already. But can the thing that people do mean by monopoly ever be anything else? For is not practically any single seller of a commodity exposed to competition by would-be producers of the same commodity or by producers of other types or qualities of the “same” commodity or else by producers of “different” commodities that will serve, at least approximately, the same purpose?

That the fact indicated by the term single seller does not in itself suffice to constitute the monopoly people feel and worry about, becomes indeed evident as soon as we state the assumptions of the Cournot – Marshall theory. This theory presents the single seller with a given market for his commodity and derives the theorems about price, output and profits by allowing him every facility for exploiting that market at his leisure.³ Slightly more technically this theory assumes that the monopolist

—————[REFERENCE](#)

faces a given demand schedule which is severely independent of his own actions as well as of reactions to his actions by any other concern. Whenever that is not so, i.e. if the single seller must take into account all the shifts of that schedule that will result from his attempts to maximize his profits with reference to it he cannot behave as that theory would have him to. Now it is clear, on the one hand, that typical monopolistic exploitation will occur only if he does so behave; and on the other hand, that cases in which he can so behave for a period long enough to matter for the analysis of the secular trend in output, must in the era of modern capitalism be extremely rare. Referring for

¹ Hier handelt es sich wohl um die Fortführung des eben verlassenen Manuskriptes.

² Wiedergabe der Seiten 1098 und 1099 eines zusammenhängenden, durch spätere Notizen ergänzten Manuskripts Schumpeters, dessen Wiedergabe hier unter 5(M) fortgesetzt wird.

³ Im Manuskript steht hier der Hinweis *Hick's picture of monopolist who sets back* ur Einfügung eines entsprechenden Charts.

a moment the discussion of the short-lived cases we can easily satisfy ourselves of this.¹

raw mat. railroads and spices aber hier Ausbildung des Marktes und Unmöglichkeit von ??? . Daher [BB] über die Bedingungen; [??] aggressors und des Gesetzes. – Hass, vielleicht zuerst there a typos of [??] genügend Defekte und genügend schwer zu substit. tabak? und auch gewisse /:Quantität:/; salt ²

There are commodities – salt for instance – or groups of commodities – tobacco products – or particular qualities of a commodity – speaking from the English stand point, we might mention post – which are so refractory to substitution by others that effective prevention of entry into the trade is in fact all that is required in order to produce a truly monopolistic situation. This may be accomplished by public authority and has actually been accomplished by the European fiscal monopolies of salt, tobacco, matches, brandy and others. But it is not easy to see how it could be accomplished (we are speaking of articles that, except for prohibition, could be easily produced by anyone who cares³

short-lived: a) in Innovationsprozeß	ist ⁵ nicht möglich compet mit oranges	
b) aber auch hier Ausbildung	and cotton Kapitalismus turns gegen	
des Marktes	seine Resultate	und short-lived -deshalb kein Einfluß
... Molybdenum ohne Tungsten und wie	spices; Vernichtung von Waren ex post	auf trend des Output
das passes ⁴	gesetzlich; öffentlicher Hass	
???	[??]	
	un short-lived aber außerdem hier	Monopolelement ist Profit
	gebunden durch creating market, außer	
	wenn besondere Umstände patents	
	nicht genutzt	

—REFERENCE

2.2.2

Abuse

Single seller – Schwindel – könnte nur sein wenn gesetzlich.
Attribute passen nicht darauf, selbst in diesem Falle⁶

—REFERENCE

¹ Vgl. *CS&D*, p. 99

² Weitere nicht entzifferte Notizen.

³ Hier bricht das Manuskript ab.

⁴ 1941 waren die amerikanischen Anstrengungen wegen der knappen Tungsten-Reserven kriegswirtschaftlich darauf gerichtet, Tungsten-Stahl durch Molybdän-Stahl zu substituieren. Vgl. hierzu etwa *OPM gives priority for steel for ships*. NYT 13.6.1941, p. 7.

⁵ Ein Doppelpfeil verbindet dies mit dem unteren „spices“.

⁶ Mir liegt für 2(N) die Entzifferung des Stenografen nicht vor und folge daher Uraki/Imai.

2.2.3 & 2.2.4¹

2.2.5²

2.2.6³

2.2.7

Waste ... underempl. [??] und dann die vielen kleinen Firmen; "zu klein",
"zuviel"

von einfacher Größe sprechen wir schon jetzt noch [??]

Nichtausnützung des Monopols Very same thing done
und prosecuted
zu schnell oder zu langsam

"

[??]⁴ der rigid short-lived Systemes vs contin. flexib.

↘ Wie es also mit dem großen Paradox

↘ am besten halten⁵

Wo Rigidity und Waste
erstens possibly for. "second"

They are less rigid than it seems; but as far as rigid
nicht einfach Nachteil.

If by abuse we mean
not abuses in themselves
regulating – dann rampart is [??]⁶

...Ex post – ex ante ...

REFERENCE

¹ Mir liegen für die nur stellenweise entzifferten Stücke keine Originalunterlagen aus dem Archiv vor, so dass ich Interessenten diesbezüglich auf Uraki/Imai verweise

² Die von Uraki/Imai an dieser Stelle publizierten Passagen sind oben unter 2.1.10 enthalten.

³ Die von Uraki/Imai an dieser Stelle publizierten Passagen sind oben unter 2.1.10 enthalten.

⁴ Uraki liest: *flex*; in der Vorlage kontinuierlicher Pfeilverweis zur Zeile „Erstens ...“

⁵ Offensichtlich ist seine Vorstellung gemeint, der Kapitalismus destruiere sich gerade durch seine Erfolge.

⁶ Uraki liest: *benefi*

2.2.8

reverse idea of waste – nicht geleugnet, aber nicht einfach; schneller
Progress, works like nature
tropical

aber Garantien für economy in anderer Beziehung groß;
nicht relevant für Frage ob favourable

Restriktion hat Funktion und Ausnützen von Waste
Gelegenheiten Monopole
... ex post:post of cap. value restriktiv [??]
produce selbst buying
off of Arbeiter¹
Natur of profit

broadcast to include und dann die anderen Dinge
nebensächlich; price compet. unter gegebenen Verhältnissen zu sehr
emphasized (ist nur /:dann möglich:/ ???² of Mechanismus)

perf. compet wo Einführung

Argument von new rigidity little to it a) weil nicht new
b) weil nicht so wichtig

Monopolpreis oft eine wholesome restriction

Monopol a) /:würde:/ zerstört
b) selbst so lange behalten

[REFERENCE](#)

2.2.9.³⁾

2.2.10⁴

¹ Die Lesart produce selbst buying off of Arbeiter ist prekär.

² Uraki liest: *peace*

³ Uraki/Imai bieten an dieser Stelle Auszüge aus dem oben unter 2.1.10 zusammenhängend publizierten Manuskript *Chapter III – Creative Destruction*.

⁴ Ebenso

2.3 Ergänzungen und Verwandtes

2.3.1

Ch[apter] II ist doch “Can Capitalism Survive”
und hat wahrscheinlich eine Einleitung gehabt; aber wo? Ja –es war /:eigens:/ ??? N.¹
beginnt mit I
Stil ist holprig
So viel zu tun in footnotes, checkings, small corrections
Auch neue Unterteilungen

Schon sehr viel über Rationalisierung von King und Pope
diese Analyse noch später wichtig

Vielleicht hier
neue
Abschnitte

schon daß enemy financed
und Demokratie und Kapitalismus!
und “the will” soziale legislation!
Metaphysik chased u.s.w.
Sense of duty; betterment of mankind
superempirical glamor rubbed off
Aber noch nicht: inequality als /:Überbau:/
empfundene
Efficiency und service
ideol. halo ...dann dieses Sachen p 24
Pazifismus u.s.w.

s pp 15, 17,18
(Ausgangspunkt)
und dann 21-24

Dann noch eine
Menge [??]

Das summing up auch zweifelhaft
Vielleicht ist dieses in 2 zu teilen und dazwischen einzuschieben: van. opportunity,² waste
u.s.w. (aber kommt das nicht in III)
oligop. waste muß doch später kommen (van. Opp.) doch notwendig hier – das ist also
zusammen mit III zu behandeln
On the whole I don’t think so, der soziale psychische Prozeß does come in here ex visu
der achievements – besser so lassen, aber deshalb kann ich doch waste usw. on p 13
einschieben als II section (oder on 10, so dass unemployment eingeschlossen wäre)
Sektion III starts denn p 13
und Sektion IV, welche Schluss wäre, dann mit dem Ende dieses Paquets

—REFERENCE—

¹ N.: Nummer

² Meint wohl vanishing investment opportunity.

Aber wo die Frage der Bürokratisierung und /:Mentalität:/ des management: Separierung von ownership und management

Möglicherweise here das summing up: daß also theoretisch keinen Grund anzunehmen, daß
 ↓ das /:restringiert:/ und functioning pervertiert as soon as erkannt, daß – in wichtigen
 ↓ Beziehungen – notwendig Formen dieses Fortschrittes ist (und natürlich wichtige
 ↓ Voraussetzung für Sozialismus): nicht nur nicht Gegengrund, sondern im Gegenteil
 ↓ Grund dafür! Doch das vielleicht als Schlußsatz von (1

2.) At the threshold of the preceding investigation I have warned my readers that the result would not be entirely conclusive but would only lead up to another question.

If we knew from the analysis of a mechanism A that it might have produced the observed fact B, we cannot conclude with perfect confidence that A actually did produce B. Even mere presumption that it did has to wait upon the results of a search for other possible causes. This is the common curse of all observational, as distinguished from experimental, sciences.

Therefore, if, for the half century preceding 1914, our investigation has plausibly shown that the motive forces of monopoloid capitalism were adequate to produce the observed increase in output and the inadequacy of the arguments which aim at showing that it could not possibly have done so, this does not in itself constitute proof or even a presumption of the kind that must serve instead of proof in the conditions of economic research – that monopoloid capitalism actually did perform that feat. Some other factors might have been responsible for it. And

Technische Fortschritte

2

Bevölkerungszunahme, Bevölkerungszunahme + Länder
 das

Freiheit Krieg – nicht [??] aber sehr produktiv

Neue Länder gewiß wäre output nicht so groß gewesen

sie gaben außerdem Profit!

Aber sind 2 Dinge

a) Kapitalismus vs other factors

b) Kapitalismus furthered by other

factors und das könnte zu [??] resultant

führen, selbst wenn attributierbar vor 1914

Bei (3) müssen dann society und Bevölkerung behandelt werden und (3) ist dann) ob Apparat weniger effective wird

b) favoring [??.] etwa wegfallen
 Capit. die Methode, diese Möglichkeiten

auszunützen

(10/1) Kriege, armaments

Migration of Cap und Marx

[REFERENCE](#)

since during that epoch capitalism so completely prevailed as to leave no room for the action of such factors except through the capitalist mechanism, one question should be reformulated.

But does that solve our problem?

[REFERENCE](#)

¹ Wiedergabe einer zusammenhängenden zweiseitigen Vorlage, eines kommentiertes Manuskriptes, Blatt 370 und 371.

² Einige wenige nicht transkribierte Bemerkungen.

2.3.5

Reversal in Populationstrend nicht unmöglich

- a) weil attained hat seine Zahl
- b) time reserved ...

Rohstoff

- a) pressur. durch Mangel
- b) developing Rohstoffproduktion als Aufgabe

Weiberenergie freigesetzt

(das wichtig für condit.
auch längere Arbeit in späterem Alter)

[REFERENCE](#)

2.3.6

opp. kann eben so ungewöhnlich sein, daß ob past perf. nun
due to cap. oder nicht, die perf. nicht wiederholt werden kann

geared to investment
schon gesagt

no new Land würde im 19. Jahrhundert Produkt per head red.
haben

saving would adapt
itself

Wenn keine Kinder weniger saving
abnehmender Ertrag

Reduktion of
investment opp. from
demand side / Reduk-
tion of investment opp.
from supply side

sehr [??] Güter
leisure

Hier habe ich gesagt,
daß mehr Leute mehr
erzeugen

Auch output per head?
... das [ist] doch nicht entscheidend ...

aber als Symptom und cause ...

Außerdem müssen die
alten erhalten werden

[REFERENCE](#)

2.3.7

p. 3 “amply accounted for”!
Was also mit satiety-Produktion-policy
und gesagt, daß ich nur past performance illustrieren will

Retard and /:Abnehmender:/ u.s.w. kommt erst noch
p 5: hingewiesen auf understatement durch Qualität
Wo das due to bourgeois class
Auch schon über long waves p 8 avalanche¹
auch schon über Steuern u.s.w. und Arbeitslosigkeit, ...

Wo eigentlich, daß die performance ist too [??] to be
endangered oder selbst in sich ein Argument oder daß das ist
nicht entscheidend ist

also unempl. schon 11-13!
Meine extemp. of jene Resultat nur wenn ich die geringere
Bevölkerungszunahme als nicht relevant erkenne.

[REFERENCE](#)

2.3.8

Bei der Diskussion (im II Kapitel) der Frage, ob performance
attribut to Kapitalismus, auch schon wieder über politics
being no indep. Faktor

bei 3 unterscheiden engine
/:Mensch und Material:/

[??]²

Also lands schon erledigt und satiety
(und policies) später zu erledigen

[REFERENCE](#)

¹ *Avalanche* könnte auch an den Schluss der nächsten Zeile gehören.

² Nicht transkribierte Bemerkung

2.3.9

Eine große Schwierigkeit: die populären Argumente ... Übervorteilung des consumers

also Vergleich mit 3 Dingen und

a) Möglichkeit
b) Ausnützung

die andere Calcul.

daß Kapitalismus nur auf Erhaltung der Kapitalwerte geht²

Ersparung durch lawyers – retaining fees –; aber sonst und Herabsetzung von top-Gehältern nicht viel. ...

Inequ. als breath of life

bus. men simply
lucky fools and rascals

Ausbeutung von Menschen durch Menschen

1)
2) elim. – idleness does not badly
3) work done by idle rich, kapitalistische Methode to mean polit. und u.s.w.
4) motive
5) Sparen

Motiv for work and saving – entrance in idle rich

account of the family (What about idle person)
England

REFERENCE

2.3.10

Warum nicht adaptation zu weniger Investment und mehr cons. goods?
Aber das würde doch Investment bedeuten – aber in die Breite

Hätte sagen sollen, daß Ricardo weise war, keine Krisentheorie darauf zu bauen

REFERENCE

¹ Eine nicht transkribierte Bemerkung über *leisure people*.

² Diese Bemerkung ist offensichtlich eine referierende Notiz zu Oscar Lange: On the Economic Theory of Socialism. Part Two. The Review of Economic Studies, Volume 4, Issue 2, February 1937, p. 130: „And in present capitalism the maintenance of the value of the particular investment has, indeed, become the chief concern“ Und vorher p. 128: „The real issue is *whether the further maintenance of the capitalist system is compatible with economic progress.*“

2.3.11

- 1) Das Moment des Absterbens der Geschäftspsychologie in Corp. Executive (das übrigens auch vielleicht unter den Umständen, welche pessimistische Prognose rechtfertigen.)
- 2). Since Rohstoffe und food doch nicht scarce sind und keinen Druck ausüben (und daß es andere Rohstoffe gibt und die alten besser ausgenützt werden, auch Kohle u.s.w.), so könnte es sich nur um Investment in anderen Produktionen handeln – Siedlung und Schaffung neuer Zentren
- 3) Anpassung an eine neue Sit. ...
- 4) Investment – Kapitalabsorption

— [REFERENCE](#)

2.3.12¹

The capitalist process pushes into the background all those institutions, the institutions of property and for contracting in particular, that expressed the needs and ways of the personal – the truly “private” – economic activity, and clothed the individual economic initiative, of old. Where it does not abolish them, as it already has abolished free contracting in the labor market, it attains the same end by shifting the relative importance of existing legal constructs – of the legal constructs pertaining to corporate business for instance as against the legal contracts pertaining to the partnership or individual firm – or by changing their contents or meanings.²

— [REFERENCE](#)

¹ Das fragliche Originaldokument konnte im Sommer 2019 nicht im Bestand der Schumpeter-Kollektion ermittelt werden. Als Belegexemplar teile ich daher ein von Uraki im Sommer 2018 übermitteltes pdf-Dokument mit.

² Fußnote Schumpeters: *Analogy: where there are civil codes and in many countries in which there are none, it is still the law for the wife to “love, honor and obey”. Perhaps that turn of phrase never meant very much: I have a hunch – not that I disapprove – that the obeying has always been primarily the function of husbands. Nevertheless it meant something, and in particular something that could to some extent be enforced. The phrase still stands. But as far as definite legal obligation goes, its meaning has gone.*

Noch tradition des owner manager
Wirkungen exasper.
Suffragettes

Nicht vergessen, daß schon hier über Produktion gesprochen
Habe ich nicht schon bei Rationalisierung darüber gesprochen?

Again interaction: house less desirable wenn keine Kinder;
Kinder less desirable at home

Nicht vergessen, daß das alles zu Sozialismus points
aber noch nicht weit fortgeschritten ist

Nicht zu weit gehen, have put strongly

Wo suffragettes in IXX century, und soll ich Rückwirkung über House
noch erwähnen?
is not a healthy move

heroic adaptation
college woman in typewriting
society life

lack of balance
general destruction of modern man
modern ridiculous
follow mit funktion
composure
[??]

[REFERENCE](#)

2.3.14

Also zuerst zeigen, daß kein ökonomischer breakdown noch auch unsatisf.

Konzentration auf
Wirtschaft – protest. Ethik
feudal
Religion
meaning

dann das destroys

- a) Unternehmer wird weniger wichtig (auch Administration) – Bürokratisierung Mechanisierung.
- b) Rationalisierung
- c) Habitus der Bourgeoisie ist Produktion und /:Konsumtion:/ die Familie; Bevölkerung ...
- d) Habitus der anderen Leute ...
- e) hostility-nicht-an-sich-selbst-glauben, Konzentration auf Wirtschaft

Die Atmosphäre: die Geschlagenen, die unter Räder kommen!
Die in Race fall behind
Die Bauern geführt durch Ritter

People lose healthy pride in achievement of their class

Grudging defence
selbst wo verteidigt wird

[REFERENCE](#)

2.3.15

II

1.) Social legisl. presupp. premium cap.success
und was man tun könnte 2100 per head

2.) Unempl.
aged und sick, educ. hygiene
free goods

3.) dann alle diese rationalistischen Sachen
Rationalisierung of daily life und Kings und Popes
masses crying out or rattling their chains
schon über financing enemys p 21
democracy.

4.) Social legisl. ist nicht einfach forced on, sondern
grows out (ist das nicht wiederholt oder selbst contraticted)
über den “will”
[??]¹ u.s.w.
21-23 ist nicht gut correlated with later argument; auch schon
Feminismus, unheroic Pacifism, internationale Moralität. ...

[REFERENCE](#)

¹ Lesart Uraki: monism

2.3.16

Daß Staat nichts kreiert
andererseits Quatsch über Monopol und not-Sparen u.s.w.
und daß im trustif. Kapitalismus die Bedingungen nicht gegen
den compet. Unternehmer
und big bus.

Wenn ich dem Sozialismus große Visionen
zubillige, so muß

[REFERENCE](#)

1.) Der Unternehmer macht sich selbst überflüssig durch bloßes achievement: gewisse Probleme gelöst und Art der Lösung ist bekannt
Dazu kommt die bürokratische und mechanisierte Erledigung der leitenden Geschäfte; (Rechnen und Rechenmaschinen) ¹das zerreißt Beziehung zur Unternehmung (Spezialisten) und demokratisiert (Aufsteigen aber noch immer möglich)

Security crave

2.) Familie zerstört

Unterstützendes Moment: so viel leichter zu leben außerhalb Familienhaus
Motiv, Lebensformen

Bevölkerungsbetrachtung ... Abnahme der Geburtenrate ist erklärt[:]

- a.) durch Wohlstandstheorie und Rationalisierung. (aber was ist diese Rationalisierung etwas anderes als Zerstören von Meanings?)
- b.) durch Zerstörung des Heims

Über die rationalistische Natur und ihre achievements

Double entry book-keeping

Ist das rationalistische Schlagwort nicht übertrieben – ist es nicht mehr Konzentration auf ökonomische Rationalität

3.) Hostility – intellektuell?

Verlust des bourgeois Glauben an sich selbst

Bourgeoise world, the harsher kritisiert the gentler it gets

Rechtsbewußtsein ist mehr Resultat als Cause

Einfach moralisch mißbilligt, was wesentlich ist für Kapitalismus: Inequality, Profit, Ausbeutung.

[REFERENCE](#)

¹ (Rechnen und Rechenmaschinen) könnte von Schumpeter alternativ auch als Zusatz zum obenstehenden Überflüssigwerden gemeint sein.

2.3.17¹

Das ist nicht nur politisch, sondern auch liveliness
of property this not Kapitalismus

... all sorts of virtues that are supposedly absent from the world of modern capitalist “monopolies”. It cannot be repeated too often that there is little or nothing in this argument and that the “evils” of large scale enterprise are largely imaginary – not much less so than as Marx’s picture of increasing misery and tyranny. However, whether imaginary or not, they are not the point. The sociological consequences of concentration would be the same, even if the big unit of control so worked as to draw applause from the angels in heaven. Capitalism would still be attacking²
...

1.) This then leads to our formula

2.) aber Vision gerade ein Bewegung zum Sozialismus

3.) ist sehr langsam

4.) mögliche Revisionen fascism

Privateigentum also died out in Produktion
long run Gesichtspunkt in den Familien

What would the women
have to think?

[REFERENCE](#)³

¹ Einige Stichworte der Vorlage wurden ausgelassen. Vgl. die Reference.

² Hier direkt anschließende handschriftliche Bemerkungen Schumpeters sind nicht zu entziffern.

³ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

Hinweis auf Bortk ¹ ?		presently see	
Bild	aber proftrate	saving and investment	
		inevitable	Politik
gibt selbst Hinweis darauf, daß die Dinge nicht statistisch ² gemeint sind – die of Mehrwert		Regierung nur henchmen der junge Mann Imperialismus linking up ...	
inevit. of socialist goal am Schluß Imperialism; Nazism			
	$c + v + m = W = c_1 + v_1 + m_1 + 2c_1 + \frac{v_1}{2} + \frac{m_1}{2} = 3c_1 + \frac{3v_1}{2} + \frac{3m_1}{2}$		
Data Erklärung [??] und capit. Reality		<u>fallende Proftrate und Konzentration</u>	...
dem jungen Mann – newspaper reality oder etwa so etwas wie /:unter Arbeitern:/ accord Diskussion ³			years.
	spurious verif[ikation]		

 REFERENCE

¹ Ladislaus von Bortkewitsch (1868-1931) (auch Ladislaus von Bortkiewicz), in Deutschland lehrender Ökonom und Statistiker, Pionier der analytischen Ökonomie.

² Die Lesart *statisch* ist wohl nicht ausgeschlossen.

³ *accord Diskussion* könnte auch einen separaten Bezug haben.

2.3.19

Schon über Kapitalexport, colonis[ation], Imperialismus und Krieg (Nationalismus nicht)

A few remarks will be made in next chapter on rel[ation] in which bourgeoisie stand to imperialism

| Breite Phrase: Sozialismus nicht für timid:

I have been premier at this advocacy of irresponsibility

Akademischer Teacher hat nur die eine Funktion, sich /:erschließen:/¹ zu lassen in act of restraining

| Trotzky's "theory" of the Permanent Revolution
wishful thinkink über fullness of time

Kautsky on Revolution of 1905

...

[REFERENCE](#)

2.3.20²

...

[REFERENCE](#)

¹ Vom Stenografen als prekäre Lesart eingestuft

² Die fraglichen Stichwort können wegen der kaum lesbaren Verfassung der Vorlage nicht näher auf mögliche Kontexte geprüft werden. Daher verzichte ich hier auf die Wiedergabe.

Returning from this digression we immediately face a set of facts not less ominous than those we have been just discussing. As I said before, what capitalism did to the institutional framework of feudal origin, it also does to its very own. We need only glance back on some previous stretches of our road in order to realize that. For both effects result from the ...

Das ist nicht so, sind nicht dieselben 3 stages und es ist wichtig hervorzuheben, daß der Kapitalismus sich nicht mechanisch-ökonomisch totläuft: giant undertaking bedeutet nicht neuen Feudalismus und ökonomische deadlock

Beseitigung von compet[ion] hat nicht die Bedeutung, die ihr üblicherweise zugeschrieben wird, wohl aber sozialpsychologisch und politisch wichtig, darauf herauszukommen a) daß das dann rückwirkend wirklich den Kapitalismus retardiert und alternative wirklich sozialistisch ist, b) daß der ganze Prozeß langsam und noch nicht so weit ist

Der salaried manager kommt später – aber kam er nicht schon vorher?

System [und] investigating; fortwährend plans

Completes our answer

[REFERENCE](#)

Chapter VIII

if capitalist evolution –“progress” – either ceases or becomes completely automatic, the economic basis of the industrial bourgeoisie will be eventually reduced to wages such as are paid for current administrative work excepting remnants of quasirents and monopoloid gains that may be expected to linger on for some time.

↓ to automatise progress

Since capitalist enterprise, by its very achievements, tends to produce both these results or at least the second one automatic progress, we conclude that it tends to make itself superfluous by – to break to pieces under the pressure of its own success. The perfectly bureaucratized giant industrial unit, as had been often observed, tend to not only oust the small or medium sized firm and to “expropriate” its owners, but it is more important that in the end it also ousts the entrepreneur and expropriates the bourgeoisie as a class which in the process stands to lose not only its income, but also what is infinitely more important, its function. The true pace-makers of socialism were not the intellectuals or agitators who preached it but the Vanderbilts, Carnegies and Rockefellers. This result may not in every respect be to the taste of Marxian socialists, still less to the taste of socialists of a more popular (Marx would have said, vulgar) description. But so far as prognosis goes, it does not differ from theirs.

—————[REFERENCE](#)

~~So far, we have been considering the effects of the capitalist process upon itself. They are seen to extend beyond the economic basis of upper strata of capitalist society to their social position. Along with income from profits, interest and, so the economist would add, quasirents, the capitalist process will eventually destroy the social prestige of those strata. And this parallelism does not primarily rest on the triviality that the loss of one's income would naturally impair one's social position — which, though also true of course, is an entirely secondary matter — but on the fact that both phenomena are the consequence of the same cause: the bourgeoisie is going to lose its economic and its social position because it will eventually lose its economic function.~~

II.

So far we have been considering the effects of the capitalist process upon itself. They extend beyond the economic bases of the upper strata of capitalist society to their social position and prestige. But they further extend

—————[REFERENCE](#)

¹ Wir haben hier die Arbeit an einer Passage vor uns, die schließlich in *CS&D*, p. 134 zu finden ist. Ausgangspunkt ist die strikt soziologisch formulierten These: *The bourgeoisie is going to lose its economic and its social position because it will eventually lose its economic function.*

2.3.23

We see, daß selbst wenn Kapitalismus nur zerstörte, was pre-cap. war, er sich entblößen würde – ist nicht atavism sondern nötig		
Ist nicht so, daß Kapitalismus nur das Werk des Vorgängers zerstört und etwa sets up kommen, die er dann konserviert	radical right daß feudalism [zerstört] [-] cap. does the same to its own framework aber zerstört auch eigenes und bei same process: wir können wiederholen ganz <u>dieselben Schritte</u>	1) prop. comp., laissez faire (No institution can stand on rational ground) ¹ 2) attitudes and policies 3) Rückwirkung, welche dann zum Vorwurf wird.
Rationelles Argument für Eigentum so unwirksam wie das für Monarchie		No longer to do as one likes with ones own
Dann hostility und policies -nicht tax und interference – welche dann zurückwirken		New master but a hostile one. We must educate our masters, cheerfully accepting, aber das nützt nichts
What is left of world; divine right of prop. goes mit divine right of King – freilich bourgeoisie /:glaubt:/ anders auch die amerikanische und behielt da recht für 150 Jahre.		
	polit Institutionen a) family, family house, family firm (Hinweis auf schon Gesagtes und auf III)	
(3) Freilich wenn wirklich alle guten Gehirne nicht wollten... bourgeois stratum selbst Hinweis auf was über Rationalisieren gesagt	scheme of duties und process b) Religion; motivation; bourgeois radicalism – no answers mehr to why responsibility, security. ... c) kein Herrengefühl; no disapproval of criminal, der bourgeois läßt sich erziehen.	
toxins of Utilitarianism		will you please if you dont mind Wille stirbt apres nous bus. sit. wird noch empfunden aber in long run <u>saving und money</u>
[??] of Art. ...		Nicht nur hostile world – auch hostile world which they do no care to fight, aber darüber doch dann in III
Auch schon viel davon in [1] gesagt, daß das points to socialism – ist wichtiges Thema! Aber Prozess langsam, Hinweis auf Behandlung des Themas* ² von Evolution und Revolution (dessen Irrtümer schon hier apparent) Ist noch nicht so weit		Conservatism?
Rückwirkung auf Process		
		Wo über Demokratie und Kapitalismus ?
Wo: Leute sich selbst überlassen; Institution of non-Institution – social laissez faire		
<u>Competition</u> pr. property democracy und laissez faire Methode	New morals very fundaments disappeared: profits and accum. und inequal[ity] und saving	
Der Intellektuelle und vielleicht doch <u>am Ende</u> sagen, daß Resultat /:dann:/ wie das der Sozialisten		
*Kurze Bemerkung über Art der Umformung		

REFERENCE

¹ Diese orientierende Rotstift-Bemerkung ist im Original vielleicht dem obigen „Atavismus“ zugeordnet.

² Hier ein rot markierter Pfeilbezug zur untenstehenden Bemerkung.

2.4. Im Umkreis der systemimmanenten Destruktion

2.4.1 – 2.4.5

Nor is this all. In the way indicated, the capitalist process not only tends to make superfluous its own protagonists and the class associated with them, to break down its defences, to disperse the garrisons of its entrenchments, to destroy attitudes and interests that would stand for it, but in addition it produces the atmosphere of hostility to itself to which I referred to at the threshold of this chapter. This should follow without further comment but owing to the importance of the problem and to its paradoxical nature it seems desirable to develop explicitly the theory of that hostile atmosphere seeing that we cannot explain it as is usually done in the either the Marxian way which is palpably wrong or the popular way which is nothing but a rationalization in the technical sense of Freudian psychology.

One of the basic propositions to start from is that societies or groups never act or, more generally, behave on rational deductions from well understood social or group interests. People in the mass feel, think, and behave extra-rationally or, as Pareto expressed it, alogically according to set allegiances and beliefs

—————[REFERENCE¹](#)

that are largely ancestral and are being institutionally inculcated and kept alive. They change according to laws of their own and rational considerations play but a minor role in their emergence and decay. This proposition, which will lend its aid to us at many a turn of our way, embraces all the most important differences between the modern view of the social world and the view of the Philosophical Radicals of the end of the eighteenth and the beginnings of nineteenth century. It is, however, so well established by now for the moment we not to stay in order to develop or defend it. Perhaps its is

—————[REFERENCE²](#)

even too obvious to need defense.

We do not steal or kill because, from rational considerations applied to well defined interest or motives, we come to the logical conclusion not to do so but because our moral habits exclude such decisions from our schema of possible choices; we do not obey orders that are addressed to us in a way we habitually accept because we recognise in each case the rationale of obeying the individual order or that kind of orders but we do so “instinctively” and without much conscious deliberation; we go through our working day

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Die Originalvorlage zu dieser Passage ist Uraki offensichtlich bei der Arbeit am Material verloren gegangen. Wir reproduzieren daher hier die uns von Uraki übersandte maschinenschriftliche Wiedergabe. Die roten Anmerkungen hat Uraki eingetragen.

not from a logical perception of our individual or group interests or of the wisdom of the social arrangement of which our work is an element but simply from an unreasoned propensity – to do what we call our duty; we do not take off our hats when we meet a lady because we have any particular reason for doing so – in most cases we are not even aware of the act.¹

And if any “logic” enters into all that, it does not go beyond the recognition of the social sanctions that patrol the beaten paths – social disapproval of deviating behavior being the term that covers them all, from the shrugging of shoulders to electrocuting. Let me add however that those social sanctions are not independent regulators of behavior but flow from the same source as does unsanctioned conformity to social standards. Once established, a criminal code for instance does acquire some life of its own, but fundamentally it merely

—————[REFERENCE](#)²

formulates moral habit and its effectiveness is primarily due to this fact: whenever legislation imposes rules that are not sanctioned by the moral sense of the community, we always observe the phenomena of which this country’s reaction to national prohibition is a classic instance.³

The other basic proposition we need is that the capitalist process produces an essentially rationalist civilization. This we have established already. So I have only to define its bearing upon the problem in hand. By saying that capitalist civilization is essentially rationalistic I do not mean to imply that the extrarational determinants of human conduct are not important for its functioning. It is true, even though it may have been overstressed by the economic classics of the type of Adam Smith that the capitalist system of production harnesses individualist rationality, as well as individual self-interest, into social service to a degree and in a way all its own. It is also true, as we have seen, that rational attitudes and rationalist criticism spread from the economic sector to all the other walks of life. But, as I still have occasion to point out once again in the course of another argument, the importance of the extrarational discipline, of implicit acceptance of, and unreasoning conformity to, certain institutional elements that constitute fundamental data of the system, is not impaired thereby. The spread of

—————[REFERENCE](#)⁴

the rational attitude therefore interferes with the smooth running of the engine. Once kings and lords and popes are stripped of the productive coating of hyper-rational glamor and

¹ Übergang zu Urakis Gliederungspunkt 3.(M)

² Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

³ Übergang zu Urakis Gliederungspunkt 4.(M)

⁴ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

are made to stand on such utilitarian merits as they may possess, the same process (to the mortification of the bourgeois) runs on to operate on the sanctity of private property and on much besides – all of which is now subject to investigation and called upon to show utilitarian credentials.¹

Thus the capitalist process not only attacks its own foundations directly by gradually eliminating both precapitalist and capitalist functions and groups that are carriers and protectors of an institutional structure favorable to its survival but it also attacks its own foundations indirectly by destroying hyperrational allegiances. In a sense which is additional to the sense in which we used the phrase before, the capitalist order is made to stand trial defenceless.

—————[REFERENCE](#)²

2.4.6 & 2.4.7³

.....
~~We shall presently notice the importance of the fact that the all important center of capitalist motivation, the family, is disintegrating. But we see already that, quite independently of this, the family motive and especially its highest form, the ambition of creating an industrial or financial dynasty, would have to die out in any case merely by virtue of the impossibility of satisfying it. That “defencelessness” and that “hostility” which ...~~

~~Moreover, bourgeois behavior is being changed by that “defencelessness” – I hope the reader will keep in mind the particular meaning our argument assigns to the term and will not interpret anything else into it and that hostility the various causes of which I have tried to sketch. In some countries and at some times, the bourgeois feels simply scared, in all countries and at all times he feels discouraged. From so far as the individual businessman himself keeps to his schema of values and to the standards of the bourgeois~~

—————[REFERENCE](#)

Das kann leicht kollidieren mit dem, was vorher über hostility und politics world, he realizes that, outside of a very limited circle and even among the professional defenders of his group interests⁴, they are the object of disapproval and contempt. It is rarely recognized how this paralyses even business action. But it should not be difficult

¹ Übergang zu Urakis Gliederungspunkt 5.(M)

² Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert..

³ Wiedergabe eines zweiseitigen Manuskriptes Vorlage Blatt 1089 und 1090. Bemerkungen zum Text haben Uraki/Imai unter einer eigenen Nummer 7 wiedergegeben, hier erscheinen sie als Teile des jeweiligen Blattes.

⁴ Fußnote Schumpeters: *wichtige Beobachtung*

to understand how seriously this factor paralyses class action, political and other. The bourgeoisie not only feels but is incapable of confronting the social powers that gather against it and cannot fight them by the means available from the standpoint of the bourgeois idea of democracy. That is why it has proved so easy to wrench from the bourgeoisie one after the other, the legal devices that used to protect its interests and to legalize what, from the standpoint of the bourgeois schema of things, undoubtedly amounts to attacks on the established order.

Also soll ich nicht [mit Blick auf den] employer sprechen, der keine chance hat, oder Soziol. des Gerichtes: braucht unabhängige soziale Macht: darf nicht auf einer Klasse stehen.

—————[REFERENCE](#)

2.4.8¹

But, so it might well be asked – in fact, so it is being asked, in naive bewilderment by many an industrialist who honestly feels he is doing his duty by all classes of society – why cannot capitalism come out of that trial with flying colors? Does not our own previous argument sufficiently indicate that it has plenty of utilitarian credentials to present? Can not a perfectly good case be made out for it? And those industrialists assuredly not fail to point out, that a sensible workman, in reviewing the balance sheet of his contract with, say one of the big steel or automobile concerns, might well come to the conclusion that, everything considered, he is not doing so badly and that the advantages of this bargain are not all one side. Yes – certainly, only all that is quite irrelevant. ... Those are rational arguments.t. They only appeal to economic reasons. They may meet the rational spearhead of criticism, but they do not meet the extrarational driving ever behind it. Once hence: utilitarian reason is [sine ictus] as a weapon, weak as a prime mover of human action. Very little experiences with men and their ways that they feel and behave should be suffice to show that it is not master over the passions and no substitute for the extrarational determinants of conduct.

¹ Zu diesem Blatt konnte keine Quelle ermittelt werden. Uraki teilte hierzu in seiner Materialsendung vom Sommer 2018 mit: “Original card verloren”

2.4.9¹

² To³ crown it all, capitalist society, in addition to providing all the necessary elements for its own overthrow, also evolves an intellectual class able and willing to nurse them, to develop their possibilities, to make them articulate, and to help in organizing them, thus creating for itself another species of vested interest, the vested interest in social unrest. This phenomenon is so closely bound up with some of the most fundamental traits of bourgeois society that to the onlooker it acquires something of the inevitability of a geological process. Bourgeois society, with its (also inevitable) confidence in “intellectuality”, could not have helped to produce that social type, nor to produce it in quantities which spelled for it unemployment and, perhaps, unemployability in the ordinary walks of bourgeois life, while at the same time the capitalist world, for reasons that should be clear by now, proved itself a very incompetent, and occasionally childish, disciplinarian. But neither was it avoidable that bourgeois society, with its characteristic belief in a kind of freedom that abandoned everyone to his own devices, should have left the masses ideologically leaderless in the dreary desert of its cultural materialism, longing for something to believe and to adore. That this something should be anti-bourgeois and that it should feed on resentment is as easy to understand as it is that the intellectual demiurge and such an opportunity should find each other and that the former should turn against the bourgeois camp from which as a rule he hails.

⁴. . . .

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² Das erste Wort ist in der Vorlage verdeckt.

³ Die Veränderung in der Vorlage – von „to“ zu „To“ – scheint ein Eingriff eines Bearbeiters zu sein.

⁴ In der Vorlage eine stenografisch notierte Bemerkung Schumpeter: *Intellektuell wird noch eine Rolle spielen und an einer Stelle eine etwas ausführlichere Theorie versucht? In V?*

2.4.10

27f

...to bring the intellectuals to heel made by practically all European Governments, until about the middle of the nineteenth century.

Über Morality of Capitalism

Marshalling discontent
Katastrophe, wenn die Leute sich verständigen

[REFERENCE](#)

2.4.11

Wilkes¹
Any such attempt runs up against some private fortresses that protect offenders against the bourgeois mentality that is fundamentally *averse* to ...

Die billigen Publikationen – der neue Charakter des Collatio Prozesses die (schließlich) völlige Freiheit und die Produktion der Intellektuellen
/:kritische:/ attitude ... wie Voltaire

nicht mehr Religion
/:Konsens:/ und Institution
freedom außer wo gegen humors of honor

a) oft wollen Arbeiter streiken	Intellektuelle auch spearhead Interessen,
b) können nicht, weil populär support und defence	but their group Interesse tells dasselbe, was auch über politische world gesagt werden kann

Condottiere
teaching

here for latter of it
in long run

[REFERENCE](#)

¹ John Wilkes (1727 - 1797), britischer Whig-Politiker. Vgl. Hierzu *CS&D*, p. 149.

2.4.12

Cant und want und unwishings
and inability sind dasselbe

Journalists und literatures (???) of all ranks und types; teachers and resarcher workers of all ranks and types; very many lawyers und some doctors und engeneers, supply those services in free lance or quasi prof. form.

remun[eration] on average nicht hoch but where it leads¹ und satisf[action] it gives

inadequ. training unemployable
marshalling forces of discontent

belief in Diskussion /: Christlichere:/ und education – no standing ground
has better of it

bourgeois mentality und Institution
und administrative structure framed by it

Educ. means supply
??? für alle white color work

freedom ununterdrückbar
und means nibbling at foundations
das verstärkt durch Klassenlage und Klasseninteressen

—REFERENCE—

2.4.13²

¹ Unsichere Lesart

² Unter 2.4:13 präsentiert Uraki einen offensichtlich ursprünglich japanisch gefassten stichpunktartigen Auszug aus Part II, Ch. 13 “The Sociology of the Intellectual” zu dem neben dem Text in *CS&D* keinerlei anderweitige Unterlagen Schumpeters vorliegen.

	atmosph of hostility
do not repeat – out of humor	
foregone conclusion	
etiquette condemn	
“put out of count”	
Ich habe eigentlich <u>nicht behauptet</u> , daß so weitergehen soll – nur “Illustration”	
objections foreshadowed, daß gesagt, daß 29– 39 nichts dagegen beweist, also Recovery schon erörtert auf “politics”, welche in comp. schon hingewiesen p 3	
	Schonzeit
Aber <u>ist</u> es die “große Möglichkeit”?	
created <u>by</u> Kapitalismus	wo Inequal[ity]: habe es nämlich bei Psychologie der modernen Politik
Diese attitude to specul. und forecasting	
the thwarted workman im 2. Kap. bei der Sozialpsychologie schon angedeutet, daß die Sache nicht so ist, d.h. daß workmans bargain nicht so schlecht	

-----[REFERENCE](#)

2.4.15

Steinbeck¹ riesig instructiv

(Und wie das ganz anders ist als Hauptmann's Weber² (wann [sind] die erschienen?))

Kapitalismus does not produce intellectuals, but it overproduces them by means of its own logic and thus creates for them a quasi-class position, der jeder, woher er auch kommt, mehr oder weniger unterliegt[:] einer Lage und einer Interessenkombination: here men die alles zu verstehen glauben und keinen Wirkungskreis haben oder nur einen, den man verachtet!

Muß doch etwas sagen über Intellektuellen und Sozialismus, am besten in II!

(und dann – oder? in V)

Capitalism does not take hold of people

Febr Harper³ p 298

Vergleich Repräsentation in Exempel Br.

Hysteria of security – nur
Intellektuelle!

to Southern States denier
was nicht möglich to renege on
democr. Prinzip

4

Fact ist people don't mind
lying – und in passion simply see
red

Für bolschewistische Zwecke genügt es
oft – und serves better
einfach pro Russian zu sein. ...

Der Angreifer des Systems ist meist nicht
professed Sozialist.

[REFERENCE](#)

2.4.16

Oh poor bourgeois!
You stupid lamb!
Trying to buy off
the hangman –
buying off labor at home
appeasing Russia abroad

und Politiker helfen dabei – diese
Jagd nach Scheinerfolgen.

[REFERENCE](#)

¹ John Steinbeck (1902-1968): The Grapes of Wrath (1939)

² Gerhard Hauptmann (1862-1946): Die Weber (1892)

³ Harper's Magazine, Jahrgang unbekannt

⁴ Einige wenige Bemerkungen. Die Transkription des Stenografen liegt nicht vor.

2.4.17

“Small bourgeois gone crazy”

Salvation from what? from that, which yields the kind of success, which is the socially important one in the given social set-up

Dictatorships fit into econ. in-depth role of personality

Ich habe versprochen zu zeigen, ob Sozialismus kommt

— REFERENCE

2.4.18

Interessante Frage

Interessantes Phänomen –
innerhalb des Kapitalismus die oberen Schichten so ausgesaugt, daß ...

wie die oberen Schichten leben

Pro-Soviet Offenheit und pro-Russian

Offenheit vielleicht nicht groß, aber die, welche so handeln sind eine Majorität

England lebt von Industrie

Moreover – nicht Mushiks
und deshalb sehr interessant, daß keine free Offenheit

Entweder full empl. oder Freiheit

/:Löhne./ usw. und auch
Investment nur politische
Entscheidung

as in change of style of life, der so
wichtig ist wie /:Motivation:/
schon Pflege von Arbeitskraft nötig
Warum /:Lage:/ gedrückter als Steuern
andeuten

Motives of conserv
One of the many handicaps in England und policy über conservative policy

— REFERENCE

2.4.19¹

This accounts for that atmosphere of hostility toward capitalism and capitalist interests much more satisfactorily than would any grievances – the factual basis of which is not nearly as strong as it is made to appear by all the people who live on them and which even if it were as strong as that, would not in itself suffice to produce a superstructure of discontent. Many things, great and small, from the deluge of questionnaires that are showered upon every capitalist concern to the organized clash of classes, find thus their explanation. Among them are the attitudes of modern politicians and political parties and the spirit of modern legislation. If we say that individuals and parties are exponents of class interest, we are at best emphasizing one-half of a truth. The other half, just as important if not more so, come into view when we consider that politics is a profession that evolves interests of its own – interests that may clash with as well as conform to the interests of the groups a man or party “represents”. Individual and party opinion is, more than to anything else, sensitive to those factors in the political situation that directly affect the career or the standing of the individual or party. Such a factor is the moral code of a time that exalts the cause of some groups and puts the cause of others tacitly out of court. From a social atmosphere that is hostile to the capitalist order of things, therefore follows hostile legislation that on principle refuses to take account

[REFERENCE](#)

2.4.20

Schon gesagt almost universal disapp. schon gesagt über wrenching auch daß ??? with	Taxes besonders: die dann wieder betont! Policy Rückwirkung 2 moralische Welten	inequ. Profits (aber das letztere doch in der vorhergehenden Sektion) saving share the wealth
	Regierung nicht mehr Ausschluß von /:kapitalist:/ Interessen – aber war es doch nie Selbst Kapitalist does not stand for themselves, sonder	
That atmosphere of hostility provides the dominant note of modern politics and the apriori of modern legislation	Selbst Konservative more and more (2 Gründe dafür) Nur mehr Rückzugsgefechte.	Zwischenstadium 1
...		

[REFERENCE](#)

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2.4.21

This is submitted as an outline of a theory of that atmosphere of hostility, through which the capitalist ship had being sailing for some time and through which it will have to sail henceforth until it is dismantled. Many things, great or small, find their explanation within its schema – the organized clash of classes and class-struggle slogan for instance; or the fact that propositions which are or seem to be favorable to be the capitalist order or some particular capitalist interest are looked upon as scarcely decent; or the way in which a revolution has been wrought in people's attitudes toward capitalism and a moral code has emerged that puts procapitalist attitude tacitly out of court; or, to include a more humorous point, how the modern deluge of questionnaires fits into the picture. All that however could not be convincingly put before the reader without drawing in a sea of illustrative materials. We must go on.

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2.4.22

This is not all however
several economists und socialists have
been practically anxious

[??] [??]

disorg Einfluß des Intellektuellen
2fach a) mit Arbeitern
 b) mit employer selbst und dann
 bourgeois class – league
 of women voters¹

Rape sneer; if you love a crime of passion other people will sneer too and
eventually believe that they have a reason for sneering

—————[REFERENCE](#)

¹ Die *League of Women Voters* (LWV) wurde 1920 mit dem Ziel gegründet, die politische Rolle der Frauen zu stärken. Elizabeth Boody Schumpeter war in der Liga aktiv.

2.4.23

	a) finally change has come to the capitalist stratum itself.	wears away Motivation, forms of behavior
salaried manager	b) α effects of loosing Funktion (nur noch administr. und saving – aber nicht übertrieben) Das wirkt nicht nur von außen, sondern auch von innen und Position und neue Data	
schutzlos auch international	β) schutzlos und frightend (discouraged) Das wirkt auf Stellung und Aktion destruktiv produktive property, governed to fight for, evaporates (schon gesagt) durch Verlust der productive forces und atmosphere of hostility und growth of hostile powers, denen selbst den Weg geebnet und die man nicht bekämpfen kann mit den Mitteln der bourgeois Demokratie (injunction u.s.w.). legalizing of attacks	
in jedem case there are limits to the damage welche educ. can do	γ) eigene Mentalität, attitudes – half converted themselves –, ideals und motives und will und conviction gives way ??? meaningless ¹	
hier also consumers prop[ensity]	c) das letztere ausführen α) Familie und Kinder, Frauen und Malthusianismus, Dynasty; Versicherung; individuelle security β) Familienhaus in adopted und invested Reichtum source of worry and danger, nicht mehr von Ehre Billige Ware so gut, daß man teure nicht braucht; Hotel u.s.w. So verflattert auch consumers' property. [??]	und auch hinabgesteuert ideal nicht anerkannt Entwicklung feminism: industrielle Funktion erhalten
	leads to formulierung d) aber ob nach [dem] Sozialismus? Wann und wie? Methode? Noch nicht so weit!– Und dieses Problem wird uns begleiten	world revolution Sozialpsych. habitus der Gegenwart

REFERENCE

¹ ??? meaningless ist leicht versetzt notiert

~~(3) Finally, the capitalist process changes the attitudes and the schema of motivation of the capitalist stratum itself. Considering the quality of this stratum, the product of a selective process that in general imposes severe tests for the rise of every family and in general eliminates within two or three generations families which have become substandard this is perhaps the most important point of all. For the sake of clarity, that change in behavior may be divided up into two components though of course they shade off into each other; the behavior of the capitalist stratum would be different now from what it was and could be expected to change still more significantly in the future even if its class psyche remained the same all along because of the change in the data to which it currently reacts but the class psyche does not remain the same because the capitalist process tends to mould it into a different shape.~~

[Diese im Manuskript gestrichene Passage ist in einem entsprechenden maschineschriftlichen Manuskript durch folgenden Text ersetzt worden, den wir hier nach der unten nachgewiesenen Kopie Nr. T-0385.jpg wiedergegeben]

Finally, capitalism does not spare the attitudes and the scheme of motivation of the capitalist stratum itself. Considering the importance of that stratum, the product of a severely selective process, and the close relation of that scheme of motivation with the performance of the system, this point is perhaps the most important of all.

It stands to reason that the behavior of the capitalist stratum is in any case bound to change in response to the change in the economic and political environment. That would be so even if its scheme of motives or values remained entirely unaffected which of course it cannot. But in addition to re-shaping it, the capitalist process directly attacks its very center, the family and the family home. Before we look at the wreckage, it will be useful, even at the risk of repetition to re-state and develop the former argument. ²

We have seen that the entrepreneurial function is slowly but incessantly losing importance, and also how this is bound to affect the capitalist class. The administrative or managerial function and the function of saving – which also declines in importance – are all that would eventually remain for a group, that unlike the feudal warrior class, is ill

—————[REFERENCE](#)³

equipped for the task of conquering – as a class – other lines of social leadership. Adaptation to this state of things, and to the facts of largest scale, bureaucratized business, would in itself suffice to produce different kinds of behavior that we may characterise by the type of the salaried manager and various types of stockholders noticed before – kinds of behavior from which, the fullblooded rights of property having vanished already, the dogged will to keep one's own and to fight for it is vanishing too.

¹ Wiedergabe eines 4seitigen Manuskriptes. Vorlage Blatt 1052-1055

² Ende der maschinenschriftlichen Passage. Vgl. hierzu [REFERENCE](#)

³ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

That will to fight and to hold on, it should be repeated, vanishes not only because the means are being lost by which it could be implemented, but also because it loses its scope and meaning. There is no sense, from the standpoint of individuals as well as from the standpoint of the class as a whole, to fight to the last ditch for such volatile things as individual positions which cannot be left to one's sons or for parcels of shares which mean abstract claims to control and returns of a highly perishable nature. This has a most important consequence. The temporal horizon of the typical members of the capitalist class shrinks. He ceases to work for an indefinite future as so many of his predecessors did of old, and tends to look upon the affairs of "his" concern

—————[REFERENCE](#)¹

from a short run standpoint.² The glamorous ambition, in particular, to found an industrial or financial dynasty would, even if the family motive were left intact, have to die out merely by virtue of the difficulty amounting to practical impossibility of satisfying it.

This difficulty is of course greatly increased by that "defencelessness" and "hostility" analysed before – directly through inheritance taxes, indirectly through the paralysis that an almost universal disapproval of its values spreads among a social stratum which is acutely aware of it. In consequence, we observe something very like a slow conversion of the industrial class to the creed of its enemies. That class not only lacks the opportunity of acting according to its previous schemes of values and the means for defending its interests, but those schemes of values themselves and motives for defending its interests tend to become atrophic. Capitalist volition is not only being thwarted, it is also being devitalized. The bourgeois class not only cannot have what he wants, it is also on the way toward ceasing to want it.

—————[REFERENCE](#)³

It slowly loses faith in the typically bourgeois standards and, partly without knowing it, adopts values and slogans that are incompatible with them. It thus allows itself to be educated by its enemies and – it even hands over to them the education of its sons and of the young in general. No doubt, occasionally some people pull themselves together and try "to make a stand". But the weakness, both of such attempts and of the response they elicit, illustrates still better than the usual acquiescence what I wish convey. That is why it is so easy to wrench from the bourgeoisie one protective device after the other, even in situations in which resistance does not seem impossible to the observer.

¹ Wie oben

² Fußnote Schumpeters: *gewissenlos, nur eben andere Interesseneinstellung, more professionelle attit; freilich noch immer instances; darf nicht übertrieben werden.*

³ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

Russel; Einstein? Minimum of effect mit Maximum of discards, obgleich der Import of human Material contains plenty of explosive shift

—————[REFERENCE](#)¹

2.4.26

Needless to point out, how this must affect the motive for making money and for fighting in the political arena as for the possibility. Given those circumstances we shall expect to see, as it were, the question arising in the businessman's mind: "Well, after all, why bother" which means both in passing ...

Let us observe, daß nicht nur Kapital outlay reduced sondern auch wie eine nochmal small producers outlay. ... Once a more armrest style; billige substit, u.s.w. und vorgehende work Seite

Aber viel wichtigere Wirkung auf Motive und attit. ist, as said before, die course to herself and others. desire type of family: childlessness direkte Wirkung of Kapitalismus feminismus
²duty nötig, weil die Befriedigung und Erfüllung nicht klar vorhergesehen why englische suffragetten
Schwierigkeit eines bourgeois homes auch eine Ursache ferociousness

—————[REFERENCE](#)³

¹ Wie oben

² Links hiervon vermutet der Stenograf den Eintrag *Sombarts Theorie*, ist aber dessen nicht sicher.

³ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe den wesentlichen Teil des fraglichen Blattes daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

2.4.27

Money making motive also wieder reckoned?
und temporal [??]¹
~~Wage balance being equalized~~
modern man

Situation ist also die: ich muß diese ganze Abteilung lesen
und sehen, ob sie brauchbar ist und nichts zu repetitiv

I must fall in die politics (auch taxation) und die
Rückwirkungen (über das Zwischenstadium und über
/:Ablehnung:/ der radikalen die Wirkungen zuzu/:geben:/)

Ich muß das über das home vollenden, und dann wirksam
über disintegration der Familie reden, und dann abschließen –
daß führt auf meine Formel, denn alles das macht der
Kapitalismus

Wieso aber Sozialismus?

Wann und wie?

Viel langsamer

REFERENCE

2.4.28

Nicht nur Produktion und nicht nur framework und social
ideals, sondern auf private life

this works in two ways:

a) to anyone who looked at Familie home, the style of life of
which it is the shaping center, rationally i.e. for whom it is
not the only thing to aim at, it will look irrational

α) weil Kapitalismus provides

Childlessness completely alters outlook

successful man

does not mentor anywhere

factory andere Seite

Childless home is but a bad
hotel

Childlessness macht Heim
auch weniger desirable

REFERENCE

¹ Lesart Uraki: *forever*

2.4.29

Achtgeben mit Kinderlosigkeit
Lösung des Familienbandes darf nicht nur darauf basiert
werden und Schwächung of hold on class Position nicht
nur auf Lösung des Familienbandes
“System of duties” ...

— [REFERENCE](#)

2.4.30

Ökonomische Eff. of popul. kommt also vorher
aber via Motiv und Weltuntergangstimmung
doch hier

Kapitalismus offers varieties

Kapitalismus auch direkt breaks down moral unfit
und develops Technik

(duty, /:Glauben:/
und dann auch
einen anderen
Glauben
moral
disapproval
shameful act
is one's right)
military service

Große Sache , doch kein bourgeois Phänomen

Soziale responsibility – individuelle irresponsibility

Ein Grund für keine Kinder ist auch Abneigung to earn und go into
busi

home wird inadapted und das wirkt auf Kinder zurück

Monetary elements – keine größere fertility by größerem Wohlstand

poor time to found a family

— [REFERENCE](#)

2.4.31

Wir haben hier also einen Grund der Retardation

Mit dem home die Penaten *altogether*
Familie sehr central

No sons to leave to
family Motive Weib und Kind
 ist nicht rational, für Dynastie zu arbeiten
Rationalisierung of private life

Nicht Wiederholung gegen III, wo ich doch auch vom
manager spreche, der nach Tätigkeit ??? geht

Familie nicht anders in Bauern- und Arbeiterstand

Childlessness kommt via Rationalität vom Kapitalismus

—————
[REFERENCE](#)

2.4.32

Now das bleibt am besten so beim Bauern
bei Arbeiter und small artisan nicht so – aber kein Problem
homework fair allround

Family in our sense gleichgültig ob clan

filled life ist firm frame welcher wenig variiert
und das macht die [??]¹ fest, creates standards
und attitudes of set moral habits und sentiments

⌘ Monogamous insoluble
organized und standard house

Industrie beraubt die bourgeois Frau,
aber [das]ginge noch, wenn birth rate up
[und] ihr entry in Berufe...

bourgeois Frau ist arbeitslos
tragischster Führer
unbalance
unbalancing
community
bloodthirsty

Incognito of Erziehung
feat of adaptation welche nur
ein starker ??? erklären kann

—————
[REFERENCE](#)

¹ Uraki liest: *Weiber*

All those changes in attitude – or the facts of capitalist evolution that lie behind them – would naturally affect the bourgeois family, in particular the readiness of the bourgeois to undertake the responsibility of founding a family.² There is however not a simple cause-effect relation between the two but rather interaction. The same social process that affects the bourgeois family by creating a social atmosphere in which some of the ambitious typically associated with bourgeois family life become less desirable or more difficult to realise or both, also affects it directly in ways that to a certain extent would by themselves suffice to produce new attitudes toward business and toward life. This aspect which may well be more important of the two now calls for our attention.

Economist have not always given its due to what really is a very obvious fact, viz. the dominant importance of the family and the family home

—————[REFERENCE](#)³

within the bourgeois world of the times of intact capitalism. The bourgeois family home – the town house and the country place – embodies a characteristic scheme, and shapes a certain style of life. It is through its windows that the bourgeois family looks upon social life – the general point of reference for its values, the symbol of its form of civilization. It is the central fact about its behavior.

The family motive is, or has been, the driving power of the capitalist engine. When we look more closely at the concept of selfinterest as used by classic economists, we immediately realise that what it was supposed to do is not at all what could be expected from the selfinterest of a detached individual.⁴ The type they visualized was the man who anchors in the family no less than in the owned factory and whose soul is shaped by both. The first anchor is not in the least less essential than is the second: only together they delineate the behavior and in particular the horizon that those economists talked about.

—————[REFERENCE](#)

And the family motive implies wife and children (plural). Married life without children, especially married life that as a part of the plan excludes children, is not sufficient to produce the characteristic features of bourgeois behavior, such as the attitude of working for an indefinite future and all that means for long range planning, saving

¹ Wiedergabe eines zusammenhängenden Typoskriptes. Dabei greifen wir überlieferungsbedingt zum Teil auch auf die handschriftlich Fassung zurück. Die hier kursiv gesetzten Passagen signalisieren den mit CS&D übereinstimmenden Textverlauf.

² Fußnote Schumpeters: *Variations in this readiness are of course not faithfully rendered by variatons in the statistical marriage rate. For since marriage is a legal concept which covers many different sociological patterns, the marriage rate might conceivably increase and marriage in the full sense implied by the idea of bourgeois family life completely disappear at the same time.*

³ Die Originale dieses Manuskript wurden im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe die fraglichen Blätter daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung (S/W-Kopien im pdf-Format) rekonstruiert.

⁴ Hier befindet sich eine knappe Anmerkung Schumpeters, die jedoch nicht entziffert wurde.

habits and so on. Childless marriages in fact produce attitudes that do not differ materially from those of the detached individual. As a special habit it therefore completely changes the bourgeois outlook both on private and public life. Nothing, in particular, so effectively devitalises the will to fight for long-run and for class interests, for the preservation and improvement of the sources of income as distinguished from the income itself that the individual expects to receive during his own lifetime. Of course,

—————[REFERENCE](#)

as stated above the other elements in the change that has come about in bourgeois psychology nevertheless retain independent importance as may be inferred from the fact that we observe it also in modern parents who frequently take a characteristically different view of their responsibility for the economic position of their children. But this does not impair the importance of the element now under discussion. Like the other, it is a product of the capitalist process.

The falling birth-rate¹ is of course due not only to childlessness but still more to the restriction of families to one or two children which does not necessarily indicate any wrecking of the family motive – it might on the contrary indicate the presence of a particularly strong family motive – and not only to decreasing fertility in the bourgeois stratum – though the decrease started there – but still more to the spread of the tendency (more

—————[REFERENCE](#)²

or less) to all classes. But since, in one respect, the phenomenon we are particularly interested in merges into a more general one we may, for a few paragraphs, nevertheless talk about birthrate.

Its fall is wholly³ attributable to the rationalisation of everything in life as one of the effects of capitalist evolution. It is nothing else but one of the results of rationalization's spreading to the sphere of private life. All the other factors which are usually adduced in explanation can be readily reduced to that one. We will distinguish the wish to have a smaller family from the ease with which that wish can be implemented.

As soon as men and woman refuse to take for granted the traditional arrangements that their social environment makes for them, and as soon as they acquire the habit of

¹ Hierzu am Manuskriptende eine knappe nicht entzifferte Fußnote Schumpeters.

² Um den fortlaufenden Text zusammenhängend zu publizieren, erfolgt die Fortsetzung nunmehr nach dem entsprechenden maschinenschriftlichen Manuskript, das am Ende des Manuskriptes nachgewiesen wird.

³ Hierzu am Manuskriptende eine knappe nicht entzifferte Fußnote Schumpeters.

weighing the individual advantages and disadvantages of any prospective course of action – or, as we might also put it, as soon as they introduce into their private life a sort of inarticulate system of cost accounting – they cannot fail to become aware of the heavy personal sacrifices that parenthood entails under modern conditions while at the same time, excepting the cases of farmers and peasants, children cease to be economic assets. Those costs do not only consist of the items that come within the reach of the measuring rod of money but comprise in addition an indefinite amount of loss of comfort, of freedom from care, of repose and of opportunity to enjoy alternatives of increasing attractiveness and variety - alternatives to be compared with joys of parenthood that are being subjected to a critical analysis of increasing severity. The implication of this is not weakened but strengthened by the fact that the balance sheet is likely

to be incomplete, perhaps even fundamentally wrong. For the greatest of the assets, the contribution made by parenthood to physical and moral health – to "normality" as we might express it – particularly in the case of women, almost invariably escapes the rational searchlight of modern individuals who, in private as in public life, tend to focus attention on ascertainable details of immediate utilitarian relevance and to sneer at the idea of hidden necessities of human nature or of the social organism. The point I wish to convey is, I think, clear without further elaboration, but I should like to sum up by quoting a remark that was once addressed to me: "So you advise me to stunt my ambitions and to impoverish my life in order to be insulted and looked down upon in my old age?"

Before proceeding let us briefly consider the relation between incomes and birthrate. Economists and still more other types of students of this question seem to have treated it in a somewhat unconvincing manner. The classics, practically all of them, uncritically accepted the view of Malthus that populations always tend to increase up to the limits set by available sustenance. It matters little whether, by inserting the necessary assumption, we reduce that proposition to irrelevance or, by refusing to do so, allow it to stand as a monument of foolishness. Nothing can, as a matter of fact, be more obvious than that a rising standard of life engenders, with most people in the Americo-European sphere as well as with some people without it, the wish to restrict their families. Perhaps it is not quite satisfactory to say, as has been said by some¹, that increase in real income as such produces that result either automatically or by way of the rationalization and of the increased opportunities for forethought induced by it. This seems open to objections which we can avoid if instead we say that capitalist evolution both increases real incomes in all brackets and rationalises private

life – the former process not necessarily being the cause, although it always is the companion, of the latter. The main advantage of what at first sight appears to be a very

¹ Fußnote Schumpeter: *P[aul] Mombert. / Paul Mombert (1876-1938), Bevölkerungslehre (1929)*

insignificant amendment consists in breaking that rigid relation which those authors hold obtains between (long run) increase in income and birthrate and in substituting for it, a more flexible one which allows for many exceptions. For from our proposition it does not necessarily follow that those are entirely wrong who hold that improvement in economic conditions of a married couple or of unmarried people contemplating marriage might be expected to increase birthrate in many cases especially if brought about by subsidizing parenthood. Observation of the behavior of young married couples in the “intellectual” group on the one hand and, since to the farmer and peasant a child may be a “subsidy”, observation of the behavior of couples in the farmer or peasant class on the other hand, is conclusive on that point. It will be seen however, that these observations do not lend support to the Malthusian view but perfectly agree with the theory of rationalization.

Capitalist evolution, then, creates objective motives and subjective desires that make for the restriction of families. At the same times it renders it more easy to gratify such desires. This it does in two ways. First, those desires run counter to important traditional sentiments of a religious and moral nature which might have created very strong inhibitions. There once existed an established sense of duty in this respect, that was sanctioned by powerful social conventions. But these are just the kind of thing that capitalist rationality tends to undermine. It does away with conscientious scruples. It turns social disapproval of childlessness into social disapproval of attempts to interfere with the self-government of individuals. Secondly, capitalist inventiveness and business spirit produced contraceptive devices of increasing efficiency that solved the problem which

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the strongest impulse of men would have put into the way of antiprogenitive desires if there had been no other way of gratifying them than Malthus’ moral restraint. This factor is so important that it has been called “the sole cause of the decline”.² In a sense it is. But it calls in turn for the explanation which the theory in question supplies.

For the bourgeois class and the bourgeois style of life the tendency under discussion is strengthened also by other elements than those which I have adverted to already, and which would in themselves suffice to account for it so far as the bourgeois stratum is concerned. The capitalist process, in a variety of ways, threatens the bourgeois style of life as embodied in the bourgeois family home.

Until the later decades of the nineteenth century, the town house and the country place were everywhere not only pleasant and convenient shells of private life on the higher levels of income, but they were indispensable. Not only hospitality on any scale

¹ Wiedergabe nach dem maschinenschriftlichen Manuskript. Mit den Kopien Nr. 1062-1w.jpg und 1063-1w.jpg liegen auch die handschriftlichen Fassungen vor.

² Fußnote Schumpeters: *See Mr. Harrods excellent article in The Manchester School of Economic and Social Studies, vol X, no 1, 1939. Comparison is invited between his method of handling the factors of contraception and the one indicated above.* [Gemeint ist: Modern Population Trends, ebenda, April 1939]

and in any style, but even the comfort, dignity, repose and refinement of the family depended upon its having an adequate foyer of its own that was adequately staffed. The arrangements summarized by the term Home were accordingly accepted as a matter of course by the modal man and woman of bourgeois standing, exactly as they looked upon marriage and children—the “founding of a family”—as a matter of course.

On the one hand, the amenities of the bourgeois home are becoming less obvious than are its burdens. To the critical eye of a critical age it is likely to appear primarily as a source of trouble and expense which, especially as

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to overhead, frequently fail to justify themselves. This would be so even independently of modern taxation and wages and of the attitudes of modern household personnel, all of which, typical results of the capitalist process, greatly strengthen the case against what in the near future will be almost universally recognized as an outmoded and uneconomical way of life. In this respect as in others we are living in a transitional stage. The average family of bourgeois standing tends to reduce the difficulties of running the big house and the big country place by substituting for it small establishments plus a maximum of outside service and outside life.

On the other hand, the home of the old type is no longer an indispensable requirement of comfortable and refined living in the bourgeois sphere. The apartment house and the apartment hotel represent a rationalized type of abode and another style of life which when fully developed will no doubt meet the new situation and provide all the essentials of comfort and refinement. To be sure, neither that style nor its shell are fully developed anywhere as yet and proffer cost advantage only if we count in the trouble and annoyance incident to running a modern home. But other advantages they proffer already – the facility of using to the full the variety of modern enjoyments, of travel, of ready mobility, of shifting the load of the current little things of existence to the powerful shoulders of a highly specialized organizations.

It is easy to see how this bears, in the upper strata of capitalist society, upon the problems of the child. Again there is interaction: the passing of the spacious home – in which alone the rich life of a numerous family can unfold²– and the increasing friction with which it works, supply another motive for avoiding the cares of parenthood; but the decline of

philo–progenitvity in turn renders the spacious home less worth while.

Tree additional comments will complete our argument.³

¹ Wiedergabe nach dem maschinenschriftlichen Manuskript. Mit der Kopie 1064a-1w. jp liegt auch die handschriftliche Fassung vor.

² Fußnote Schumpeters: *Modern relations between parents and children are of course partly conditioned by the crumbling of that steady frame of family life.*

³ Dieser Satz ist in der entsprechenden CS&D-Passage nicht enthalten.

First, I have said that the new style of bourgeois life does not, as yet, offer any decisive cost advantage. But this refers only to the current or prime costs of servicing the wants of private life. As to overhead, even the purely pecuniary advantage is obvious already. And inasmuch as the outlay on the most durable elements of homelife, especially the house, the pictures, part of the furniture, used to be financed mainly from previous earnings we may say that the need for accumulation of "consumers' capital" is drastically reduced by that process. This does not mean of course that demand for "consumers' capital" is at present, even relatively, smaller than it was; the increasing demand for durable consumers' goods from small and medium incomes more than counterbalances this effect. But it does mean that, so far as the hedonistic component in the pattern of acquisitive motives is concerned, the desirability of incomes beyond a certain level is reduced. In order to satisfy himself of this, the reader need only visualize the situation in a thoroughly practical spirit: the successful man or couple or the "society" man or couple who can pay for the best available accommodation in hotel, ship and train, and for the best available qualities of the objects of personal consumption and use will, things being what they are, as a rule have all they want with any intensity for themselves.¹ And it is easy to see that a budget framed on those lines will be far below the requirements of a "seignioral" style² of life. Another motive to exert oneself

indefinitely plus ultra – though one that probably never was of dominating importance – goes overboard therewith.

There is a second aspect to this (relative) reduction of consumer's capital expenditure in the upper stratum. I have dwelt before on the "evaporation" of that concrete – visible and touchable – form of industrial property which in the most advanced countries persists only in the agrarian sphere: the peasant's or the farmer's holdings are left to show modern man what property and proprietors really are, but the type of the bourgeois who was a proprietor in that vital sense of the term is evidently going to die out. In itself, this does not affect consumers' property and the behavioristic patterns associated with it: as far as that goes the family house and part of its contents might still remain for modern man to feel about, to aspire to, to fight for, and to be moulded by. But now we see that though partly in different ways consumers' property and with it the bourgeois homeowner's psychology is being atrophied just as effectively. Life loses its substance on this as it does on the productive side, and one important edge of our sense of concrete reality wears off and in consequence also our habit of taking the long-range view. To realize consequences, only visualize the individual or childless couple that currently buys the services of everything it needs, floating as it were in space with anchors lost, everywhere hence nowhere at home.

¹ Dieser Satz ist in der entsprechenden CS&D-Passage modifiziert enthalten Fußnote Schumpeters: *The argument though formulated, for the sake of concreteness.*

² Im handschriftlichen Entwurf der Passage befindet sich an dieser Stelle eine Fußnote Schumpeters.

The third consequence of our analysis is perhaps more important than any other. The institutional arrangement that, with most tribes belonging to the European races, became stereotyped after the definitive settlement of the lands they now inhabit, completely solved the problem of the relation between the sexes. Or rather, within that institutional framework and under the prevailing conditions no problems arose owing, on the one hand, to the

birthrate and, on the other hand, to the satisfactory division of labor that imposed itself. The same schema, though with some deviations, also worked smoothly in the medieval towns, many of which retained to the threshold of modern times, a semi-agrarian character. The family home was an important centre of production and filled a large part of the functions that industry fills today. To run it was a definite vocation that called for all the energies of the women that were not absorbed by child bearing.

A remnant of that arrangement we still behold in the sphere of the peasant and the farmer in which accordingly no "women's problem" (Frauenfrage) exists. To some extent that is so even in the world of the artisan and of the small shopkeeper. It is not so with the modern industrial proletariat; but work in the factory supplements mere housework which is moreover, if it has to be done without any help, less likely to leave a void however unsatisfactory it may otherwise be. We shall therefore quite understand the typical attitude of socialist groups toward this problem although that attitude must be unraveled from under a maze of conflicting tendencies and phraseologies. Many socialists are of course nothing but bourgeois radicals and others import much of the ideology of bourgeois radicalism into their socialist world. These of course would in any case tend to be "feminist," even if that situation did not, as it assuredly does, add another indictment to the general case against capitalism. Also, socialists cannot afford to neglect so rich a source of political support. Nevertheless the average socialist, leader or follower, is not as a rule very enthusiastic about the cause of women. And this not only due to the obvious difficulties that unfettered competition of women must raise in the labor market. Nor is it simply due to the fact that the socialist parties found a bourgeois women's movement in possession, which of course had to be sneered at. It is

also due to the perception of the fact that the problem is typically a problem of the bourgeois stratum.

For the tragedy – and a real one as distinguished from the many fakes of our time that we are in the habit of exalting into tragedies – is in the bourgeois stratum only. Industrial development has robbed the bourgeois women of their calling and annihilated as it were their business, leaving nothing to home production except cleaning and cooking (and even these economic functions are being invaded of late), while the social conditions and the mentality created by that same industrial development, both increased

the surplus energies that previously had been absorbed by child bearing.¹ Empty lives. Pitiful frustration, of physical as well as of effective² impulse. The most tragic case of unemployment.

The available opportunities for adaptive reaction fail to solve the problem, even where they do not tend to vanish. There is, for the top stratum especially, "society life" and a game played for points that are created for the very purpose of playing for them. There is the desperate attempt, pathetic as well as truly heroic, to cling to the tatters of home ideology and extol the remaining pots and pans into something that is worth while. There is finally the invasion of the professions and the endeavor to create women's professions. This of course is not hopeless. But for the moment and for a long time to come it promises nothing but frustration and humiliation and chances that are inevitably smaller than those within the reach of the most atrocious dunce of a man. This is the true poverty in plenty.

For our subject, that disintegration of the most important piece of our institutional framework is primarily symptomatic. But it is also an important factor in our social and political situation. The lack of balance and composure that characterizes modern radicalism, the hysterics of modern politics, both domestic and foreign, the hatred of anything that looks like deliberation or composure, the impatience with the long-run view of things, the neurasthenic fidgeting of nations and individuals – all that, not wholly but to a considerable extent, is due to the facts that one-half of the most civilized stratum of humanity is in a clearly pathological state of mind and body and, itself disorganized by privations and repressions, disorganizes the other half. Both do their best, no doubt, to "make a stand" and in order to do so more effectively, they shut their eyes to the realities of their fate. That does not prevent bourgeois society from rotting in its socio-psychological roots.³

[REFERENCE](#)

¹ Fußnote Schumpeters: *A fourteenth century report I have once come across mentions the fact the family of the average knight in southern Germany lived "with many children and in poverty."* I remember another document stating that a certain castle, also in southern Germany, was inhabited by four noble families who together had well over a hundred children.

² In der Vorlage offensichtlich der Schreibfehler *effective* anstelle von *emotional*.

³ Im handschriftlichen Entwurf folgt kommentiert Schumpeter hier abschließend stenografisch: *Das ist wichtig für ganze Kultur; aber besonders für Widerstandskraft und Funktion der kapitalistischen Bourgeoisie.* Vgl. hierzu [REFERENCE](#)

3. Kann der Sozialismus funktionieren?

3.1 Der sozialistische Entwurf

3.1.1

ad Third Essay: can work“
“Econ. of Soc.”

Nach einer Einleitung, die das of course mehr oder weniger paraphiert, kommt ...

Unterschied in Verteilung,
Unterschied in Auslese
Wo eigentlich Frage der
Auslese. ...

1.) Definition des Sozialismus (wichtig soc. for [??]¹ um zu befreien) Das alles muss umgeschrieben werden - obgleich was daran ist, manches gehört besser in Fourth Essay. ...

Logik in E – Administration
Frage ergibt sich dann bei
change -
aber dieser [??]
dass man leicht
glauben könnte
das führt auf 3.

2.) Hier ist das Thema — zeigen daß nothing wrong with the logic (never mind practicability or comparison)
Das demokratische Sparen; Rolle des Zinses und Kapitalstruktur ... (keine Absurditäten, daß Maximum; Barone, F. Taylor, Lange² etc ... – Obgleich nicht so gemacht zu werden braucht: andere Altern. ...

Sparen: schwimmen mit und
gegen Strom. ...
Leistung der soc Parteien

3) Thema ist: impracticability – und tatsächlich mehr daran; practicability, wann? Das ist wichtige Entdeckung und zu betonen.
vielleicht hier nur in abstracto.

Robbins und Hayek

(Diese Frage schwer zu vermeiden, weil
Konzentration sehr wichtig ist.)

Große Schwierigkeit ist von (3) zu trennen, z.B in solchen Fragen wie malleability

a) hat die Frage Sinn? Definition! Wo bleiben die Massenstandard, Standard Kulturberufe
Schwierigkeiten mit slogans: prod. for cons.
prod. for profit

Also dafür nur ein paar
Noten!

4) Comparative Efficiency auch wieder Frage – oder gerade hier – wann?

Was für Typus von Mensch

Die Attit., die jede braucht, was immer es ist, vorbereiten wie wenn Ungeheuerlichkeit wäre. Hängt ab, inwieweit Maßendziplin und long run policy machen kann: der Intellektuelle oder wer /Lenin/ über wäre
Könnte aus seinem Apparat mehr herausholen?
Wäre das wieder ein Resultat? Aber doch auch nicht sicher. ...

Control of produktion: who
runs it?

Noch gar nicht.

5) Probleme der Übergangswirtschaft – aber nur die sachlichen Probleme hängen ab vom Zeitpunkt:

¹ Lesart Uraki: *anderen*

² Oskar Lange; Benjamin E. Lippincott; Fred M. Taylor: On the economic theory of socialism. McGraw-Hill, 1938.

Je besser je Später
je besser je weniger
Demokratie und
Coffe house babblers

Prejud. sehr effectiveness

faschist. Weg

Infantilism of Monopoly curves
wenn meine Großmutter rädeln¹ hätte
Und der Intellektuelle im Caféhaus könnte es natürlich
unendlich besser machen
jeder step ist [??] zuviel [??] action und indirect auch

[REFERENCE](#)

3.1.2

“Unfortunately müssen wir aber zuerst definieren...!
und ich meine nur zentralistischen Sozialismus

To exclude ... we want an authority and control
in econ. aspect both in its production und its distrib. aspects²

Aber ich kann die Sache nicht so lassen: Verteilung muß doch hineinkommen: mere
management of resouces könnte doch mit Privateigentum zusammengehen.
Habe jetzt “Verteilung des resulting Products” hineingefügt; ist nicht ganz richtig —
zentrale Control braucht nicht zu entscheiden, was jeder einzelne zu konsumieren hat
Verschwinden der Concurrenz-Auslese nicht vergessen – als Beispiel wie Sozialismus
immer “möglicher” wird
ist aber noch nicht verschwunden!

[REFERENCE](#)

¹ Mit “radeln” oder “rädeln” könnte der Umgang mit den ab 1860 in Österreich verbreiteten Schnittmusterbögen gemeint sein.

² Vgl CS&D, p. 168: „Our definition excludes guild socialism, syndicalism and other types“.

3.1.3

[??]¹

Possibly I have not emphasized enough
die Frage der categ. Differenzen zwischen socialist and commercial
society und der Übertragung von Begriffen in ihnen fremde Welten

Dobb – Lerner controversy² u.s.w.

ist vielleicht bei dem Punkt, wo ich sage, daß Sozialisten über Ähnlichkeit enttäuscht
sein mögen. Dobb's emphasizing differences u.s.w. hat recht in einer Sphäre vielleicht,
aber nicht in der ökonomischen Rationalität. ...

Wenn man klar machen will der Menschheit, in was sie hineintritt, so ist etwas anderes
wichtig — die Möglichkeit zu zeigen, daß Kapitalismus zu Zuständen kommt, wo nicht
viel Differenz macht, und daß diese Möglichkeit so ziemlich die günstigste ist.

Natürlich ist das unangenehm für den, der von Sozialismus nur sprechen kann mit dem
smile der Seeligen und mit gefalteten Händen

was alles der ungläubige Mann versteht

. . . Debunking this ist auch sehr nötig — ist escapism

...

—————[REFERENCE](#)

¹ Der erste Satz wurde übergangen.

² Vgl. hierzu ua. Maurice Dobb: Economic Theory and Socialist Economy: A Reply. In: The Review of Economic Studies, Vol. 2, No. 2 (Feb., 1935), pp. 144-151.

3.1.4

Ob Blueprint überhaupt Bericht	
Wastes in lower strata of industrie und auch höheren	Daß in fettered Kapitalismus lawyers immer wichtiger werden
Oh yes — God	+Blueprint should nicht be too efficient heat power even light sequences composed grumble of bottleneck Selfobstruction
Concentration auf einfachere Aufgabe makes for efficiency wenn die limits der Aufgabe dagegen arbeiten	

————— [REFERENCE](#)

3.1.5

Brauchen ein Schlagwort für nonsoc-society: “commercial”
Vielleicht anfangen: Viele Leute sagen, daß Sozialismus unmöglich und impracticable ist; das kann 2 Dinge bedeuten. ... oder vielleicht: Case against soc. largely rests not on any Theorie First we must satisfy ourselves

¹ Von hier ab einige Notizen durchgestrichen oder abgehakt, zudem nicht alles entziffert.

3.1.6

Bourgeois culture in [??] indet. because it is a given

reality in each case. But the range of variation of historic cases is considerable and in every one of them we meet the question which of the phenomena observed may and may not be reasonably attributed to the specifically bourgeois element in it. I shall not attempt to deal with this range of problems, except incidentally. Now I will dismiss them with one remark.

When using the term “bourgeois elements”, I have not been thinking of personal elements, i.e, the individuals that form what might be termed the bourgeois class, but of the cultural elements of the bourgeois epoch, i.e. those attitudes, behaviorist patterns and achievements which in a Marxian sense may be traced to the bourgeois form of the economic process.

/:Möglich:/ diese Kultur zu
verachten (→ ich tue es)¹,
aber wie in ersten Essay
gesagt, nicht möglich, den
formidable extent
/?märchenhaft?/ to verkennen
ist nun /:geraten:/;
Technologie nicht separat und
nicht möglich, Medizin und
Wissenschaft auszuscheiden,
nicht nur[,] weil Werk der
Bourgeoisie, sondern weil
Werk rationalen Geistes:
rationale Fragestellung)
und dann noch a) [??]
b) stellt Mittel
bereit

?Spirit?, der Sozialismus
möglich macht und } das im II. Essay
intellektual/:funktioniert:/
fellowship *for enemies*
Hoffnung, kulturelle Kraft
freizusetzen.

Das vielleicht im II. Ess.?

[REFERENCE](#)

¹ Bemerkung Schumpeters mit Pfeilverweis von „verachten“

3.1.7¹

3.1.8

In II? Aber nicht collid mit III!

| Könnte auch sagen: Should be included into the blueprints. Aber das macht nur Confusion, (wie jeder einsehen würde, wenn nicht /: interessiert:/, toward off Argument, daß erst revisionism und dann Marxismus

Aber warum das alles? Nicht — absolut notwendig oder Ausgehen von hostile Tendenz

²Rousseau does in fact
thus build the road.

Oder: ... more difficult distinction: Kapitalismus
— object of attack u.s.w., gleichgültig of selbst Produzent
(wie wir gesehen haben). ...
blueprint weicht nicht nur ab wie jeder [??] print
sondern schließt auch aus, ob das Alterserscheinung
oder intellektuelles Produkt oder wicked boys

Cutting thought

[REFERENCE](#)

3.1.9

Pigou Socialism versus Cap³
Außerdem Material über Gewerkschaft und Partei
(und Politik und Chancen)

[REFERENCE](#)

¹ Uraki/Imai Nr. 3.1.7 ist hier in 3.1.6 enthalten.

² Nachfolgend zwei Zeilen in der Notiz gestrichen oder abgehakt.

³ A. C. Pigou: Socialism versus Capitalism. London: Maxmillan, 1937.

3.1.10

Sozialismus

Cameralist Buchhaltung

Vergleich mit Pigou's Plan: 1. Frage wo? In England, 2. Frage: was /heißt/
Macht

(Konstruktiver Konservatismus?)

getting hold of youth – wir haben Gesellschaft gegen Vivisektion
und nichts gegen experi. mit youth
Verbesserung der Rasse
Bauern
nationaliz.

like und dislike of a civilization ... ← die failures und das große Einkommen

[REFERENCE](#)

3.1.11

¹

Nevertheless I repeat: It does not follow that the system thus established by revolution could not work at all nor even that civilization could not recover from all those cultural losses.

But this does not excuse those who dispose of difficulties and sufferings by a gibe at lack of courage. No courage is needed to discant on the glories before ignorant masses of people hardly out of their teens and to draw easily applause. If the acad teacher ²requires any courage, it is in order to stand for sense and restraint and fight animal spirits effervescent with nonsense und tendency to substitute ardor for study and shining eyes for brains ³ and the true courage of man of action consists in breasting appetites of mob ...⁴

[REFERENCE](#)

¹ Stenografische Bemerkungen an dieser Stelle wurden noch nicht entziffert.

² Hier eine unbekannte stenografische Einfügung.

³ Hier eventuell eine nicht identifizierte Einfügung.

⁴ Satz im Text nicht abgeschlossen

3.1.12

Die “wirtschaftliche Unvernunft” unserer Zeit (/:Hayek¹ ist common abet :/) ist eben auch ohne object of analysis. Und soweit sie abfährt auf Theorie, ist diese Theorie wirklich nur “Willen der Meinung”.

[REFERENCE](#)

3.1.13

	Thema: First we must satisfy ourselves
	ad (2) Thema: (a) The first point to grasp is that there is nothing wrong with the logic of such a “plan”, that is to say, this plan (?) does not contain² either contradictions / inconsistencies³ or lack necessary conditions (und complete²). And is perfectly operational in the sense that methods can be indicated which will bring about a state satisfying those conditions. Is not like a man without a lung. This we shall first satisfy ourselves of not taking into account questions of practicability or efficiency or of its conditions, different from long conditions, which will insure practicability or efficiency.
Vielleicht zuerst “lawyers practical conditions”	
Was heißt “unmöglich”, was meint man mit unmöglich wie in Pareto, [??] Mises	This very simple task to day. For though it has been held that socialist systems are condemned on their logic and inherently impossible – we need mention bsd mises – those attempts turn mainly on
turn ??? on Wirtschaftsrechnung und Wirtschaftsplan Was mit Spekulation u.s.w. ...	Wirtschaftsrechnung und Wirtschaftsplan [–] may be said to be never definitely given up. Barone, Taylor, (Tisch ⁴), Lange und Lerner
	We start with a fundamental difference. In commercial society, production – by this we also

¹ Vgl Friedrich A. Hayek Economics and Knowledge. Presidential address delivered before the London Economic Club; November 10 1936. Economica IV (new ser., 1937), 33-54.] URL: <https://mises.org/library/economics-and-knowledge>

² Über der Zeile: no inherent absurdity

³ Wort über dem Textverlauf

⁴ Cläre Tisch: Wirtschaftsrechnung und Verteilung im zentralistisch organisierten sozialistischen Gemeinwesen, (Bonner Dissertation), Wuppertal-Elberfeld 1932. Die 1941 von Faschisten im Raum Minsk ermordete Cläre Tisch war eine Bonner Schülerin Schumpeters.

Langes Verteilung des Überschusses
– aber ist das nötig? Meine
Methode anders

Was ist das?¹
may cost = price
notwendig und sufficient? Warum
auch noch das alles aufgebraucht?
Und this pricing to supply und
demand, und this wiederum to the
incomes – ist also nur ein Process,
der simultan. alles bestimmt. ...

mean transport and marketing – and distribution – the
formation of private incomes – go on currently
within one [and] the same process. Production in the
economic sense means nothing else but combining
factors (marshalling factors into teams)² ...into
teams adapted to the purpose of turning out goods
and services, in the end consumer's goods and
services. And this in turn means buying them and
these purchases again is what creates the incomes in
expectation of the emergence of which firms decides
to produce certain kinds and quantities of goods.
That is to any commercial society, at least in the case
typical for it, identifies the formation of money and
real incomes with the pricing of productive services
and products.

Sind die Unterschiede a) Verteilung
b) Auslese
c) Erbrecht (aber
nicht notwendig
ausgeschlossen).

— REFERENCE ³

¹ Es folgt eine nicht entzifferte Wendung

² Variante über dem laufenden Text

³ Vgl. CS&D, p. 172 ff.

(nicht gut)

Aber ist nicht das
Wesen – und
Arbeit nicht
deshalb geleistet.

Socialist society lacks such an automatic rule. Hence the determination of relative shares in the social product becomes a distinct problem-and not only a distinct but an extraeconomic one. For though consideration of, say, economic efficiency may enter into motives which shape the rules and though comrades might conceivably decide so to distribute the social product as to achieve maximum efficiency, the distribution would still be a datum – und wahrscheinlich moralisch coincide

Pigou!

Never mind, was Gleichheit bedeutet bei verschiedenen Geschmacksrichtungen usw., ob Gleichheit Ungleichheit bedeutet und was zu tun, um verschiedene Ideale zu realize? We? und never mind, jedem nach needs und Fähigkeiten (das bringt übrigens zum Ausdruck, daß verschiedene Dinge sind) will to fix ideas simply assume, daß jede Vollperson gleichviel bekommt in Einheit und zunächst, daß diese Einheit canceled wenn nicht innerhalb stated period auf Konsumgüter ausgegeben werden.

underp.?
saving? ...

Dann Beweis in 2 Schritten, 1. exper. Produktion (though informed commonsense), wo verauktioniert (so das alles verarbeiten?)
2. Das gibt Produktionsmittelwerte, die auszugleichen sind unter der Bedingung, daß alle Produktionsmittel verwendet, und daraus resultieren Gleichgewichtswerte (interessant, daß rationale Kosten, Lohn und Grundrente gibt; depr. u.s.w.) ...

labor notes
...

Sodann Sparen /:gestattet:/
Frage des Zinses in Operation as dist. von Aufbau; aber auch bei diesem nicht nötig; Monomania ?
Maximum der Produktion und Satisf. (letztere höher of course).

Aber muß nicht
so gemacht
werden:
Arbeiter kann
auch nur Lohn
be-kommen
oder überhaupt
alles ohne
solche Erwä-
gungen. Warum
in Russland so
leicht und keine
kom-pliz.
Berechnun-gen
nötig.

Was das alles bedeutet und nicht bedeutet: compet.
Nur crudeste Sozialismen dadurch widerlegt, die eine Art Schlaraffia oder stupid: ist ein besonderer ???, dringt aber leider überall ein
“The fact that only [??]. of private want to labor.”
(Schwindel über Verteilung u.s.w.)

2
Das aber ist nur Logik stationärer Prozesse, aber kann leicht ausgedehnt werden: Profit kommt da hinein.
...

Resultat: ist ja selbstverständlich, daß die fundamentale Aufgabe der Güterproduktion und die Logik wirtschaftlichen Verhaltens desselbe ist — Crusoe

— [REFER ENCE](#)

¹ Vg. CS&D, p. 174

² Hier folgt eine nicht identifizierte Passage.

3.1.15¹

Robinson Crusoe ... perhaps signif., daß Marx darauf Wert legt, so sehr er sonst den sozialen Charakter betont.

3.1.16

Cannot be said too early:

Robinson feeding in a whiling once in a while is in logical perfection infinitely superior to any *handed out* allocation in maximum of satisfaction

.

[REFERENCE](#)

¹ Zu dieser Notiz in Uraki/Imai existiert keinerlei Textnachweis, ich zweifele aber nicht an ihrer Echtheit.

3.1.17

“Buchhaltung wichtiger than ever”	fundamentale Diff. dann Einkommen bestimmen und alles andere wechselweise; zunächst Preise bestimmt mit random Menge, aber diese noch zu bestimmen – und das heißt alloc
die Crusoe Fälle zu betonen	
“We could produce mit diesem Produktionsmittel so viele Einheiten von diesem Gute, welche so viele Geldeinheitenwert sind und mindestens das Notwendige, um andere Verwendung zu rechtfertigen”	

Nur marginal adj.!	Marg. Cost

“Money” in socialism (ähnlich wie bei price – generalized category) ...	

Zusammengestoßene Bilanzen	

<u>Es würde Möglichkeit nicht nur bestritten, sondern Sozialisten selbst waren darüber im Zweifel: Kautsky und andere legen Wert auf Anschluß an cap. Wertungen, aber das löst Probleme nicht, obgleich praktisch wichtig.</u>	

[REFERENCE](#)

3.1.18

Sozialismus führt zum gleichen Maximum of output wie Kapitalismus, aber das ist das Wesentliche, daß Kapitalismus zu eben so viel führt unter station. Annahmen!

Fürchte, daß die Theorie nichts bedeutet, als daß eben das Schema ökonomischer Rationalität immer ein Maximum gibt. ...

auf Ezekiel ¹ kommen

Notebook on rel. shares clear of aggr wages mit einer of product Lieferung ratio given directly
Produktionsfunktionentheory ...

[REFERENCE](#)

¹ Mordecai Ezekiel, American economist

3.1.19

/:Maximum:/ condit. immer (und ist nur Bedingung) was immer System für effi. [??]
Maximumfrage für jeden Augenblick ist ganz sekundär
Wir klären nur most trivial conditions (aber auch bei given amount wird manches anders), da es sich um andere Dinge handelt
given amount of head verteilt, und selbst wenn man gegebene Produktionsorganisation nimmt
ganze Frage turns on long run

— [REFERENCE](#)

3.1.20

Wichtig, daß condi. of Industrie-action herauswächst aus Kapitalismus
cartels und trusts u.s.w.
Schon erwähnt in (2)
Also Gleichheit a) justice
b) das Ökonomische kommt nur in Betracht
größeres Nutzenniveau
Wo Webbs Buch über decline und das andere Buch: Plan für englisches Commonwealth!¹

— [REFERENCE](#)

¹ Sidney Webb: The Decline in the Birthrate, London 1907; Sidney & Beatrice Webb: A Constitution for the Socialist Commonwealth of Great Britain. 1920.

3.1.21

Really I seem to be unfortunate. Before I had to confess that I found it difficult to understand how the logic of the socialist system could ever have been led into question. And now I have to make a similar confession. I simply do not understand. Does the capitalist system work by solving equations? Is it not clear that the method of feeling by adjustments and rearrangements, the way toward the rational solution of the production problem which is the one employed in a commercial society.

... the obvious generalization¹ present indispensable difficulties? And if we ever arrive at that stage in which economic decision might be a matter of solving equations, can there be any doubt that the solution of the socialist equations will be technically much more comfortable a matter since many awkward time derivatives, lag relations and so on will be absent from them since those intrude mainly, though not wholly, because of oligopolistic situations.

[REFERENCE](#)

¹ Im Original hier ein Ausriss

3.1.22

Auslese und Verteilung	Maximum? Compet. I am sure however that the reader will s.
<u>prop¹ ist a method of selection</u>	if <i>at. par</i> – trivial if not – meaningless
Perf. compet. bedeutet 2erlei Also bei compar. wieder Maximum — das triviale u.s.w Everything else ist secondary improvement upon perf. comp et. ...	
a) Kostenrechnung b) Grenznutzen des Einkommens	
Auch schon von “technics” habe jetzt nur gesagt: <u>rich heritage</u> und außerdem stationäre [??] work – Frage, ob möglich	Aber: “we shall see later on why nevertheless wichtig der progress” ... Leute und Methode müssen geformt sein? oder saturation erreicht sein?” Wort ↑ noch nicht erwähnt

[REFERENCE](#)

3.1.23

Natur der Preise, Natur der Einkommen	Grundrente in soz. Staat
costs of transf. indices of signif or allocat. nicht nur /:Arbeitskosten:/ ... Profits fulfill other purpose (Indices of exploit, weighted mit verschiedenen Einkommen) implic. daß jede Industrie auszahlt, was sie einnimmt – das ist doch nicht notwendig so in adopt of [??] cost principle. ...	
Natur of optimum; aber wenn gesagt wird, daß es natürlich größer ist wegen Grenznutzen, so ist das zweifelhaft	Hier oder dann bei welfare?
Auch schon von “technics” habe jetzt nur gesagt: “ <u>rich heritage</u> ” und außerdem stationär [??] work – Frage, ob möglich	Aber: “we shall see later on why nevertheless wichtig der progress” Leute und Methode müssen geformt sein? ... oder “saturation erreicht sein?” Das Wort ↑ noch nicht erwähnt

[REFERENCE](#)

¹ Property

3.1.24

Gegebene Einkommen, free choice, factors /:gegeben:/; Nachfrage, und daher die Preise,, $p/n = \varepsilon^1$, wenn Gütermengen gegeben wären.
 Das wäre, als wenn man bei gegebenen Produktionsfunktionen nur eine Kombination und diese nur einer Weise erzeugen könnte;
 Klar, daß Majoritätsbeschluß nicht max. erzielen würde
 Aber sowohl Art und Menge der Güter wie Produktionsweise bestimmt (gegebene Produktionsfunktionen), bestimmt
 wenn Preis der Faktoren gegeben (ist Konkurrenz)
 Die Faktorenwerte sind mehr $\pi q = \varepsilon$. Kosten, Sinn?
 Ihre Preise waren so eins, daß für jeden homogen Faktor Qualität gleich,
 daß in Verhältnis der Grenzproduktivitäten – equal per unit of “revenue”,
 und diese Preise können adjust werden
 ?² wird überall Preis = marg. cost machen
 und auch supply = demand. ...

Nur eines von vielen oberen arrangements

Anderes Schema – Crusoe econ

St Simon

[REFERENCE](#)

3.1.25

(2) It will be convenient, however, for the purpose to be served by the next step of our argument to disrupt those doubts and to assume, pour fixer les idées, that the economic care in our socialist state – let it be a state for a moment – be entrusted to Enrico Barones ministry of production which presents its economic plan to the parliament – by all means – in much the same way as, say, the chancellor of the exchequer presents his budget to the House of Commons – it will be a budget in fact, only a comprehensive one **outside** of which there would be no effort to “get a living”.

Enrico Barone and others³ have successfully disposed of the first of two impossibilities held by pagans to rule out socialist realization.

Maximum Bedingungen und sogar viel klarer ... every cost equal to
 price : Wert indices ...

↑
aber nur wenn teilbar

¹ Vgl. Schumpeter 1909: Preis = Wert/Menge

² Fragezeichen im Original

³ Zusatz Schumpeter: F. Taylor eigentlich Math nötig

Die Trust, welche “compels”	1.) das sicher nicht so gemacht wird und daß wenn anders, es besser sein könnte! (aber das wäre democr. Praxis, nicht democr. Ideal). und zwar auch aus rationalen Gründen. ...
Wastes, die erspart werden, später? Vorteile der Klarheit	<p>aber dann dazu 2 Dinge 2.) erwähnen nicht rational über das Nichtsmachen (bei praktischer Erwähnung).</p> <p>3.) Sozialisten resent the implic., daß das sehr bourgeois ist, und manche Sozialisten haben ihm ungebührlich nachgegeben mit Freiheit und freier Konkurrenz (Lange) und sieht nicht, daß decay möglich ist, weil Leute nicht sparen wollen. ... /saving zu wenig/ wo Auslese u.s.w. : aber das macht nichts, /:wahr:/ daß sich die Wirklichkeit assert ↑ über Verteilung, welche auch nicht so sehr viel anders ist</p> <p>4.) Auslese, hier oder später Die Umwandlung der Natur –tear wie über unbefleckte Empfangnis – nichts dümmer als darüber zu lachen; zeigt nur, wie religiös das ist; gewiß Befreiung auch der Kapitalisten. ...</p> <p>5.) Neue Natur nötig? (nein das wäre Praxis) sehr hohes moralisches Niveau? “wo would work. ... Intelligenz der Leistung? Das nur relevant für Güte der Resultate. ...</p>
Und dann Lange, Zielsetzung u.s.w. ... Einwendung ist <u>nicht</u> verschiedene Geschmacksrichtung, noch auch	
Wo über kapitalistische Kultur: Cancer, Kunst u.s.w.? Und das /:fast:/ nur für “Massen” arbeitet. ...	<p>Wieviel Lebensfreude vernichtet! und Notwendigkeit of discipl. und discipl. Sanction. ...</p> <p>Wo, (vielleicht bei Bürokratie): Inferiorität of politic perform. Kulturargument — und well, we do quite rationally keep good ???¹ in idleness – Dont we? Und wenn ganz weiß gewaschen², dann darauf hinweisen, daß no expl. – es also ganz falsch ist, “Befreiung” u.s.w. zu sprechen. Aber dafür: absol ideal ↑ Das aber nicht als Gründe für choice vorgelegt: there is no choice nur /: für:/ was <u>nun</u> zu tun</p>

REFERENCE

¹ Lesart Uraki: *gentleness*

² Mit einem Bleistiftstrich verweist Schumpeter von diesem Satz aus auf die obenstehenden Bemerkungen über Verteilung und Wirklichkeit.

3.1.26¹

[This rule may be expressed by saying that each producing unit should produce what will “sell” at a “price” equal or, at any rate proportional to marginal cost. But there is some danger of confusion which should be guarded against. It arises from the fact that the “dollars” to be transferred to the central board or the marginal cost carry a definite numerical meaning only with reference to a given lapse of time. When I calculate what it would cost me to produce an additional ton² of steel within the week or to run an additional train within it, I do not take account of the cost of all those factors which, ex visu of that one week, I have got, paid for, any way but only of the cost I must incur in order to add that ton or train: on the one hand therefore practically everything except raw materials is overhead for that single week, even salaries and most wages, and there is no point in refusing an order because it does not cover that part of my total costs, on the other hand there may be cost elements that are entire due to the fact that I want to add them within the week. If I look upon the matter from standpoint of a month and still more, if I consider a year everything is different: I can avoid some costs by adapting my productive processes, which more and more cost elements leave the overhead category and enter marginal costs. Now for various reasons, good and bad one, into we need not enter, marginal costs have in the theoretical literature acquired a association with the short-run viewpoint, roughly with what the businessman would call prime cost, so to exclude a more or less important overhead.]

[Faced with any sudden change of the situation, the manager of a socialist unit will of course also neglect those costs that now have become irrelevant matter of history, viz. all items that pertain to overhead defined with reference to the length of the period in question. But although this is no doubt worth emphasizing for some purpose, it rather obscures the logical principle which I wished to state and which, owing to the fact that in life things invariably deviate from expectation, can be seen in actual practice only when a productive unit is being planned or when a long range rearrangement of an existing unit is being considered. Then there is no overhead and on principle, [everything] enters into marginal cost, including depreciation. In working out the pure logic of socialist, or any economy it is essential to keep to this meaning of the term and it is in this sense that the statement of the next should be understood. It is true that in the case of planning we have still individualities to take into account which may come into play the role that is often wrongly attributes to overhead. But that is another matter – and one that is almost too obvious to elaborate – and one that has been neglected about though I would not neglect in an fuller statement. It follows that in the case contemplated charging marginal cost will in fact be equivalent to charging average cost or as it should really read, marginal average

¹ Die zugehörige Originale wurden im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe die fraglichen Blätter daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Im Original: „to“ statt „ton“

cost equal to the average cost as it will be when an additional increment is being produced.]

[In a number of highly important papers, Prof. H. Hotelling has lent the weight of his authority the proposition that in order to maximize general welfare, all prices should be such as to cover marginal costs only and that overhead should be taken care of, say, by taxation. There is no objection to a similar proposition about indivisible costs items. But beyond this the question arises: marginal costs per what time? And however we answer it, we cannot escape the conclusion that a society that would on principle neglect prospective overhead in calculating prospective outputs and prices – those outputs and prices that is which must be prospect if the investment is to be made – would not allocate resources rationally, i.e. would fail to attain the possible maximum of satisfaction of wants.]

[REFERENCE](#)

3.1.27¹

The first thing to strike in any such schema is its similarity with the schema of the capitalist process. Yet no so socialist needs to take offence at this nor any anti-socialist to hope that this proves anything for him. We shall indeed arrive at the conclusion that differences in economic results are, on balance, not likely to be as great as either party may profess to believe. But this conclusion rests on other arguments² and cannot be based at what is merely a conceptual similarity due to the fact that after all economic theory is but applied logic.* Cost calculation is a derivative of general rationality, and so pricing if it is to mean no more than it does in those schemata. Money is not the money of reality but a very rarefied thing to which we even might refuse that title. The essentials:³ Verteilung etwas anderes als Produktion und kann beliebig geregelt werden nach Idealen
Auslese der Führer und plants und Produktionsformen sind anders; income heißt etwas anderes.

... ↓

oder das im nächsten?

Das und das Bild selbst muß wohl ausgeführt werden

* Aber gewiss, primitive Irrtümer werden so widerlegt
und daß Zukunft versorgt sein will und daß das nur durch Arbeit geschehen und Entsagung– die dümmsten Idyllen wirklich widerlegt⁴

[REFERENCE](#)

¹ Von Schumpeter mit 12,13,14 paginiert.

² Über dem Wort eingefügt *analysis*

³ Hier Übergang zu Notizen.

⁴ CS&D, p. 182

Einschränkung bez. Funktionär von Big Bus.
der compet. Unternehmer und Big bus –warum dieses Argument so populär?

But, second, it is worth noticing that this scheme has particular affinity with a particular case – free and perfect competition. And the latter ones received a sort of anointment¹ mit Sozialisten, so daß manche Sozialisten so weit gehen as to say that in der Zeit der [??]² Sozialismus einziger Weg to realize perfect competition.

Rationales argum. für inequal. so weit nötig, um überdurchschnittliche Kraft zu pflegen. Hat aber nicht die Auslese der Führer und der plants durch andere /:Konkurrieren:/ (oder das bei Frage ob “better”).³

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Third, that is only one of many possible forms and presumably not the one that has most chance. Also not necessarily the “best” and this can be seen precisely in the points which, for maximum – theorem or other reasons, seem to particularly commend themselves to some (e.g. Lange).

An example shows:⁴ wir haben angenommen daß nur Verteilungsprinzip vom Parlament beschlossen, und formale rules how to act in response to comrade´s demand. Das was (as to consumers goods und /:dann? dass?:/ wieviel as compared with equipment [das ist besonders fraglich] goods) ist also nicht dem Parlament (oder dem Minister), sondern den comrades überlassen und gerade darauf (mil./:Sparen:/) beruht das Maximum. Wenn das Parlament beschloß, so kann gezeigt werden, (wie?) dass Max. geringer wäre
Wer entscheidet “how” – die Bürokratie! der Spezialist!

But this is not the last word. Assume decision on what to produce to be made by way of Act of parliament – ähnlich wie einzelne Posten in einen budget beschloßen werden oder wie Armeeaussgaben — (oder im Einzelnen dem Minister überlassen)
Natürliche Frage, wie diese Majorität funktioniert; aber kann einer der höheren Intelligenz mehr Einfluß haben und voraussehen, was Leuten gefallen wird, wenn adapted or dass (not care?) einfach beschließt, was gut für die Leute und für die für Zukunft der Rasse und des Staates: Milch, Hygiene, Wohnungen, prohibition, Sport, Theater und Literatur;. das ändert Rationalist, nicht, nur Zentrum der Wertung und Entscheidung; anderes Maximum über time und für den Augenblick wäre noch immer demokratisch⁵ – Im besonderen wichtig, daß nach Lange /:Sparen:/ wohl sehr unzureichend wäre – kann vorweggenommen werden – Gosplan–
Man darf nicht Demokratie und individuelle Freiheit vermischen

Why you should not bother über soc. Wirtschaftsrechnung

—————[REFERENCE](#)

¹ Hier erfolgt ein Übergang zu stenografischen Notizen.

² Lesart Uraki: *Fortentwicklung*

³ [CS&D, p. 183

⁴ Hier ein Übergang zu gemischten Notizen, zum Teil stenografisch.

⁵ Die untenstehende Bemerkung „Man darf nicht...“ ist mit einem Pfeilbezug als Kommentar zu dieser Unterstreichung ausgewiesen.

3.1.28 ¹

... importance of these and similar cases has no doubt been exaggerated of late. But whatever their importance, socialist management would be evidently in a very favorable position to cope with them and to reach full adaption (even if it is also be evidently reached by the commercial management) without many of those detours – more effectively as well as surely. Moreover all the difficulties arising out of the uncertainty about the reaction of complementary sectors of the economy would be, to say the least, considerably reduced.

This is why, when dealing with the first objection to the “practicability” of socialist economy, I have said that the solution of the equations which define the optimum state of the economic system, would in a socialist regime be a more comfortable and hopeful matter. For as soon as we try to take account of the difficulties glanced at, a host of first derivatives, lag relations, phenomena of “heredity” and such nasty things intrude in the system of those equation and completely destroy its simple classical lines. But under conditions of imperfect competition the very existence of unique state of perfect adaptation often becomes very doubtful even within the pure theories. For instance if two

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assumptions and with but unimportant exceptions, that to every set of data there is a uniquely determined system of prices and quantities produced and consumed that satisfied the criterion of rationality*, the reaction to any change in the situation is frequently such as to cause delay and loss in the process of establishing that system which in some cases may even not be reached at all. This may happen if reaction is prompt as well as if it is itself delayed. If all producers reach all at once to an increase in price this may result in an increase of in the quantity offered such that the price now falls below the level that would spell adaptation and reaction to this may again cause a still greater distance above it and so on. If producers do not reach at once, for instance because reaction involves time-consuming rearrangements in their plant, intermediate situations arise that may in turn have to be reacted to in a manner which leads away instead of towards perfect adaptation. The...

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¹ Am Rand die Notiz Schumpeters für die Sekretärin: *Nicht abschreiben, aber bitte im Manuskript lassen.*

3.1.29¹

Achtgeben, daß ich keinen Fehler gemacht habe mit meiner Bemerkung über Notwendigkeit schnell abzuschreiben. Ist doch wahr, daß nicht abgeschrieben werden braucht.

andererseits: habe schon in e) darauf hingewiesen, daß die Aussichten verschiedenen, ob die [??] Behauptung für zukünftige gilt oder nur für heutigen.

Das möglicherweise zu [3] – eine weitere als [??]² im modernen Kapitalismus betrachtet wird – Kapitalismus ist jetzt incomp Weltfortschritt – seine größten Leistung. incomp. mit Fortschritt! ... no more creative destruction, sondern auch die incomp

Insertion;

Not to be typed

(1) Squandering of natürlich resources; besonders in America

(2) Also Theorie, daß large scale capitalist die Kapitalerhaltung zum entscheidenden Moment machen;³ und ein Tendenz von change of life gemacht

a) Tatsachen should **diagnose** of that ... über theories that bodies repel each other, daß stone trends to rise in water. [Achtung: dass kann auch zum obigen “change of life” gehören]

b) ex ante Gesichtspunkt und orderly advance hier zu schnell oder zu langsam? Und überhaupt unsere Theorie has diagnose of **that** “slowing up gegen social Interesse?”⁴

und springt dann zu Resultat, daß maintenance of value of capital not compat with ⁵ cost red. innovation das ist of!

c) Sozialismus würde Pläne hinausschieben, wenn weitere Verbesserungen zu erwarten

d) Privatfirmen werden nur /:einführen:/, wenn Kapital amortisiert (?) oder wenn aver. total cost < aver. prime cost in existent plant.⁷ Das doch /:schädliche:/ Resultat des Kapitalismus. Ist es richtig, daß any improvement available to introd.

Robbins, über road transport⁶,

ohne Rücksicht auf value of cap. already invested

¹ Weitgehend eine Auseinandersetzung mit der VIII.4 diskutierten Vorstellung von der Unvereinbarkeit des entwickelten Kapitalismus mit dem wirtschaftlichen Fortschritt.

² Uraki liest: *hotel*

³ Vgl. Oscar Lange: On the Economic Theory of Socialism. Part Two. The Review of Economic Studies, Volume 4, Issue 2, February 1937, p.129 “But when business units become so large as to make the parametric function of prices and the possibility of free entry of new firms (and investments) into the industry ineffective, there arises a tendency to avoid a devaluation of the capital investment.“ Und p. 130: „And in present capitalism the maintenance of the value of the particular investment has, indeed, become the chief concern“ Deshalb hieß es bereits früher p. 128: „The real issue is *whether the further maintenance of the capitalist system is compatible with economic progress.*“

⁴ Im Original heißt es bei Lange p. 129: “But such slowing up of technical progress is against the social interest.”

⁵ Der fragliche Passus bei Lange p.129 lautet: „But the maintenance of the value of invested capital is not compatible with cost-reducing innovations.“

⁶ Schumpeter reflektiert hier ein von Lange p.129 vorgetragenes umfangreiches Zitat aus Lionel Robbins *The great Depression*, p.141, darin heißt es ua. „The argument, for instance, that road transport diminishes the value of railway capital has just as much and just as little force as the argument that cheap food lowers the value of agricultural property.“

⁷ Diese Feststellung bezieht sich auf folgenden Satz Langes p.129: „A private enterprise, unless forced by competition to do otherwise, will introduce innovations only when the old capital invested is amortised, or if the reduction of cost is so pronounced as to offset the devaluation of the capital already invested, i.e. if the average total cost becomes lower than the average prime cost of producing with the old machinery or equipment. But such slowing up of technical progress is against the social interest.“

“for industrial enterprise has to replace the full value of the capital invested or to fail!) (wenn produzieren mit bonds!)¹ (Und public gains durch price Reduktion² nicht nur so viel!)

e) Wann wird Konkurrent kommen? Wird nicht der alte reduzieren, so daß der neue nicht hoffen kann to undersell. Frage ist also, ob der neue ein [??]³ hat nur deshalb, weil nun totale cost geringer sein können; wenn ja, so ist doch /:Furcht:/ da, buying up Preise. ... Lange p.129

in Soz. they run both – so would they [??]⁴

Also wenn ave. total cost < ave. prime cost eingeführt⁵, selbst wenn nur available to Firma, die das alte Kapital /:hat:/ (und wohl auch Preise red.). Wenn nicht, so erst, wenn abgeschrieben (aber das vielleicht beschleunigt?)

Kann doch nicht richtig sein, daß any improvement anzuführen wäre – sonst Ersparnis of a conto eine Millionen Ausgaben rechtfertigen, soweit ein Gewinn für Publikum zu machen wäre, wäre das doch ein cost adv., den der monopolistisch Unternehmer selbst ???⁶ könnte – Vorteile werden vielleicht nicht übermittelt (Lange, p. 129, rev. IV⁷)

Und Tendenz zur Kapitalerhaltung, “even more powerful”, wenn ownership of cap. getrennt von enterpr. Funktionen!⁸

Confess that I fail to understand: Frage ist, welche Neuerung abhängt von dem exist. Konzern selbst; wenn wir, um logischen Punkt klar zu machen, die unrealist. Annahme machen, daß life of new plant or age fixe and gleichlang wie ebenso fixe (?) der alten, und noch unrealistischere Annahme, daß mit beiden derselbe Strom von Produkten produziert, und noch unrealist., daß dieser output so ist, daß alte discarded werden müßte, dann ist es doch so, daß, wenn /:present:/ value of assets maximiert wird, die Neuerung eingeführt und die alte plant scrapped wird, wenn Diff. ⁹ des Gegenwartswertes der Strom der laufenden Kosten + Gegenwartswert der neuen plant am Ende der Abschreibungsperiode der alten > als Kosten der neueren plant ist; wird also eingeführt, wenn im Sozialismus eingeführt würde und gerade die Rücksicht auf Kapitalwert macht Einführung nötig und Rücksicht auf alte Wert spielt nie eine Rolle – does not enter. Daher kein social waste of res., wengleich möglicherweise nicht gleiche Preiskonzession.

Ist so in /:Diffusion:/,
was mit ?? creation. ...

(3) Saving – as right as Ricardo; populär view, daß Geld unter die Leute kommen, made respectable. ...

Auch hier gleicher Sprung, daß “immer” so

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¹ Vgl. Lange p. 129 „For the industrial enterprise has to replace the full value of the capital invested or to fail. This is strictly true if the financing of the enterprise has been made through bond issues, but even if it has been made by stock issues a pronounced decline of stock quotations injures its financial prestige.“

² Vgl. zu *public gains* Lange, p, 129, fn 1.

³ Lesart Uraki: *Rente*

⁴ Vgl. Lange, p. 129 fn. 1 „In such case both the old and the new machinery ought to be employed in production, the public getting the benefit of lower prices.“

⁵ Diskutiert wird hier im Anschluss an die Vorlage Lange p.129 die Ungleichung Größe der durchschnittlichen Gesamtkosten einer Einheit eines Produktes im Gefolge einer Innovation kleiner als die durchschnittlichen Selbstkosten einer Einheit eines Produktes vor (und damit ohne) diese Innovation.

⁶ Uraki liest: *basieren*

⁷ Vgl. Lange, p. 196, fn 1.

⁸ Vgl Lange p.129 ”The tendency to maintain the value of existing investments becomes even more powerful when the ownership of the capital invested is separated from the entrepreneurial function, as is increasingly the case in modern so-called *financial capitalism*.“

⁹ Uraki liest: *Summe*

3.1.30 & 3.1.31

~~the management does not realize this difference but immediately rearranges its process of production in such a way as to produce that greater output which will now satisfy the third item of its instructions ...~~

~~————— those “profits” still fulfil their function indicating as they do in a uniquely determinate manner the direction and the extent of the reallocation of resources that it is now rational to carry out.~~ ¹Moreover in a socialist society this change can be coordinated with all other similar changes that may suggest themselves at the same time – it may be fitted in an orderly sequence of improvements and does not, as commercial society, impinge on the system as a disturbance, a cause of unemployment and depressions, almost as a catastrophe. Within the realm of the pure logic of mechanism*, arguments on this line, can be developed impressive enough to make all of us end up with three cheers for socialism.

Aber ist dass nicht Praxis?
und außerdem gehört es in Planung

* Hinweis, daß Lange übersieht

Wo Max Profit = 0 ?

log. Möglichkeit einer Überlegenheit
wie big bus (large scale Industrie) über compet.
dann vielleicht am Ende von (3)

Lange: loss of power to det. rate of acc. of cap.
is price for living in a soc. Society

—————[REFERENCE](#)

¹ Im Original durchgestrichen resp. abgehakt.

3.1.32 – 3.1.34¹

<p>pens and beans Maximum, weil Theorie sagt, dass /:Maximum:/</p>	<p>of work that at the standard income attracts fewer hands or brains than consumers demand requires. These premia would bear an obvious relation to differences in irksomeness and some relation to natural and acquired skill, hence also the capitalist wages. We should in fact have a sort of labor market a most democratic—nothing is so democratic as a [??]² market—though possibly rather inefficient price of machinery. That would change a lot in the working of our socialist system. But it would not affect determinateness while it would bring out the rationality of the allocation of resources still more clearly if anything.³</p>
<p>Vorteile des Maximums – dann auch Maximum bei Gleichheit der Einkommen[,] wie intelligent ist also to rate this arg. cut proper value</p>	<p>However, – Why should we stop at investment if we are going make any exceptions at all? Why, in fact, should we not altogether jettison our schema?⁴</p> <p>Wegen [des] praktischen /:Maximums:/, weil es allein rational ist? Aber wenn wir Gründe suchen, den Gosplan anzufechten und why stop at it? /:Was Garantie:/, welche wahr ist, gleichgültig ob pens und beans, aber nicht alles ist so gleichgültig.</p>
	<p>Ich habe also Maximum Natur u.s.w. und dann Sinn dieser Familienähnlichkeit mit Kapitalismus und besonders compet. und vielleicht nachher die anderen Möglichkeiten, die aber auch Kosten u.s.w. zeigen ...</p>
	<p>↑ Höhere Menschheit produzieren?</p>
	<p>Gosplan</p>

REFERENCE

¹ Mit der Darbietung der gesamten Seite werden hier die von Uraki/Imai unter den Nummern 32,33 und 34 getrennt erfassten Textteile im Seitenzusammenhang wiedergegeben.
² Unleserliche Einfügung über der Zeile
³ Text im Original durchgestrichen oder abgehakt
⁴ Von hier ab Notizen

3.1.35 & 3.1.36

Sozialist hat Recht auf Profit (Anschluß an above ?) ¹	Besser: Yet the only practical reason that can be adduced for the blueprint Vielleicht besser über Maximum beefsteak socialism ² ...
Auch Freiheit der Berufswahl und wie lange arbeiten: nicht einfach möglichst [??] ⁵	Why then not jettison our blueprint altogether? Why stop at the conditional exception which we have made above as to investment? If we are ready to accept a Gosplan for that, why not also everything else? Because of the maximum of satisfaction ³ that, <u>per</u> <u>analogium</u> with competitive commercialism, our socialist régime is to realize? Only outright beefsteak socialism would be content with that?
	[It is true, as has been pointed out above, that no other method will go so far in taking account of the actual economic desires of individuals. The maximum is only façon de parler, another name for economic rationality which always consists in maximizing or minimizing certain quantities under given conditions. Sometimes⁴]
	Any socialist creed or regime that holds out a new promise, the vision of a new culture and a new humanity will almost certainly have to neglect the <u>actual</u> desires as they are at the moment. It may study them where, as for instance in the matter of choosing between peas and beans, there is no other consideration in sight. It would be different in the choice between milk and whisky, still more in the choice between loafing and housing. No virtue in desire of moulding human clay in other forms.
	But this another matter. For us question arises. But since <u>our</u> motive* to adopt the blueprint, was to prove logical consistency, whether socialism cases outside of it to be ⁶ rational. Deshalb wichtig zu betonen, daß er noch mehr rationalisiert werden kann – weil ein directing body that does evaluating and inducing – Crusoe economics so unjustly despised
	Wir hätten Bild und anders konstruieren können *nur theoretisch verstanden

REFERENCE

¹ Diese Bemerkung ist mit einem Pfeil auf die nachfolgenden Rede über das "socialist régime" bezogen.
² Notiz über dem folgenden Manuskript
³ Über der Zeile *best way of allocat.*
⁴ Es folgt eine nicht identifizierte knappe Bemerkung.
⁵ Diese Bemerkung ist mit einer Bleistiftsklammer auf die gesamte Manuskriptseite bezogen.
⁶ Ab hier: Textverlauf zum Teil stenografisch.

3.1.37

These Arguments loose much of their force
Kampf für immediate satisf. indiv. profits

Semi-criminal
egging on
huge joke
sports

[REFERENCE](#)

3.1.38

Besser vielleicht: aber doch wichtig
und das anointment mit social oil

Keep clear of
compensation!
Oder dann bei Comp.¹
sagen, dass ich von perf.
compet. absehe

Is that really all however? What about the particular family likeness so often emphasized between the socialist economy of the type we have been considering and the commercial economy of the perfectly competitive type? We might almost speak of a school of socialist thought that tends to glorify perfect competition and to advocate socialism on the ground that in the modern world it offers the only method by which the results of competition can be attained and improved upon a sort of escapist attitude that appeals precisely to competent economists in the socialist camp who see the weakness of Marxian and still more those of popular criticism and gladly embrace the opportunity to admit, whatever they feel should be admitted, for a case that no longer has and never again will have practical importance in the industrial field.

It is moreover impossible to overlook the tactical advantage there is being able to tell the bourgeois economist of the old style that socialism will achieve what he has been wanting all along.

Aber das ist

The various forms of commercial economy will of course differ, among other things, in distance from socialist

¹ „Comp“ (mit großen Anfangsbuchstaben) meint hier den fraglichen thematischen Abschnitt in *CS&D*.

Comp.! Und noch mehr wäre, was ich dann sagen wollte: daß im lebendigen Sinne freie Unternehmung bedeutet unter eigener Verantwortung. ... viel verschiedener als big bus. Auslese und Verteilung

Ähnlichkeit, kein hurt, aber auch wenig Vorteil ...

Das doch später

Lange schließt zuviel aus reiner Theorie

economies. Which of them comes nearest to resembling a socialist regime of the type envisaged depends upon the particular characteristics one chooses to stress. In one sense a capitalist economy controlled by a few huge concerns resembles it more than does any other variant of commercial economy. In the same sense, nothing is so unlike socialism as a perfectly competitive capitalism would be. Its distributive principle and its method of selecting the leaders of its units of control

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are sufficient to show this. But essence of competitive capitalism, its very breath of life is individual enterprise and pecuniary responsibility, the romance of individual success and failure, the identification of personal success and market success – all of which is precisely what any type of socialism is intended to exclude.

It is true that there is also a bloodless concept – the theorist's perfect competition – from which everything has vanished except a few formal properties of pricing. And those do in fact display the resemblance that we miss in the life-like picture. A firm, that is an infinitesimal factor in the market of its products and means of production, cannot by its own action influence the prices of either but has to accept them as data of its action. It can be shown that, if this holds of all firms in all industries, prices and its reaction to these quantities of output will result which fulfill certain conditions that are also fulfilled by the prices and quantities of output in our blueprint of a socialist economy. No doubt, this is an interesting point of pure economic logic. But it takes a theorist to attach great importance to it.

—————[REFERENCE](#)

3.1A Zusätze¹

3.1A.1

Note on attempt to revive competitive conditions und über standing for role of shareholder wo Sozialisten und Spießbürger so nett zusammen arbeiten. Of course small Monopolisation compel. still loss up to task.

3.1A.2

Socialized industries ... to concert action ... how note daß das tatsächlich hinaus wächst aus Industrie; Mechanisierung der Unternehmersfunktionen (vielleicht in (II))... pace +making for socialism ... Planung in Washington ...

3.1A.3

Problem nur bei new Investment, Zins im Prozeß zero – soll zero anstreben? ... In diesem Sinne bestimmt, aber mehr bestimmt, wenn goal gegeben. St. Simon, andere Sozialisten – nicht arbitrary oder doch nur Gegenstand – man muß das betonen, aber kommt das nicht in V. ...

3.1A.4

Sozialisation of the central bank – dann in itself große economy man konnte glauben, daß useful to return das wäre natürlich möglich: auf für Sparen; aber really unlogisch, erst zu urteilen und dann nachzulaufen ist unlogisch heute! ...

3.1A.5

Sehr natürlich zu versuchen by bids zu sozialisieren in a state of unprepared scheint das rational zu machen – creates Problem! Deutscher Sozialisierungs Plan by Diskussion dazu reduziert: sehr careful not to interfere mit Leistung.

¹ Uraki teilte in seiner umfangreichen Materialsendung zu den fünf der hier gelisteten Positionen mit: *Original cards verloren!* Zudem wurden im Sommer 2019 in der Mie-Bibliothek auch keine entsprechenden Unterlagen gefunden. Die Wiedergabe erfolgt daher nach Uraki/Imai p. 108-109. Nur grobe Schreibfehler in den deutschen Ausdrücken wurden korrigiert.

3.1A.6

Soz III

~~Did I make sure das soc. Adj
step by step nach das?~~

Über charging to Kapitalismus

die features of Entwicklungsphasen

und entdecken in (3), daß die richtigen Entscheidungen optimal sind

. . . but those decisions are optimal decisions fixing *place*
elements optimally

State does not create

[REFERENCE](#)

3.2 Möglichkeiten eines Systemvergleichs

3.2.1

	<u>Cultur achievement of bourgeois age</u> ¹
Beauty of socialism – ungeheure kulturelle Kräfte freigesetzt – /:Quelle:/ vergleich Lange ²	<u>Comp.</u> → kulturell impossible und was für Leute produziert <i>wird</i> , ³ was wesentlich ist
	Ausgehen: sagt nichts über effici oder comp. Eff. Schwierigkeit von Vergleich zwischen Konkurrenz und Monopol
	1) Sinn (a) und relations in verschiedenen stages – und nicht nur das, auch Vergleich mit Kapitalismus nicht möglich, wenn verschiedenen stage gehört pro Kopf Produktion (vergl. /:kulturell:// usw.; /:Bewährung:/, welche Kapitalismus mit sich bringt; Leute nicht abschafft)
Hier vielleicht Argument über property, Problem der Bürokratie	2) Wir können Kapitalismus nicht discard wie etwas, das nur aus Mängeln besteht, noch einfach blinde Hoffnungen teilen (obgleich Enttäuschung nicht viel macht) [??] [??] ⁴
Das kollidiert mit II. Essay. ... ↑ Accum. aus größeren Einkommen ist ein <u>loss</u> auch für Massen: das hat Entwicklung propelled	Kapitalismus a) hebt Standard automatisch b) stellt Mittel bereit. ...
leisure class kaum eine merkliche Ersparung – besonders heute	3) Aber man kann gewisse dem Sozialismus eigene Kräfte /:schmälern./ ⁵ oder Ersparungsmöglichkeiten. (Lawyer 30,000 gute Gehirne und das ist nicht viel!)
Intelligenz einer Gesellschaft kann verändert werden[,] ohne die Intelligenz eines einzelnen zu verändern Auslesemethoden im nächsten Essay	↑ Es ist gleichgültig, ob das various service to anti social Interesse ist oder Verteidigung des Produktionsprozesses state does not create

REFERENCE

¹ Teil einer insgesamt gestrichenen Kopfbemerkung. Vgl. hierzu das Original.

² Betr. Lange: Lange & Taylor: On the economic theory of socialism.

³ Kann es nicht auch *werden* heißen? Vgl. hierzu 3.2.4 „neue Menschheit produziert“.

⁴ Unleserliche Passagen

⁵ Lesart scheint unpassend, da es hier eigentlich um den Kraftgewinn des Sozialismus geht.

3.2.2

~~State which does not create~~¹
Andere Organisation, und unglücklicherweise das,
was nötig ist, runs counter to all prejudices

Difficulties mit Deviations
Kampf der localities ...

— [REFERENCE](#)

3.2.3

Staat kreiert nicht
andererseits: Die Erfolge des Staates und der Gemeinden als
Prod. recht zweifelhaft,
a) weil so gefordert: Kunden erzwungen,
b) weil nicht pay

distorting facts to
worship war feeling

— [REFERENCE](#)

¹ Im Original gestrichen oder abgehakt

Capitalist und Menschen/typus/ – /und/ degraded
 und in Amerika importiert lower grades
 Man bedauert individual servants¹

ad (4) Comparative Eff.

Plan:

Wirtschaftliche Leistung ist bedeutsam nicht wegen ihres vital effects, sondern als /Beteiligung/!

Moderne Radical able to alive
 Benthamists
 Positives a) immer 100 Jahre zurück (auch immer alte industrielle Fakten), b) immer konzentrierte auf das Unwesentliche
 able to concentr.. ...

A. /Ob/ Sinn – ist doch notwendig zu verschiedenen Zeiten und compar. mit proves “wenn möglich wäre” /ist lächerlich/ außerdem Auseinanderliegendes und sehr verschieden Zusammengesetztes, auch verschiedene Geschmacksrichtungen nicht vergleichbar

Wir beseitigen zunächst Kulturmoment – das Entscheidende, und nehmen nicht an, daß neue Menschheit produziert wird; nur wirtschaftlich – beschränkt also auf Nebensache nehmen als fest aver. real. long run cons. exp. per head unter sonst gleichen Verhältnissen – was mit Verteilung?
 Beseitigen die Frage des Wann – eben dann, wenn praktische choice



von vornherein klar, daß nichts gesagt werden kann quantitativ: bei gegebenen Möglichkeiten vielleicht überlegen; aber die Entwicklung dieser Möglichkeiten ist eine andere Sache. Aber der Ökonom sollte doch gerade ausrechnen, ob besser. ...

B. brush aside nonsense über waste
 keen cap – prod. für Consumer, Monopol

C. Aber tatsächliche Möglichkeiten gegen Big Bus wie diese gegen Konkurrenzwirtschaft

D. Dann die großen Vorteile ...

[REFERENCE](#)

¹ Bemerkung nicht adäquat zu identifizieren

3.2.5 & 3.2.6

technological possibilities, what productive apparatus and so on would exist at that point of time if a socialist management had operated the system during the period that brought them into existence and how that productive apparatus would in the long run develop if entrusted to such a management.

Finally, remembering what has been said in the second essay, we must carefully attend to the double meaning of the term “capitalist reality”. We must not only distinguish between the different types of a capitalist economy that we have in mind when instituting comparison between theoretical blueprints – the roughest distinction of this kind would be between competitive and big-business capitalism** –, but when speaking of realities as distinguished from blueprints, also draw another and much more difficult distinction. The capitalist process has always been, and present-day capitalism most obviously is, powerfully influenced by political action that was sometimes favorable and sometimes hostile to it, in most instances favorable in some and hostile in other respects. But whether favorable or hostile, political actions at all time enforced

—————[REFERENCE](#)

results that were clearly different from those that the capitalist engine would have produced in the absence of it. Governmental subsidies, taxation protection, regulation afford illustrations. Now it may be argued* that those political actions in very many instances grew logically out of the situations and social structures created by the capitalist process and that those effects ought to be looked upon as part and parcel of its working and that there is no sense in trying to visualize a “reality” that would fail to include them. All right. Provided certain qualification be granted that have been set forth elsewhere, I have no fault to find with this argument. But in the name of all that makes for neat diagnosis we must still distinguish what remain distinguishable, if not independent phenomena. And when the most relevant comparison is with a period like the present, in which attitudes and actions hostile to capitalism count for so much and explain so much of the way it functions, it is both our right and our duty to make clear in each instance whether we speak of the capitalist engine of production or of the spokes in its wheels. In this sense, though in no other we shall distinguish “free” and “fettered” capitalism.¹

*vielleicht wieder siehe Essay II

Das ist wohl schlecht: 1) outworn machine wäre bessere Analogie ↔ Sozialisten machen es sich leicht, erst ruinieren, dann beklagen

2) vielleicht ist das nur Unterscheidung zwischen blueprint und reality wäre möglich, dass reality der blueprint entspräche mit Abweichungen, die sich aus bus. world ergeben

Ist aber tatsächlich so daß Wirklichkeit noch anderes enthält.

Diese Seite also zu correl. mit II.²

—————[REFERENCE](#)

¹ Übergang vom Manuskript zu Anmerkungen und Notizen. (Anmerkung zu obigen ** nicht vorhanden)

² Ich kann den Originaleintrag nicht finden

3.2.7

Vergleich

entweder zwischen ideal und ideal
oder zwischen rationeller und rationeller expected reality
In letzterem Falle ist injured und damaged
capitalism oder ist das ein 3. Fall

Bei Vergleich auch die evils unterscheiden,
welche relevant sind to capit. und die, welche es
a) selbst beseitigt
b) zur Beseitigung die Mittel und Mentalität schafft
Beispiel: unempl.

Kapitalismus – free und generous finances
its enemies. ...

ability runs in stocks – und das darf nicht
übersehen werden angesichts der Tatsache, was Übersehen bedeuten
kann

—————[REFERENCE](#)

3.2.8

Comparison with what fettered or unfettered
letzteres gerade so hypothetisch wie Sozialismus selbst

Wo Exec. funktioniert und patted on back
und salary

—————[REFERENCE](#)

3.2.9

Ist aber wirklich fettered capit. richtiger Gegenpunkt?
Denn, wenn natürlich gar nicht allowed to work, so ist Überlegenheit des Sozialismus selbstverständlich. Vielleicht daher lieber sagen: big-business capit., [der ja auch schon disappeared ist], und dann sagen: wenn so fettered und wenn gar nicht mehr moralisch /:verbindlich:/, so natürlich Überlegenheit klar

“Lets get this straight: clergy man gets living.”

↓ ...

of Bedeutung der Ausbeutung der Faktoren

Wenn *trust* übrigbleiben able,
so wie immer gewesen wäre¹ in 1820, 1870,
1900² – proof, daß privat bus
nicht entbehrt werden kann. ...

Sozialismus ist ein business
und der jung man will seine APIΣTEIO by short cost.

Antisocial socialworker or observer ...

— REFERENCE

¹ Wenn „wäre“ korrekt ist, dann wohl im Sinne von „zu erwarten wäre“.

² Daten im Rhythmus von Kondratieffzyklen.

3.2.10

private prop in selection
ist ein Maß von Erfolg
in individual decision ohne consent anderer
(Das ist doch bei freier Konkurrenz!!)

Comp. mit fettered und
injured cap.
(nur das?)
aber andererseits auch mit seinen sozialpolitischen Leistungen

[REFERENCE](#)

3.2.11

Komme schließlich hin auf eine Liste zu geben
der Faktoren, die effic. /: erhalten :/

Aber vorher eine Menge Punkte, z. B. ideal – realität
fettered – unfettered

-
Vielleicht einfach, wenn nur /:1 Wert :/
Definition simply mit gleichen Leuten, Mitteln, technischen
Möglichkeiten, wants
to produce, over time, a
such strata of
real income. (Verteilung und welfare hier nicht nochmals,
auch nicht /:Vergnügen:/ der Soz.) ...

[REFERENCE](#)

3.2.12

(3) oder (4) enden – but does not look very democratic	Defin. of eff. <u>dieselbe</u> Bei Comparison Auch Gefahr des short run Gesichtspunkt[es] (und “state can take longer view” but will it.) Ist die actual reality des fettered und injured cap.? Gewiß, wenn ihr intellektueller Einfluß einschließt. Aber dann wäre zu sagen, daß injury ein wichtiger Gesichtspunkt sind. Same Leute und Technik: same or implied (andere Methoden möglich – gewiß) Wo in <i>compet.</i> ¹ nicht besser prod. (Vergleich noch andere Verteilung möglich) Oligop....	better eff. ist mehr effic.
--	---	--------------------------------

— [REFERENCE](#)²

3.2.13

Bei “Vergleich” auch short run? Und gehört zu how und by whom? Aber gehört zu Demokratie! ----- Vielleicht auch <u>beginnen</u> mit der Frage, ob Compar. Sinn hat ist nur im Gebet des “/: Theoretikers ./ possible“ ----- Staatsproduktion jetzt vielleicht less efficient aber hat eben nicht die Gehirne, die der Sozialismus haben würde
Effic des Arbeiters macht nicht viel aus – alles hängt von kleiner Gruppe ab ↑

— [REFERENCE](#)

¹ Lesart Uraki: *System*

² Die Wiedergabe betrifft nur die linke Seite des Zettels.

Vergleich mit decaying und fettered Capitalism: die Meinungsverschiedenheit zwischen mir und /Fr./.

Rubrum 1: noch manches zu tun; auch zu coordin. mit 3 ... “try our hand here and there”?!
Rubrum 2: so weit in Ordnung – aber betont, daß wir “später sehen werden”, daß nichtsdesto-

weniger

wichtig ist, daß möglichst spät Kapitalismus ersetzt wird

satiated und approach stationärer state

und dann passage über freie Konkurrenz. ...

Wie sich soz. Maximum verhält zur Bourgeoisie, ist nicht ganz klar

Schon gesagt: soc. conditi. favor. [??]¹

... will *comment* on bureaucracy (aber anderseits: state creates nothing)

. ... Cartel Büro

Wo Überlegenheit of modern big business

... Vorteil von Sozialismus anderer als der Vorteil von large over small scale

... (Kleinere Unternehmung kann besser sein, wenn Ausdruck der Seele eines guten Mannes) ...

Rubrum 3: Erste 6 Seiten vielleicht zu reorg.



Aber wenn die Medici was erobern und diese Firma wieder unabhängig wird, kann sie nun nicht möglicherweise viel besser verwaltet werden als von Verwalter der Medici

Über Monopolization Cap. in II !

Da auch dies: wenn compet. möglich wäre, so wäre severe effi.

aber ist even nicht möglich

Compet. constitutionally incapable of accompl.

those processes

Daß Kapitalismus den Kapitalisten opfert – (Insult)

Was mit restrikt tendencies inherent to Monopolisation Cap.?



[REFERENCE](#)

¹ Unleserliche Passage

3.2.15

Also “Blemishes” und starke Punkt von Soz.
... Gute Idee, das anschließen an (2) and (3),
...

Also I. obj. Vorteil aus dem technischen arrangement ... viel Arbeit erspart: Steuern, lawyers (wo hatte ich diese vorher?)

Ausschließen solche Phrasen [wie] prod. für consumers auch nicht so viel Ersparnis der leisure class
und höhere¹ Einkommen (Frage der Einkommen zwischen 5 und 50,000). ...

Wastes of two kinds: unnötige Ausgaben advert. und lawyers und durch Nichtausnutzung as can luxuries

Man kann Kapitalismus nicht discard wie wenn obvious failure wäre.

hier vielleicht über release von großem Kulturgut über Unempl

II. *psychisch* und das fällt zusammen – da ich nicht an große neue Kraft und große Begeisterung glaube – mit System immer vielleicht injures.

Der naive Glaube, daß alle mehr leading and helpful, hat aber doch was für sich

Wo die Orden und Titel, das ist sehr wichtig in der bürokratischen Welt

In consequence, I would not trust wegen Auslese von der hier abgesehen. (Aber sneer at [??]? Kann in transition kommen!)

Aber what for me [??]

“But these are possibilities” —

Wo kommt das? Wenn es gleich nach Erstem Absatz so ist das ein Hin und Wider, aber man könnte sagen: wenn dem gegenüber depressive Reality steht, so ist was Kapitalismus schafft, sondern wozu Mittel und Willen bereitstellt.

... ..

Ist auch eine Möglichkeit.

Also wirklich etwas unter waste

Dann Monopol power auch [??] das oft dabei

über qualitative Bedeutung kann man sehr verschiedener Ansicht sein. ... manche kompensierende Vorteile formidable show – Lösung der Probleme vielleicht in II Essay – und zu berücksichtigen nicht nur, was Kapitalismus automatisch hervorbringt, sondern wozu er Mittel und Wille bereitstellt (wie in Kultur, nicht nur bus. und nicht nur Technologie, sondern auch Wissenschaft und Medizin)

Aber sources of waste im Sozialismus

Bürocratie?

Hängt viel ab, ob Erfahrung und Leitung /:überein:/. ...

Besonders wenn bis jetzt nicht nur ... Unempl.

wenn nicht gelöst, so ist das etwas anderes.

[REFERENCE](#)

¹ Wohl: *höherer*

3.2.16

[??]¹

Reform ist Aufsteigen, alle Bedingungen zu erfüllen, und Intellektuelle hätten dasselbe Interesse wie jetzt – hängt ab, welches Gewicht man dieser Tatsache und dem Intellektuellen gibt!

“Case for” cannot rest on clear superiority
nur on “thwarted”, “exploited” u.s.w.

setting free tremendous cultural forces

Planning of chem. industry ...

[REFERENCE](#)

3.2.17

1.) Also /:jetzt:/ was Vergleich ist Konkurrenz – hier größte Überlegenheit freier Kapitalismus
der disappeared fettered und besterter Kapitalismus,
muß also alle 3 Fälle behandeln? ...
Nova Scotia und Eastern Prussia
schon über “Planung“ that wastes... irrational von ökonomischen Stand der Produktionsmaschinen
ist nicht, daß man für Leute nicht sorgen könnte, sondern sie erhalten jede unrationelle /:Million:/

2.) Und die Unterscheidung zwischen Möglichkeit und Ausnützen der Möglichkeit here oder später

3.) Ist wohl anders zu organisieren: schnell und flott auf meine Definition der rel. Effic,
(so ein Begriff wie Moore’s?)...
dann strong cases
dann die Qualität und die Punkte, auf die man achtgeben muß
und die Punkte, die ich ausscheide...

[REFERENCE](#)

¹ Eine gestrichene Notiz wurde nicht dekodiert!

3.2.18

setting free gewaltiger Kulturkräfte ...

Second, from our discussion of what we may term the behaviorist problem of socialism

...

Third, Dinge klarer, mehr Disziplin (Wo Arbeitslosigkeit (viewed nur als ein ineffi.)

hier oder als

Viel schlagkräftiger ist, gleich damit beginnen, daß Dinge viel klarer und hence group action discipl. (z. T.¹ fällt weg freilich: nicht Farmer) und vielleicht andere Mittel der Disziplinen

[REFERENCE](#)

3.2.19

Uncertainly nicht alle ausgeschlossen

Waste

→

excess. comp. (shows)

→

aber unrest und olig. ...

Easier to visualize logic
als hitches

choice of Bedingungen
how und by whom

Hat Frage überhaupt Sinn

Access of means, für das was soz. countries to produce, kann sehr groß sein, wenn wir Einkommen gleichmachen auf low level

Aber dieser access kein Reingewinn, weil doch dafür gearbeitet wird

Sources of waste ...

Cap a) nicht Wirklichkeitsvergleich, sondern injured Wirklichkeit mit Ideal

b) Verbesserungen innerhalb [des] kapitalistischen Systems, Arbeitslosigkeit – Bereitstellung der Mittel

big bus. crisis by bus. governors which guarantees...

wer und wie
wenn in fulness
Definiton of effic

evil *bus*
excluding satisf und
dissatisf

ideal – reality -

[REFERENCE](#)

¹ Gemeint: *zum Teil*

Smith über Companies so der moderne Autor über Sozialismus Kein Vorteil gelistet on the score of	das zuletzt	
2) Monopoly	über <u>Vergleich mit big bus</u>	Correctness Kostenrech- nung?!
5) Unempl. ...	auch nur soweit verursacht durch cutthroat und Uncondi. Un- empl. z.T. nicht kapitalistisch, sondern durch interfer. mit working	
4) Saving und mismanagement of accumulation und jetzt noch		6) Ersparung aus leisure class und more equal Einkommen. Gibt alledings lawyer Ersparnis vgl. was im Sozialismus ??? abgegeben muß, rationelle Pflege wertvoller Kraft, wäre anti- sozial, das nicht zu tun
3) Schutz der Kapitalwerte		
Das zuerst! 1) "other" waste; <u>other</u> excess capacity (bei schneller Entwicklung excess cap. auch wohl im Sozialismus nicht leicht zu vermeiden)		

<u>Produktion für Konsumtion. profit is a toll</u> : Wir brauchen solche Argumente nicht – Konsu- ment nie so gut bedient		
Lange: Kapitalismus defends Kapital value by restriction und thereby destroys investment opportunity ¹		
Aber /:Bilanz:/ nicht groß? – nein, man sagt besser: Möglichkeit großer Überlegenheit Aber, so wird man sagen, daß beweise gar nichts: alles kommt darauf an, wie funktioniert. (Wir wären alle Sozialisten, wenn wir glauben, daß Sozialismus ideal funktionieren würde). Und dann populäre Argumente*[Privateigentum; Bürokratie]. ... Motiv aus Spanne long vie- wed habe große Bewunderung für Leute aller Länder, die ihre Pflicht tun trotz discour. by stupied politician at last. Der harte employer works for future. ...		

* Und hier, eben dann das über Vergleich von Idee und Wirklichkeit, und ideal und Wirklich- keit.		
Populäre Irrtümer sind trivial und es ist embarrassing, sie zu widerlegen; aber es ist nicht we- niger embarr. die Wahrheit in populären beliefs zu betonen. Vergleich mit fettered Kapitalismus of theoretischen plane vielleicht by change.		

[REFERENCE](#)

¹ Vgl. Fn.4 zu 3.1.29

3.2.21

Kann be improved – wenn wir system behandeln würden wie wir es tun. So gebe es viele Dinge, aber jetzt eben nur, weil wirklich output unwahrscheinlich macht.
Wenn Nachfrage /:elastisch:/, bedeutet Monopol nicht viel. Wenn unelastisch kann Artikel nicht sehr wichtig sein shifting
Wird meist behandelt, wie wenn Konkurrenz die Alternative wäre
Compet. bedeutet nicht so viel
discrim
Hätte 2 in size von Reig. ... accum. ...
zu beurteilen, wer würde einen sozialistischen Staat finanzieren
Und beweist nicht, daß bei cost price billiger wäre und mehr produziert würde ...

[REFERENCE](#)

3.2.22

end mit huge econo. überlegen wie big-bus.
und A. Smith
Theorie und Praxis of Sozialismus
...Now, what is true ist
Selbstinteresse, Bürokratie u.s.w. ...

Wichtigkeit des /: engeren:/ und well defined end – Profit
Jeder exploited als Produzent
und sewed als Konsument

ad. Monopol: auch wenn due to good managed u.s.w. sind in a sense
höhere Gewinne due to Monopolisation situation – eben nicht in dem Sinne daß
ein Vorwurf ist

Lawyers nicht ihr Einkommen – sonst vorher erwähnt, sondern ability
↑ Novelle über die Wahrmond affair¹. ...

[REFERENCE](#)

¹ Bei der Wahrmond-Affäre handelt es sich um eine 1908 im Anschluss an einen Vortrag des liberalen Innsbrucker Rechtsgelehrten Ludwig Wahrmond (Forderung nach Unabhängigkeit wissenschaftlicher Tätigkeit von der katholischen Kirche) ausgelöste konfliktreiche Periode.

3.2.23

A. Smith über Companies

Sozialismus

1) Waste durch lawyer und andere Tätigkeit, um Eigentumsrecht zu verteidigen – shade over into Kampf der Unternehmung mit Staatsverwaltung und das wiederum in moral disaster des privaten Systems. ...

2) fantastic Investment und /. neue Dinge :/ und Kapitalzerstörung englische Nachkriegsperform. und amerikanisch Perform of 1932 zählt nicht, weil mit Stolz /: Ursachen :/ coexist. ...

[REFERENCE](#)

3.2.24

Therefore, it is impossible to doubt the possibility that a socialist economy might someday prove to be as superior to the economy of large-scale business as the latter has proved to be to the economy of that type of medium-sized industry which roughly or wrongly we use in the habit of associating with a by-gone age of more or less perfect competition. This case is prima facie not weakened but strengthened if we take account of the socio-psychological end of the problem.

Wenn nicht waste in dem gewöhnlichen Sinn, so doch in einem anderen.

Waste und antisocial effi. of monopoloid system sollte ich irgendwo konzentrieren!

Daß man nicht einfach die Verteilung einer gegebenen Menge von Brot betrachten darf, noch running on existing apparatus. ...

} Wo?

Also war bei Beispiel, daß wir doch etwas sagen können? ... Und justice by definition of effi.? ...

Wo Ersparung von war und leisure class?

[REFERENCE](#)

3.2.25

Und Compet *mit* relevant size

Bei Comp.! Comes off better

Möglichkeit so superior wie big bus.– Ort für Trivialitäten

Compet. Eigentum, Motiv; Selbstverantwortung ... Wer Bürokratie kennt – wie gut big market
... T & T State does nor create, not Möglichkeit, Motive zu schaffen - Die Staatsunternehmung in kapitalischen System

8-Studentag wird zurückgegeben

weniger nicht *compet.* mit health *bringen a sense*¹ of Kapitalismus, most peaceful und unpolitisch

(to a fault – want of dignity)

Responsib. Motivation. Bürokratie

State creates nothing

[REFERENCE](#)

¹ Lesart Uraki: *source*

[??]¹

Wo everyone according to needs

Wie das durchsetzen?

Note zu Absatz über Verteilung in III/2 ? Schon eingefügt, aber nicht, wie zu tun

Wichtig anzuknüpfen an Möglichkeit, höchste Leistung anzustreben u.s.w.

Unterscheidung meiner Theorie von Lange

Family likeness mit
Kapitalismus, aber
dadurch nur ich cruder
ganz widerlegt compet.
cap....

Leute bekommen Rente.

Nichts zu tun mit Praxis
wider die [??]² Interest Zah-
len.

Muß ich nicht ausführen, daß voucher nun nicht wertlos wird? ...

Einkommen hat nicht wage-
Charakter

Wages intrude in two ways

Das also mit Interest

Profit — selbst [??] Kredit

Muss zurückkommen auf money, price, income, demand

sterbende Qualität of labor

Kein [??] keine Berufswahl

...

andere Möglichkeiten

a) unser Bild hätte anders konstruiert werden können

b) anderes Bild.

[REFERENCE](#)

¹ Die Notiz in der ersten Zeile wurde nicht entziffert.

² Lesart Uraki: *interest*

3.2.27¹

State does <u>not create</u>	Unempl.	Mitreden der Arbeiter
Der Punkt, daß Wirtschaft eben <u>nicht</u> der Regierung (und also der Politik) untersteht und daß Freiheit eben darin liegt, daß der politische Apparat nicht alles beherrscht		
...		
Ausgehen von class; hängt ab, wie gut oder schlecht gemacht; stage of devel. wichtiger als Vorfrage der Möglichkeit		Zur possibility, da Sozialismus viel überlegener ist, aber kommt auf Auslese und Motivation an ...
↑ Ich überlasse das Plato.		

		Argum. von fettered Kapitalismus, der durch Steuern seine Dampfkraft verliert	Will not <i>bore</i> ² reader – refer to <u>best</u> performance – Plato
Locational [??] – kann man hoffen, daß das einfach ein technisches Problem wäre oder würden die einzelnen Akteure sich raufen	In Compar. mit intrustified or Konkurrenzkapitalismus, mit freien oder fettered Vergleich mit <u>welchem</u> Kapitalismus		

3.2.28 & 3.2.29

Within the boundaries set by these restrictions however we must visualize what socialist reality is likely to be – and not idealized picture of it – whenever we institute comparison with capitalist reality. We may of course compare a theoretical schema with another theoretical schema or else an ideally perfect socialism of some kind with an ideally perfect capitalism, but there is no sense – there may be a dishonest trick – in comparing the reality we know, with all its sears and blemishes duly underlined, to an ideal coolly assuming that, whereas capitalistic practice can never be anything else but untrue to its own design, socialistic practice could never be anything else but the perfect of its ideal. Yet this is precisely what most people do. It is no exaggeration to say that the belief of those socialists to whom superiority seems evident a priori, rests on nothing else.³

¹ Diesem Punkt liegt eine Zusammenstellung von drei schnipselartigen Notizen Schumpeters zugrunde, die Uraki mir zwar als Xerokopie mitgeteilt hat, für die im Archiv jedoch kein Beleg aufzufinden war. Die erste Bemerkung links oben wurde nicht dekodiert, im zweiten Teil der Ausdruck *perform unemployment* nicht erfasst.

² Lesart *love* oder *bore*

³ Fußnote Schumpeters: *It is possible of course that one type of social organisation may be more liable to deviate from is theoretical or is ideal picture than another. But this would have to be proved for every kind of deviation separately. And so far as such proof makes use of historical material, it would have to be borne in mind that in the case of capitalism we have a process of evolution before the individual stages of which do not necessarily afford conclusive evidence as to is essential features. These can only be gleaned for its long period trends.*

~~But quite independently of this error or trick, the hazards incident to a comparison of realities with mental images must weigh heavily on the conscience of anyone and entirely devoid of a sense of responsibility.~~

¹

—————[REFERENCE](#)

3.2.30²

(3) In the strict sense, no comparison is possible between the cultural worlds of commercial and of socialist society. Preference that usually does not rest on any attempt at comprehensive comparison is of course another matter. There are idealists or monomaniacs who find it easy to prefer or rule out the one or the other on the strength of some particular feature which they value to the exclusion of everything else and which they expect socialism to display. If however we resolve, so far as our understanding may reach to see all the facets of a civilization in the light that is born and dies with it, we realize at once that every culture is a world onto itself and incommensurable with any other. This fact would in any case stand in the way of comparison. But in our case there is also what we have called the cultural indeterminateness of socialism. Whoever compares socialist to commercial culture or prefers the one to the other compares or prefers not socialism in general but only his own individual brand of it. ³

This is why we shall confine our comparison to the economic field – hence to what I personally believe to be an aspect of but secondary importance. By doing so we do not escape those difficulties; since the socialist engine of production may be constructed in many different ways, we only reduce them to more

—————[REFERENCE](#)

¹ Vgl. *CS&D*, p. 189

² Randbemerkungen und Notizen im Kopfbereich wurden nicht entziffert.

³ Vgl. *CS&D*, p. 197

3.2.31

For reasons that have been given above, I am not going to compare the cultural worlds of commercial and socialist society. But it should be observed that by restricting ourselves to the economic field we do not entirely get rid of the difficulties that induce us to do so. For socialism may bear almost as many economic faces as it may bear cultural ones: the economic efficiency of the socialist engine, whatever its potential merits and demerits, will largely depend on how well or ill it will be prone and this in turn on who is to run it. This obvious point deserves more emphasis than it usually gets. Those socialist intellectuals who with engaging naivety take it for granted that this task will devolve upon them, not only display a confidence in their own abilities which not everybody will be able to share but take for granted what may well prove to be the most serious problem of all. But for a moment we shall follow their example, i.e., we shall continue to proceed on the assumption that all the experience will somehow be forthcoming that may be required in order to turn possibilities into action utilize the possibilities of the socialist engine to the full.¹

Also, I will once more put off discussion of transitional difficulties – to be dealt with separately – and provisionally assume that they have been completely overcome, although it is of course admitted that they may shape – and distort – results for decades after the socialization.

²

REFERENCE

¹ Anmerkung Schumpeter: *Let us remember that previous argument has established that the amount of ability and experience required would not be greater but, if anything, smaller than the sum total of ability and experience that goes into the management of capitalist industry.*

² Die von Uraki als 32.(M) notierte Passage ist mit der Fußnote Schumpeters in der hier unter 28(M)/29(M) wiedergegeben Passage identisch

3.2.33¹

<p>Sehr zweifelhaft</p> <p>Arguing by sneers and as- sertions – intellectuals hier frei von discipline der Ökonomie</p> <p>exper. nötig und möglich!</p> <p>illness ohne property und privacy</p>	<p>Immer – I sneer myself²</p> <p>More than anywhere else, also, it is here necessary to protest against argument by sneers and by reckless assertion and denial. Concerning the first, socialists have acquired a technique of evading many a commonsense conclusion by an ironical smile. Concerning the latter, it is particularly interesting to see that trained economists from both camps who do display some responsibility as long as this argument is under the disciplinary power of economic theory, give the reins to their fancy as soon as they leave the “exact” ground. Again this cuts both ways. There is little to choose between friends and foes as to irresponsibility, sometimes accounting to stupidity of arguments.</p>
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—REFERENCE

3.2.34³

<p>ideal – real choice ↓ Vergleich zwischen actual und was geschätzt⁴ – ist das /:Opera- tionale:/</p>	<p>Also die Analogie mit feudaler Verwaltung vorher Was aber mit anderen Punkten über prop.? Was ist ein militärischer Erfolg</p> <p>nur 2 Altern.? ...</p>
<p>in Beurteilung von Bolschewismus nur Frage gestellt, was unter Tsarismus wäre.</p>	
<p>Wo die Wendung: Abgesehen von Datenveränderung, welche [der] Sozialismus selbst bewirkt. ...</p>	

¹ Die von Uraki als 32.(M) notierte Passage ist mit der Fußnote Schumpeters in der hier unter 28(M)/29(M) wiedergegeben Passage identisch.

² Kommentar Schumpeters zum Manuskript.

³ Diesem Punkt liegt eine Zusammenstellung von schnipselartigen Notizen Schumpeters zugrunde, die Uraki mir zwar als Xerokopie mitgeteilt hat, für die im Archiv jedoch kein Beleg aufzufinden war.

⁴ Lesart der Stenografen: *geschützt*.

Even as thus restricted to the purely economic sphere the problem of comparison will not admit of a perfectly definite, let alone a quantitative, solution. For comparison to have any meaning at all, the alternative to be compared must obviously both be referred to the same point of time. Environmental conditions, including technological possibilities, number, type and tastes of people and so on will then be the same, and there would at least not be any insurmountable difficulties about the definition of comparative efficiency. We should call more efficient that arrangement which would permanently yield a richer stream of real income than the other.

It is true that this definition carries obvious meaning only for the case of a single kind and quality of consumers' goods that would have to be the same with both alternatives. Since in reality the income stream consists of an infinite variety of consumers goods which, unless socialism reproduced exactly the capitalist distribution of incomes, would be different with both alternatives, it is not so obvious which income stream should be called the larger. But so long as the tastes of people are assumed to be same,

breaks down if diff.
large – aber dann case
clear

[REFERENCE](#)

breaks down if diff. large – aber dann case clear	this difficulty can be handled by a method on which most economists agree and which for purposes of comparisons of results reduces the case of many consumers' goods to the case of a single one. We may hence enjoy the simplicity of the latter without fear of losing anything that would be essential for our purpose, and argue <i>the former?</i> ¹
Arbeitslosigkeit? Befriedigung Sozialist zu sein.	It is also true that our criterion of relative efficiency does not necessarily tell us whether or not people will be "better off" in a socialist society that they are or would be in any given state of alternative arrangements. For we have said nothing about the relative amounts of effort required of all people or any particular group of people – if e.g. people worked longer hours in the socialist case, and groaned under it we should, if total real income produced were permanently greater than in the commercial case, still have to call the socialist engine more efficient in turning out real income. This seems to be all right; but who does not like can avoid this conclusion by making leisure a consumers' goods. Moreover, since socialist society would discontinue the production of the consumer's goods now supplying the wants of receivers of those incomes which would be abolished or reduced.
clear, daß von stage abhängt, und nicht weniger klar, daß abhängt von how und who runs	
Wo vergleichen prod. eff., which no doubt has its bearing on welfare – aber nicht welfare (happiness) selbst, z. B.	Vergnügen im Sozialismus zu leben; dem reader überlassen.

[REFERENCE](#)

¹ Der Satz bricht mit *and argue ab; the former?* ist ein kommentierender Nachtrag.

3.2.38¹

<p>cultur achievement of bourgeoisie?</p>	<p>Aber habe ich bei Comments (Maximum) nicht schon etwas gesagt</p>
<p>Soll ich da sagen: man kann kapitalistische Kultur ↑ verachten, aber man kann nicht willkürlich ein Teil abschneiden, den man <u>nicht</u> verachtet und uncap. ./:nennen:!/</p>	<p>(4) So far we have said nothing about the comparative efficiency of the socialist engine?² Owing to indeterminateness of the</p>
<p>Führt ↑ aber nie zu Werturteil? Comparison may well see not only impossible</p>	<p>cultural pattern of our socialist society we</p>
<p>→</p>	<p>cannot within the range of the foregoing</p>
<p>but meaningless</p>	<p>analysis to carry out a rational comparison</p>
<p>Habe ich indeterminateness definiert?</p>	<p>of the cultural world of socialism as a</p>
<p>→</p>	<p>whole with the commercial worlds. The</p>
<p>Of course no comparison necessarily für believer für den Superiorität oder inf. an axiom and a moral certainty beforehand</p>	<p>limitations of that range in fact exclude,</p>
	<p>as has been pointed out before, all that</p>
	<p>most of us will agree to call the highest</p>
	<p>aspects and much that is infinitely more</p>
	<p>important than mere economics. But at</p>
	<p>least we have had various indications that</p>
	<p>bore upon the relative economic effi-</p>
<p>Nicht schon gesagt {</p>	<p>ciency of the socialist engine. The ques-</p>
<p>Sprach schon über mögliche Superiorität.</p>	<p>tion is how far they will carry us.</p>
	<p>No definite, let alone quantitative solu-</p>
	<p>tion can be expected. This we realize as</p>
	<p>soon as we remember that probable re-</p>
	<p>sults greatly differ according to the stage</p>
	<p>of capitalist evolution in which the com-</p>
<p>Auch weil alles abhängt von Art wie germinated. ...</p>	<p>monwealth turns socialist. In a rough way</p>
	<p>we may overcome this obstacle by agreeing</p>
	<p>to envisage a state of maturity³ con-</p>
	<p>fine discussion to a stage (such that)</p>
<p>Habe ich maturity definiert?</p>	<p>characterized – with the exception of the</p>
	<p>agrarian sector – by fully developed large</p>
<p>Ist aber nicht exact!</p>	<p>scale industry</p>
	<p>and to exclude the difficulties of transition that</p>
	<p>would still remain even at such a stage</p>

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¹ Die letzte Notiz unten links wurde nicht entziffert

² Der Satz wurde von Schumpeter im Manuskript gestrichen

³ Passage von Schumpeter im Manuskript gestrichen

3.2.39-1

Vielleicht hier: Definition von effic.: jedenfalls nach Anführung der Schwierigkeiten

Wo daß Kapitalismus nichts ist, das man einfach disorder könnte.

nur theoretische Möglichkeit
remain to Überlegenheit von big bus. ...

... ..

Vielleicht dann how und by whom,
in welchem spirit, und short run
can take the

longer view ↑

Auslese

~~One thing remains possible nevertheless.² We can host certain outstanding differences between the socialist and the commercial economy, whose influence on efficiency, though anything but clear as to quantitative importance, is perfectly clear as to direction.~~

Aber das ist schon
/:halb:/ gesagt in 1. Teil
der Section und schließt
schlecht an.

First from our discussion of the logical problem of socialism we have emerged with the conclusion not only that rational employment of resources in a socialist society is possible but even³

Hier vielleicht

a) der Fehler ideal und reality

zu vergleichen,

b) welche Kapitalist reality

injured cap.!

Wo stage?

.....
.....
.....
.....

that there are methods which are open to it in order to attain such rationality may be expected to prove easier and surer to apply than those open in a commercial society. This, as far as it goes, in itself spells possible superiority, economy of effort, avoidance of waste – the socialist machine has to grope for its ideal balance no less than the commercial machine; but it gropes for it in a brighter light and unhampered by many obstacles incident to lack of coordination of effort.⁴

Nicht überschätzen

a) ist tatsächlich nicht so wichtig, b) waste of soc. nicht zu übersehen

Die unfair obje.¹ to capitalism. ...

Sneers mit der Erfahrung und abil. absorb und das stage so ist, daß die Vorteile auch wirklich realisiert werden können. ...

The reader has only to go again over the argument presented before in order to convince himself. This fact of course particularly evident in all matters concerning fundamental industrial changes, the wastages and struggles of which socialist management could be to a considerable extent avoid and the

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Besserer car funktioniert nicht immer besser
Ist das nicht eine Wiederholung?

¹ Wohl: *objections*

² Variante über dem Satz: *One thing can nevertheless be done.*

³ Es folgt eine von Schumpeter getilgte 3-zeilige Passage.

⁴ Übergang zu 39-2.

ultimate results of which it could hence both more quickly visualize and more smoothly realize. But even apart from the problem of change or “progress”, rationality would reign in a socialist society in these cases, mainly of oligopoly and bilateral monopoly, in which commercial society fails to produce a determinate result at all. Now, indeterminateness and uncertainty in general and the indeterminateness and uncertainty incident to oligopolistic market strategy in particular are one of the most important sources of excess capacity and other lost efforts: on the one hand, these uncertainties make it imperative for firms to construct reserve capacity; on the other hand, they ...

Auch Ausnützung bis zur Grenze, wenn whole units nicht ausgenutzt werden

Wo: in dieser Liste fehlen gewisse Punkte, die immer im Vordergrunde stehen

Two mistakes
 a) nicht sehen die Kompensationen und wieviel im Kapitalismus selbst /:korrigiert:/ werden kann, der Mittel bereitstellt,
 b) Vergleich von cap. Realit. mit sozialistischer Ideol

Eigentum? Justice? größere Einkommensgleichheit? Wo Bürokratie? Wo Vergleich mit fettered und impaired Kapitalismus

blemishes aber nicht so groß; aus sehr viel Konsequenzen /: korrigierbar:/ innerhalb cap. – der Mittel bereitstellt; ideal der eine *Realist*¹ der andere Altern., (tatsächliche Erfolge des Kapitalismus).

Ich riskiere, daß ich gar kein virtue sehe in Einkommensgleichheit

...

Und dann hier; aber nur possibility; Kommt darauf an, wie und by whom run; Auslese

Wo Bürokratie wo Eigentum

[REFERENCE](#)

¹ Der Stenograf notiert zum entzifferten Wort: *fraglich*.

Second, the difficulty just mentioned is along with others well illustrated by the inconclusive results of the efforts of theorists to compare the efficiencies of competitive and of large-scale industry. In deference to prevalent humors and slogans some of them have subsumed the latter under the heading of monopoly. Though in the overwhelming majority of cases this is technically incorrect, we shall for brevity's sake do the same, that is to say we will compare the efficiency of a perfectly competitive industry with an industry so organized as to constitute in all respects a single unit of control – not a mere cartel or trade association. Now if a competitive industry without undergoing any other change were turned say by legislative enactment into such a monopoly, it would indeed be easy to reel off the time-honored theories of competition and monopoly and to conclude that the industry will in the latter case normally turn out a smaller output and set high prices than it would in the former – much fuller and much more precise results can be formulated but never mind. But what we are thinking of when speaking of modern industrial “monopolies”, is not at all that kind of thing. In cases so numerous as to deserve to be called typical these big units of control involve methods of production or organization that are not only different from the methods competitive industry would use but only open to big units whose management moreover is likely to be

Note: weil rise by conquest

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antisocial exploit?

abler than the competitive managements are on the average. These facts alone suffice to establish the possibility or even likelihood that their monopolistic outputs be greater and their monopolistic prices lower than the competitive outputs and competitive prices are or would be with the methods available for competitive industry. Further, such monopolies are so precarious and so regularly under the necessity of developing demand and of intruding into the domains of other commodities that neither their output nor their prices can as a rule answer to the monopolistic pattern at all. Therefore comparison of their performance with that which could be expected under competitive conditions breaks down completely even in those cases in which there could conceivably be any choice between monopoly and competition is practicably possible. Mostly

¹ Unten links ist eine Bemerkung nicht entziffert.

however it is not because technological or organizational conditions in most cases impose one or other, and then the very meaning of comparison becomes doubtful.

The lesson that follows from this for our subject is obvious. But I will use the opportunity to call attention to another point. Readers will¹ undoubtedly expect me to list in the first rank of the achievements to be expected from the socialist

running country
for big bus.

Aber Frage ob
hier oder später

Schau auf avalanche of goods
since big bus. prevails
(Best and Means!)

—————[REFERENCE](#)

2

manageable proportions and must at the outset guard against a number of pitfalls that beset the road even to that less distant goal. First, remember not only that we disregard transitional problems – to be dealt with separately – which for decades may make all the difference to the working of a socialist regime, but also that in order to put the socialist alternative in the most favorable light, we assume that the “requisite” state of industrial development has been reached beforehand, which among other things implies that the problems of devising adequate administrative methods and of finding fully qualified administrative personnel with the right mentality here all been solved within the preexisting commercial society. The fact that these conditions have nor or have not been fulfilled always and everywhere suffices in itself to dispose of any claims of socialism to superiority for all times and places. But even if they are fulfilled results would still depend on how well or ill ...

—————[REFERENCE](#)

...

¹ Eine Passage von Schumpeter gestrichen.

² Die Randbemerkungen auf dieser Seite wurden nicht entziffert.

3.2.41

Keep your hair on
 — wonderful
 phrase.
 So far we have / This says nothing about comparative efficiency. ...
 (
 4) ~~Comparative evaluation of socialism and its alternatives is a matter of extrarational preference and beyond the jurisdiction of scientific analysis. Even comparison in the sense of simple juxtaposition of comparison of facts, tendencies and rational expectations is impossible if we mean to compare the cultural manifestations~~⁺ — Eugenik

Auch deshalb nicht
 möglich, weil ab-
 hängt
 how runs und by
 whom²

Stage
 ideal oder real
 logic und real
 wenn stationär

[REFERENCE](#)

3.2.42

oft Privateigentum nicht nur die beste, sondern auch einzig mögliche Methode

Unterscheiden zwischen Maschine und how well run

efficiency per unit of employed res³
effi. per unit of all res. ...

Über Maßstäbe der
 im II. Essay be-
 nutzten Satisf. of
 living in soc. soci-
 ety ... soc. Brot

~~I have again and again stressed the paramount importance of the extraeconomic aspects of socialism. Hence I have got to explain why, barring incidental remarks, I shall now confine myself to a discussion of comparative economic efficiency which, moreover, will be defined in a narrower sense.~~

These are idealists or monomaniacs who find itare civilisations – their ideal...

Ideals – ein Klasseninteresse
 Möglichkeit,
 daß die besten Leute ausschaltete.

[REFERENCE](#)

¹ Die gesamte Passage wurde von Schumpeter gestrichen oder abgehakt.
² *How runs und by whom* ist eine nahezu stereotype Wendung Schumpeters in den Vorarbeiten zu *CS&D*.
³ *Res.* für Resource

3.2.43

Such permanent state as good as another	people at large might be better off at a lower level of productive efficiency. But this I think makes perfectly good sense. I am talking about something that no doubt has some bearing on “welfare”, but I am not talking about welfare itself.		
Sozialist <i>brot</i> Vergnügen	ob Leute happier or more content	Auch das eine Frage, die vielleicht gelöst werden kann	If I did, als soz. bread. nothing to say [??] difficult enough
wird mehr und mehr optimal	Gerechtere Verteilung; größerer Nutzen		

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3.2.44

<p><u>Was aber sehr wichtig ist</u> ↓ die Anekdote</p>	<p>...difference in leisure as a positive or negative¹ consumers’ goods, but not counting on the satisfaction or disgust some people might derive from the mere fact that the bread they are eating is, respectively, socialist or commercial bread and the football they are playing, respectively, socialist or commercial football. Whenever the two sets of consumers goods are not identical</p> <p>mit /:anderen? Niederen?/:/ Einkommen capt would produce, dann sehen, ob das mehr oder weniger ist. Aber coming für manches mehr, anderes weniger und leisure. ...</p>
man how Produkt made good	

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¹ Der obere Teil der Seite ist abgerissen!

3.2.45

Vielleicht Argument daß "easier"
hier herzu beraten!

Not well put und to be straightened
out: und zwar in Zusammenhang mit it..

Ebenso überlegen, wie big bus. to Konkurrenz

Hat selbst Gleichgewicht[,] wo keines in kapitalistischer Wirtschaft und viel schnell erreicht

Vergleich mit den 3 Formen des Kapitalismus

Uncertainty und efficiency.

Doch einfach: wir sehen daß easier.

Was aber heißt das? Schneller und more surely Rationalität realiz¹; such Optimum eines Systems is capable of; in particular uncertainty und besonders bei imperf. compet (Freilich sind das Übergangerscheinungen)

To return to the problem of the comparative economic efficiency of socialism in our sense. On the plane of possible achievement we are immediately able to make out a strong case. All we have to do is to retrace our steps and to look again at our argument about the logical determinateness and the practical workability of a socialist economy. That argument issued into the proposition that the purely economic problems

Aber was heißt das und was heißt uncertainties, und das ist so für alle 3 Vergleichobjekte, *more work and*³ by Einbeziehung von Progress noch auch durch psych. soz.⁴ of the socialistic plan of production present not more but less difficulties than the problems commercial managements⁵ are currently called upon to solve. This is as true of monopolistic capitalism as it is of the perfectly competitive variety.

Granting for the sake of argument that there was a time in which perfect competition ruled in the industrial field and also the validity of the formal analogy, previously noticed, between the working of the commercial and socialist systems, we have still to recognize that, given the same level of ability and energy in the commercial and the socialist case, the socialist management will realize correct

¹ Wohl: realized

³ Unsichere Lesart

⁴ Schwer entzifferbare z. T. stenografische Notiz an dieser Stelle des Manuskriptes.

⁵ Hier steht über den Zeilen: *But what does this mean?* Diese Bemerkung kann sich auf die links stehende Notiz oder auf das Manuskript beziehen.

Aber wie in Bezug auf Ausnützung?...

und auch change

This can be expressed als avoidance of waste.

Wenn ich maximum condit statt equal. sage

Uncertainty
denn in change

Und dann: das ist Wesentliche, ich lege viel weniger Gewicht auf χ (Zettel)¹

quantities and values much more surely and quickly.

A fortiori it will do so if it supplants an imperfectly competitive industrial world in which every firm has a precarious market of its own and is under the necessity of defending or extending it by strategic moves and countermoves.

In such a world there are sometimes no theoretically determined values and quantities at all,

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in which cases the socialist régime would introduce a determinateness that was previously completely absent. Even if however the capitalistic situation is determinate, the quantities and values fulfilling the maximum conditions can only be reached by means of a prolonged and costly struggle which our central board would be able to avoid entirely. But determinateness means rationality of results and any indeterminateness or any delay in reaching economically correct values and quantities means loss and subnormal performance.⁵

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¹ Das hier von Schumpeter benutzte χ -ähnliche Zeichen steht in der Regel bei ihm als Anmerkungsverweis.

⁵ Über den letzten beiden Worten jeweils Fragezeichen.

Wir können parallel each populär claim by a better one	Therefore, socialists can dispense with all the doubtful theories and all the doubtful assertions about facts on which they usually rely, and get rightfully claim that the socialist economy may someday proved as superior to the big-business economy as the latter has proved superior to the economy which many of us are in the habit of associating with a bygone age (real or imaginary) of more or less perfect competition. But the strongest of all the claims to superiority, the claim that may well turn out to be the decisive one, is still to come.
Selbst wenn log. inferior, könnte er deshalb superior sein	Even if the private interests to which capitalism entrusts the economic fate of society always functioned in an ideally perfect way, that system would still be handicapped by the social and political consequences of the fact that it is not readily understandable to either people or economists. The economic nature of every element of the capitalist process is so completely wrapped in the paraphernalia of the mechanism of money making that
Ist wahr[,] daß Liberalismus das Wesen erkannte – aber nur so lange bourgeoisie herrschte! Aber Cobden – Kapitalismus; <u>Liberalismus</u> error Interesse:/ (auch in soc. unrest) injured cap.	Und was Schatten und Gestalt
Social Funktion fulfilled by private Interesse	
Leisure class may nicht so wichtig sein	
Die übrigen blemishes der big-bus. practice mögen nicht so wichtig sein.	
sektional Interessengegensätze 1.) überhaupt 2.) present day 3.) support	

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~~element would add in its new employment. This amounts to saying that production is being carried, in all directions open in the general directions of the society's environment, as far as and no further than it rationally can be.~~

~~This proof leaves many questions open, and is also on other counts not above criticism. But it suffices to establish the main point. A few comments will however be useful.~~

~~First our proof applies to a stationary process of economic life in which everything repeats itself and nothing happens to upset the plan. But as far as our test goes the logic of socialism comes off not only as well as the logic of a commercial economy but better. For had it been my task to explain how economic rationality works out in commercial society I should have had to advert to many difficulties about determinateness of values and quantities and many hitches in the tendency to optimum performances even in the case of perfectly competitive patterns but especially in the many imperfectly competitive or non-competitive ones, whereas some of these difficulties and hitches are absent from the socialist plan. Take for instance the fact that the management of a concern must¹~~

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in commercial society acts on expectations, some of which are highly uncertain and in particular on expectations about the strategical moves by which competitors will encounter each of its own moves. Evidently some at least of these uncertainties would be absent in socialist society while there would not be any such strategy at all – the industrial management may agree on an experimental argument, but the moves of each of them, actual and contemplated, would be known to, and concerted with, all the others. This is but one instance of a large class of cases but it suffices to show,

In Kapitalismus alle Kosten eingeschlossen, aber andererseits manche Kosten exist nicht: z.B. Arbeitskosten bei unempl.

Hat zu tun mit planning: Das und auch die praktischen Erwägungen unter "3" bulge out occasionally

¹ Text bis hier gestrichen bzw. abgehakt.

Possib. das Maximum größer

whatever the properties of the possible optima which commercial and socialist society are respectively capable of realizing, that the socialist optimum is not only much more nearly uniquely defined but that it is also much more likely to be approximated in practice than the commercial optimum. For

Sehr schwer zu definieren – /:mitunter:/ absent; moves und countermoves [??]
und das schon bedeutet Ersparung von Res. und effort

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Justice und Grenznutzen-niveau	<p>Also selbst in rein Ökonomischen definiert mit pur Efficiency (aber nicht per manhour) habe ich nur Tatsachen, Faktoren u.s.w., die nach der einen oder anderen Richtung tendieren und in 2 Gruppen a) formal properties b) "funktionell"</p> <p>psychologische und soziale Faktoren nur roughly corresponding to a) and b) bei practicability</p> <p>Und hier nature of one class of diff. illust[riert] am Vergleich zwischen Monopol und freier Konkurrenz; (wie man Vergleich durchzuführen pflegt...</p>
Aber das wäre doch bei practicability zu machen	<p>a) We will proceed in two steps as we did in our discussion of the logical consistency and rational determinateness of a socialist economy. First we shall disregard the phenomena of industrial change such as the introduction and absorption of new technologies. But excepting these we now admit all kinds of changes and disturbances acting on the economic process from within and from without, so that the plan of production has to be incessantly adopted, among the uncertainties, to ever changing situations.</p> <p>We have seen not only that, as a matter both of logical principle and of practical possibility, a socialist economy would be able to carry out those current adaptations in a rational way, but also that it would be easier for it to carry them out than it is for a commercial economy. The reason for this are, on the one hand, that adaptation of the socialist plan of production would be more direct and sure-footed whatever the uncertainties to be encountered and, on the other hand, that any given situation would ceteris paribus harbor fewer uncertainties for a socialist than it does for a commercial management.</p> <p>Even under condition of ideally perfect competition for which is it possible to prove, under plausible</p>

—————[REFERENCE](#)—————

3.3 Ergänzendes

3.3.1¹

Daß bessere Theorie ein disservice leisten kann bei emphasizing außerdem und speziell points,
wie überhaupt, was exakt bewiesen werden kann
Und Ungleichheit später
auch Selbstverantwortung und prompte Entscheidung später

—————[REFERENCE](#)

3.3.2²

Aber unter Vorteil doch noch /:Spekulation:/

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3.3.3

Auch andere Formen des Sozialismus haben immer
gewisse Begriff, die auch quasi-cap. sind!

advantages:
compet. Kapitalismus
free und democratic

Theorie: disapp. *neu genug* oder hält
fest an alter Theorie.
gamble of anarchy and nonsense

Auslese
Produktion für Konsumtion
just as far apart
... kein /:Führer./ in acting ...

nicht Verteilung und

—————[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Es ist fraglich, ob diese Notiz zum Themenkreis Sozialismus gehört.

3.3.4¹

Ersparnis der Kraft, die auf Verteidigung des einzelnen Interesses geht (nicht ganz natürlich: wenn der Staat groß, so gibt es sektionelle Interessen – wo ein Theater errichtet wird, wo eine Eisenbahn geht u.s.w.) und auf Verteidigung gegenüber der Politik und dem Staat (Einkommensteuer, Jurisprudenz (der Staat in itself bedeutet waste in dieser Richtung)

-und der Kosten der Arbeitskämpfe.

Malleability – aber vorher, ob nicht dieselben Leute sich anders verhalten werden; führt das nicht auf Frage der Bedeutung des privaten Motivs. ...

(die Handlungen, to keep alive Profit, [Veblen]; Advertisment u.s.w. sehr übertrieben und einseitig gesehen)

Aesth. Argument gegen advert.. ...

[REFERENCE](#)

3.3.5

Proportion varies in
verschiedenen Ländern.

dann Vergleich mit
Monopol, dann Defini-
tion of effi. ...

... that a great many of those who either do not turn to it or do not get on in it are hopelessly below par.

It may as well say at once that this point seems to me the dicisive one and much more important than the socialist logic. ...

Vergleiche doch "easier"?!
Und ist wiederum indet.

Wo *realize* von ungeheuren gebundenen Kräften?
Wo Auslese? ...

[REFERENCE](#)

¹ Von der Vorlage wurde hier nur die linke Seite entziffert.

3.3.6

In II oder III begegne ich der Schwierigkeit, dass gewisse Einwendungen gegen Kapitalismus, die kindisch sind, zugleich den Leuten selbstverständlich sind, wie z.B.: wird nicht für Konsumenten produziert, sondern für Profit; of course wenn kein Profit /:erhoben:/ wird, kann mehr produziert werden; wenn technocracy (die aber etwas für sich hat!) u.s.w. Diese Schwierigkeit is best *real* by acknowledging it – kann eben nicht elementare Ökonomie vortragen

— [REFERENCE](#)

3.3.7

Zuerst orderly sequence
dann dass auch Kapitalismus coordi. Apparat hat,
und dann dass Sozialismus wirksamer – noch immer Aufschwung
aber Depression ist harvest

If we talk about possibilities, always remembering that is doing so, we may be like lunatic lover, poet, “of imagination all compact”, the superiority of socialism because of anything still...

— [REFERENCE](#)

3.3.8

Centralist Scialism soll industrielle und local Antag.¹ ausschließen – aber das ist möglicherweise nur ein Ideal

Das ist besser auszuführen, und da sind eben schon sachliche Probleme.

Sage schon early in (2), daß nicht equal zu sein braucht, sondern verschiedene Formen auch schon Majoritäts vote. ...

Und dann sage ich, daß Produktionsmittel gegeben sind. ... gesagt, daß demnach wichtig für Sozialismus daß dem stationären state approaches

Merkwürdig, I stop mit big bus
und dieser Vergleich mit perf. compet

Die primitiven Einwendungen (daß Profit erspart wird und ein toll ist)

sind nicht Ersparungen

von Krieg und leisure class

und Anarchy.–

besser rationalist. Einschluß von sozialen Faktoren

unempl.; waste

Marx hat schon to each its want

from each its ability

_____ Diese verschiedenen Sozialisten werten!² Über Trotzky u.s.w.

_____ [REFERENCE](#)

3.3.9³

Kolossal waste
Alle Agencies of
manage. Und das ist das bus
und die Ausbeutungsform of today
und der bourgeois erste was
create
toll on creates a [??]

Billige Milch durch teure [??] Nur positive Probleme
z.B. Preis – ganz einfach: hohe Preise werden anspornen
und Richtung weisen und dann eben wird Produktion die
Sache rentieren.

_____ [REFERENCE](#)

¹ Abkürzung für *Antagonismen*

² Variante der Lesart: *beaten*

³ Mit einem Poststempel: *April 1946*

3.3.10¹

Materielle Lage und besonders unempl. spielt nicht die Rolle [bei] Comparison als man glaubt ...	Attitude of colonial office Sir [? ?] first <i>hand</i> people over to tender mercies. ...
vgl. ob mit compet. or trusted, free or injured Ideal or <i>policies</i> ² .	
	↑ The only one who cannot wait ist Intellektuelle who want to run it. ...
Interessant <u>how</u> private house killed ³ Subnormal, the only fully civil Citizen ...	

— [REFERENCE](#)

3.3.11

Warum nicht einfach sagen as to maxim. der Befriedigung in equal. sozialism, daß das nichts bedeutet (außer für Befriedigung eines /:Gerechtigkeits:/ ideal), weil gegebene Menge vorausgesetzt. Aber würde eben doch noch bleiben, daß gegebene Menge, was immer sie ist, mehr Nutzen schafft!

— [REFERENCE](#)

¹ Es wurde hier nur die linke Seite der Vorlage entziffert, die rechte Seite unten unter 3.3.18.

² Eine unsichere Lesart.

³ Variante der Lesart: *Koller*

over desorganis. and *disconfidence*
in which produce to organ

Delighted chuckle wenn W B A¹striked
und *snob* cannot do wrong
Perversion oft [??].² [??] to work
und „duty“

Work [??] necessary

Unemployment und change
Beispiele davon!

↗ Aber das gehört in Planning
und das ganze Argument gehört ins 4. Essay

↑ kein union's gut waiting list³ expl. the unempl.
Über econ. Case for socialism
equality; reichere Versorgung in the long run

Dobbs' complaints über refinements ...

You cant be heir to Mogul und trade`s union official.

————— [REFERENCE](#)

¹ Women`s Benefit Association

² Lesart möglich: radicalists

³ Union waiting list: Preferenzliste amerikanischer Gewerkschaften

3.3.13

Wo gesagt, daß Verteilung und Auslese die wichtigsten Unterschiede? schon als ich sagte (III 2), daß compet. nicht so wichtig!

Länge des Arbeitstages bestimmen nach einem
Maximumgesetz das wäre kapitalistisch

Wo ist die Note, die die Wendung enthält: Wer so intelligent ist und rate at proper value
das Argument vom gleichen Grenznutzen

Vergleich der Maxima andere Sache, die hier nicht zu unternehmen ist – daher auch nicht
über Gleichheit der Einkommensgrenznutzen

und das zusammen mit Kostenrechnung

[[?], Lange)

(immerhin deutet darauf hin, daß kapitalistisches Maximum höher ist) ...

und Vergleichbarkeit des soz. und des kapitalistischen Maximums trotzdem hier oder
später bei Comp.

[REFERENCE](#)

3.3.14

Von Interesse besonders leicht zu demonstrieren für
rationalen Soz. ...

Oder das bei dem Punkt, der mir jetzt wie ein
Vergleich aussieht

labor /:nutzen:/ könnten in der Menge sein wie Arbeit
aber nicht ausgetauscht werden nach Arbeitsgehalt
der Waren.

Lange über kapitalistische Politik ...
der Kapitalerhaltung¹

wie Pigou² darüber, daß state can take the long view,

doch short run temptation klar³.

[REFERENCE](#)

¹ Zu Lange vgl. 3.1.29

² A. C. Pigou: Socialism versus Capitalism. London: Maxmillan, 1937.

³ Variante: *klarer*

3.3.15

Eine Bemerkung über Schutz der Kapitalwerte; avoid of loss und conserve of assets values – nämlich, daß Sozialismus das auch sehr wirksam tun könnte - ist hier nötig. ...

—REFERENCE

3.3.16

Sind meine wastes nicht z.T.
in Kapitel III?

Was mit “two strides”?

Über Planung am Ende des chapters on „can soz. work?
Aber schon gesagt
Rigidity: wo sage ich, daß rigidity Not adequ. treated ich
auch eines der Dinge, mit dem nirgends Betrachtung
Ökonomen davonlaufen. ... konzentriert

Schon untergebracht:
Conserving cap. values und
vielleicht

savings

↑ Waste durch retarding
progress

Reserve capacity für welfare, “to be noticed later”.

/:presumption:/ is not proof — ↑
kann auch immer due to besonders constante.

—REFERENCE

3.3.17¹

Natur des Maximums!	Wesen von Saving wäre klar in society.
Der Markt ist die ideal democr. Methode.	Ungleichheit – sozial und ökonomisch – bei gleichen Einkommen Preuss. Leutnant mit 30 \$ Gehalt, auch ohne eigene Vermögen, nicht gar so schlecht dran.
Sehr wichtiger Fall!	...

—REFERENCE

3.3.18²

[4] bestenfalls kann man Ähnliches erzielen. ...	[[3] Das macht auch unmöglich, Monopol und Konkurrenz zu vergleichen - aber man kann etwas angeben; <u>here</u> effi. of private prod. ... Resultat:
[zu3] Auch wenn keine choice, doch Sinn zu fragen, ob nicht so funktionieren wird! Does not follow, daß kaum entdeckt wird selbst /:unser:/ Preis. ...	
[1] Hier nur: owing to indeterminateness the cultural pattern of our soz. soc..	[2] But so far as we have not said anything econ.. ... Auch <u>das</u> indet. weil wichtiger how? and by whom ³

—REFERENCE

¹ Der obere Teil der Vorlage wird hier nicht erfasst.

² Die linke Seite der Vorlage wird unter Nr. 3.3.10 wiedergegeben. Die Notiz enthält eine gestrichene Passage zu Eugenik, sie wurde jedoch bisher nicht entziffert. Pfeile im Original verweisen auf den Gang der Notizen – diese Folge wurde hier mit Zahlen in eckigen Klammern verdeutlicht.

³ Bezug auf die stereotype Wendung: how run it, by whom run it?

3.3.19

Wohl: aber die falschen Argumente sind es, welche ziehen!

futility, triviality

Maximum by Comp!

Aber schon gesagt, daß nur für Sozialismus
Maximum – long run

—————[REFERENCE](#)

3.3.20

Wo das?	Compare	
	a) Der Staat und Politiker /:kann:/ precisely aber short-run temptations nicht widerstehen b) merkwürdige perversion! Sparen verringert accum. und farsightedness wird zum Mangel.	If socialist only understand that there is a Problem of socialists quite distinct from that of socialism Das für uns so repulsive ist, ist nicht [der] soz. sondern [sind die] Sozialisten! ...

—————[REFERENCE](#)

3.3.21¹

Als vernünftige Leute sind wir nicht nur zum Kapitalismus to descend as just a gamble of blemishes welche stands condemned at first sight – wie diese /: Mentalität:/ entstanden ist?

Sondern wir können nicht umhin anzuerkennen, daß, selbst wenn wir von Medizin und Wissenschaft u.s.w. absehen – als Produkt of cap. und seiner Gesellschaft und Rationalität – story an impressive one. ...

/:Hemmung:/; food, clothing, housing problem and accessories gelöst in 150 Jahren

Noch können wir von Waste sprechen – incident of overwhelmingly successful advance – oder overcap. nicht unnützlich.

Noch Monopol ... Oder saving diminishing Kapital. ... alles das nur ein modest case, der in der kapitalistischer carrier korrigiert werden kann. ... Unempl. auch nicht, dann zu dem, was Kapitalist automatisch tut, muß addiert werden, wozu dann Mittel und Willen beistellt. ...

— REFERENCE

3.3.22

Also, wo das mit Monopol – flott to sagen, daß, selbst wenn ausgenützt, nichts bewiesen wäre, aber daß nicht augenützt werden kann flott!

Wir haben gesehen, daß progress toward equil. nicht nur möglich, sondern sogar und surer selbst in freier Konkurrenz; aber besonders außerhalb derselben, wo in Kapitalismus eindeutiger Lösung sogar ganz fehlen, kann. Was aber bedeutet das? Eindeutigkeit bedeutet Rationalität und klareres und schnelleres Erreichen saving von Kraft und avoidance of loss; Uncertainty; das also ist wirklich Theorien der kapitalistische waste; wir brauchen nicht von Waste of compet. in gewöhnlichem Sinne zu sprechen (?), duplic. u.s.w. und in imperf. compet. of Restriktion, advertising u.s.w.

Aber gibt es nicht noch auch andere Ersparungen: leisure class; höhere Zahlungen als notwendig wären etc. ... zweifelhaft; aber dafür; lawyers und all the Kräfte, die auf strateg. gehen

— REFERENCE

¹ Hier wurde nur die rechte Seite der Vorlage entziffert.

3.3.23

Die uncert. kommt auch wieder in Betracht für praktische Ersparnisse

Ein Vorteil auch (neben /:Planung:/ of advance, die aber doch ist letztes Essay

daß kein Einkommensteuer

und besonders Vergleich mit damaged Kapitalismus

Saving reliance more appear in the true light (vgl. Lerner) ...

No chuckle

no housing – if they do, sieht jeder, was es bedeutet

Lange's peril of *crying* in socialism –

[??]¹

Who sneers at it? Who is not up to its standard. ...

[REFERENCE](#)

3.3.24

Mögliche superiority kommt bei Compar

hence not too much of this stuff here!

Vorteil auch: /:Erholung:/ prop. to consume? (Sweezy)

Vorteil: daß bei Arbeitsbesprechungen kein additional costs, daß alle Kosten eingeschlossen

Refer.

– subsidies

Allow to earn profits and invest there. ...

[REFERENCE](#)

¹ Hier eine nicht sinnhaft transkribierte Zeile.

3.3.25

Unpopular
nicht Form., sondern ominous ~~family~~ likeness
und nicht mehr demokratisch, sondern weniger
a) Frage
b) dann das gone. ...

—————[REFERENCE](#)

3.3.26

200 corpor. owned nearly 50% of own-fin. corporate wealth of country in
1931
eher 55%
aber railroad and utilities are darunter. ...

—————[REFERENCE](#)

3.3.27

Should be included
Darüber, daß man Kapitalismus nicht belasten darf mit allem, und in irgendwelchen stages
passierte, ist eben a historical growth – ugly factory blazing through night
Aber das in II?

Ist auch Frage, was im Kapitalismus geregelt werden kann

Wichtig – blueprint nur für entsprechenden Entwicklungszustand
Also: Ich habe gesagt, daß /:Restriktion:/ und pitfalls wenigstens ernst in blueprint

idle rich kommen erst by effic.
(aber contra: das Motiv betr.)

Hohe inc. und effi. kommt auch später
dann die wastrels

—————[REFERENCE](#)

Orderly sequence,
obgleich auch
Kapitalismus ein
coordin. appar. ...
produce orderly
sequences instead
of the industrial
evolution of
capitalist reality

...we consider the process of industrial change (“progress”). In capitalism new commodities, new technologies and improvements in the organization of production intrude by means of individual action and conquer by means of competition with the old commodities, technologies and forms of organization. These individual actions are not uncorrelated of course. They have to justify themselves in the markets of products and cost factors, and they must present their credentials in the money market whose mechanism tends to coordinate them. In this as in other respects the socialist method would not simply mean replacing chaos by its opposite or doing something entirely different from what is done in a capitalist society. But it may be much more effective in coordinating plans of improvement and in fitting them all into an orderly sequence. +) This and the elimination of speculation and one class at least of errors would go far toward eliminating most of those phenomena of pros. and depr. avoiding losses and conserving cap. values

[REFERENCE](#)

3.3.29

Dann Definition, aber Frage, ob Vergleich zwischen ideal und real, real und /:Konstruktion:/ auch abgesehen davon, daß der Sozialist mit folded hands spricht in vision of paradise

Wenn ich das tue, vielleicht doch die anderen Vorteile zuerst
Dann possible so überlegen wie big bus. to compet., aber nur als possib.

here vielleicht Vergleich zwischen big bus und Monopol und small bus

Blemishes nicht so arg und [??]

/:Jeder:~/ ein much more modest one; nicht mehr als eine possibility – vielleicht nicht geringer als Überlegenheit of big business

Aber disturbances viel geringer (snarling); in view of performance und Möglichkeit, verschiedene zu korrigieren ist nicht case for freely given up, nicht overwhelming besonders bei uncertainty who runs it and possibility of very much lower effic.

was /:tut:/und wofür Mittel bereitstellt und Willen

But what does that mean for practical compar.?

Ist nur possib. – aber das ist schon sehr viel und ich will keineswegs recede

~~Third, even if all that were not so, now man not completely lacking in the sense of moral responsibility could ever have to look with anything but apprehension at the task of comparing an actual state of things with a mental image. It might well be doubted whether such a comparison can ever be made without violation of the canons of scientific influence. One might reply that, in the present state of our factual knowledge which grows by leaps and bounds, it is by no means chimerical to hope that in the near future we shall be able to figure out pretty closely what could and in a socialist state would be produced both with the existing industrial apparatus and with that apparatus as adapted to the new conditions. The whole of the agrarian sector and a great part of the sectors of transportation, public utilities, manufacturing industry and trade are even now sufficiently explored to make it possible to draw blueprints that could not be far from the truth. Research does in fact thus build the road that leads toward socialist planning. But in the struggle with the difficulty before us, it lends but feeble help. For the relevant question is not what, ex visu of a given point of time, a socialist management could do with given technological possibilities, a given productive apparatus, given stocks of raw material and so on this is, for us, only little less uninteresting than the question what it could do with a given stock of consumers' goods – but what~~

[REFERENCE](#)

3.4 Weitere Überlegungen zum Sozialismus

3.4.1

4.) Also Resultat daß Sozialismus praktische Möglichkeit ist, was nichts heißt, ob besser arbeitet: “Well, how effective is it likely to be? Wie kann man eine solche Frage beantworten? Wie kann man methodisch rechtfertigen, über etwas zu sprechen, wovon man keine Erfahrung? (Astronomen tun das, und wir haben Erfahrungen)
↑ Armee, Minister, Wissenschaft
Mensch als eine /:Invariante:/ aber das doch vorher erledigt

Große Vorteile: die Durchsichtigkeit;
← Wastes – schwierige Frage, voll Schwindel! aber viel beseitigt; Kämpfe um Besitzinteressen, Steuern u.s.w.; Arbeitslosigkeit
Wie mit Krieg?
per contra: Bürokratie ... Argument für Privateigentum; Ausscheidung durch Konkurrenz ...

Individueller Fabrikleiter könnte zur Arbeiterfrau sagen: talk of Bread or Party Congress.

Bei Demokratie dann Auslese

Warum besser und warum schlechter arbeitet
Verantwortung und was man tun könnte, um efficiency zu erreichen - Auslese u.s.w.

Ein Essay über
Menschenökonomie?

...

Wo *cancer* – in Übergangswirtschaft. ...

Es ist aber keine Gefahr für Sozialismus, wenn er schlechter arbeitet; Kapitalismus hat keine Vorteile, seine Leistungen(?) und doch, was sagen die Radikalen, daß die Industrie notor. anti-union ist. ...

Und dann kann man wirklich nicht sagen, wo das Net liegt: klar aber 1) viel hängt ab von “Reife” und von der Art, wie man die oberen Schichten behandelt, wo Attribute weiterer 2) daß Unterschiede nicht so groß 3) das führt dann hinüber zur Demokratie: von /:Disziplin:/ und Auslese¹, welche der Sozialist untergräbt (der bum – der striker)

(Wo dann das keinen Sinn hat, von “Befreiung” zu sprechen oder von elimi. der Ausbeutung von Menschen durch Menschen]

Vielleicht demokratisches Problem am Ende, nach statt vor “better funktionieren”, aber dann muß die 1 Seite geändert werden!
Über Nichtarbeitenwollen, über individuelle Vorteile des ca´canny: selbst der Verbrecher hat Vorteil. Demokratie und individuelle Freiheit verschiedene Dinge.

[REFERENCE](#)

¹ Der Ausdruck *und Auslese* ist im Text durch Pfeilbezug als Einschub gekennzeichnet.

3.4.2

aber dieses psychol.
shaping doch schon in II.

Lange hier? Vielleicht
he takes it for granted
daß er für Gegenwart
argumentiert, aber dann
wäre die maturity als
zentrales Problem zu
behandeln in a “case of
soc.”

Wo das Problem
behandeln, ob glaubt
von Motiv zu sprechen
statt von events, turning
of reflexes ...

Wenn transition hier nicht kommt, sondern als (5), dann nach dem letzten unterstrichenen Satz der vorigen Seite fortfahren, dass aber nun sich die psychologischen Schwierigkeiten ergeben

More than anywhere else it is here necessary to emphasize the point, which I shall never tire to press and recognition of which constitutes one of Marx's claims to being placed in a class by himself. The question we are about to discuss not only may but must be answered differently for different historical situations and changes its nature in the course of time. To be workable, let alone successful, modern as distinguished from primitive socialism requires the previous realization of a definite socio-psychological – cultural moral – pattern just as much as it requires the previous realization of a definite economic pattern both of which only fully matured capitalism can create. This is one of the reasons why there is little sense in advocating or fighting socialism in general and irrespective of the historical situation, and why so little practical value attaches to inferences from that pure logic of socialist planning and even of its technical feasibility that we dealt with before.

Nobody will deny that proposition when facing it. Many people forget it when arguing particular points. Many people underrate its importance for the socio-psychological sphere as well as the time that changes in that sphere takes in coming about. At the risk of both triviality and repetition, I will illustrate the point by the outstanding historical example. Feudalism was nothing else but a method of public administration.

Holders of fiefs originally, aber auch später, und leicht zu sehen das einzig Mögliche und dass damals man hätte argumentieren können, dass es wesentlich ist, daß /:Herr:/ Interesse hat, finanzielles Interesse, an Untertan; hätte keinen Sinn gehabt, moderne Verwaltung zu verlangen; schließlich kommt eine Zeit, wo das keinem einfallen würde, aber dazwischen ist eine zweifelhafte Zeit, und diese macht das Problem; this of course cuts both ways. Privateigentum “nötig” aber nicht für immer.

psychisch /:kein:/¹ Eigentum und absence of Eigentum
malady! illness. Hinweis auf II, “that souls must be
fashioned!”
“Now we have seen in II, daß tatsächlich ein solcher Prozeß im Gange – im
Prinzip soc. service
↑ Was dann später kommt!

REFERENCE

3.4.3

<p>Über kapitalistische Mentalität, welche infects ↑ Even so hardly malleab., sondern rather an interm. case – formation und fixation of habits Ttitle and order ...</p>	<p>here dann die obige Anknüpfung an II. Essay und sagen, daß in Motivation, Lebensform und work steadily umgebogen wird – Schwierigkeit erscheint so groß nur wenn man eine vergangene Zeit /bewertet/ als selbst noch die Gegenwart. Für detested Individualismus ist das typ. kapitalistische Motiv des Vermögenserwerbs in any case and abgesehen von Sozialismus viel geringer, besonders in gleichzeitig veränderter Lebensform, die in Hotel symbolisiert (aber das doch by nicht geringem Widerstand); property bedeute weniger und es bleibt any how nur prof. work (der versteht nicht, der nicht weiß, was product, produzieren bedeutet: in besonders in big bus.– und soz. Gewicht. ... Aber das Parteien überschätzen, was die einen das sozial/artige/ Motiv, die anderen kapitalistische Infektionen nennen. ...</p>
<p>Andere Frage: wie Kultur berufl 1. Leistung 2. Typus↓ ...Compar.!</p>	<p>Dann Argument über property a) hat vorher vollen Sinn gehabt (Taktik des Sozialisten: sneer at what one cannot refuse) say, isolationist und sneer. ... b) bedeutet heute auch noch etwas, aber anders: Eigengestaltung und besondere Art von verantwortlichen Bedingungen der Entscheidung Autonomie; Probleme der Bürokratie hier oder in nächster section? Aber das vielleicht unter “Vergleich” oder presently unter Arbeitsbedingungen ↑ aber das hängt ab von Arrangement; vgl. Preußen; ein vernünftiger Minister übernimmt selbst Staatsunternehmung. ...</p>
<p>Wo Stellung zu Arbeitern – putting on back: Herrenstand gone for good and ill ↑... masterful attit.</p>	<p>Dann Illustration durch feudales Amt (Privatisierung nach der fortune der Carol.²) – const. <i>achievement</i> und fortune Dann vielleicht to round off Arbeits-und Lebensbedingungen. ... 2er Katz (die ein wenig noch Besitz Interesse und (?)) a) Autorität der Kompetenz, alte Typen, lawyer ... neue Typen, engineer, civil servant ... Autorität des Könnens braucht nicht geringer zu sein. ... Halte ich ängstlich an kapitalistischen Formen fest? b) und dann vielleicht was bedeutet prop.; nicht notwendig mehr cardin. yokes (Gewicht und Freiheit der Entscheidung, stamp on pants? (Diskussion zuerst <u>Religion</u> und “Recht” immer wenn prop. wohl Funktion) c) Soz. may reduce radikale Haltung unter /Massen/, das zur Efficiency nötig ist oder humiliate und disgust – aber das ist nicht wesentlich und wenn nicht,</p>

¹ Lesart: *kann*

² Carolinger

<p>Autorität des Könnens braucht nicht geringer zu sein</p> <p><u>Halte ich ängstlich an kapitalistischen Formen fest?</u></p> <p>...</p>	<p>so kommt wieder kaum vor malleabi. of fund. (patterns) in Betracht, sondern eher interm. case formation of habit. ...</p> <p>(α) riesiger range of variation in der Zeit, (β) fixierte habit zur Gesundheit nötig: nicht mehr als das sagen und auf transition verweisen: food, privacy, gun, smoke, drink, sexuelle Gewohnheit – alles das nicht gesagt, weil Einschränkung nötig wäre und das Wesentliche, die Familienattit., wie gesagt stirbt ohnehin</p> <p>d) So wirkt der Typus in Sozialismus; andere Frage: wie Sozialismus auf Leistung und Typus wirkt.</p> <p>e) Leisure class – und expropriated class – nur bemerken daß nicht so einfach ist, Privileg aber errungen. ...</p>
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REFERENCE

3.4.4

<p>2 tens wird gesagt, daß praktisch unmöglich – Aufgabe zu groß und kompliziert; if I get it this means that socialism administratively unmöglich, daß er eine unmögliche admin. Aufgabe setzt und das boils down to two things a) too complic., würde eine divine Intelligenz erfordern (und dann würde von jedem zugegeben werden, daß Sozialismus nicht nur möglich, sondern auch besser, was aber später kommt)</p> <p>b) e in moralisches /:Niveau:/ voraussetzt, das nicht da ist (im Kapitalismus kann der laggard shift, im Sozialismus noch immer malignancy möglich wie in einem /:Amt:/, aber nicht so leicht wie im heutigen Kapitalismus) Aber das <u>gehört schon zum nächsten Abschnitt</u></p> <p><u>Aber wieder Reifezeit? ...</u></p> <p>ad a+b) There is an error about all this which must be dispelled first of all. The administrative task to be faced is impossibly difficult if it is visualized as one board, let alone one brain,¹ performing all the operations (decisions) which are performed in the capitalist organization, now and surely the same condition as problems now posit themselves. This everyone would admit and only as thus envisaged is that position understandable. But it is clearly inadmissible to posit the problem like this. If posited properly, it is readily seen to be not more but less difficult than that which faces the</p>
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¹ Hier folgt im Manuskript ein hier nicht dekodierter einzeliger stenografischer Zusatz.

cap. control organi. as it is – total of managers of firms and banks or any central board in cap. society (gen. staff) we might imagine.

ad a) Let us be practical and anschaulich. We use our idea and set our board at the “ministry” to work. Of course and this is important, we assume general social und cultural conditions necessary for an efficient civil service. The first task of selection of app. on election, but this later, now we assume¹ die bürokratische Methode: Minister muß Majorität haben, aber er ernennt; civil service spirit alles das später: denken wir an England

/: Wievielmals:/ eigentlich Hinweis auf Bürokratie; daß Staat nichts kreiert;²

pos /:Beitrag:/ (aber nicht vielleicht später

einerseits das “Abteil”,
andererseits das “street-cafe”

...



wahres Argument gegen Bürokratie und wahres Argument für Privatinitiative und privates Eigentum (eine Frage ist dann, wie weit ??? Kommando einer Armee Dinge in der Hand behalten /:soll:/.

“Bürokratie Sozialismus”, elective Methode und elective judges und elective generals – und here joke über Earl of Prinkipo³

war nicht so schlecht trotz sizil. exped. und Aigospotamoi⁴, auch Marathon und Salamis und Perikles.

Aber das ist nicht die einzige.
a) Technik
b) Probation und Stimulus, wie man das Beste aus jedem herausbringt und alles vorhandene Talent verwendet.
...

REFERENCE

¹ Übergang zu stenografischen Notizen.

² Hier auch ein roter Pfeil mit einem Rückbezug auf den Seitenanfang bei „a) too complic.“.

³ Zum Earl vgl.: *CS&D*, p. 229.

⁴ Zu Aigospotamoi vgl.: https://de.wikipedia.org/wiki/Schlacht_bei_Aigospotamoi

3.4.5

Then it is seen that the individual officer's task in the individual plant is easier: many more things are settled for him – by order or automatic observation of signs – than for cap. entrepreneur and he knows much more of the reactions of others, which can only be through the ministry (board at the ministry); consumer's reactions and how technique will work out still problems of course, but points that there are – in the most – no principal problems which are not also in cap. while others are absent or much much more easy by machinery (vielleicht Reaktion von anderen Firmen und Industrien). A besser man can do that

Remains the board at the Ministry. It acts on data (reports) of firms and on certain symptoms which system is constructed to produce and whether it leads or merely controls and coordinates this can be reduced to routine. Total “amount of task” less and facilitated by obviousness of data and machinery for coordination – “referent” für jede Industrie. Wie eine Armee (moderne Armee is not schwerer, sondern leichter zu handhaben als Armee Wallensteins (oder selbst Nap.), obgleich hier task größer: Vielleicht wichtig zu unterscheiden zwischen task und Mittel ihrer Leistung) and these refer. meeting conference und so gut stehender Plan – in fact largely automatisch und der Minister hat nur general leadership, inspiration. Only look at it in a practical spirit: the strength is these und nicht in der /:Theorie:/ (“alleviatory again?”)

Das soll nichts abschließen

You sneer? At the suggestion daß so etwas “besser”. Well das kommt später, but it is clear, daß it can work without breakdown if responsibly handled. (coffee house)

To complete this part of argument: Argument bezieht sich auf größere und größte Industrien, deren Vorhandensein really Bedingung; but how? dem allgemeinen Vorhaben, so kann ein Sektor auch anders behandelt werden und als Beispiel nehmen wir Agrikultur. Suppose, es wird entschieden, daß Farmers would excluded (das schafft Gruppeninteressen, though ist nur /:sympatisch:/ weil so große Erleichterung – well farmers produce for calcul. prices – das sind wirklich Preise! (offered, welche devided von “prices” got (+ investment consid. if any into in price fixing) und Einkommen werden behandelt und Nachfrage taken account of wie andere und die sozialisierten Eisenbahnen, Maschinenfabriken, Fertilizerfabriken und ??? u.s.w. werden – calcul – bereitgestellt: nicht sehr viel mehr nötig als existing /:Maschinerie:/

Ob Demokr. hängt ab, was man unter Dem. versteht (oder Ochlokratie)

Zum Schluß: Ich bin offenbar nicht unfriendly gegenüber dem sozialistischen Plan; wenngleich ich kapitalistische Kultur verstehe; ist es dann ein Widerspruch, wenn ich gegen New Deal und Sozialisten bin wie unsere sind? Im Gegenteil, they spoil it und das New Deal ist frivol – ???, Verhinderung von Fortschritten¹.

Ist das reaktionär? – of course weil man die Interessen... **Jedenfalls sollte ich konstruktiv sein.**

REFERENCE

¹ Die folgende Hälfte der Bemerkung ist nicht entziffert.

3.4.6

...what about the impossible moral heights required to make the system work, all that money and entrepren. effort without the stimulus of private reward and all that idealism of the workmen working free from any compulsion and doing his duty which he understands and likes from as free will as now he obeys traffic signals – contrib. to management by his democratic decision etc.; no longer thwarted. ...

For this objection socialists themselves are largely responsible – tearful, jedoch vgl. auch Shaw – Right into the times of socialist or, at all events, transitional Bolschevist practice they almost cynically wove the Roussean idyll. (Victoriously Webb – Beispiel wie man nur sieht, was man will: wie wenn das anders wäre in Kapitalismus!) There will be that ideology of course and very sensible it will be to train people in it. (Social service, wie jetzt!) But we have only to clear our mind of cant in order to see that not more but less will be required in moral stamina than in capitalism. Cap. requires much more – auch more – responsibility, much more both self-reliance and self-restraint (vgl. “Prot. Ethik”) und acceptance of results of own actions und die Mentalität, die für Zukunft arbeitet und das Wort hält wo nicht “nötig” ist: less morals as well as less brains are necessary to run socialism.

This to be seen: Arbeiter hat ganz dasselbe Motiv und dieselbe Pflicht which will be brought home to him much more effectively, weil α) keine Ausrede mehr und β) kein instig. to unsocial action und γ) weil Arbeit im Vollen [??] vorgeschrieben. Der leader will not have Möglichkeit des fantastic success in money; keine privaten Reiche und Dynastien mehr und Familienposition[en] – but those decaying anyhow und allgemeine Einkommen aus privatem standing instead of income, (α) Ehre, β) kulturelle Leistungen) der maneg. und professionellen group, braucht nicht so sehr zu definieren –. Arbeit des Beamten zur Funktion vom Staate übernommen und der Beamte hat vielleicht mehr Einfluß (über große resources) als Unternehmer – das ist ja Grund für enthus. – und wenn er weniger Motiv hat und weniger tut, was macht es?? Does not go bankrupt! and a clever report can cover all the sins fortune will not be imported and not necessarily show up as such ... Moral subnormal creates less diff. (weniger

Wonderful Technik der persönlichen Position
Startling- Analogie [des] logischen Prinzips

[REFERENCE](#)

3.4.7

Hier schon 2 Dinge vermischt: die einfachen Veränderungen von Motiven und äußeren Bedingungen und change von nature, welche jetzt mehr in habits verfließt:

Das eigentlich alles Formulierung für II Essay	... capitalist evolution tends, as it were, to dry up this fundamental center of motivation. The individual become “detached”, that is to say, no longer feels and thinks of himself as an element in a family setting and as a link in the endless chain of generations, as a trustee of property handed down to him and to be handed down to his children. His whole attributes to life and its value and problems thereby undergoes a most significant change which asserts itself in practically all personal and business matters. As regards the latter the change is perhaps least observable in the behavior of the types that are induced by the lawyer and physician. Diese /:wollen:/ immer schon so. ¹
Und wo hotel of capitalist house?	All the more observable in owner-manager and executive. And a new type emerges, represented by a certain class of civil servants and financiers. ... Who did that sort of things before – aristocrat of XVIII. Jahrhu. ...
Material für II!	α) How all this need not spell change in fundamental patterns and yet goes very far – and all in direction of preparing socialism, making its working more and more possible – auch wichtig, daß weniger Güteraccum. für persönlichen Gebrauch nötig – und andere Mittel, um Arbeitsgelegenheit zu finden und power (Gewicht) – Orden? ²
Passing stamps on trousers und titles schon vorher gebraucht – was wird /:Theorie:/ für contri.	β) Wichtigkeit der Regsamkeit des change, wenn er nicht die Leute oder den Prozeß injure und weniger efficient machen soll; und Bedeutung der vorhergehenden /:Entwicklung:/; Erfolg von Sozialismus ganz verschieden, je nachdem auf welchen Zustand impinges. – und hier vielleicht, was vorher gesagt? Das nicht immer advocated werden kann. Und vielleicht hier über property ersparen.

[REFERENCE](#)

¹ Dieser Satz in Stenografie.

² Zu „power“: Das läuft auf die Frage hinaus, ob das persönliche Gewicht von der Zugehörigkeit zu bestimmten Orden abhängig ist. (Stalin sprach von der KPdSU als einem Orden.)

3.4.8 & 3.4.9

Wie weit malleab. überhaupt nötig.

Sozialismus begeistert uns nicht, aber schreckt uns auch nicht
Internal case of habits; sick rage, Erziehung, sexueller Verkehr
illness

möglich a habit irrationally changes

↑ Notwendigkeit sach-
gemäßen Überganges

Cap. shapes souls slowly but inexorably for socialism by changing motives; snarling. ...
z.T. α) durch working of System, β) durch die Steuern u.s.w., welche die von ihm evolvierte Mentalität mit sich bringt. ...

Wo der moderne Typus des Unterstaatssekretärs? und daß das nicht für "einige wenige" Individualisten gilt, sondern für Leute, die eben matter? Das ist nicht unbedeutend! Wo die Ptolem.Pentereme und das moderne /:Hotel:/? daß Kapitalismus die Kaufkraft gerade der unteren und mittleren Schichten erhöht. ...

Ist es also insisting on kapitalistischen prizes und refusal to work for cutting else? Notwendigkeit langsamen Übergangs
Also α) die kapitalistische Entwicklung shapes I /:in sich:/, II by policy welche created. Das ist aber auch Übergang und zwar z.T. durch andere conditioning

β) What is there to adapt., who must be adapted, and to what. Und wieder Unterschied, ob von

Arbeitswilligkeit Idealtyp oder aktuellem Kapitalismus aus zu Subordination adapt. oder ein mehr [??] Wert. ...

We have seen in the preceding chapter/Essay how capitalist evolution slowly but inexorably shapes things and souls for socialism. This it does, we remember, both directly by the mere effects of its own working and indirectly by the social and political atmosphere it creates and the policies that result therefrom. But in part at all events, the methods by which that change is brought about

Bedeutung von Prop.
Beacon lights of cap.

Die Mängel können alle innerhalb des Kapitalismus beseitigt werden
a) durch sein working
b) durch Mittel, die er bereitstellt.

Zurückkommen bei transit.

... prop. Argumente stellen
???¹ laufend richtig und Frage, inwieweit noch sind

resemble mere conditioning rather than any shaping that would involve malleability. The change mainly results from

¹ Lesart Uraki: *Möglichkeiten*

<p>für diesen Zweck, anders zu formulieren.</p> <p>here moderner Mann</p> <p>Malleab. of body und soul ist Grundproblem – viel wichtiger als Theorie</p>	<p>removing or atrophying some of the most important motives, prizes, stimuli, habit of life, attitudes to life, characteristic of cap. especially those that anchor in the family, the family home and the family business.</p> <p>Exec[utive], der elaborate Arbeit tut in office, ist schon [halber socialist], der sich als det. Individuum fühlt</p> <p>Bei Arbeiter: Wille zu arbeiten } wichtig, dass nicht mit Compar. kollidiert</p> <p>und Subordination</p>
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3.4.10

<p>Soz – sprechen doch bei Adapt. davon....</p> <p>“motive”? also hier vielleicht über behavior</p> <p>aber das ist anderes in einem Falle wie Russland.</p>	<p>Wo ist da der Unterschied zwischen anderem Verhalten derselben Seele und Änderung der Seele?</p> <p style="text-align: center;">↑ Malleability der Seele</p> <p>Second, concerning the reformation of souls that socialism is sometimes hold to presuppose, we can quickly dispose of one of the most popular arguments: if the antisocialist theorist is that in order to function the socialist system as here envisaged would require an impossible level of general morality – working from no other motive but a sense of social duty and that sort of thing; and what is to be done with the striker – the plain answer is that this is not so. In complete parallelism with preceding argument of technical difficulties of running the socialist machine, we may admit that the considerations of the kind alluded are valid against some blatant crudities of socialist phraseology, but we have to recognize that the minimum fund of moral stamina, of energy as well as idealism, required of the comrade both the leader and led one would be not only not greater but that it would be smaller than the minimum fund of moral stamina required of the denizen of a commercial society¹.</p>
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¹ Von hier ab Übergang zu stenografischen Notizen.

<p>Was alles denied wie cap. aus Zeitungen bekannt</p>	<p>Grund ist, daß almost ex def. personal element und personal Qualität geringere Rolle im bloßen Funktionieren spielt Gründe: a) kapitalistische Leben verlangt, wie mehr individuelle Intelligenz, so viel mehr much self-reliance character; fight; foresight b) adherence to word, steadiness in adversity und all the virtues that go with c) it auch generosity und duty und self-denial; Versuchung und Abwendung von wirtschaftlichen care (ist /:dann:/ Sozialismus) d) many more things settled for comrade und mechanisiert für leader, kein scope für all diese Eigenschaften. (Wie Maschinen labor saving, so ist mechanisierte Gesellschaft moral-saving)</p>
<p>Welfare, security, stupidity</p>	<p>... And sticker – das aber kommt eigentlich später ²– can be dealt with, ob es reasonable anzunehmen, that he would be dealt with or on the contrary allowed to infect million opens question, welche später kommen (das Ersuchen der roten comrades und harshness) at any rate would be difficult to</p>
<p>Wichtig, darauf zurückkommen bei Compar: was für eine type of man – well what is degener: losing teeth wenn nichts zu beißen – cocktail¹ ...</p>	<p>coddle him more than he is coddled now. ...</p>

REFERENCE

¹ Der Pferdeliebhaber Schumpeter meint mit *Coctail* wohl das *underbred racehorse*, ein nicht reinrassiges Rennpferd.

² Diese Einfügung ist im Original eine Extranotiz mit Pfeilbezug zum Wort *sticker*.

3.4.11

Hier einfach nur
sagen, wir betrachten
Probleme ex visu der
Gegenwart

But whatever the ethical level that may be necessary in order to make socialism work, we have certainly to face problems of adaptation to new conditions – the problems incident to any reconditioning of human behavior – which cannot be disposed of by mellifluous phrases that prove nothing except the semi-religious nature of socialist beliefs. In trying to make headway on a road that does touch Damascus and may be traveled without assuming that socialism will miraculously remake our souls – once they are freed from the bonds and prisons of capitalism – we hampered by the disconcertingly wide range of possibilities covered by the term “socialist form of life”.¹

Adapt. kann schwieriger oder leichter sein, je nach wirklichem Inhalt ist oft übersehen.

Muß immer wieder betont werden, daß Sozialismus, selbst wenn definiert wie wir es tun, eine Kultur nicht eindeutig bestimmt.

Oder, direkt auf extent of adaptation und nur hinzufügen, daß wir unterscheiden können zwischen diff.

Und außerdem die verschieden stages: einfach sagen “now” oder überhaupt gar nichts? ist das nicht anderswo?

/:Reaktion:/ unter diff. circumstances and malleabili. in change of those patterns (habits or more),, welche nur in time und mit Schmerzen und Schwierigkeiten zu ändern sind, obgleich Unterscheidung open to believer von verschiedenen Ständen!

There remains the problem of adaptat.”

REFERENCE

¹ Von hier ab Übergang zu stenografischen Notizen

<p>effect of change</p>	<p>Wichtiges Problem ist, daß nicht harmful change of habit zur Katastrophe wird, hängt zusammen mit Wertung der bourgeois Leistung. a) tatsächliche Leistung b) Leistung, die sie by nature /:nie:/ leisten kann</p>
<p>reformed humanity freed from prison suddenly altruistic und lovability</p>	<p>But another problem comes into view behind that one. Whatever the required level of moral stamina may be, the socialist form of life differs sufficiently from others to raise a question of adaptation. This question cannot be disposed by mellifluous phrases about the beauties of socialism the rays of which will, on a day of Damascus, remake the soul of man. Neither can it be answered with any exactness, the less so because, as will appear more clearly later on, the “socialist form of life” covers a disconcertingly wide range of variation. Nevertheless it does not seem hopeless to try to arrive at a commonsense conclusion. ...</p>
<p>Zurückkommen!</p>	
<p><u>Sinn der Arbeit, Sinn ökonomischer achievements – stuck in the mud!</u></p>	
<p>Lange’s goal so perfectly shapes daß “mere fact of living” in a Sinne of satsf.</p>	<p>For this purpose we will divide the question in two, although this division will soon be discovered to be somewhat artificial. Our likes and dislikes, impulses motives, schemes of values or, if you prefer, ¹</p>
<p>Bei privat prop. – wie diskutiert wird: willig wünschenswert.... und hier a) als Element der psych. Hygiene b) in seiner Bedeutung als center of <i>motiv.</i></p>	<p>our patterns of reaction may remain what they are and still a required change in behavior may be brought about, with or without psychic lesions, by conditioning them differently – by placing us in a new social environment that offers new stimuli and does not offer some of the old ones. Or those patterns of reaction themselves*² may change or be made to change. Only attempts in the latter direction involve the problem which we shall dub Malleability of Human Nature. Owing to the obvious difficulties this malleability presents we shall first see how far we get without it.</p>
<p>*Wichtig Auch durch killing off haunting: spielerische Befriedigung ...</p>	<p>Aber ist das mehr als shaping habit? ...</p>

[REFERENCE](#)

¹ Es folgen an dieser Stelle einige getilgte Manuskriptzeilen.

² * Pfeilverweis zu * (links unten)

Who would have to be adapted and to what? Again we are entitled to the simplification which consists in leaving the sphere of the farmer or peasant untouched in the same sense as before – that is to say, the framework of his private life and many things about the management of his holding. Also, it has been suggested before that the ministry might, without prejudice to the socialist principles of the commonwealth, facilitate its administrative task by, refraining from complete destruction of the retailers and the artisans worlds. These shops would of course be not much more than branch offices of the socialized industries but as such might continue to exist in a semi-autonomous state that, for most of them, would not greatly differ from their present state.

Neither need the mass of skilled and unskilled workman and clerks find their lot and their task very much changed. The work to be done would not differ substantially. The attitude towards, as we shall see later (4) [??] n may reasonably be expected to improve. Those who doubt that the masses will not go on working in the absence of capitalist compulsions underrate both the amount of “sense of duty” that even today enters into the psychic prerequisites of any work and the amount of “compulsion” which even a highly “democratic” socialism would be perfectly able to apply.²

psychological?
Willigkeit? rudiment

And those who doubt the possibility of securing in a socialist community the necessary amount of discipline or subordination must similarly overrate the amount of discipline that exists now – it is the arrangement of the productive process, the conveyancer and so on, that disciplines the modern workmen and not his supervisors who are frightened of him – and the loss of discipline which can possibly result from transition into socialism. We shall (S. 4 and then again [??]³) in the next chapter discuss the principle

Das entweder hier oder vorher ausführen

Ist das nicht transition?

“healthier” outlook

Wille zu arbeiten ohne Stimulus of getting a living nach needs – soc. themselves to blame for what then appears als difficulty.

Socialisierungskommission Hinweis auf comparison

[REFERENCE](#)

Das ist Vergleich mit fettered cap. – kann nicht verhindern daß [??] drunken auf bus[.]

...

² Seitenwechsel

³ Hier folgt ein nicht eindeutiger Seitenhinweis.

not to mention Bolschewists

which arise here. Meanwhile it is enough to notice that lack of authority is no part of the socialist scheme of things. Nor have I found that serious socialists are more unreasonable about this point, whenever they face the practical question – as some European-Socialist groups had to in 1919 and are not in the Sunday school mood. For instance, I have met but two or three who would have been prepared to apply the elective principle to foreman and all that ranks above them, and even those volunteered – I did not suggest it – the proviso that election would “of course” not be by those workmen whom the foreman and so on in question were to lead or supervise – but by some other, especially lawyer, groups.

When the workman leaves the shop they would return to a home that would hardly differ much, in the respects relevant to the problem in hand, from

REFERENCE

the home he returns to now. And he would or could fill his leisure hours in much the same way. Hence the only difference socialism would make to him is job security at the some sacrifice of freedom of choice. Of course the commonwealth may impose further changes in behavior in order to attain particular ends. And these may indeed raise additional problems of adaptation. But then this would be a question of those particular ends and not socialism as such.

a) für diese Leute selbst b) für Gesamtheit (make their works) ...

So far we are driven to the conclusion

a) feeling of threatened und insulted, b) reduced below filling of function, c) their habits bent

that⁴ socialism will not or, in any case, need not require any major adaptations of behavior at all. It follows a fortune that it will not require malleability – change in fundamental pattern of human reactions.

This is not so in the remaining case* – I will shock the reader’s feeling by calling it the case of people cannot⁵ individually.⁶

Es bleibt dann die Oberschicht.
Frage. Wie wichtig diese Gruppe, soziol. Gruppe, nicht Funktion wie in type of lawyer (protect social process of production – oder verteidigt viciously antisocial Interesse – das ist ganz

Über Natur und

Wichtigkeit des Problems

⁴ Zusatz über dieser Zeile: *then, i.e. für vast majority of people.*

⁵ Auf „cannot“ bezogene Notiz Schumpeters: *Vielleicht hier 0 und dann sagen, was das bedeutet: make a diff.*

⁶ Auf den Textbereich bezogene Notiz: *bourgeoise Lebensform ... riesige Differenzen, aber Übergang contin.: a foreman may [??] oder den skilled workman in his small way.*

gleich)
Dr. and engin. have 3
/:Dinge:/
a) work und Stellung much
the same,
b) Ekel von coddling
Unterwerke – aber das ist
coddling socialism,
c) Reduktion of standard
unter Maß compet. mit full
efficiency– das natürlich viel
höher 50~100,000\$, aber
Abzüge net spendable
*service*¹ für den Mann, der
nicht mehr für Kinder sorgen
will und nicht für old age to
sorgen braucht, kann leicht
provided werden.

3 Typen oder nur 2 und nicht jeder Dr oder Lawyer –
can do more than apply was er gelernt hat.

* aber leisure class

dann noch eine remark über leisure class.

Was ist sie? Der Mann z.B. der sein Vermögen verwaltet
. ... das trug wissenschaftliches Leistung

...

Lebensform (Hotel)

Aber alles das kommt doch unter heading of reduced resistance to
socialism.

auch können allied sein mit
kapitalistisch bourgeoisie

Solo: professionell – aber includ semi-professionell – show,
masses nothing to fear: freiwillig alles beigestellt!
Exception gewisse Berufe – army und posit of son and heirs
(nicht der Leute selbst) besonders landed Aristokratie

Über digging up unendliche
kulturelle Möglichkeiten!
Tacit ass., daß wer nicht
aufsteigt, keine [??]⁷ hat und
daß riesiges Mengen von
Leuten in diesem Falle
wäre Aufstieg ohne
weiteres möglich.

REFERENCE

¹ Andere Lesart: *income*

⁷ Der Stenograf erwägt als möglich: *Opponenten*

3.4.18 – 3.4.28¹

3.4.18A

[Unter den Archivunterlagen befindet sich auch **Entwürfe des Kapitels XVII (Comparison of blueprints) und des Kapitels XVIII (The Human Element)**. Die ersten Seiten des Konvolutes, leider fehlsortiert und veröffentlicht im 3. Teil der Internetpublikation des Entwurfes von *CS&D* durch die Mie-University in Tsu², stimmen bis auf wenige und zumeist nur stilistische Änderungen mit dem Textverlauf in *CS&D* überein. Der untenstehende Nachweis ermöglicht den Zugriff auf diese Seiten. Die Darbietung 3.4.18A des weiteren Entwurfs setzt S. 35 des eben erwähnten maschinenschriftlichen Manuskriptes ein. Der nachstehende Text wurde immer dann, wenn er mit dem in *CS&D* bis auf geringfügige Änderungen übereinstimmt, kursiv gesetzt.]

—REFERENCE

How modern capitalism would work under perfect competition is hence a meaningless question. Therefore, quite apart from the fact that socialism will inherit a “monopolistic” and not a competitive capitalism, we need not trouble about the competitive case except incidentally

Economic efficiency we will reduce to productive efficiency. Even the latter is by no means easy to define. The two alternatives to be compared must of course be referred to the same point of time – past* present or future.*³ But we have really no right to assume that if socialist economics had been fully established in, say, 1900 the data of the situation, such as number, age distribution, aptitudes, tastes of the population, technological possibilities, productive resources, would have been what in that year they actually were. This, by the way, is the reason why we cannot simply appeal to our factual knowledge of what is being and what could be produced now. That knowledge grows by leaps and bounds. Of late government and other agencies have begun to accumulate information precisely in order to frame a social schedule of production. This is indeed of the utmost importance. It is not chimerical to hope that in the near future we shall be able to figure out pretty closely what a socialist economy could do and how the socialist blueprint would look if the country were to go socialist at any given time. The whole of the agrarian sector and a great part of the sectors of transportation, public utilities, manufacturing industry and trade

¹ Die entsprechenden Textpassagen Nr. 18 bis einschließlich Nr. 28 der Edition Urak/Imai sind hier in der zusammenhängenden Darstellung des Sozialismus-Manuskriptes unter 3.4.18A enthalten.

² https://www.bunka.pref.mie.lg.jp/library/dviewer/viewer/?id=163177&cls=lib_image02_m&y020=1&startpage=0

³ Vgl. *CS&D*, p.189

are even now sufficiently explored. Research in fact thus builds the road that leads to socialist planning. But in the struggle with the difficulty before us, it lends but little aid. For the relevant question is not what, ex visu of a given point of time, socialist management could do with the capitalist apparatus then existing – this is for us not such more interesting than what socialist management could do with a given stock of consumers' goods – but what productive apparatus would exist or have existed at that point of time had a socialist instead of the capitalist management presided over its construction.* This fatally limits us to listing such differences between the

working of the economic engines of socialist and of commercial society as we may nevertheless perceive, and to appraising their importance as best we can.

We will nevertheless postulate that number, quality, tastes and age distribution of the population at the time of comparison be the same in both cases. Then we shall call that system relatively more efficient which we see reason to expect would in the long run produce the larger stream of consumers' goods per equal unit of time. But what if these consumers' goods are not the same as they almost certainly would not be? How are we to compare streams of different goods? Never mind. For our purpose we can overcome this difficulty: that stream shall be considered larger to which, if only one and the same consumers* good of homogeneous quality were produced in both cases, the larger stream of that single consumers' good would correspond.** This definition requires comment. It will be seen that it does not identify economic efficiency with economic welfare or with given degrees of satisfaction of wants. Even if any conceivable socialist economy were sure to be in our*

sense less efficient than any conceivable commercial economy, the majority of people – all in fact for whom the typical socialist cares – might possibly be "better off" or "happier" or "more content" in the former than in the latter. My first and main reply is that relative efficiency retains independent meaning even in such cases and that in all cases it will be an important consideration. But secondly I do not think that we lose much by adopting a criterion that neglects those aspects. This however is a very debatable matter on which it is just as well to be a little more explicit.

To begin with, convinced socialists will derive satisfaction from the mere fact of living in a socialist society. Socialist bread may well taste sweeter to them than capitalist bread simply because it is socialist bread and it would do so even if it contained dead nice. If, moreover, the particular socialist system adopted happens to agree with one's moral principles as for instance equalitarian socialism would

with the moral principles of many socialists, this fact and the consequent gratification of one's sense of justice will of course be listed among that system's titles to superiority. For the working of the system such moral allegiance is by no means indifferent and its importance even for efficiency in our sense will have to be noticed later. Beyond that however we all of us had better admit that our phraseology about justice and so on reduces to whether or not we like a certain civilization.¹

If we don't like the civilization of capitalism, well then we don't – but let us say just this and not have any pontifical nonsense about it.

There seems however to be a purely economic argument in favor of equalitarian socialism or any socialism the structure of which admits of greater equality of incomes. So there is. Those economists at least who feel no compunction about treating satisfactions of wants as measurable quantities and about comparing and adding the satisfactions of different persons have a right to argue that a given stock or stream of consumers' goods will in general produce the maximum of satisfaction if equally distributed. An equalitarian system as efficient as its commercial counterpart will hence run at a higher level of welfare. Even a somewhat less efficient equalitarian system might do so. Most modern theorists would discard this argument on the grounds that satisfactions are not measurable or that comparison and addition of the satisfactions of different people are meaningless. We need not go so far. It is sufficient to point out the equalitarian argument is particularly open to the objection raised above the problem is not how to distribute any quantity given independently of the principles of income distribution. Wage incomes might well be higher in a commercial society admitting unrestricted inequalities than the equal incomes ceteris paribus would be in equalitarian socialism. So long as it is not made reasonably certain that the socialist engine of production would be at least nearly as efficient as the commercial engine is or was or can be expected to be at the time of the comparison, the argument about distribution remains inconclusive – question begging in fact – even if we choose to accept it. And as soon as the question of productive efficiency is settled the distributive argument will in most cases be superfluous – unless it be based exclusively on moral ideals, it will turn the balance only in borderline cases.

From inequalities of income that may link up with differences in economic performance we most finally distinguish certain economies which most socialists would hold are incident to the socialist arrangement so that the same level of efficiency of production would be associated with a higher level of welfare. *These*

¹ Der nächste Absatz fehlt in CS&D, p. 191

economies follow from the fact that certain types of societies may by virtue of their organization be indifferent or adverse to purposes to which other types, also by virtue of their organization, allocate considerable parts of their resources. A pacifist socialism for instance would economize on armaments, an atheist one on churches, and both might therefore have more hospitals instead. That is so of course. But since it involves valuations which cannot be with confidence attributed to socialism in general – though they could to many individual socialists – it does not concern us here. There is however one kind of economies which almost any socialist society - not the Platonic type though – would surely realize, viz. the economies from the elimination of the leisure class, the 'idle rich.' Since from the socialist standpoint it is quite proper to neglect the satisfactions accruing to the individuals belonging to this group and to evaluate at zero the cultural functions of the leisure class – though civilized socialists always save their faces by adding: in the world of today – there is obviously a net gain to be made by the socialist regime. How much do we lose by using an efficiency test which neglects this?*

[Reference: Typoscript CS&D, XVII, (Teil 1)] ———[REFERENCE](#)¹

We cannot plead that *modern taxation of incomes and inheritances* reduces the problem to quantitative insignificance. For this taxation is itself the expression of a mentality that denies to the leisure class any function, economic or cultural, and is but the forerunner of complete elimination: the coming socialism simply has asserted itself in this field already. We must put the question for the hypothetical case of a substantially intact capitalism. Now this intact capitalism, as we know, harbored a very important non-capitalist element the uppermost stratum of which was conspicuous in le monde qui s'amuse. Its relative share in the national income must have been considerable in all European countries at least as late as the middle of the nineteenth century. It is difficult to say what this share would be now in the absence of that taxation – which of course cut into its sources – and in the presence of policies favorable or at least not hostile to it. England is the only country

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for which an attempt at estimating it could possibly be made. However in the United States this problem does not exist.

But in the purely capitalistic sectors of society – or in a society that as a whole conforms to the blueprint of capitalism – the expenditure by the leisure class on consumers goods for their own use is absolutely and relatively much smaller than observers think who overlook the fact that it is largely concentrated in certain very conspicuous spots and who are in the habit of including in the idle rich every

¹ Um Schumpeters Anmerkungen zum Text möglichst weitgehend mit zu erfassen, geben wir den Text da, wo er uns ebenfalls als handschriftlicher Entwurf vorliegt, nach der Handschrift wieder. Den zugehörigen maschinenschriftlichen Gesamtentwurf weisen wir am Ende von 3.4.18A nach.

business or professional man on holiday or after office hours. Since, moreover, the idle rich in such a society consist mainly of dependents and descendants of supernormally successful business and professional men the argument, so far as it is an argument about economics at a given level of productive efficiency, would also have to take account of the link that in an economic world propelled by bourgeois motivation exists between performance conducive to the efficiency of the economic engine and idle comfort of those dependents and descendants. And so on.¹ I do not wish to waste any more space on a set of well-worn and trite but unfortunately true considerations. Again,

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his very nature is an inseparable bar to numerical estimate of what the net economy in a corresponding socialist society would be.* But they do show that it would be absurd to put it anywhere near the sum total of incomes from sources other than contractual payment for personal services.** For this country I would put it at well below one percent of the national income.^{2 3}

* Somewhat complex: ich meine net

a) ob effi. zu impair, das ist möglich, aber auch wenn diese Ausgabe zu den Kosten gehört (der working class), die nur dem Kapitalismus eigen sind, so beweist das noch nicht, daß innerhalb der kapitalistischen Voraussetzungen wertlos,

b) net – ohne das dem Sozialismus andere Ausgaben erwachsen

**Some socialist would even add part of these z. B. company ?? und in gewissem Sinne richtig (retaining fee)

*** also wie – [??] means.

¹ Fußnote Schumpeter in der maschinenschriftlichen Fassung des Manuskriptes (vgl. hierzu die Manuskript-Referenz weiter unten): *If we went into the matter which really would involve detailed study of individual milieus, such phenomena would have to be considered as for instance the very considerable amount of scientific and literary production that in England flowed from the economically idle, not to mention political service whose outstanding quality had much to do with independence. And there are many other items that would irritate readers of radical propensity still more. But even the England radical would not be what he is, without the formative influence of the "gentleman of independent means".*

² Ende des Typoskriptes Seitenzählung Nr. 32. In einer späteren Fassung des Manuskriptes schließt nicht S. 33 an, sondern Schumpeter fügt die handschriftlich von ihm paginierten Seiten 32a, 32b und 33 mit einer zusätzlichen Betrachtung zu den "idel rich" ein, die dann aber doch nicht in CS&D aufgenommen wird. Uraki/Imai haben die fraglichen Seiten als Teil des Kapitelpunktes Nr. 27 behandelt. Wir publizieren diese drei Seiten weiter unten extra unter der Nr. 2.4.27A.

³ In einer maschinenschriftlichen Fassung dieses Manuskriptes (vgl hierzu den Nachweis weiter unten) ist der Schlusspunkt des Satzes durch ein Komma ersetzt und handschriftlich wie folgt ergänzt: *if we include in the latter gains from speculation.* Diesem veränderten Satz ist die nachstehende Fußnote angefügt: *That follows from the fact that in 1929, this year was exceptionally unfavorable for the purpose of substantiating the above assertion, the total expenditure from incomes of 50,000 dollars and over on the consumption of receivers cannot have been more and may well have been less than 3.5 percent of national income. Based on figures from Moulton, Leven and Warburton, America's Capacity to Consume. [Washington: The Brookings Institution, 1934] Saving, taxes, charities assumed to seem to total 15 percent. Taxes at the 1929 level were considered as compatible with a "intact" capitalism so that their deduction was not barred by the consideration at the end beginning of the preceding paragraph. Now those 3.5 percent include all the higher business and professional incomes, and it is not unreasonable to draw the conclusion in the text.*

Andererseits: Bezahlungen, die höher als nötig und welche der workman of Co Incorp. ersparen könnte: Charakter von retaining fee auch für manager, Tenure, und prof. aber fraglich, ob höher als “Pflege” erfordert, s. später .

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The criterion of productive efficiency as defined seems to be relevant beyond the ground it covers directly. Anyway, if we do take our stand on this ground what is that strong case for superiority of the socialist blueprint of which I spoke before?

We have seen that in a socialist economy decisions on what and how to produce would be perfectly determinate even in these cases in which they are not determinate or not uniquely determinate in a capitalist society. We have further seen that in the cases in which both blueprints display theoretical determinate solutions of the economic problem, these solutions could be found more easily and arrived at more surely and quickly on the socialist than they are on the capitalist map. This also applies if comparison is with perfectly competitive capitalism. But it applies with added force if comparison is, as it must be, with a capitalism that is imperfectly competitive or monopolid. And though it applies also to the current problems of running the economic engine, it applies with added force to the problems incident to its improvement – the management of economic “progress”.

But this means much more than one would think at first sight. Those determinate solutions are “rational”

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or “optimal” from the standpoint of the deciding agency. Anything that smoothen or safeguards the road that leads to them is bound to economise human energy and material resources – to reduce the costs at which a given result is attained – and, unless the amounts so economized are completely wasted, to increase efficiency in one sense.

¹With respect to the competitive scheme, this superiority of the socialist plan reduces to what we may term a higher plane of rationality. An example will illustrate. The well-known phenomenon that goes under the name of the “hog cycle” is due to the fact that prompt reaction of producers to supernormally favorable price situation will tend to outrun the rational limits of total hog production and this to produce a subnormal, instead a normal price situation, which in turn induces a more than rational contraction of total hog production attended by a price situation that in turn is supernormally favorable and so on. This is because producers decisions do not take effect immediately but only after a lapse of time roughly equal to the gestation period of sows plus a variable rearing period and then take effect all at once. In a planned economy the consequences of this could be avoided almost completely. And the example stands for an important class of phenomena. The point

¹ Anmerkung Schumpeter: *Neuer Paragraph*

is that reactions of this type are quite rational so far as competitive rationality goes. They are inherent to the competitive blueprint, not deviations

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from it. They are not inherent to the socialist blueprint and could, in a socialist society, come about only as mistakes.¹

With respect to imperfectly competitive or monopolid patterns, the socialist plan would economise *all the human energy and material resources* that in the capitalist world serves to meet the class of uncertainties mentioned at the end of the preceding section or, which only in part overlays these uncertainties, the requirement of the market and strategy of the individual concerns. Capitalist patterns which – like the general case of bilateral monopoly – do not display a theoretically determinate norm at all, of course drop out of the range of economic rationality altogether. Indeterminateness spells waste. In those cases the socialist arrangement not only as rational as or more rational than the commercial arrangement, but the first to introduce rationality where none existed before. In the second section we have noticed Professor von Mises' argument to the effect that owing to the lack of the necessary data a socialist economy could not answer to the criterion of rationality. We are now using an analogous argument. Only it cuts the other way.

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The formula: socialist management could attain the economic goals desired by whoever is in the position to give effect to what he desires, at smaller cost or with loss of disturbance and loss also covers the processes incident to technological or organizational progress. We shall have to recognize presently that the prima facie claim of this proposition to practical importance may have to be seriously modified by virtue of another type of considerations. But as long as we speak of blueprints, it is clear that many if not all of the features that make up the business cycles of capitalist society could be ironed out by the socialist management which need not incur all those – possibly more than compensating – disadvantages that must attend the “planning” of industrial evolution within the framework of capitalist attitudes and institutions. The socialist management could, as we may put it, steer the ship on a course that would approximate the long-run trend. It is perhaps not necessary to elaborate the point.

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I do not hold that this exhausts what may be adduced in support of the belief in the superiority of the socialist blueprint. I will myself mention two additional items. First, the structure of commercial society unavoidably produces, besides those antagonism between individuals and groups that we may reasonably take to be the

¹ Vgl CS&D, p. 194

common lot of mankind in any form of society, also other antagonisms that are characteristic of it alone. Some of them will be touched upon later. But another type belongs here, the type to *wit* that provides part of the material for the activities of the legal profession. There would of course be lawyers and lawsuits in a socialist society, but there would no need for lawyers to act for concerns vs concerns and still less for lawyers to shield business interest from public authorities. It is entirely immaterial whether we call this service to sinister interests and vicious obstruction of the public good, or meritorious and necessary defence of the social process of production against vicious obstruction. In either case this function would be absent from the framework of centralist socialism. Now, the share in the national income that accrues to lawyer from rendering these services is negligible. Not negligible from the standpoint of productive efficiency is however another fact. There are perhaps five hundred good brains to every million of the adult population. And a considerable part of these, which is now absorbed by such activities and cognate ones, could be set free to serve more productive ends.

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Secondly, in the second chapter we have seen not only that among the causes of unemployment there are some which can not be properly charged to the blueprint of capitalism but also that these which can must be judged in the light of the fact that capitalist engine provides means to take care of their effects. But it still remains true that the socialist blueprint is free from some of the latter.¹ In particular most of unemployment incident to those fluctuations which in the capitalist world are due either to technological and organizational “progress” or else to the way in which the economic system reacts to any kind of disturbance could be avoided to the same extent as those fluctuations themselves could.

But I do hold that the argument from the determinateness or rationality of the socialist economic process is the decisive one within the realm of logical schemata or blue-prints and that all others, even those of them which are founded on something better than factual or analytical errors, are not decisive either because they are not sufficiently important in the great contour lines over time or because they stress factors that work, not only in one way. This applies in

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particular to those factors which the reader will be most surprised to miss. Reasons in support of this opinion have been presented in the second chapter and need not

¹ Fußnote Schumpeters: *With respect to unemployment and the handling of it, socialist practice may under certain assumptions be expected to be superior to capitalist practice also for reasons that have nothing to do with its blueprint. These will be noticed later one.*

be repeated. But it will be well to add further comment on some of the more important heads.¹

While I have strongly stressed the difference the socialist arrangement would (potentially) make to the degree of rationality or in the approach to optimal values of the elements of the economic system, I have not stressed at all the difference it would make to the orientation of that rationality or, in other words, to the standpoint from which those values are optimal. That is as it should be. It is not the fact that industry is operated for private profit instead of in the public interest – as far as that goes the profit economy whether perfect competitive or not may well be a more efficient servant of the consumer than any socialist economy

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would be – but the different though cognate fact that the socialist management can attain a higher degree of rationality which constitutes the superiority of the socialist plan and also lends to the other argument most of such force as it has. Vice versa, this is why those antisocialist arguments remain inconclusive that try to base a case for capitalism either on theoretical considerations about the efficiency of the profit economy or on factual demonstrations to the effect that given concerns are all and do all that can be reasonably asked from the standpoints of consumers or workmen.

In particular I believe that the argument about the prevalence of monopolid practice is in part implied in the above argument about rationality and that it is weak as far as it is not so implied. To be sure, at first sight it seems possible to make the case for the socialist blueprint center in the monopolid features that are inseparable from the structure of largest scale industry. We seem entitled to say that here

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socialism may perform a miracle² – work a noncompetitive structure so as to make its function according to the principles of perfect competition. Not surprising that socialists are attracted by this. But as we have seen there is, considering the nature and behavior of those industrial “monopolies” of the modern world, very little in it beyond what is covered by our argument. It should be remembered that this also applies to “monopolistic restrictions” of production and the incident excess capacity which turned out to be, in the main, little more than devices to insure “ordered advance”.³

The principle of rationality or of optimal values we have also expressed in terms of economics or of minimised waste. The reader may well wonder why I do not add

¹ Fußnote Schumpeters: *I will not again comment on the theory that private attempts at saving usually diminish the rate of accumulation of capital. The reader should bear in mind that our text assumes that it has been disposed of.*

² Fußnote Schumpeters: *A miracle, I take it, is an event which we know a) to have happened b) to be impossible.*

³ Hier eine nicht entzifferte Fußnote Schumpeters.

other wastes.¹ Again the reason is that argument about them is inconclusive, even where not mistaken,

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because these other wastes are not without compensations, which it is impossible to evaluate with any confidence. One point about them however remains to be mentioned. It is usual for theorists to draw the capitalist and especially the competitive blueprint on the assumption that within its limited range, management is ideally efficient. For certain purposes this is the obviously reasonable thing to do. But for other purposes it is not. There are deviations from what at any time professional opinion considers to be ideal standards which should not be looked upon as deviations from the blueprint but as part and parcel of it. Two examples will illustrate the two most important classes of them.

Somewhere I have seen a textile concern, the plant and method of which seemed to me, if I may say so, the last word in backwardness. Heat, power, even light, arrangement of the production, handling of raw materials and machines, cost accounting were all as wrong as wrong can be. With some violence to logic I called the thing a compound of bottlenecks. To my surprise, I learned that it was the most successful concern of its district, because of the genius the owner-manager had for design and for seeing commercial opportunities. Now, such case are in a sense part of the logical schema of privately-managed industry within the range of one-man concerns, because that man will always be an organizer or engineer or salesman and so [on], and tend to concentrate

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on what he does well, more or less neglecting other aspect of his task.

Again, capitalism is essentially a process of change. The more vigorous it is the more rapidly will it produce change. Man are very unequally fitted for success in this race and there will always be large strata that lag behind. The firms in these strata need not be below standard in the sense here envisaged. But they often are just as the behavior of decaying men often is. This, too, is understandable and part of the blueprint. Quite apart from the fact therefore that I have yet to meet the consulting engineer or efficiency expert who does not find some fault in each and every concern he investigates, it is but natural to expect that a very considerable part of the firms existing at any given point of time will be of subnormal efficiency in one way or another.

It is no less natural to expect that there would be less of them under a socialist authority that might have a standard worked out by the best experts available and be able to enforce it all around. But no major argument for the superiority of the socialist blueprint follows from that because capitalism is not inefficient in dealing

¹ Hier eine nicht entzifferte Fußnote Schumpeters.

with the inefficient management of the firm and because enforcement of any rigid standard – entailing as it must much meddling – might prove to be no unmixed blessing.

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Thus the argument on which we have primarily based the case for the superiority of the socialist blueprint seems to hold the field after all. But even if were strictly the only tenable one, it would be quite enough. We need not more in order to convince ourselves that the efficiency in our sense of the socialist economy may – speaking of potentialities – be as much superior to that of big-business capitalism as the efficiency of big business capitalism is superior to that of the capitalism of which English industry around the middle of the nineteenth century was the prototype. And it is quite possible that some future time will look upon arguments about the inferiority of the socialist plan as we look upon Adam Smith's arguments about the joint-stock company – which, also, were not simply false.

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[Reference: Typoscript *CS&D*, XVII, (Teil 2)]]—————[REFERENCE](#)

[Mit Blick auf den kontinuierlichen Textverlauf der Kapitel lassen wir hier weite Passagen des Manuskriptes aus, die mit dem Textverlauf in *CS&D* übereinstimmen. Der näher Interessierte kann sich diesbezüglich in dem am Ende von 3.4.18A nachgewiesenen Gesamtmanuskript orientieren. Wir setzen mit einem Abschnitt aus Kapitel XVIII (The human element) fort, in dem die mit *CS&D* übereinstimmenden Passagen wieder kursiv gesetzt wurden.]

¹Second, there is the world of the laborer and of the clerk. No reform of souls, no painful adaptation would be required of them. Their work would remain substantially what it is—and it would, with an important qualification to be added later, turn out similar attitudes and habits. From his work the laborer or clerk would return to a home and to pursuits which socialist fancy s as it pleases—he may, for instance, play proletarian football whereas now he is playing bourgeois football—but which would still be the same kind of home and the same kind of pursuits. No great difficulties need arise in that quarter.

Third, there is the problem of the groups socialist fancy may denote as it pleases but which would stall the same kind of drive and the same kind of pursuits. There is no great problem here.²

¹ Der kursiv gesetzte Text des Manuskriptes entspricht *CSD&D*, p. 203.

² Von hier ab (*CS&D*, XVIII. „Human Element“, p. 203) weicht das vorliegende Manuskript von der Schlussfassung wie folgt ab.

¹There remains, third, the problem of the groups that are not unnaturally looked upon as the victims of the socialist arrangement – the problem of the “upper” or “leading” stratum. A case for capitalism vs socialism can, quite apart from the merits or demerits of blueprints, be based on the quality of that stratum and on its actual achievement. Vice versa a failure of socialism to adapt it and to harness it into the service of the socialist plan might spell failure of the plan itself. The quality is relevant because it is obviously the product of precisely that method of social selection which any kind of socialism is bound to do away with. The achievement is relevant because it is obviously connected with a supremely effective schema of prizes and penalties, of rewards and responsibilities, that is a specific feature of capitalism.

The typical answer popular² socialist phraseology has to offer is to deny the importance of this element of the case.

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According to hallowed phraseology which very many nonsocialists have been trained to believe in, that stratum consists of nothing but overfed beasts of prey whose presence in their position is explicable only on chance and remorselessness and whose “function” is to withhold from the working and consuming masses the product of their toil – beasts of prey that, moreover, bungle their own game by incapacity and, to add a modern touch, by their habit of saving the greater part of their loot thus producing depressions. From the standpoint of those who use it, this is a most useful argument: it invariably draws cheer as many a politician has by now found out to his profit; it is balm for the inferiority complexes of many an intellectual who desire from it a most comfortable explanation of the fact that he is not where those people are; and by implication it recommends him for their jobs.

Unfortunately it is wrong. Superior quality of the human material in that upper stratum can be proved from the nature and efficiency of the process that recruits its elements. The proof, it is true, only refers to a mode in the sense of statistical theory and is compatible with a considerable percentage of exceptions. It also refers

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to families rather than to individuals who, taken by themselves, as a rule start their race differently handicapped. Here its outline can only be indicated:³ we first show that within each class position there is an upward and downward motion of human molecules the facts of which are best explained by the hypothesis that innate differences in aptitudes or ability or “personal force” are its primary movers; then we show that these same differences also account for movements across the boundary lines of social classes.

¹ Vor dem stehen 4 Zeilen eines angefangenen Textes.

² Hier verweist Schumpeter in einer Fußnote auf das *Kommunistische Manifest*.

³ Hier eine knappe nicht transkribierte Fußnote Schumpeters.

But the people in the upper stratum are a national asset of possibly decisive importance not only by virtue of what they are but also by virtue of what they do. The economic civilization of capitalism – i.e. a record achievement which it is easy to criticize and to improve when once it is accomplished or ex visu of any given moment of its century-long career but which could hardly have been accomplished, given the historical conditions of that career, within any other

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arrangement – and much besides is largely their work or else the result of opportunities created by them. This is of course a truism when interpreted in the sense that they happened to preside over the work of the capitalist process. But I mean more than that. If fifty thousand well-chosen families had in this country been exterminated in 1890, their place could not have been filled just as well by another fifty thousand and economic development would have been impeded for decades. That is to say the actual development was not only controlled or administrated but largely created by them. This follows from the above argument about selection together with an argument with which the Second chapter has made us familiar about that nature of the task and the way by which it was attacked.

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But though considerations of this type are decisive against many particular patterns, ideals and phrases of socialism, no argument against socialism as such follows from this. Socialist society need not forego the values, economic and other, that in the capitalist order are contingent upon the facts we have just glanced at. Selection will no doubt constitute one of its major problems. But methods are available for its solution¹ that might conceivably be even more effective than is the “natural” social selection of capitalist society in combining the population for talent and inserting it into the right places² with a minimum loss of time and force. There is of course plenty of room for difference of opinion as to their limitations. However it would be as unjust to say that socialism has no means to select rationally then it would be to say that there is no – or an irrational – mechanism of selection in the commercial world.

Much more difficult is it to answer the doubts whether the supernormal stocks can be expected to function after the schema of prizes and penalties has been removed that

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makes them function under capitalist conditions. We may first dispose of the function of capital formation. This we do not do by denying, as some current

¹ In der handschriftlichen Vorlage befindet sich hier eine Fußnote.

² In der handschriftlichen Vorlage befindet sich hier eine Fußnote.

theories do, that private thrift (saving, accumulation) as a matter of fact serves that purpose, nor by holding that voluntary saving by comrades, such as we saw could be possible in a socialist society would serve that purpose just as well, but simply by pointing to a fact. Russian experience is no doubt inconclusive on many points. But it is conclusive on this. A sacrifice of “abstinence” has in Russia been imposed on all strata of society such as no capitalist system could ever have enforced – all capitalist possibilities in this direction have thus been outstripped by a socialist government both in the sense that a huge surplus has been extorted from which to “save” and in the sense that most of it has been allocated to ends that can fully mature only in a distant future. It is true that such heroic efforts cannot be expected to be the general practice. It is also true that our experience with governmental action does not lend much support to the slogan: “the State can take the longer view”¹ – as a matter of fact the politician invariably takes

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the shortest view imaginable and it might well be argued that in the modern world it is the industrial family only that takes care of long-run interests of society. But that world is the world of capitalism and democracy...

By this we have already settled part of the questions that center around the factor of motivation – around the stimuli of action. In order to deal with what remains of it we must do another act of justice to that master’s eye and to those geese that lay the golden eggs. These were, I take it, intended to convey three things: a relation between performance and economic reward; a relation between efficiency of production and the freedom to decide under one’s own responsibility; and a relation between efficiency of production and the authority vested in the leading man. None of these are as ridiculous as they are sometimes held to be.

Concerning the first, we had better recognise that, whether or not it be a possible thing to do, it would be an unsafe thing to rely mainly on the hope that the motives of the type envisaged might be replaced by purely altruistic or, more generally,

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idealistic ones. I have no wish to deny that a completely disinterested sense of duty is an important factor in any social world, our own included. But first we cannot afford disregard the connection that subsists between the operation of altruistic motives and good will: a man who, according to his ideas of the fitness of things, feels insulted or inadequately appreciated by his environment, will tend to drift into a restive attitude of hostility or self-defense. These ideas may be modified no doubt but I do not care to speculate about the extent to which they can. Secondly, I feel bound to state that so far as I can remember, I have never, not in a single instance, met a man, however high-minded, where altruism or sense of duty worked, within

¹ Vgl. hierzu *CS&D*, p. 161.

the ordinary current of professional life ¹ or even within his customary nonprofessional activities, in complete independence of his interest – no doctor or lawyer or clergyman or teacher or politician or civil servant or labor leader or reformer or whatever you please, not even a secretary of a benevolent society or chairman of some “league” or discussion group. In

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all and even the best cases, the element of personal interest was clearly ascertainable by means of obvious tests, in most cases it was pathetically obvious – though not always to the observed person. What we refer to as a disinterested person, a single minded servant of the public good as understood by him, is a man who does not press his personal interests to a degree we feel to be offensive and who recognizes those of others. This fact, too, may be modifiable and to some extent we actually can expect that, relieving the individual of economic cares and removing the lure of capitalist gains, will modify it. Nevertheless it cannot be simply brushed aside by talk about the pest of capitalism that infecting the souls distorts their “natural” disposition. For it is easy to see that the attitudes which underlie that fact are much more deeply rooted than the capitalist system. Thus far, I think the antisocialist scores.

But, again, he only scores against the attitudes and arguments of some socialists and not against socialism itself. Individual egotisms and in particular the individual egotism of the supernormal will have to be taken account of and dealt with rationally if the socialist system is to function; and dealing rationally with them implies, among other things, conciliating them; but it is perfectly possible to do this at very little expense to the rest of the

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community and without violating the principles which constitute socialism as defined – though not without violating the principles of some particular socialism. Let us get this straight.

At least recognition of successful performance, but more often social prestige of a more substantial kind is a “reward” which is likely to be insisted on and denial of which is likely to paralyze the working of the engine. The reason for expecting this is that the attitude of mind which make performance conditional to this type of return arises from the logic of life within any social group.

In capitalist society this recognition or prestige carries a strongly economic connotation both because pecuniary gain is, according to the standards of capitalist society, the typical index of successful performance, and because the paraphernalia of social prestige that from the individual environment – especially that most subtle of all economic good: Social Distance – must be bought. This prestige or distinctive

¹ In der handschriftlichen Vorlage befindet sich hier eine Fußnote.

value of private wealth is and always has been very generally recognized. John St. Mill who was no wizard in foresight or insight saw that. And it is clear that among the incentives to supernormal performance this is the one which accounts for the attitude that cannot bear the idea of restriction being put on individual gain –

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for the craving for ever plus ultra.

Now, the considerations submitted in the second essay have taught us that capitalist evolution itself tends to weaken that motive¹ – especially so far as it transcends the individual and embraces his family. If Social Distance can be attained group-wise in the exclusive hotel, club or diner, then the castle, the stately urban establishment or the yacht loose in comparative advantage (“club principle”). If castle, big town house and yacht are increasingly more expensive and difficult to run and in fact display a tendency toward developing into nuisances, why, people will gradually cease to wish for them. If taxation, public disapproval and the loosening of the family tie render the foundation of an industrial dynasty impossible or less desired another motor force ceases to act. If wealth is not admired but sneered at it may pro tanto be negatively evaluated even by its owner. Thus, by virtue of the working of the capitalist engine itself and of the psychology it produces, capitalist mentality is even now in the act of crumbling and will if the pear is allowed time to ripen crumble at a still greater rate in the future. Socialism will hence require not nearly

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as great a revaluation of the values of life in the upper stratum as it would have done at the time when the possibility of founding a miniature economic empire for descendants to inherit was the most normal of all capitalist motives and the marshall’s baton in the knapsack of many modest soldiers in the capitalist march.

Moreover if socialist society should consider it rational to satisfy the prestige motive, it is in as favorable position in order to do so as the old monarchies were. If supernormal performance be rewarded by the privilege that the performers – and nobody else – be allowed to stick a penny stamp on their trousers, this would go far to meet the case. It would be completely wrong to call this either an appeal to man’s irrational nature or a non-economic reward. For if the stamp impresses all the comrades sufficiently to induce them to behave with special consideration to the men that wear it, the advantage to the wearers would be a highly “rational” one, as those Americans will bear out who are in the habit of button holing the rosette of their legion of honor before they meet the

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¹ Vgl. CS&D, p. 208.

French custom officer. And the rich man of to-day spends a large part of his money in order to secure precisely what our illustration is intended to stand for.

The desire of personally enjoying all the “good things of life” in the best available quality still remains. It would of course not be at all irrational to deny satisfaction of this desire in order to comply with the precepts of some ethical ideal. But economic rationality presumably dictates a policy of conciliation also in this case at least if our – possibly vitiated – commonsense and Russian experience is a guide. It is not I think impossible to figure out a plausible scale of individual budgets that would adequately take account of this point at various levels of leadership or supernormality of performance. The result would of course shock a certain type of socialist (or rather petty bourgeois) Pharisees but it would not be formidable otherwise – a scale of spendable incomes approaching asymptotically 100,000 dollars of present purchasing power may be more than sufficient, and need not absorb more than a few percent of the national total. It may be well to add in view of that pharisaism

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that devices are ready at hand to placate it which have emerged in the capitalist world and been greatly developed in Russia. Essentially they amount to a *combination of payments in kind with a liberal provision for what is supposed to be expenses for the proper discharging of certain duties. In most countries the higher ranks of the civil service are no doubt very modestly paid, often irrationally so, and the great political offices mostly carry decorously small money salaries. But, at least in many cases, this is partly in some cases very amply, compensated not only by honors but also by official residences staffed at public expense allowances for “official” hospitality, the use of admiralty and other yachts, special provision for service on international commissions or in the headquarters of an army and so on.*¹ It is not always so hard as it might seem to live on four hundred roubles a month... Like it or not, the question is important.

~~It has moreover another aspect. Among the reasons we have to expect, that the “supernormals” will insist on preferential treatment as a condition of functioning there is one that is not merely their affair and nobody else’s: in insisting on such treatment they would be insisting on being allowed to keep fit for their work. In most cases supernormally valuable performance requires not only “the gift” but also concentration and exhausting work which can only be successfully persevered with in superior living conditions.~~

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To that extent, insistence on such conditions is no more than insistence on being allowed to keep fit for one’s task. As a matter of economic rationality a socialistic

¹ Vgl. CS&D, p. 209.

*society has as much motive to take account of this as it has to tend a valuable machine more carefully than a less valuable one. This would, of course, mean economic privileges in the sense in which a race horse or prize bull are the grateful recipients of privileges which it would be both impossible and irrational to bestow on every horse or every head of cattle.*¹ It is not necessary to speculate about the necessary extent of those privilege, which is moreover variable within fairly wide limits. All that matters to us is that the functioning of the economic engine of socialism need not² be impaired by difficulties of this class. Even if we attribute to them the fullest possible weight that can possibly be claimed for them. But it must be emphasized again that we are dealing only with what a socialist society might do and that what it will do is quite another matter.

It is easy to see that a very similar result will emerge from a discussion of the second group of factors that

may be associated with the phraseology about the “master’s eye”. The relation between efficient production and the freedom to decide on one’s own responsibility is far from being so obvious as liberals of the old school have always believed it to be. To begin with it is a matter of relative quality of the personnel of private industry and the personnel of the directing agencies which the socialist commonwealth is likely to employ. At least for those countries in which private business attracted the best brains, cases can easily be visualized in which socialist management might turn hopelessly inferior for this reason alone. That is why I have insisted so strongly on the necessity for socialism to secure the willing cooperation of the strata whom I believe to be the product of a very rigorous process of selection. Yet the question is not wholly one of quality, as we know from our discussion of the potentialities inherent in the socialist blue print.

At this turn of our way the problem of the bureaucratization of economic life emerges in its proper light. I have to confess that I can visualize socialist management only as a huge and all embracing apparatus and as nothing else. Every other alternative I can conceive would spell failure and breakdown. But surely this should not terrify anyone who looks at the bureaucracies of industrial giants, recognizes how inevitable they are and observes the considerable measure of success with which they have avoided most of the features which people think particularly objectionable in the working of a bureaucracy. To argue today against bureaucratization and to extol the virtues of the individual responsibility of the owner-manager of 1850 is hardly much more to the point than it would be to deplore

¹ Ähnlich in *CS&D*, p. 209

² Mit „...not be impaired.“ setzt der Textverlauf eines zugehörigen Typoskriptes ein, dem wir im Weiteren wegen des Mangels an entsprechenden handschriftlichen Unterlagen folgen. Die handschriftlichen Unterlagen haben es aber möglich gemacht, den in der Vorlage fehlenden Text (Typoskript S. 66) zu rekonstruieren.

the democratic management of modern armies and to advocate that they should be broken up into small groups each commanded by a tribal chieftain. Responsibility in the sense of having to pay for one's mistakes with one's own money is going anyhow – (though not so quickly or completely as wishful thinking would have it) – and the responsibility that exists in the largescale company could undoubtedly be reproduced in the socialist organization.

Recognition of the inevitability of a thing does not, of course, dispose of the problem that thing raises. What then is the difficulty about the functioning of the individual brain in the bureaucratic barrack? It is not, not primarily at least, the absence of pecuniary selfinterest. So far as that plaint goes, it could be remedied in ways that I have alluded to above. Much more important is another element. The government office as we know it undeniably has a depressing effect on some of the most active minds. The genius Loci resents and systematically rejects ideas. Even if it does not resent or reject them, they pass through many hands whose owners offer criticism and it is likely to die on its way or to reach port in a distorted form. Where committees are in command, many a good man ceases to identify himself with any definite piece of work unless, which is precisely the case of committees in successful business concerns, the committee is nothing but a cloak for the decision of a strong man. Balked of his potentialities for initiative the individual mind gives up and retires itself into an attitude of negative criticism and a dislike of commitments. There is a lack of zest and joy about cooperative decision which tends to make it a matter of indifference for people who if identified with a task would fight

to the last ditch for their opinions. This is so in every walk of life and one of the main reasons why courts of justice, universities, research councils and so on do not function as they could be expected to function from the human material at their command. But all that is so only because the matters to be dealt with are not matters of life and death. Matters which are felt to be important are as a rule (there are many exceptions) handed over to one man – as a rule at least armies are not commanded by committees. And in a socialist society the management of production would be a matter of life and death. The bureaucracy of the capitalist state can afford inefficiency. The socialist bureaucracy could not. I am, however, far from being satisfied with this comfort. For this reason I do not believe in socialist success before the pace of economic progress quiets down. I have mentioned before certain advantages the socialist management would have in rationalizing and planning the base of progress, but if this be done by bureaucratic methods the advantage might well be dearly bought. Not long ago I perused an excellent report issued by a government agency, the able and conscientious authors of which tried to establish that there are now no new possibilities [as ?] before capitalist enterprise and that in

fact all the great things in the industrial field have been done. That is exactly the conclusion which we might have expected competent government officials to arrive at. They might as well have published their report under the title: Proof that Capitalist Enterprise is necessary if Industrial Progress is to Continue.¹²

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Finally, what about the relation that is held to subsist between the efficiency of the economic engine and the authority over employees which, by means of the institutions of private property and “free” contract, commercial society vests in employers? Again, this is not simply a question of a privilege conferred upon “Haves” in order to enable them to exploit “Havenots” and destined to disappear with socialization as promptly as would the ownership in ruins. Behind the private interest immediately concerned is an obvious social interest. Opinion may fairly differ as to how far, in a given situation, the latter is actually served by the former and as to the extent of “functionless” hardship which the method of entrusting the social interest to the self-interest of employers inflicts on the underdog. But historically there cannot by any difference of opinion either as to the existence of that social interest or as to the general effectiveness of that method which moreover, during the epoch of intact capitalism in particular, evidently was the only possible one. Hence our question divides up into two. Will that social interest persist in the socialist environment? If so, can the socialist plan supply the required amount of authority whatever that may be?

¹ Fußnote Schumpeters: *Needless to say few subjects are so infested by prejudice and phraseology as this one is. The two parties to the contest — the “old liberals” and the “etatists” — both have maneuvered themselves into position which is impossible to defend rationally and which can be understood only if the blinding effects of group interest is taken into account. For the old liberal the State is by nature inefficient, corrupt, almost ridiculous — its functioning an inexhaustible source of standard jokes. But recognition of the absurd lengths to which old liberals have sometimes gone should not prevent us from giving due weight to the historical case they can make out and to the elements of truth their argument contains even ex visu the present time. Thus, the English and French bureaucracies of the eighteenth century fully deserved the comments that were passed on them by the average English and French economist of the nineteenth. And one of the most current slogans, viz. that “the State does not create anything” is, for the economic field, not simply false: even where governments have “created” economic apparatus, they mostly did so in the wake of individual enterprise (compare the case of the German railways for instance) and in an environment of capitalistic evolution, in which the better part of the work was done for them by complementary individual enterprise (steel, locomotives, safety device and so on). The argument is however inconclusive because bureaucracies were not intended for the handling of business and hence quite naturally developed methods and attitudes that were but ill adapted to that task: it does not follow that, if the management of production developed upon them, they would not develop other methods and attitudes.*

... For the etatist — whether Prussian Junker or modern American radical: it is amusing to observe, how similar their phraseologies are whenever the authority of the State is in question — the State is enthroned on a golden cloud from which wisdom and jobs rain blissfully upon this torrid earth of capitalism. This attitude is of course not a bit less absurd than that of the old liberal was. However, it promises well for the future: if the radical is going to stand for his state as other people did for theirs, social discipline will stand a better chance of surviving in socialism than one might expect from his talk.

² Anmerkung Schumpeters in diesem 6seitigen Typoskript: *Fehlt der Nachweis des Kleingedruckten!!!*

Authority means many things. We will therefore replace the term by two others, which are complementary to the particular meaning that is relevant to our discussion, discipline and subordination. ¹

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Discipline is to designate the fashioning of individual behavior by action of some social agent other than the individual himself. What may be called self-discipline therefore comes in only to the extent to which it is a habit resulting from training, i.e. past subjection to discipline. But what may be called group-discipline or the self-discipline of a social group is always included in our general definition. For if a group, consisting for instance of the workman in a factory, by its opinion and attitude exerts pressure on each individual member to conform to its standards, we have still a “social agent” other than the individual himself. It will however be convenient to distinguish this group-discipline from discipline enforced by an individual (even if elected) – or by a body other than the whole group or by another group – which is what we will mean by authoritarian discipline. Subordination, the product of discipline, divides up into subordination as to decision (obeying orders) and subordination as to standards (effective acceptance of supervision and criticism).

Since self-discipline is an essential condition of survival in any natural and social environment, and group-discipline obviously a major factor to rely on in any, but especially in a socialist society, a problem only arises with respect to authoritarian discipline. Again, we meet that frame

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of mind which insists on spoiling the case for socialism by foolishly idealizing it and trying to make it a substitute for the Christian heaven – the Christian heaven, because some other heavens have to institution of attendants; even the Christian heaven would really have to be searched for “symptoms of a possible exploitation of angels”. But the absurd picture of the masses arriving by means of intelligent discussion – when resting from pleasant games – at decisions which they then arise to carry out in joyful emulation should not blind us to certain facts and inferences from the facts that lend support to favorable expectations in a more reasonable form: first, we are comparing the socialist alternative with a capitalist pattern from which authoritarian discipline is rapidly vanishing; second there actually are reasons to expect that the self-discipline and group-discipline of masses will play a greater role in a socialist community than they do under the conditions of modern capitalism;

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¹ Vgl. CS&D, p. 210.

third, if self-disciplined and group-discipline should prove inadequate, the socialist management would be in a much better position to cope with the resulting difficulties than capitalist management ever can be under present conditions. Very little reflection will suffice to establish those three points.

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The importance of the role of authoritarian discipline for the functioning of the capitalist system has often been greatly underrated, sometimes, especially in the case of economists of Benthamite persuasion, completely overlooked. It is neither enlightened comprehension of the superlative excellencies of commercial society nor entirely the rational appraisal of the advantages accruing to him, nor simply – important though that was – pleasure and pride in good workmanship, that made him discharge his duties in the factory, but the “instinctive” readiness to obey, to subordinate himself as to decisions and as to standards, which he inherited from the discipline he had gone through under the fist of feudal predecessor of his bourgeois master. To this master he transferred part of the respect – by no means all of it – that he (in all normal cases) unquestioningly bore to the feudal lord, and this made things a lot easier than they would have been if he had felt himself as a social equal entering into a contract for specific purposes. This advantage the industrial bourgeoisie in part forfeited

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by accepting equality in the political sphere and by telling the laborers – or allowing intellectuals to tell them – that they were just as valuable citizens as anyone else, which also did away with more brutal methods of maintaining discipline. But for a time, enough remained of that “authority” and of the means of safeguarding it to veil the gradual but incessant change that inevitably broke up both and to constitute what most people will regard as the typically capitalist method. Its efficiency was in about equal measure due to the possibility of using dismissal as a punishment – little though the idea of freely contracting parties agrees with this element of the case – and to the strength of the motive, amounting to compulsion, to use it promptly. What strikes us as abuse of it is really an essential element of it. For in anything associated with the concept of power in human relations – whether in international relations, in the relations of classes, groups, or individual – the possibility of abuse is part and parcel of effective use, and inseparable from it: power that is so hedged in by guarantees that it can never be abused, is not power at all.

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Now all this is going – much of it has already gone. The following sentences summing up and recall part of that argument once more. Gone, first of all, is that prestige that made the workman “look up” to his employer and accept the latter’s authority as a matter of course. Along with that prestige, the moral support of the community has been withdrawn even where it has not turned into its opposite – of which one symptom is the changed attitude of governments toward labor struggles: the change from unquestioning support of employer’s authority via neutrality to an attitude that condones and even encourages infractions of discipline on the theory that there is no social interest behind the business interest that is the immediate object of attack. Gone or almost gone, in the second place, is the sanction of discipline that is characteristic of the capitalist method, the threat of dismissal: the handle of the tool has by now been so framed that it will cut the hand that attempts to use it.

Gone finally is the manager’s will to fight. Feeling himself to be unsupported

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and having himself lost faith in his course, he tends to give up.

This is particularly true for a type of executive in big concerns that is himself acquiring employee psychology. He has his salary and his contract. For the shareholders he cares less than nothing. He knows that any claim to the effect that he is defending a social interest would not even arouse wrath but only hilarity. He also knows that if he gives in promptly he will be patted on the back and commended as a truly progressive and enlightened man. Why should he fight if he can just as well go to Nice? In this respect it is highly significant that such fighting spirit as managements have shown in this country during the last years proceeded from concerns (vide the automobile and steel industry), in which an individual or family interest was still strong or at least not completely atrophic. Generally speaking, what is usually called the vested interests shows the white feather. In places of them the vested interest in social unrest comes to the fore. The logical outcome of this, the limiting case of completely fettered capitalism, must be that capitalism eventually ceases to function at all. Then of course the superiority of socialism would become a truism. But even before this consummation the greatest service to humanity, that at least in the realm of possibilities, can be expected from the adoption of the socialist form of organization, may well be the restoration of social discipline.

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However what are the reasons to expect that workman’s self-discipline and group discipline will in a socialist community play a greater role than they play now? The one is that the socialist order would command the moral allegiance that is more and more completely refused to capitalism. The other is that in socialist

society the nature of economic processes becomes much more understandable to all than it ever can be in capitalist society. These factors shade off into each other. But they will stand out better if we try to separate them.

There is hardly any need for elaborate proof that moral allegiance will tend to increase both self-discipline and group-discipline. The workman's moral allegiance to the system within which he works will obviously tend to give him a healthier attitude to his duties than he can possibly have under a system he disapproves of. Still more important

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is another result of socialization that may confidently be expected. The workman's disapproval of the capitalist system is largely a product of the influences to which he is exposed. He disapproves because he is told to do so. His loyalty and his natural joy in good performance is being systematically talked out of him. His whole outlook on life and work is spoiled by the class-struggle complex. In socialism, this complex will to some extent automatically disappear and so will, along with other vested interests, the vested interest in social unrest.

Things will be further smoothed by the fact that in the socialist order economic phenomena show their faces with unmistakable clearness whereas in the capitalist order these faces are covered by the mask of the private-profit interest. We may think less of the horrors and follies that socialists hold are actually perpetrated behind that mask but we cannot deny the importance of the mask itself. Thus, in a socialist society nobody could possibly doubt that what a nation gets out of international trade is the imports and that the exports are the sacrifices which must be undergone in order to procure the imports whereas in commercial society this commonsense view is as a rule completely hidden from the man in the street who therefore cheerfully support policies that are to his disadvantage. And whatever else

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the socialist management may bungle, it certainly will not pay any premium to anybody for the express purpose of inducing him not to produce. Nobody will be able to get away with nonsense about saving. For beyond the matter in hand, economic policy will therefore be rationalized and some of the worst sources of waste avoided simply because the economic significance of measures and processes will be patent to every comrade. But among other things, every comrade will realize the true significance of restiveness at work and especially of strikes. It does not matter in the least that he will not on that account ex post condemn the strikes of the capitalist period provided he comes to the conclusion that strikes would "now" be nothing else but antisocial attacks upon the nation's welfare. If he struck all the same, he would do so with a bad conscience and meet public disapproval. There would no longer be, in particular, any wellmeaning bourgeois of both sexes who

think it frightfully exciting to applaud strikers and strike-leaders because, you know, one's got to be social-minded and then, of course, you simply cannot allow big business to run the country, you just have to stand for the underprivileged and it's a huge joke any way...¹

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This however carries us beyond the prognosis that there is likely to be more self-discipline and group-discipline in socialist society than we can expect to see in the stage of fettered capitalism, we have at the same time made progress towards establishing our third point which was that the socialist management will be perfectly able to cope with the situation if self-discipline and group-discipline should prove inadequate.

Presumably, they would. For in as much as, in part at least, they may be the result of training by authoritarian discipline, it would not be safe to conclude from the argument just presented, that the latter can be dispensed with together. Moreover, considering the role instigation from outside plays in any mass-wise infractions of discipline, we cannot disregard the fact that stirring up trouble will in a socialist society still mean a career or the shortcut to a career and may still be expected the natural reaction of individuals displeased with their position in the organism or with things in general. Also, it cannot be assumed that there will be no conflict of sectional – geographical and industrial – interests to work on: on the contrary these might be just as serious

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they are now.² Even non-sectional interests might still divide opinions – for instance the interest in immediate enjoyment might well clash with the interest in the welfare of future generations, and we cannot be so sure that this will not evolve an attitude toward the managing group closely similar to the present attitude of labor and of the public in general towards what they conceive to be the policy of big business. The only merit I claim for my exposition is that it takes account of these facts and possibilities instead of answering them in a sea of unalloyed ethical glory.

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Last but not least, we must remember the bearing on our problem of what I have call the cultural indeterminateness of socialism. Excepting the one issue of private vs social management of production, all the great issues of national life will be still with us. There is in fact no reason to believe that men will cease to fight over all the things that matter most to the human heart. Our previous argument establishes

¹ Hier folgt eine nicht transkribierte knappe Fußnote Schumpeters.

² Fußnote Schumpeters: *If we compare with a mentality that accepts working of cap. sectionalism without thinking of political means, they might occasionally be worse; wie Rauch in Boom.*

not more than that, in important respects, there will be less willingness to exploit them.

But the point is that there will also be less scope for what may be expected to remain of both. A public that no longer takes delight in the game of baiting capitalist interests and every insertion of spokes into the wheels of economic life is less likely to countenance what it will readily recognize as semi-criminal practice. Intellectuals who as a group would no longer be hostile to the existing order on principle and many of whom would be satisfied, will not, silently or actively, help the activities of those of them who would still use such “causes” as there are for purposes of attack – perhaps the socialist system may also be expected to produce a smaller number of intellectuals or, at any rate, to break up their group interest. Much support that is at present denied would therefore be shifted to a government what stood for social discipline.

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The social management would thereby be enabled to deal with, say, a strike much as a modern government is allowed to deal with a mutiny in the army. Short of this however it would be in a position to use all the tools of authoritarian discipline that are at present theoretically available, but in fact cannot be used. In the room of the threat of dismissal there would be the threat of withholding sustenance from individuals that will not do their duty. The latter would be much more effective than the former, not only because it would not be weakened by the presence of other employment opportunities but also because it can be applied to any degree that may seem rational whereas in modern capitalism, public opinion disapproving of the disciplinary power of one party to the labor contract over the other, it must be dismissal or nothing. Moreover there would be many less drastic methods which a capitalist management cannot use at all or not use effectively because of its lack of moral authority. The analogy with army discipline will illustrate what is meant. Mere admonition could have an effect which it could never have now.

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This is not all however. The socialist management may not only have the tools of authoritarian discipline and the power to use them, but it may also have sufficient motive to use them. In modern capitalism, the government’s attitude to the economic process is the result of two factors that together tend to produce deadlocks: on the one hand, according to the structural idea of the social world of bourgeois capitalism, successful operation of the engine of production is not yet, normally and as a matter of principle, a government responsibility; on the other hand, according to the structural idea of a future social world, government is there

to guide and to control that engine. In consequence, governments acquire exactly that attitude towards “business” which, within those activities that are unquestioningly recognized as governmental, is typical of the political opposition – helping, no doubt, in national emergencies and in task of national importance but, on principle, criticizing, checking, attacking.

Now that could not be so in socialism. The ministry of production would be responsible for the functioning of the engine and look upon it as its own. To be sure that responsibility would be

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political only and good tactics would possibly cover many a miscarriage. Nevertheless “opposition interest” would be eliminated, and a strong motive for successful operation would be substituted for it. Economic necessities would no longer be a laughing matter. Attempts to paralyse operations would, normally, amount to crossing the managing group’s wire. And it could reasonably be expected to react to this and, if need be, to put its foot down. Normal men who normally ask nothing better than to do their duty would be protected. The intellectual who tried to set them against their work would play a risky game.¹

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Even apart from the merits or demerits of blueprints, comparison with fettered capitalism thus does not turn out unfavorably for the socialist alternative. It must be admitted again that we have still been talking – though in a sense different from that which was relevant to our discussion of the blueprint – of possibilities only. We have made a lot of assumptions that may easily fail us when the time comes. It is no doubt just as legitimate to adopt other assumptions that would yield different results. In fact, we need only assume that the ideas prevail which constitute what may be termed Idyllic socialism in order to convince ourselves of the likelihood of complete and even ludicrous failure. This would not even be the worst possible outcome. Failure so patent as to be ludicrous could be remedied. Much more insidious as well as likely is failure not so complete which political psychotechnics could make people believe to be a success. More-

over, deviations from the blueprint of the engine and from the principles of running it are of course not less likely than they are in commercial society but they may also prove to be more serious and less self-corrective. But if the reader glance once more over the steps of argument he will, I think, be able to satisfy himself that the objections that have their roots in that class of considerations do not substantially impair our case – or that, more precisely, they are not objections to socialism per

¹ Der weitere Textverlauf Blatt 612 entspricht bis auf geringe stilistische Änderungen *CS&D*, p. 218.

se, as defined for our purpose, but to the features particular types of socialism may present. It does not follow from them that it is nonsense or wickedness to fight for socialism. It only follows that fighting for socialism means no determinate thing unless it is coupled with a perception of what kind of socialism will work.

There is however a more serious point. Explicitly and by implication I have drawn a picture many features of which are bound to be highly unpopular. There is, about some of them, an uncomfortable family likeness with features of the capitalist order to which most socialists and even "radicals" very strongly object and which cannot, as some of the features of our blueprint could, be shown to be merely a matter of formal logic. One of the questions which arise under this heading will be dealt with in the next chapter: how far is a social system that operates on the lines sketched out compatible with what we usually mean by democracy?

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That transition from the capitalist to the socialist order, whatever the circumstances under which it may take place, will always raise problems sui generis is, I believe, recognized by everybody and in particular by all orthodox socialists. But nature and extent of the difficulties to be expected differ so greatly according to the stage of the capitalist evolution at which the transition is to be made and according to the methods which the socializing group is able and willing to apply that it will be convenient to construct two different cases in order to typify two different sets of circumstances. This device is all the more easy to apply because there is an obvious connection – in fact, though not in logic – between the When and the How. Nevertheless both cases will be dealt with in reference to fully developed and fettered capitalism only – I shall not waste space on the possibilities or impossibilities presented by any earlier stages. Bearing this in mind, we shall call them the eases of mature and premature socialization. But these terms are not, per se, intended to convey any value judgment though reasons for forming one will presently appear. Premature socialization in particular means simply socialization before maturity. And maturity is but a name for the following set of facts.

Part of the argument of the preceding chapter may be summed up in the sentence that the economic process tends to socialize itself – and also the human soul.

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[Der weitere Verlauf des 1938er-Manuskriptes zum Kapitel XIX entspricht bis auf wenige Änderungen – so den Ersatz des zunächst verwendeten Terms „self-socialization of souls“ – und einem Zusatz am Ende des Kapitels der Publikation in *CS&D*. Der erwähnte Zusatz Schumpeters lautet dementsprechend: *The present war will of course alter the social, political and economic data of our problem.*

Many things will become possible, many others impossible, that were not so before. A few pages at the end of this book will briefly deal with this aspect. But it seems to me essential, for the sake of clarity of political thought, to visualize the problem irrespective of the effects of the war. Otherwise its nature can never stand out as it should. Therefore I leave this chapter, both in form and in content, exactly as I wrote it in the summer of 1938.¹

Nachstehend die uns im Bestand des Mie-Depots übermittelte Fassung des maschinenschriftlichen Sozialismus-Manuskripts von 1938 einschließlich des hier unter V firmierenden Entwurfs von Kapitel XIX. In der obenstehenden Wiedergabe wurde der Text der fehlenden maschinenschriftlichen Seite 66 unter Rückgriff auf die handschriftliche Vorlage wiedergegeben.

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Gesamttyposkript 1938 → → → → → → [REFERENCE](#)

Die handschriftlich ergänzte Seite 32 → → → [REFERENCE](#)

3.4.27A²

The case improves somewhat if we assume, as we shall henceforth do, that socialism is to be embraced at a stage in which the family motive that provides the link between the idle rich and economic performance – I do not of course attach any weight to their “function” as spenders – shall have wholly or almost wholly vanished. However, though even then not a great deal will be gained from suppression of the income of the idle rich, more can be expected, now and especially if we make an analogous assumption as to the stage, from a general reduction – such as has already been initiated by taxation – of all high incomes because there cannot be any doubt that under modern, and still more under future, conditions the services of their receivers can be secured at less expense. Without reducing efficiency, the total net saving, on idle and active rich combined, might then well amount to as much as two or three percent of total national income.*
An³ ...

¹ CS&D, p. 231

² Wie schon oben zu 2.4.18A bemerkt, fügt Schumpeter nach S. 32 die handschriftlich von ihm paginierten Seiten 32a, 32b und 33 mit einer zusätzlichen Betrachtung zu den “idell rich” ein, die dann aber doch nicht in CS&D aufgenommen wurde. Uraki/Imai haben die fraglichen Seiten als Teil des Kapitelpunktes Nr. 27 behandelt. Wir publizieren diese drei Seiten hier gesondert.

³ Der angefangene Satz des Manuskripts wird weitergeführt auf Blatt 43 (Schumpeter-Paginierung) des Mie-Film 3 http://www.bunka.pref.mie.lg.jp/viewer/library/00009_03/book_swf.htm?startpage=80 – hier weitergeführt auf dem übernächsten Blatt.

*Most socialists and bourgeois radicals will be surprised at what to them will seem an extremely modest figure. It is due to the proviso about conserving efficiency and, in connection with that, to what to the same socialists will seem an unduly generous definition of high incomes (\$ 50.000 and above gross, that is including savings, taxes, charities etc.). Both points will be more fully discerned in the next chapter. Two additional comments should however be added.

Contrary to a widely hold opinion, there is not necessarily a special case for differentiating, in the income of a businessman, between income from property and that part which is called “earned”. An example will illustrate. If, by the work of his hands, a man reclaims a piece of land, the return he will thereafter receive, is a “return on an appliance made by man”, a quasirent. But if the improvement be permanent, the return will become undistinguishable from rent proper and hence constitute

—————[REFERENCE](#)

what looks like the very incarnation of the idea of unearned income whereas in reality it is a form of wages if we define wages as return to personal exertion. More generally: effort may be undergone in response to a prospective return which may but need not necessarily vest the garb of wages.

Again, we talk of efficiency as measured by the long-run development of output, we must not forget that a reduction of earnings may increase output and hence efficiency. To illustrate by an example outside of the range considered: if American universities reduced the salaries of the more highly paid professors, some of these might be induced to write (still) more textbooks and to do (still) more outside lecturing. If these inestimable blessings the public is deprived by the level of those salaries – a tragic loss not necessarily compensated by a greater amount of original research and by the better quality of the teaching done at that level.

—————[REFERENCE](#)

item of that order of magnitude is hence all that escape us if we base our comparison between blueprints exclusively on productive efficiency within our meaning of the term and neglect what might be called efficiency in the use of whatever may be produced.¹

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¹ Der weitere Verlauf des Manuskripts ist identisch mit dem Wortlauf von Chapter XVII, Teil III, *CS&D*, p. 193.

3.4.29 & 3.4.30

Privateigentum blemish irresponsibility und hält den Schreier fern
Privateigentum means, daß man has to pay for ones mistakes.

Vielleicht zuerst zentraler Plan

To return to our definition. It will be noticed that oneness of authority has been stressed. This is not intended to imply anything about structure of that authority. Its duties and powers may vary widely. It may elective or not, function through committees or individuals be more like a ministry or more like a court of justice or more like parliament. There even may be an executive and a distinct supervising body, a sort of cours des comptes.

Something will have to be said about this later on, but for the concept it is irrelevant. But if there are more control bodies than one, they must form a unit in the sense that they cooperate to bring about, by arbitrium or according to formal rules, a decision binding for society as a whole, about what and how to produce, how to allocate those productive resources which are capable of serving more than one purpose and how to dispose of the resulting product. This does not exclude some latitude being granted to subordinate agents, agencies or even a measure of self-government of subgroups. But it does exclude guild socialism or syndicalism etc., and the wholly different problems they raise: a comprehensive social plan worked out by somebody, hence a central, at least coordinating, organ is essential for that socialism of which I am speaking, and incidentally, to its working.¹

On the other hand, I have not stressed public ownership of natural resources and of plants and equipment. This point may not be very important but it should, for the sake of clearness, not be overlooked. First, the term ownership or any of its more technical substitutes, is denizen of non-socialist worlds,

Das führt dann auf Mechanismen, die verdächtig kapitalistisch aussehen. Aber das macht nichts in einem perfect light merely works towards socialism; jedoch nicht den Zielen nach; contra Lange; außerdem gewisse rules of Wirtschaft ja allgemein logisch; Wirtschaftmatrix der Logik. Unterschied nach

Auslese; Verteilung des Ertrags;
Zielen: Unterschied in Methode?

—————
[REFERENCE](#)

¹ Übergang zu 3.4.30

3.4.31

of course no more than a popular error to believe that in all those cases or particularly in the case of workmen the balance of bargaining power is always or necessarily in his favor. Also appraisal of exploitation of workmen, especially the exploitation in the earlier stages of capitalist evolution that is so shocking to the feelings of later periods must take account of the fact that it was an incident of a struggle for quick progress – of a sort of capitalist Gosplan – as well as the provider of the conditions for further expansion of the industrial apparatus and for rise in the standard of life of the masses that eventually ensued.¹ The social function that was thus fulfilled – however brutally or ineptly – will also have to be fulfilled in a socialist society. But we need not trouble ourselves about it, because it will be fulfilled automatically – in the case of the non-human resources simply by their allocation according to the blueprint, e.g. through the mechanism I have outlined when discussing the “logical possibility” of the socialist plant; as regards the

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the human resources, by such allocation plus the cultural ideas of the society permitting a policy of differential inducements, for the question what society can get out of a given comrade would not lose its meaning in the socialist arrangement if economic rationality is to prevail in it. The apparent paradoxa that exploitation as widely understood includes what amounts to a social function, a fundamental service to society and that socialism will continue to exploit human beings, will disappear on very little reflection. Besides, what any decent man wants more than anything else is precisely to be exploited to the full of his capacity.

On the other hand, the authority that commercial society rests in industrial managements means that the function of guiding, supervising, disciplining the human material in their concerns...²

—————[REFERENCE](#)

3.4.32 -3.4.37³

¹ Fußnote Schumpeters: *See essay II*

² Untenstehende Notizen wurden nicht entziffert.

³ Nunmehr im Zusammenhang erfasst unter 3.4.18A.

3.5 Ergänzendes

3.5.1

Sozialismus hätte keinen Sinn gehabt (aus beiden Gründen) in 1850, und es wird dauern bis, was ich sage, ganz wahr ist, und Chancen werden immer besser für Sozialismus being friktionslos (nicht kollod.¹ mit transition, wo ich sage, daß [der Übergang selbst] immer leichter wird)

Since Vergleich mit bestimmter Sit. sein muß, nehme ich nur fettered Kapitalismus und als Zeit 1950 (Ende des Kondr.²) – present circumstances wenn settled down und wenn forces actually variable fully worked out – in Westeuropa und Amerika oder /:gar:/ allgemein

Aber ganz allgemein kann man sagen, daß – abgesehen vom Übergang – gar nicht so groß (exclude agrarian Sektor)

Die große Ersparnis, welche möglicherweise für sich allein entscheidend sein könnte: z.T. wäre das schon jetzt, aber as soon als /:kein:/ moral allegiance aus dem Grunde in dem *Dieb* gebilligt – kein support für Existing standards und Desintegration

so ist das einzige Mittel

Hinweis auf II, wo über Sozialisierung der Seelen!

liable to Dev.³

liable to social catastrophes

Stamp on pants

[REFERENCE](#)

¹ kollod.: kollodiert

² Kondr.: Kondratieffzyklus

³ Zu vermuten: Devastation

3.5.2

3 Punkte: Qualität der Gehirne, Bedingungen der Fertigkeit, Motivation – able Amerikaner went into bus

“[??] und leer” – und wenn Gestaltung so leicht zu korrigieren in der Übergangs/:action:/ kann man von Freiheit Gebrauch machen. ...

Soz III Einfach: big business capitalism not just the present but such as it may be expected to be when present tendencies still better worked out.
 und soll ich fetters [??]
 in “fetter” in Soz. II einzuführen – aber dann dort Frage of fetter natürlich growth?

Oder in 2 steps: Kapitalismus mit seiner Psychologie aber ohne fetters?
 Kapitalismus in fetters

 Überlegenheit des Kapitalismus
 kann basiert werden auf:
 Eigentumsinteresse und Verantwortung
 Das uniquely effective Schema of rewards und responsibility; das ist wahr, aber in seiner Zeit!
 ist impaired. ...

Selection kommt in IV?

[REFERENCE](#)

3.5.3

Look at the good boy, den Gott belohnt! Look at a Kapitalismus, wo ein Genie mit forethought und Enthaltbarkeit und idealer Rationalität Neues schafft unter eigener Verantwortung – kein Abweichen von Rationalität außer Generosität – und a Kapitalismus, wo ein semi-criminal die Gesellschaft blackmailed durch dirty tricks standing in a way of Prozeß oppressing workmen und consumers alike
 Goose, welche goldene Eier legt, das wichtig für Ideal vs Wirklichkeit und both could be und should still be Kapitalismus

und ebenso bei Sozialismus, so daß

[REFERENCE](#)

3.5.4

<p>Erregen womit? Idealtyp. Kapitalismus oder tatsächlichen [Kapitalismus] No reconditioning of workman und /:Farmer:/ nötig braucht nur be allowed to take energie attit healthier attit s. spä- ter; und Subordina- tion – wo ist sie heute – conveyer- frightened</p>	<p>Vielleicht wenn andere Zwe- cke zu erreichen, daß dann ta- king chances aber ist <u>nicht nötig</u>.</p>	<p>Property; adapt. of workers, clerks leaders</p>	<p>Historiker:/ thinks he knows, what better critic that a picture ist, und econ. und <u>selbst econ.</u> Journalist what business ist</p>
<p>here shall I put it ob /:Kontroverse:/ anzubahnen, die nicht durchgeführt werden kann moreover ??? nicht ganz compel.</p>	<p>Und auch große Masse der works u.s.w. much as now und selbst kleine Geschäftsleute das wichtig für Transition. ...</p>	<p>Innerhalb des Sozialismus noch Kampf um Lebens- form... tremendous ranges of vari. und größtenteils due to educ. training, habit; cond. want of discrimination</p>	<p>----- Aber oft change nicht nötig, ficken kann sehr billig sein</p>
<p>small Minorität, von deren Bedeutung man hohe Meinung haben muß equalitarian-Verteilung unequal to /:Investment:/ ↳ property hier oder bei Analogie mit middle age? das house, privat</p>	<p>Aber change kann a) injure b) reduce eff. hunting range in food smoking ... soziale /:Verkehr:/; still more seine äußeren Formen at the bottom of much. ... Wichtigkeit des sex Element – wichtig rational to im- plement – erbitten von Literatur</p>		
<p>Psychologie of management und responsib Produktion; Auslese</p>			

— REFERENCE —

3.5.5

<p>Nicht kollidieren mit “ Can survive” ?</p>	<p>Ende of II. Section</p> <p>On the one hand, then, we see that in any country that allows the capitalist machine to work a situation will eventually emerge in which the psychic adaptations required in order to make socialism work smoothly, will not be anything like as great¹ as some critics believe who ...</p> <p>On the other hand, historical and personal observation shows that the range within which adaptation is possible without injury to efficiency or even serious hardship is very great²</p>
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— REFERENCE —

¹ Das Wort ist in der Vorlage extra markiert, am Rande sind hierzu Fragezeichen notiert.

² Das Wort ist in der Vorlage extra markiert, am Rande sind hierzu Fragezeichen notiert.

3.5.6

	Design
adapt. to Funktionen	Für Effi. ist wichtig a) Art der Sozialismus – kann ganz verschieden, obgleich alles “Sozialismus”
a.) uneconom. condi.	b) how run
β) [??] ¹	c) by whom run - und funktioniert der Untersekretät der moderne /:Typ:/
Profit Motive	sein salary in soc. relation und reproves ²
Eigentum, Bürokratie	
	Watson, let him produce Goethe ³ von moronic ⁴ parents 20-30 Jahre warten
	Diff. conditioning andere Kultur ... Familie u.s.w. Familien in screen
5	-----
	Comp. so wenig wie möglich wie zwischen Konkurrenz und Monopol <u>Conditions</u> ganz anders und keineswegs sinnvoll [zwischen] Kulturwerten und Type of /:Mentalität:/ und of <u>men</u>

REFERENCE

¹ Lesart Uraki: *malleabi*.

² *Reproves* unsichere Lesart

³ William Watson, (1858-1935)

⁴ Unsichere Lesart

⁵ Die hier stehende Bemerkung ist nicht sinnvoll zu entziffern.

3.5.7

Spezieller Fall – kann natürlich [??] sein oder das am Ende sehr ähnliche Resultat bei anderen 2 Momenten

Wert der Entscheidung auf eigene resp. (2 Dinge: Schärfe des Motives und Freiheit und das auch noch so in big bus.↓)

ist very real: hängt aber ganz ab rel. Qualität des Entscheidenden
state does not create

↓

wichtig: necess[ary] Aufgabe exploit in Funktion

↓

¹Argument gilt nur für diesen Mann und nicht so für den [??] immer zu unterscheiden die rule of administration [??]

Das ist das eine für [das] 3. Moment und das andere ist Überwachung

Wichtigkeit, dass nicht so große Entwicklung

Das Wesen der Dinge klarer – auch des strikers healthier attit, allegiance und excuses wegen Intellektuellen nicht mehr spokes in wheel und [??] delight Niemand sagt mehr dem Arbeiter, daß Arbeit ein Unrecht ist und subordin. entwürdigend Das Entscheidende besonders bei fettered cap., der nicht mehr zu befehlen und zu disziplinieren wagt

yes, only ist das sehr demokratisch

[REFERENCE](#)

3.5.8

Case gegen Sozialismus lagerly rests not on any Theoretiker's principle, but on distrust of people who would have to run it and on practical considerations

Danger to Sozialismus are und Question is who is to run it the Sozialists speaking soc. idea u.s.w.

Unglücklicherweise – um Ökonom. zu sein, braucht man Nachdenken und Erfahrung, und nicht shining eyes – ungracious thing to say, I know aber ist gefährlich, der Politiker erkennt, daß das useful pawns sind

[REFERENCE](#)

¹ Zu dieser Notiz auf dem Blatt oben auch die Anmerkung Schumpeters: *Das habe ich doch schon gehabt.*

(3.) Practicab.

Noch immer unter Voraussetzung, daß Unübersichtlichkeit
Aber andere Obj.: daß die Leistung des Ganzen unendlich kompliziert und schwierig und
 superhumane Fähigkeit und daß die Einführung in den Organismus und das willige Arbeiten
 in ihm eine unmögliche Höhe der Intelligenz und Moral verlangt (verlangt
weniger Intelligenz, weil Dinge klarer) von Führer und Geführten und weil kein Schachspiel mit
 Gegnern und Konkurrenten zu spielen ist

↑
↓

aber mit shirker

α) This, simply, is not so

Problem ganz einfach: z.B. /:Agrar:/sektor mit Eisenbahn, Elec. Maschinen und fertilizer und Insti-
 tution (und schließlich der Kampf der Interessen hier wie anderswo: aber das ist auch jetzt!

– Wenn wir praktisch sprechen; Landwirtschaft
 lebt überall auf Kosten anderer Leute)

Widerstände? Aber z.B. its capitalism which destroyed the home!

Aber das alles nur möglich in der Reife der Zeit

↑
↓

Und hier Malleability?
 (in langen Perioden?)

Große Sache ist scholastisch
so z.B. das rationelle Schema angehängt an die "big" Einwendung

β.) Aber dann doch hier? (oder bei "better"?) die Frage
 der malleability
 vorher, ob nicht dieselben Leute in anderem /:Milieu:/
 anders funktionieren

right to wear a postal stamp
 stuck on his pants
 Ist sehr wertvoll – Goethe
 nicht nur moral satisf. ...

— REFERENCE

3.5.10

Moralität [??] ¹	moral education half building of whole thing Polyhistor. this of past
Wurzellos	
Unempl. auch wegen training a) unemployable strömen hin b) Was ist das Ende: more than sham	
All the educ. he can be induced to want	

REFERENCE

3.5.11

<p>Wo über Disziplinierung der /:Massen:/ und andere Attitude to work Wo über weight of Argumente aus [Sicht] der Intellektuellen – ob sie weniger agit. werden in Sozialismus. ...</p> <p>Progressive auch able to be unbelievably narrow. Das 2. ist, daß immer 100 Jahre behind² Was das 3.?</p> <p>Reward of labor is joy in doing it well, and the distortion ist nicht eine neue moralische Welt, sondern für [die] neue gerade so schädlich wie für [die] alte: Erziehen zum Individual“Interesse”</p> <p>“Bürokrat”: ich wunderte mich immer, wa- rum die Leute <u>so</u> gut arbeiten in ihrer Sisy- phus toil</p>	<p>Embarrassment über sand und gold und geese und golden eggs Soc. takes adv[ice] a) sneer b) admits – aber selbstverständlich Anderer trick adm[its] everything für compet. und everything im 19. Jh.</p> <p>Unempl. und excess cap. geringer temporär und normal</p>
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REFERENCE

¹ Nicht sinnvoll zu rekonstruierende Notiz

² Vergleiche hierzu die schon früh ausgebildete Vorstellung Schumpeters, Moral wie Rechtsbewusstsein beruhten nie auf den Tatsachen der Gegenwart, sondern spiegeln die Vergangenheit. So in *Gründungsgewinn in Recht und Wirtschaft* [Vortrag in der Juristischen Gesellschaft, Wien, vom 12.1.1911]. Quellen hierzu in: <https://schumpeter.info/doks/bibliografie.html>

3.5.12

masters eyes golden goose instead of sneers	Der Sozialismus sentimental-demokratisch
Howl at each other like Shakespear's Knights which is precisely what a gentleman does not do (gentleman and lady nur mehr für lavatories Abschaffung durch Verallgemeinerung)	Selben Leute, habits, andere Kultur
Stamp on pants	Max Adler – nicht nur speaking to electorate sondern auch <i>Management</i>
Noch andere Justice für [??] Argument	electing managers by workmen? Demokratie muß erst beseitigt sein!
Shall argue nur possib.	It has been said above, daß Sozialismus can conceivably be nonpeaceful[,] guns <u>not</u> irrational for warlike mentality.

[REFERENCE](#)

3.5.13

Maschinen
machen nicht
notwendig die
Leute besser
kraft Ökono-
mie

All that can be set against is come under the heading motive

– hier, daß viele davon Weggefallene und daß das nur gilt
für Vollreife und Ersetzung durch direkte Vorteile, die
kein Einkommen sind[,] und praktische Vorteile von
stamp on pants

organis. inhib

Auslese und die Leute (aber dann hier diese ganze Frage und kollidiert mit 2. Essay
und folgenden Seiten und hier; was später über Sozialisierungskommission gesagt.)

Also daß [das] Profitmotiv und Eigentum nicht notwendig und an Bedeu-
tung abnimmt schon bei Practicability, wo darauf hinzuweisen, daß noch et-
was kommt: hier dann hinzufügen¹ ist, was eigentlich besteht und das auch
Auslese ist (Erbschaft)

kultureller Gesichtspunkt für Freiheit.
Möglichkeit, das Motiv zu ersetzen

Aber wo saving energy: lawyers
Einkommensteuer

Aber[,] was besonders für fettered und injured
cap. sinnvoller [,] vielleicht
getrennt zu behandeln

—————[REFERENCE](#)

3.5.14

Der sentimentale humanitarianism des Sozialismus
Sozialismus darf nicht erschwindelt werden

man ist not grateful for
softness

Administrative mismanagement : z.B.
war einkäufe² u.s.w.
das Wesentliche ist, daß sich niemand identifiziert

—————[REFERENCE](#)

¹ So die Lesart des Stenografen Heym. Uraki/Imai notiert: *hinzuweisen*.

² Offensichtlich sind kriegswirtschaftliche Fehlleistungen gemeint.

3.5.15

Später über: foolish socialism

Adaptation – don't lose line of argument which is parallel to that about farmers and laborers and part of argument über ethical level; Abwertung der Werte und Veränderung des Schema of motivation und Fiktionalisierung of stratum or people forming it unter anderen Bedingungen

Selection – course of fit: Combing for talent und fitting it into optional places
Schwieriger die andere Frage: Scheme of motivation u.s.w.

here 2) another justice to *jure*
success, recognition

of Arbeitsmöglichkeit; stamp on pants

↙

comrade valet

Pflege der überdurchschnittlich wertvollen Arbeitskraft

1) [??] le somme du Essay II schon verändert; aims nicht mehr möglich – dynastische aiming privates Reich

1

[REFERENCE](#)

¹ Nicht sinnvoll zu dekodierende Passage.

Wissen sie, daß ihnen – quite sincerely – dishonesty und persönliche Interessen vorgeworfen werden?

These false pretences

Socialists do not realize the moral difficulty
und how insincere they look ¹ how their argu-
ment strike the other side
und daß, während sie in Feuer einer moral
rage
anklagen, sie sehr zweifelhaft anschauen)

Auch nicht, daß es keine “other side” gibt
versuchen eben[,] ein Monopol zu haben
aber das ist nicht so: anti-socialist just as sincere.

--

.

Why Disziplin? Wertlosigkeit der Zustim-
mung

↙
↙ Hungerrevolte ist ein besonderes
↙ Phänomen

↙ Policy of taking up all groups

↙ und freie Zustimmung auch heute nicht – s.
Prohibition

[REFERENCE](#)

¹ Einfügung über der Zeile: *how insincere they look.*

Wie alles leichter wäre im Sozialismus – auch das Privatleben: wie man Dinge arrangieren könnte, ich meine “cluster of houses”, in denen die Leute sich gegenseitig Dienste leisten und alles so arrangiert werden könnte, daß man auch Ruhe hat!

Besonders in dem Privathaus von heute, das so eine source of trouble ist und an dem man nur festhält aus Gewohnheit, aus “idealen Gründen”, an die niemand glaubt.

Das Privatleben in einem Zustande, wo moralisch-kulturelle Ideen und Lebensformen kollidieren, ist half spoiled

a) by daily Unannehmlichkeiten

b) by defensive activities (Einkommensteuer, andere Steuern u.s.w.) ...

Aber übrigens: Sozialismus und Nicht-Sozialismus sind nicht mehr die wahren Gegensätze: Gegensatz ist zwischen der Gesellschaft des consumer man (und 18th century ideas) und der neuen Gesellschaft, die immer deutlicher sich ankündigt: Ich bin getrennt von Hayek nicht weniger als von Lerner

Rosevelts 4 freedoms möglich in prison
freedom ideal des Sklaven

[REFERENCE](#)

3.5.18¹

<p>Wo sind die Leute zufrieden? vgl. Pauls Nock² The day of the lord comes not – they fall on sleep³</p>	<p>keine privaten Reiche und Dynastien und Familien zur Funktion und Stimulus</p>
<p>But what about the impossible moral heights required to make system work, all that money and entrepren. effort without the stimulus of private reward and all that idealism of workmen working free from any compulsion and doing his duty which he <u>understands</u> and likes from as free will as now he obeys a traffic signals – contrib to management by his democratic decision etc. ; no longer thwarted</p> <p>For this objection socialists themselves are largely responsible – fearful Roussean idyll, jedoch vgl auch Shaw –. Right into the times of socialist or, at all events, transitional Bolschevist practice they almost cynically wove the Russian idyll [??] (Webb – Beispiel wie man nur sieht, was man will: wie wenn das anders wäre in Kapitalismus!) There will be that ideology of course and very sensible it will be to train people in it. (Wie jetzt! Social service) But we have only to clear our mind of cant in order to see that not more but less will be required in moral stamina than in capitalism. Cap. requires much more – auch moral – responsibility, much more both self-reliance and self-restraint (vgl. “Prot. Ethik”) und acceptance of results of own actions und die Moralität, die für Zukunft arbeitet und das Wort hält wo nicht “nötig” ist : less morals as well as less brains are necessary to run socialism</p> <p>This to be seen : Arbeiter hat ganz dasselbe Motiv und dieselbe Pflicht which will be brought home to him much more effectively, weil α) keine Ausrede mehr und β) keine instig. to unsocial action und γ) weil Arbeit im vollen [??] vorgeschrieben. Der leader will not have Möglichkeit des fantastic success in money; keine privaten Reich und Dynastien und Familienposition – but those decaying anyhow und allgemeine Einkommen aus privat(ligen ?) standing instead of income, α) Ehre, β) kulturelle Leistungen der manag. und professionellen group braucht nicht so sehr zu definieren – Arbeit des Beamten zur Funktion vom Staate übernommen und der Beamte hat vielleicht mehr Einfluß (über große resources) als Unternehmer – das ist ja Grund für enthus. – und wenn er weniger Motiv hat und weniger tut, was macht es ?? does not go bankrupt! and a clever report can cover all the sins Fortune will not be imported and not necessarily show up as such ...</p> <p>#</p> <p>Moral subnomal creator? less diff. (weniger Ruhm ???) ...</p> <p>Wonderful Technik der persönlichen Position [??] – Analogie logischen Prinzips</p>	

REFERENCE

¹ In der Edition Uraki/Imia wurde die fragliche Manuskriptseite zerlegt und der obere Teil unter 3.5.18, der Hauptteil dagegen unter 3.4.6 publiziert. Wir publizieren hier die Seite, soweit entziffert, als Ganzes.
² Vgl. hierzu: Fn.1 zu 0.2.4
³ “The second question in I Thess.V is that of times and seasons. Paul answers that the day of the Lord comes like a thief in the night, at a time when men say that they are safe; both idea and simile are found in the Gospels.” In: Arthur Darby Nock: St. Paul. New York /London 1938: Harper and Brother Publishers, p.156.

3.5.19¹

3.5.20²

3.5.21

footnotes, p.4 aber vielleicht anderswo!

here auch möglicherweise (statt später) die
Frage der Competence
oder einige Seiten später?
what useful fools they are!

Ich sollte eigentlich vielleicht schon da von Ungleichheit sprechen? Ungleichheit zwi-
schen bourgeoisie und unteren Klassen und innerhalb der bourgeoisie
nein: verschiedene andere bessere loci

[REFERENCE](#)

3.5.22

* Soc. make light of that amount; wichtig, daß die Industriellen keinen guten talker
1) ökonomisch [??]
2) Adapt. – gehört eigentlich zu Übergang; wohl aber Fragen der
Discipl. u.s.w.? und Idealismus
3) Bedingungen für Effiz: das gehört zur psychologischen Seite!!

[REFERENCE](#)

3.5.23

If soc. fought sub. norm. – drunken driver – it does not fol-
low that they would *hasten to* do so if they run the show³

Question of wisdom [??] zu zerstören
und question of sincerity

[REFERENCE](#)

¹ Als Textvorlage liegt mir ein von Uraki mitgeteilter Teil eines Zettels vor, dessen Gesamtkontext unbekannt ist. Vor einer noch ausstehenden Prüfung des Originals, aus dem dieser Ausschnitt stammt, verzichte ich auf die Wiedergabe der Bemerkungen.

² Für diesen Passus liegt mir keine Vorlage vor, so daß ich hier nur gleichsam unkritisch aus *SPR*, p. 172 zitieren kann: „It has moreover another aspect. Among the reasons we have to expect that the “supernormals” will insist on preferential treatment as a condition of functioning, there is one that is not merely their affair and nobody else’s: insisting on such treatment, they would insist on being allowed to keep fit for their work. In the most cases supernormally valuable performance requires not only “the gift” but also concentration and exhausting work which can be successfully preserved with within superior living conditions.“

³ Lesart Uraki: *short*

3.5.24

Auf p “2” ist die Formulierung der Aufgabe, welche ich noch vor mir habe; zuerst zu zeigen, daß eine besondere Frage ist (weil nicht qualitativ)

Stratum geared to its task p 4

p 5 Unterschied zwischen selection und performance – aber nur Hinweis

Aber exposes to Einwendung, daß nicht mehr so, wenn die leaders Montmorencys¹ wären

p 8 “two strata

Argument, daß /:hoher Nutzen:/ nicht die besten brains voranbringen könnte

[REFERENCE](#)

3.5.25

Klar, daß Katastrophe – wenn present alt. fortgesetzt würde – aber eben das ist nicht nötig.

Wenn election und nicht Disziplin, so Zusammenbruch. Unser Bild daher nicht nur das eines speziellen Sozialismus, sondern auch sehr zweifelhaft in seinem Zusammenhang mit Demokratie

“can be” – immer nur can

Noch kein transition

a) Haltung goodwill

b) habits, welche pressure bedeuten

sheer pleasure für Sozialisten und politicians

Nobody runs to give orders

Workman told daß work is injury

Rationeller like race horse or prize bull

social assets

people [??]

upper stratum more effective im Sozialismus

question of valuable stocks

4. oder 5. Sektion: habits und rational change und dort ausführen über smoking u.s.w.

Schon gesagt, daß eine Art der Veränderung eliminierung ist

Aber schon gesagt, was getan würde. ...

[REFERENCE](#)

¹ Ein berühmtes Adelsgeschlecht

Auslese – Qualifikationslisten

Diese geogr. u.s.w. Schwierigkeiten zeigen, daß manches institutionell nicht nur dem Kapitalismus inhärent

locale-und Gruppen-Interessen nicht ganz ausgeschlossen!
 darauf hingewiesen in III/1
 und zurückkommen dazu bei Comp.
 (will be examined) ...

Aber können ausgeschlossen werden durch gleiches Einkommen überall

Habe aber auch angenommen, daß Autonomie der einzelnen Industrie genau rationell “bold Hypothesis”

Habe schon managers of individual industries und da dann darüber[,] wie die Dinge in einem “Trust” sind
 aber doch Profit so einfach und die managers shows leader fool who ought to retire

Roszbach
 vergl. 18 Jahrhundert nicht (?) im Sinne von zu geringer Disziplin

 Oder das ist Demokratie?

Bei Motiven auch französische Republik shooting generals und Stalin shooting managers

Oder in III?

Stachanov¹ proves, daß keine moral. Reformationsarbeiten aus Begeisterung

 REFERENCE

¹ Russ. Bergmann, ab 1935 propagandistisch geförderter Held des Arbeitsfleißes einer „Stachanow-Bewegung“.

3.5.27¹

3.5.28

Das ist doch schon modification	<p>Would be irrational to devote as much care as it would be to tell ground equally</p> <p>But the point is daß this is perfectly possible without violating the principle which constitute socialism²</p> <p>Verdecken durch in natura device</p> <p>Club principle: <u>nicht mehr nötig die /:Häuser:/</u></p> <p>Mastering durch lack of authority looses Interesse</p> <p>Wir sind gewohnt, daß als irrational zu betrachten econ. value of Auszeichnung würde sonst viel kosten</p>	stately home assurance
---------------------------------	--	------------------------

[REFERENCE](#)

¹ Zu diesem Passus ist keine Vorlage vorhanden. Daher gebe ich den entsprechenden Text nach Korrektur nur der deutlichsten Schreibfehler, (wie *Gustav Stolper* für *Gustav Stefan*) nachstehend nach der Edition in *SPR* wieder: “Inequality of incomes. Über Ungleichheit einmal? und dann wahrscheinlich nicht hier – meine Idee, daß höhere Einkommen retaining fees sind; und dann natürlich Vorsorge für Alter und Kinder und dann kapitalische Millionen bleibt 50,000 dollars actual Kaufkraft und vieles davon hidden. Das will differ widely, besonders hidden Differenzierungen, aber Sozialisten disagree very much; Gustav Stolper geht besonders (in Kaufkraft) well over 10,000 dollars; Sozi. etwas unsicher darüber: roundly jeder besonders zu seinem Einkommen; in “Exper.” in nach und da und deren Äußerungen, aber der trick mit Naturalia, denn schon der moderne Staat lehrt den Trick auf Socialist leaders; besides what are Privatausgaben? ... Repräsentation! Wenn der Kommissar das hat, so hat er genug“ Quelle: *SPR*, S. 177.

² Satz in der Vorlage gestrichen

3.5.29

<p>Recipe: say <i>isolationists sneer</i> old woman pacif – was der sozialistische Stand war</p>	<p>Versuch[,] Sozialismus zu klassifizieren: Zusammenbruchs-Sozialismen [?!] Das wäre Klassifizierung nach [?!]² nicht Klassifizierung nach stages nach Ideen, nach Leuten, von den[en] [er] ausgeht</p>
<p>Die Disziplinwirkung des Bezahlens für eigene Fehler schon in II gehört, aber zu Diskussion of merits of property, wo auch sneer über obvi- ously wichtige Dinge, welche dann schwer ver- treten sind. ...</p>	<p>... Weniger Sparen würde in Sozialismus mehr eff. haben Das ist richtig. Weniger Verlust Zum Vergleich gehört vielleicht auch Ungleichheit. Jedenfalls die Theorie, daß im Kapitalismus saving Kapitalbildung hindere und daß freie Berufswahl möglicherweise waste bedeutet. (aber in <u>heutigen</u> Kapitalismus ja auch) Schweden und sein Sozialismus und seine Unübertragbarkeit!</p>
<p>Branting¹ spending <i>Problem</i></p>	

[REFERENCE](#)

3.5.30

<p>Die Ungleichheit zwischen Führer und Geführten ist dieselbe und die Masse hat in dieser Beziehung nichts voraus [in] dem Sozialismus</p> <p>Was will man denn? Soziales Gewicht haben, qualifizierte Arbeit tun, gestalten – das können nur wenige; und es ist doch Schwindel zu sagen, daß einer das heute nicht kann, wenn arm – ist Schwindel in Politik und selbst in bus.</p> <p>Allerdings: Die sozialistische Auslese wirkt schneller und rein persönlich – aber das macht <u>keinen Unterschied im Wesen</u> und ist kein netto Vorteil</p> <p>und die demokratische Führung ist “kontrollieren” – aber auch das bedeutet weniger als es scheint</p> <p>stamp on pants?</p>
--

[REFERENCE](#)

¹ Karl Hjalmar Branting (1860-1925), schwedischer Sozialist, bildet 1920 die erste sozialdemokratische Regierung Schwedens.

² Lesart Uraki: *Gründen*

3.5.31

/:Eine:/ Funktion to exploit factures
capit. ist behind cleared
und disapproved

punishment

Über election of directors, entweder im Übergang oder in V
Essay. ...

[REFERENCE](#)

3.5.32

Bei Comp: vorher gesagt, daß Gleichungen
leichter zu lösen

3 stages: stat. process bei compet? Was aus formaler
stat. process bei *dist.*? Theorie folgt
change? ↘ auch hier admin-
nistrating existing ap-
paratus

Hinweis auf spirit of compet. soc.
Hinweis bei transition auf (3)

In comparison über committee work und
councils (Hinweis auf Wissenschaft und Politik)
vs bürokratisches Arbeiten (Ministerialsystem)
die Sectionschefs ...

persönliches Die Frage¹ ist nur zum Teil eine Frage individueller Arbeit
/:Element:/ nicht als team work
ausgeschlossen und von pecuniary orientation vs non pecu. und
ist big bus ist auch Unwissenheit der Aufgabe. responsibility
↓
(diese auch jetzt noch und das
nur zum Teil Fragen
persönlicher pecun. Motive)

Andere Frage wieder, wenn mit Demokratie ernst gemacht
[wird] und alle dareinreden!

Auslese dann bei Demokratie?!

Wie Interesse des Konsums wahrgenommen

[REFERENCE](#)

¹ Diese Bemerkung ist mit der untenstehenden zu „Andere Frage ...“ durch einen Pfeil verbunden

3.5.33

Let us note that there is no reason to believe that this will be either better or worse in a socialist organization of society. The doctor or engineer who means to fill the cup of his ambition by means of success as a doctor or engineer will be a distinct type of man and have a distinct pattern of interests; the doctor or engineer who means to work or reform the institution of his country would still be another type and have another pattern of interests.

Second, students of political organization have always felt doubts concerning the administrative efficiency of democracy in large and complex societies. In particular, it has been argued

[REFERENCE](#)

3.5.34

Später: how a committee works – kann bedeuten, daß alle dareinreden und der Fachmann nichts tun kann, aber daß er tut, was er will und die anderen Reden läßt – go on talking (sorry comrades) ... I'll just excuse myself for an hour in order to settle the thing

This seems to dispose of the much-discussed question of the malleability of the social nature of man. But stop, it does not. In fact it is clear that our conclusion, to be trustworthy, does suppose that human nature has moulded by capitalism already. Bureaucratic work is not possible to everyman and always and everywhere. It requires adaptation – a sufficient number of people must have that attitude to life and work, understand and like what bureaucratic work means (Difficulty in America). And if the brains that matter were all passionately revolved to fight socialism as they would have been 50 years ago, and if in particular the family motivation (the private sphere based on econ. “independence”) of the bourgeoisie were intact, things would perhaps not work – that is why Bolschevism killed them off. So question arises all the same.

Its really two questions: Behavior can, without disposition to value being altered, be changed by being differently conditioned –same man without family und property interests will behave differently; [??]¹ views² und damit values however themselves can be changed.

(Courts; patriotism; great condé³ – I thought [not] to be dishonored and not for want of trying to sin that he was beaten on the Dunes⁴) Noch anderes Beispiel

National sentiment macht das leichter – wichtiges Moment!

for mere workability no further change nötig!

Und their disposition to value (und schemes of values, standards u.s.w. aus diesem Grunde) can change

Anm[erkung]: 1) Nicht gesagt daß Sozialisten und Antisozialisten hier in gleicher Weise sich mit den Keulen ihrer preconceptions bekämpfen und kein Argument Sinn hat

2) das wichtig, daß alles das Zeit braucht und viel abhängt von manner (später?)

3) daß es also nur question ist of further change

Wo über inequality

Lehren daraus!
könnte konstruktiv werden!
Je langsamer um so besser

Und hier nun über Bürokratie und Privatinitiative und Eigentum oder später?

↳ love for field or [??] or factoring
Sozialismus destroys many moral values

Daran schließt sich dann
1. ob besser
2. inwieweit demokratisch

[REFERENCE](#)

¹ Lesart Uraki: *auch*

² Das Manuskript geht hier in Notizen über.

³ Louis II. de Bourbon, prince de Condé (1621-1686).

⁴ Im Zusammenhang mit der Frage nach der Verhaltensänderung eine Anspielung auf die für Spanien verloren gegangene „Schlacht in den Dünen“ (Dünkirch). Eine bemerkenswerte Konstellation! Hier traf im Krieg Frankreichs gegen Spanien die königliche französische Armee im Bündnis mit englischen Truppen Cromwells auf spanische Truppen, denen sich militärische Kräfte der französischen Adelsrevolte (Fronde) unter dem großen Condé wie auch englische königstreue Truppen des exilierten Karl II. angeschlossen hatten.

3.5.35

Gods and Angels	
Aber man hat gar keine Garantie, daß die Möglichkeiten ausnützt und hat doch andere Deviations	Überlegenheit des Kapitalismus kann basiert werden;
Schwierigkeiten machen nur die demokratischen Phraseologien	auf Schärfe der Motive und Sphäre und auf größere Leichtigkeit, das Ideal zu erreichen und auf bessere Qualität der Leute
Was ist das mit meinem smoking?	who run – kann direkt gezeigt werden, dass Selektion überhaupt Selektion
Hier kann historisches Studium gar nicht mehr ausgeschaltet werden – noch auch mit der Einführung	
Die Schwierigkeit der Einführung kommen doch später	

— REFERENCE

3.5.36

	and we are all that like lover <i>poet</i> fool of [??] [??].
Everyone measures opportunity by how he gets on never recognize das ... und plays his little game fourply not the brain	
Let us get this thought ... upper strata must be satisfied wie andere auch aber <u>Möglichkeit</u> gegeben (durch Übernahme der Funktion des saving u.s.w.)	große Sache in <u>felicitous</u> übrigens Einwendungen, daß nur in Kapitalismus so (z.B. weil für Leben gesorgt und er 1
dann ausgehen von 2. Essay	

— REFERENCE

¹ Der weitere Text ist nicht fassbar.

3.5.37

Jetzt here was <u>easier</u> die oberen Schichten Wert	a) ökonomische Politik und Attit[üde] der Gesamtheit zu Sparen u.s.w. b) allegiance und das macht Disziplin besser und healthier att. to work
Sparfunktion hängt ab, of good will – <u>here</u> ist Bolschewism beweisend highlight <u>3</u> Fälle	
“can be” – immer nur “can”	
und dann fettered case	
losers in 2 respect	
Leader kann freier sein im Sozialismus, aber Bürokratie	withholding what is state <i>balm</i> ¹ of adaptation naive belief

[REFERENCE](#)

3.5.38

<u>Unsere Committees</u>
Sache klarer: No nonsense would be heard about saving being a disaster und [??] standing in need of stimulation
Hier oder in IV über /:Wahl:/ der Fabrikleiter u.s.w.

[REFERENCE](#)

¹ Lesart Uraki: *balance*

3.5.39

look at it, wäre practical way
look at Sparen
reserve cap. auch im Soz nötig

— [REFERENCE](#)

3.5.40¹

Saving vielleicht bei 3?
oder doch schon vorher – als ein restriktiver effect?
Ricardo's profit?

— [REFERENCE](#)

3.5.41

Habe ich schon etwas gesagt über Methode to raise means for
improvement und Notwendigkeit of funds

— [REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

3.5.42

Soz III Disziplin

nötig in Kapitalismus; wie weit nötig in Sozialismus:
kommt z.T. von group action, nicht nur wegen subnormal, sondern
auch einfach,
um concerted action zu erzielen; kann nicht jeder produzieren wie
er will und kann
nicht einfach überzeugt werden (Selbstdisziplin ist gelernt)

Aber gibt einen Grund, warum weniger "Disziplin" nötig

but gone, more allegiance, hostile, erlaubt
(slow down), niemand disapproves und even instigates
vested Interesse ist armed, setting man gegen work; bleibt nichts
wie eigenes Interesse,
besonders in fettered Kapitalismus: power to use power to abuse
Und Sozialismus kann restore und in besserer Position
als "Kapitalist",
der tainted man, Ausbeuter

— [REFERENCE](#)

3.5.43

Finally, there is the relation that is held to subsist between efficient operation of the economic engine and the authority over employees that commercial society vests in the managers of business concerns. The only kind of authority we are going to consider is efficiently indicated by the corresponding terms, subordination or discipline.

Methode charakterisiert: immediately für Privatinteresse
eine scharfe Diff

Selfdiscipline
[zu] unterscheiden von inducement
[und] discipline by opinion
ist nötig; aber verschieden viel

Also wirklich nicht power to exploit?

Antwort: wer nicht arbeitet, wird nicht essen – aber nicht so einfach – wer wirklich nicht will, rückt nicht ein

Klar, daß verschiedene plans sehr verschieden amount of discipline require

— [REFERENCE](#)

3.5.44

Aber das nicht nur bei Arbeiter

There is another point, wholly to adv. und der possibly entscheidend sein kann, sachlich klarer in Sozialismus (Das bedeutet den größten und vielleicht entscheidenden Vorteil):

hier noch etwas
Autorität

↑
↑

Dann: das sozialistische Gemeinwesen wird cet. par. solche knowledge haben
aber viel mehr Autorität den Mann zu formen
(Paternalssystem der Unternehmer)
Autorität und Disziplin

- a) Politik
- b) Urteil über behaviour
- c) bessere Disziplin der Arbeiter und Intellektuellen*

↑¹
no paying for not prod
no destroying of going to work
healthier attitude
no support for strikes

und das ist entscheidend in fettered Kapitalismus: strikes u.s.w.
moral disapproval und allegiance
preventing from work
vielleicht einziges Mittel, Disziplin zu restore
auch eine Form der Revolution

** Über Demokratie und rule des Intellektuellen
aber nicht collid. mit 5

Obere Schichten: 1.) vgl. II,
2.) Fetters und taxes
3.) Mechanisierung

Special case

nur "possibilities"

[REFERENCE](#)

¹ Das Untenstehende ist mit einem Pfeil dem Punkt c) zugeordnet.

3.5.45

Group discipl.

Ist also eigentlich außerhalb des kapitalistischen Schemas

Effectiveness rest upon

Inducement

Interessant, daß nicht in der kapitalistischen blueprint

Subordi. as to decision (obey order)

Subordi. as to standard of work (am. supervision and criticism)

Schwierigkeit daß, was Selbstdisziplin ist, ist z.T. Resultat von training

das bei Efficiency

contract implying subordination

Neither contract in general nor special inducements is enough piece work

strongly neglected

recognition of superiority

Wenn einer nicht arbeiten will,

so kriegt er nichts zu essen

Nur "Chances" und nicht sehr populär

[??] *fairly* likeness in an objectionable

sense; und demokratisch?

Note über exploit

Deviations?

Restoring discipline

größer Vorteil

Striker im Sozialismus visibly attacks society

wie ein militärischer Saboteur oder Deserteur

Reason: Klarheit

Allegiance

healthier attitude to work

Degree to which undermined

ob wir das like or not.

Strike anecdote?

[REFERENCE](#)

3.5.46

Sozialismus verlangt weniger Moral und Intelligenz Stamina	Notwendigkeit anderer discipl. Mittel [??] ¹ Gegen Disziplin ist a) Rousseau [??] b) Interesse des Agitators
Vor Malleab. kommt anderes Verhalten unter anderen Umständen.	

— [REFERENCE](#) —

3.5.47

Discipline und abuse Master's eye, zwei Dinge: exploitation und discipline	
	running to extremes
	Attitudes: nichts anders /:möglich:/ als class Interesse – /:ohne:/ jeden shame
does not create glorif. und running down	
Class struggle ...	No [??] aber Notwendigkeit der Disziplin, auch Direktor

— [REFERENCE](#) —

3.5.48²

Selfdiscipline And we distinguish self discipline (dann /:Offenheit:/ dann)	
	Enforcing obedience fact daß so anders nötig
	exploitation and discipline

— [REFERENCE](#) —

¹ Einiges unleserlich

² Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

3.5.49

busi. der Disziplin – teaching

2. Division

Im Kapitalismus guidance and discipline nötig und dann arrangement wirksam – Entgegnung, daß im Sozialismus nicht nötig, here?

reply: training
aber Gegensatz

but gone
großer Vorteil

[REFERENCE](#)

3.5.50

Inadeque training – here noch besser

Verstöße: Schweinehirt
praktische /:Kritik:/
Persons
types
classes, Institution

Criticism implied
for Art u.s.w. aber spreading
von einem Text

...

[REFERENCE](#)

3.5.51

<u>Immediate Interesse des Arbeiters seems accu rate</u>	Econ. of discipline; understanding, allegiance (und der Intellektuellen) im Grenzfall Überlegenheit selbstverständlich
	motive – power explo – discipline
	joy in work, healthy attitude to work.
	<u>Do you want it</u> Good not fighting strikes Ist das Symptom
	Greatest service of Sozialismus ist restore discipline – but can it?
	well ... Das ist Selbst- und group discipline

Alleg. (knowledge) leads to self
discipline und self discipline
dann supports Energie wo noch
nötig, was [??] heute nicht ma-
chen kann ¹

[REFERENCE](#)

3.5.52

Sollte ich nicht zu dem Resultat kommen, daß Sozialismus <u>mehr</u> Disziplin im Gegensatz zu Selbstdisziplin braucht – kollidiert das freilich mit der Wirkung der Einsicht
Argument insofern für Sozialismus – wenn keine Disziplin nötig ipso facto, wenn Disziplin nötig, so wird sie auch er- leichtert. Mehr Gesamtdisziplin nötig aber weniger “Disz.” needed aber disciplining factor fällt weg
necess. for discipline follows group action und Ökonomie und persistence of diversif. Interesse und anderes (local; saving) up-lifting socialism ...

[REFERENCE](#)

¹ Weiteres nicht identifiziert

3.5.53

talk about exploiting

Nicht zu viel
accusing each other of Sabotage
the price act of injuring the production process
keine foreman Autorität und die wohlmeinenden /:Be-
richte:/ über Disziplin

Fast alles gebilligt, was /:schädigt:/, wenn der most im-
mediately injured eine große Firma ist
capitalist Interesse

kein support von public authority ...

working up workman to a psychol.
?? sneer of duty, delight in car-thief
and does not take any pride in good work
strengthen social duty

[REFERENCE](#)

3.5.54

Discipline too far gone
/:Pflicht:/ Gegenstand von sneer
und alles nimmt Partei für Saboteur
und freut sich der spotty buying of
big bus.

[REFERENCE](#)

3.5.55

Good support of strikes

spoiling pleasure of work

daß ein soziales Interesse hinter
privatem Interesse

[REFERENCE](#)

...

3.5.56

Discipline restore strike
und vielleicht Desorganis[ation]
durch gentleness – schließlich weiß
keiner, was er will
Attitude zur Arbeit

spoiled by equalitarian
practice
taught to look upon work
as a grievance

[REFERENCE](#)

3.5.57¹

On the other hand, the authority that commercial society rests in industrial management means the function of guiding, supervising, disciplining the human material in their concerns.

here [??] of discipline und die power to use implies power to abuse bei anderer Decision des irrationalen Gehorchens
Ökonomie der Discipline

↖ Das noch schwieriger (s. Note s on top of last page [??])

Dann andere decision: Motive and power

dann historische /:Belegung:/(in einem Punkt eigentlich schon gesagt)

dann wie zu tun und vergleicht sich das mit Kapitalismus – und ist gone in modernem und besonders fettered Kapitalismus

(das ausführen?) Große Frage, ob hier oder im nächsten /:Kapitel:/

Autokrat gone, foreman

empl. weiß, daß endlos trouble

während, wenn er nach gibt (company official)

patted on back

vested Interesse in social unrest

social discipline only socialism can restore

Und das führt auf den Vorteil der /:Potenz:/
der größte ist von allen a) Verständnis

b) Interesse der Leute (Intellektuelle und labor leaders)

Anyhow wird nicht borne with

class struggle

strikes

[REFERENCE](#)

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<p>Zuerst: ist nötig im Kapitalismus Herrenkultur [] aber wieviel Disziplin nötig im Wirtschaftsleben : wir sehen das inducement möglicherweise ???¹</p>	<p>²in any alloc. "pressure" locale und Gruppeninteressen werden bestehen und dieselben Konsumenten haben. [??]³ is gone – hier nur necess., dann reduced nec. und was übrigbleibt mehr <u>Selbstdisziplin</u>. Aber ist dann Resultat der Erziehung und Konsequenzen (at teaching?)</p> <p>Sozialismus: Ideal von watching to play, daß jeder aus freier Einsicht und Willen seine Aufgabe erfüllt, ohne daß irgendwer ihn dazu anhält und obeying traffic lights</p> <p>Beweis, daß das nicht so ist, von de Saussure⁴ nötige Anforderung ist auf model man gepaßt, but it is <u>not</u> only a question of the subnormal – it is a question of the working day.</p> <p>Again: Disziplin nötig in Kapitalismus – was [ist] Grund zu glauben, daß auch im Sozialismus</p> <p>Beweis, daß das nicht so ist, von de Saussure nötige Anforderung ist auf model man gepaßt, but it is <u>not</u> only a question of the subnormal – it is a question of the working day.</p> <p>Again: Disziplin nötig in Kapitalismus – was [ist] Grund zu glauben, daß auch im Sozialismus</p> <p>Was ist Disziplin? Obey orders und to work als Eigenimplus? oder Eigenleistung? Und Bourgeois, die selbst nicht glauben (II) und editors of Wallstreet, die Sozialisten sind</p>
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[REFERENCE](#)

¹ Einige nicht identifizierte Worte

² Fortführung der links in der Spalte stehenden Bemerkung

³ Lesart möglich: *God*

⁴ Ferdinand de Saussure (1857-1913), schweizer Sprachwissenschaftler

3.5.59

penalties for all in Kapitalismus

watch at play und reason
Argument nicht, daß der normale Mann nicht bereit wäre zu tun,
was er für faire Anforderung hält, noch auch der semi-criminal

well-handled group diszipliniert sich selbst

Demgegenüber¹ leadership und Erziehung
Ordnung selbst unter Gutwilligen
nötig, selbst in einem Club

Mere orders oder auch supervision und discipline
Autorität und exploit

Provision da- für in any society
Authority is power to exploit und power to discipline
Motive and power
Privatinteresse und power itself

Sympathy for underdog
Phrasen über Menschenwürde und free will
Bergmanns Argument für Sozialismus, dann besonders gegen modernen Kapitalismus und *gegen*² fettered Kapitalismus

Any action, die nicht einfach momentane Reaktion, repairs discipline.

...

[REFERENCE](#)

3.5.60

Driving exploiting

Wo eigentlich Intellektuelle und Sozialismus

[REFERENCE](#)

¹ Lesart des Stenografen: *sondern*.

² *Gegen* vom Stenografen als unsichere Lesart notiert.

3.5.61

Democratic planning – I should not stress the attitude too much – daß man demokratisch entscheiden kann, die Gemeinschaft auszubeuten, würde ich nicht bezweifeln

— REFERENCE

3.5.62

II
Granting, daß Maschinen adequ. werden in working, noch immer abhängen von circumstances, diese könnten den Mechanismus exonerate vom Vorwurf unbefriedigenden Arbeitens, aber auch ihm allen Verdienst nehmen: kann sein, daß adequate to make the best, so können doch exception[al] Umstände vorhanden gewesen sein, welche nur temporär available so daß Leistung histor. unique.

Könnte sein, daß nicht die gute Maschine, sondern die temporären Umstände, unter denen sie arbeitete, die Sache erklären.

“attrib. to free trade”

Freiheit, *Kap*, neue Länder. Diese haben doch sehr viel mit Mengenindex zu tun!

Aber diese Bedingungen eben noch gegeben!

Sättigung
Freiheit,
Motivation

Im Sinne von general allegiance gibt es – außer pathologischen Fällen – nur Demokratie

Ich beschließe Do 13 VI¹ eben mich auf Sozialismus as best I can zu konzentrieren und vom 1. Kapitel zu beginnen; hiermit Arbeit auf diesem Gebiete (Vormittage) bis 1. VII; [das] aber soll nicht heißen, daß ich nicht irgendwo anders weiterarbeiten kann, wenn ich will!

(Vorwort wichtig – schon im Marx Kapitel zu erklären) und Gefühle, wie wenn ich damit weder weiter könnte noch wollte!

— REFERENCE

¹ Mit der Angabe des Wochentages ist vom 13. Juni 1934 auszugehen.

3.5.63

Dann historische /:Berichtigung:/¹

Autorität by example u.s.w
 Große loss (das kann nicht influence those whose
 ideal that is nur roughly it, aber econ Rationalität
 und Funktionieren of Maschine)

Motive und facility

(teacher ceases to work wenn fond parent)

Power und abuse: Wenn jedes “Unrecht” verhindert wer-
 den kann, ist die Maschine clipped

Phys. Punishment
 other punishment
 threat of dismissal

Pride und joy in doing work well – pride in my firm
 breaking down psychic health

its cruel to the workman ↗
 sneering of standards
 is ein Symptom
 of *having* struggle.

What are the standards of life [??]

[REFERENCE](#)

3.5.64

Alle Regierungen wetteifern miteinander [mit] ir-
 responsible prattle – unpopular demokratische
 /:Engl:

is wie desertion
 und weapon of dismissal viel effektiver
 gangster Methode nicht disappear

As far as not enough
 the very same elements or public
 Offenheit, their product make it
 easier to yield the tools of another
 discipline – change of good [??]²
 auch zu intellektuell spokes in wheel
 nur Möglichkeit – Deviations real – local /:Inte-
 ressen:/, trouble der [??], aber entscheidender
 Vorteil

³

[REFERENCE](#)

¹ Möglicherweise ein Schreibfehler des Stenografen für *Berechtigung*

² Lesart Uraki: *attitude*

³ Weiterhin unten einige wenige nicht plausibel identifizierbare Stichworte. Am rechten Rand wegen eines Abrisses nur der Satzanfang: *Wesen: Langes Argument für das.*

3.5.65¹

Liability to deviation doch auch im Sozialismus: Bürokratie; Rivalis[us] zwischen local und Industrien – oder agreement zwischen ihnen

Rauch ins Gesicht

Localities – dagegen nur ein Zentralismus mit anderen Schwierigkeiten eines [??] Zentralismus

Anecdote

[REFERENCE](#)

3.5.66

The “official class”

Staat does not create

Unsicherheit

Wo kein Gleichgewicht in terms of waste

Commrads of red army – Staat der Agitation
kein talk über Zerstören des [??] Kapitals

Sektionale Interessengegensätze ...

[REFERENCE](#)

¹ Betrifft die rechte Seite der Vorlage

3.6. Zur Übergangsphase

3.6.1

Transitional problems heißen 2erlei; Politik in der Period der Transition und Politik wenn transition gemacht wurde – Politik nach der Revolution ...

wichtige directive für spätere Korrektur!

auch on Swedische socialism [??]...

Also (5):

1 die Fälle der Vollreife

2 die Fälle der Unreife; zunächst Schilderung der Sit.; dann Inflation und vielleicht Red Army und dann Sozialisierung, ausgehend von prinzipieller Frage über one strike polit. und auch hier noch sorgfältig einige Details: Notwendigkeit besonderer Massregeln und Organisationen, Soviet (Soviet form die einzig mögliche)¹, Red army;

bei one strike polit. und other Moment scharf unterscheiden

3. Also wenn in Reife: gibt [es] /:Kritik:/, aber sind nicht /:quantitativ:/ bestimmt, how much resistance, how large-scale Industrie und mit dieser Frage kombinieren die Frage der Courage und Responsibility

4. Aber kann nichts geschehen – ja Übergangspolitik vor adopting Sozialismus – transition und transitional policy im anderen Sinne; braucht nicht intended zu sein als transition towards Sozialismus: die großen Schritte gemacht ohne /:Ziel:/ zu wollen. Deutschland Etatimus; Carnegie (Eindringen in Kleinhandel [??]² zugleich eine von Sozialismus benützbare Organisation [??] [??].³

Diskutiert im englischen Fall, bei dem auch besonders der Unterschied zu betonen, den die fetters und injury machen: die ja z.T. vom Sozialisten so intended sind: Aufgaben gestellt, die an sich möglich, aber nicht in der geforderten Art möglich sind; an sich ist keine gute Politik; aber ist Tatsache

Das Fettschwein von Sozialisten anerkannt (der /:Eifer:/, der bedenklich ist, aber guter Ökonom) ...

Anm:

a) Wenn in einem Unreifezustand, also, ohne daß sich die Wirtschaft vorher selbst vorbereitet hat, Sozialismus beschlossen wird und ein [??]⁴good mit besonderem Sozialisierungsprogramm in Power kommt (wenn Wahlen, so besser nicht!), dann muß auch wirklich sozialisiert werden und zwar auf einmal. Situation erfordert das und ist dann der rel[ativ] safest course; und hier gibt es eigentlich nichts anderes als Keeping up things as much as possible und Army u.s.w. aber verschiedene Gruppen von Problemen aufzuzählen. (Riesige Aufgabe der Organisation und Disziplin ohne Delirium)

Muß irgendetwas geben, das wie Democratic aussieht – Arbeiterräte u.s.w. – während [das] in Reife nicht nötig ist. ...

b) Meine /:Aussage:/ ich leugne nicht, daß “möglich” – um so besser α) je später β) je weniger demokratisch ... freedom. ...

c) Sozialismus ist Totalitarismus. ...

REFERENCE

...

¹ Die Bemerkung in Klammern in der Vorlage rechts mit Pfeilbezug.

² Einige wenige nicht entzifferte Worte

³ Mehrere nicht entzifferte Worte

⁴ Lesart Uraki: *good*

3.6.2

schon gesagt, daß Problem adaption

Importance of saving energies (Intellektuelle)

Transitionalproblem eigentlich schon vorher gelöst

Auch in welcher Atmosphäre und ob sonst alles in Ordnung (das eben ist das trag. Dilemma für jede vorzeitige Sozialisierung)

Wesentlich: in welchem Stadium?

phys. clin. u.s.w.

(5) Transitional:

More than any other problems – abhängig von “stage” – im Grenzfalle hardly any.

Eine andere Seite sieht man, wenn man Gegenwart als transit. betrachtet (Politik des Soz. ist transitorisch[;] kommt später?)

Ganze Problem liegt im Weiterarbeiten eines Systems, von dem man noch abhängig ist
Willigkeit der zu exprop. und zu coop

Langsam und schnell transit; exprop. und Entwertung des Geldes;

Verstaatlichung u.s.w.: eben nicht populär; Besteuerung

Langfristige Ablösungsrenten

Literatur!

s. Lange

Über /:agrarischen:/ Sektor, retail trade, artisans ...

*Großes*¹ Problem liegt in [der] Ungeduld

Was ist fully matured cap.? Nicht nur /:kontrovers:/, ist auch tatsächlich kein bestimmter Zeitpunkt, vor welchem nicht möglich und nach welchem /:glücklicherweise:/ möglich

Transition in England

[REFERENCE](#)

¹ Lesart möglich. *ganze*

3.6.3

Wenn Transition nicht hier kommt, sondern als (5), dann nach dem letzten unduchstrichenen Satz der vorhergehenden Seite fortfahren, daß sich aber nun die psychologischen Schwierigkeiten erheben.¹

More than anywhere else muß hier gesagt werden, daß Bedingungen nötig sind; Soz. ist sicher nicht mehr möglich, weder administrativ-technisch, noch psychologisch; und in anderen Fällen so clearly inferior, daß kaum zu diskutieren; deshalb so wichtig, Fälle der Zeit zu betonen und deshalb so weniger Sinn in abstrakter Theorie; mittelalterl. Verwaltung – gewiß Profit nötig und gewiß nicht abgestorben.

Staat does not create

Sehr wichtig zu betonen, daß ganz unbestimmt, was ökonomischer und kultureller Soz. sein wird. ...

Striker

/Konfirmation/ der oberen Funktionen und Gruppen aus soz. duty oder Vergnügen

Wir werden sehen daß in der Tat [??] heal their frame of mind möglich

Familie und Erotik

snarling of doing tied to cost – dont know

Wills? and dammed if I bother. ...

In II schon den modernen man vom undersecretary type

die Spezialisten (in Steuern, recourse u.s.w
semi-scientific)

[REFERENCE](#)

¹ Da die ersten beiden Zeilen des 2019 im Archiv fotografierten Originals nicht lesbar sind, teile ich hier zur Ergänzung den oberen Teil des Originals einer anderen Kopie desselben mit.

3.6.4¹

	Das Problem ist, daß nie definitive time und das immer möglicher	New Page! ² und Vergleich mit fettered cap	When und how, und eine Beziehung zwischen beiden.
	...		
Criteria of maturity to discuss, aber kommen vielleicht in II und in Zusammenhang mit politischer Methode in IV: dont collid. – z.B. das killing off kommt dann!	(5) All along we have to keep in mind that practically every proposition about socialist society is relative to a given stage of development of its capitalist predecessor which not only affords the most obvious standard of comparison but also has to provide everyone of the economic, administrative and sociopsychological conditions on which workability and success of the socialist arrangement depend. But within the precincts of the transitional problems this relativity counts for almost everything.		
Wo, daß Bolschewis- mus nicht das Wahre	Transition would always raise a problem sui generis. Even if it were to occur in an economy so saturated with capital that the rate of interest permanently converged toward zero, so concentrated that not more than a dozen of huge concerns entirely controlled the whole of industry, so mechanized that everything would be a matter of bureaucratic automation, so rationalized that there would be no family home left even then capitalism would not of itself turn into socialism, but would have to be turned into it by special political action. And we surely can not visualize such an action without at the same time perceiving resistances and other difficulties. <u>But neither</u> would be serious, let alone insurmountable.		
Wiederholung? denn das <u>sind</u> die criteria	Concerning resistance, we remember that socialism would still socialism if, either as a temporary expedient or a permanent policy, it spared the farmers or peasants, perhaps also some of those types of non-farming business that are small		
Das besonders, daß kein /:notwendiger:/ loss durch resistance und other diffi			
Das ist dann the one by the argument			
ver[angt] courage – Aristotle – the real courage[.] Courage that matters [??] courage indeed			

—REFERENCE

3.6.5

Socialists are pleased to style this as couraged – Sozialismus nicht für den Schwächling hurrah– während doch keine courage nötig ist, um das in common norm und armchair zu verkünden[.] If courage enters, it is because its needed to say the opposite

—REFERENCE

¹ Die ersten beiden Absätze des Manuskripts sind schräg durchgestrichen. Anhängend ein Ausschnitt aus einem anderen (unbekannten) Blatt mit der handschriftlichen Notiz: *this respect as well as others.*

² Das ist eine Anweisung an die Sekretärin

this respect as well as in others

The legislative action necessary in order to “introduce” socialism also would be a relatively simple matter. No insuperable difficulties would be countered in the delimitation of the sectors if any in which it is decided to continue private property and management and in the regulation of their relation to the socialized industry. Concerning the later it would be sufficient to prohibit the foundation of new firms, to compel those of the existing ones who have not yet done so to adopt the corporate form – they would be few if any –, to transfer the stocks of all of them to the ministry of production, the expropriated individual owners – not corporations – receiving, as suggested above, for every share a claim – a sort of bond without par value – to the annuity determined by the commonwealth. If the law imposes an upper limit to private incomes, and if from the procedure we have in mind income higher than that limit should emerge the surplus would be confiscated by – the last remnant of – an income tax.

Ja, aber eine Wiederholung?

am besten mit einem Schlag!
nicht Wiederholung

From socialism of this type it may without absurdity be hoped that it would realize all the possibilities of superior efficiency in our sense that we have come across and that it would minimize destruction of cultural values. The danger of economic breakdown would also be minimized and so would the much more serious danger of one of those moral breakdowns which it is usual to glorify as revolutions. But it is obvious how completely this favorable prognosis rests first on a set of very comprehensive conditions of “maturity” that can result only from the slow ↓ working of secular forces and second on a number

Vielleicht später vgl + Und hier kommt second lag² of Argument Sozialist mit dieser Überzeugung: was soll er tun? act nach Rat von Marx über Freihandel! Aber noch etwas anders, aber das kommt später und wenn ein sneer so nur /:einmal:/

das natürlich ist nur ein Nachteil für sozialistische Savonarolas⁴

↓
↓
How much this is the work of secular forces, largely⁵

REFERENCE

Kann [ein] Sozialist nichts anderes tun?

of assumptions which are to be sure related to those conditions, as to the methods both of effecting the transition and of operating the es-

¹ Wiedergabe eines 2-seitigen kommentierten Manuskriptes.

² Lesart möglich: *lay*

⁴ Girolamo Savonarola (1452-1498) italienischer Dominikaner, Bußprediger und Kirchenreformer. Der Name gilt literarisch auch als Synonym für religiösen Fanatismus.

⁵ Handschriftliche Bemerkung mit Pfeilbezug zu „slow working“

Nicht schon in II?
Und jetzt früher!!

Nicht ohne injury und danger of chaos und loss of cultural value [??]¹

Vollsozialisierung wäre keine Katastrophe!

Courage – *feverish!*
true courage for resp. in man to breast the brutal fury of the mob and for Intellektuelle the obloquy of his irresponsible peers.

Schon begreiflich, daß der Sozialist suspicious ist und bourgeois auch: every socialist rightly feels that he is socialist in being suspicious – /:daß./ er nicht Sozialist ist, daß der andere Sozialisten gerade so justified ist. Argumenten zu mißtrauen, die mit persönlichen Interessen zusammenhängen which proceed from personal Interessen just as much though not more als die bourgeoisie

established system. No such prognosis is possible when those conditions are not fulfilled and the use of those methods is not to be expected.

But at this point we face that difficulty which has been fore-shown in the preceding essay (chapter). As been pointed out there, it may maintained that since, by virtue of the logic of its own development, capitalism paves the way for successful socialism, the latter becomes more and more possible as time goes on: it is clear that a socialist experiment would now not be nearly so widely foolish as it would have been, say, in 1890. This however is all that we can aver with any confidence. ...

Clear impossibility shades off into doubtful and then into clear possibility, and this again into increasingly favorable chance of success by slow degrees and there are no clear dividing lines between them. Even if there were no interests and no wistful thinking, even if it were not a fact that to some people any suggestion to the effect that “the time has not yet come” will under almost any circumstances be synonymous with moral obliquity and vicious prevarication while to other people any suggestion to the effect that it has come, will always be synonymous with sacrilege, agreement on a diagnosis that cannot be divorced from decision or refusal to perform a serious operation would still be as difficult to attain as agreement is between that type of doctor who always calls for the surgeon’s knife and the type of doctor who never admits that the case warrants its use.

[REFERENCE](#)

¹ Der weitere Teil der auch Russland betreffenden Bemerkung ist bisher nur bruchstückhaft entziffert.

3.6.8

New Chapter

Fast alles /:geht:/ zu[m] Arbeiter und schon ist Gleichheit so groß, daß [sie] selbst das Arbeiterinteresse schädigt, weil efficiency von engineer und physician leidet
Trotzdem alte Phrasen wiederholt und standards, welche wesentlich für Funktionieren, werden missachtet

—————[REFERENCE](#)

3.6.9

Reutter's Auffassung von trade union

Ja – und warum nicht Arbeiterklasse organisiert zur Produktion von leaders, kein leichtes Tun im Kapitalismus übernehmen.

—————[REFERENCE](#)

3.6.10

have I handled /:Progress:/ mit genügender Sorgfalt und besonders betont, daß trotzdem nötig, daß schon vorher viel Progreß achieved (und nicht nur, weil das auch eine sozialist. Erziehung der Seelen bedeutet!)

—————[REFERENCE](#)

3.6.11

short run reach-station

- 1.) Und vielleicht gleich am Anfang, wo ich sage, daß das nicht so gut, how well funktioniert – daß das unlösbar ist
- 2.) und über Frage, who runs und how kann ich doch etwas sagen, weil Wahrscheinlichkeit, daß in richtiger Hand zu verschiedenen Zeiten verschiedenen (auch injures der kapitalistischen Alternative verschieden!)
- 3.) Unreife Vollsozialisierung ist das Gruppen- /Klassen-¹ Interesse des Sozialisten (und zwar gerade des unemployed Intellektuellen – nicht des trade union off[icer], noch auch des ernstesten Parteimannes)
Reformer of type who set up to standards
Aber über den Intellektuellen nicht so oft – z.B. nicht auch noch bei Compar²

— REFERENCE

3.6.12

Ungewisse Sachen klar gesehen!

Aber wäre es “wahr”? In welchem Sinne

Aber in einer Beziehung Vorteil: über Leute gleichschalten

↑ individuelle Interessen snarling at cash beseitigen ...

↑

II dann: ↑ a.) Übergang: keine Majorität u.s.w. Untersuchung wäre nötig

b.) Operat...: geht das? Stalin wäre nicht so weit; langfristige Politik...

Committee v Kreta

Die Leute, die von etwas überzeugt sind, z.B. Eugenik }

Und neue Attit zu Arbeit und victory u.s.w. } müssen die Menge /:zwingen:/

— REFERENCE

¹ In der Vorlage stehen die Worte *Gruppen* und *Klassen* übereinander.

² Gemeint ist damit der Systemvergleich in *CS&D*.

3.6.13

und Sozialismus könnte das eher,
wenn nicht diese individuelle /:Freiheits:/idee

Diese | Eugenikgeschichte¹ und die Möglichkeit, auf Maximum
der Leistung oder irgend eine objektive kulturelle Idee abzustel-
len, sollte nicht so nebenher behandelt werden, sondern durch
/:Ausführung:/¹ der Stelle in I. section
Aber ist ja schon anderswo (beim Maximum erwähnt)

[REFERENCE](#)

¹ Lesart: /:Ausfüllung:/

Mildness to cap. interests dann nicht mehr möglich; überhaupt inwieweit dieselbe und inwieweit andere Methode?

Oder um **secondly of argument** hervorzuheben, that we will consider... Vielleicht diese mit Absatz such prognosis possible.... in the case on the other end of the scale which we define as sit., in welcher [der] Sozialisierungsversuch mehr ist als bloßer phantastischer Putsch, der nicht gelingen kann; wo es möglich ist, Macht zu [er]greifen, aber wo alles sonst immature wo Revolution möglich, aber sonst nichts das wird besonders der Fall in Fällen der Zusammenbrüche und Verwirrungen (äußere Niederlage, temporäre Paralysis der Organe des sozialistischen Staates)

Viel-
leicht
besser:

It is in this case that the real problems of transition arise or, which is same thing, that the resistance to be encountered and the task to be accomplished, become matters of serious concern. In fact, the amount of resistance and the difficulty of the task are in themselves a measure of the degree of immaturity of economic and social conditions, as is the impossibility, to be discussed in the next chapter / essay, of carrying one-stroke socialisation in the truly democratic way. The very caution and gentleness which economic rationality seems to prescribe for dealing with capitalist interests in a situation in which they are still filling a function that no other agency could fill as effectively, become impossible and revolution in its full and sanguinary sense almost unavoidable, because classes who fill a social function and whose vitality is therefore not yet or not sufficiently impaired, do not submit without a struggle to what they consider vicious aggression. Knowledge of this fact and a suspicion that they are not unlikely to meet the fate of Theodor Liebknecht and Rosa Luxemburg will then drive the attacking socialists into courses violent beyond any original intention; they may then behave with criminal ferocity toward people whom they soon work themselves up into looking upon as ferocious criminals. The Russian case is in most respects peculiar and hence affords little scope for generalization.¹

Besser!
und Be-
drohte be-
drohen
u.s.w.

[REFERENCE](#)

¹ Die hier folgende Stenopassage ist leider nicht entziffert worden.

3.6.15

drives” gegenüber widespread
bus practice – who is to be picked out? ...
radikalisieren sich und discover several [??]¹ – less trite or new ...
Aber diese Radikalismen old und eigentlich kein break.

— [REFERENCE](#)

3.6.16

But neither violence nor sadism solves any problem except possibly the one of how to get into the saddle politically and to overcome the ordinary form of open resistance. Suppose this to be accomplished: all the centres of administrative decision – ministries and so on – and of political volition and influence – the bureaus of the nonsocialist parties, newspaper offices, radio systems and so on – are conquered; all individuals able and willing to fight and to assemble a following are safely lodged in prisons or in the other world; the administrative personnel, purged of the more courageous objection is rendering unwilling service and is quickly diluted by drafts from the cafés. The bourgeois managers of industry are shocking in their shoes as bourgeois always will. Let us grant two additional boons to the new leaders, for if we don't there is nothing to discuss: labor organizations, while obeying orders shall be strong enough to prevent an orgy of disorganization and to back up the new government when it fired upon the left wing or, if that has broken loose already, on the members of the new leftist party which cannot fail to emerge; and we will assume that the government be successful in securing at least neutrality of farmers and peasants, let us say by leaving them more or less alone – failing this we should have to assume that the countryside is everywhere people by Russian peasants. The central board has been set up. What is it to do except to complain about sabotage if everything is not as perfect as it obviously ought to be and to call for additional powers in order to deal with bourgeois conspirations and wreckers?

— [REFERENCE](#)

¹ Uraki Lesart: *sacrifice*

3.6.17 ¹

Breaks through
horror at offences
and wanton destruction

Complete disregard auch von econ. Sit. discipline of work für worker
schnelle Produktion und his euopean peers

Aber Hoffnung ist /:gerichtet:/ auf so großen Erfolg, daß jeder zufrieden

Exporthoffnung selbst /:aktivieren:!!

[REFERENCE](#)

3.6.18

Wir haben unterschiedliche Funktionen innerhalb nature, shaping nature und auch ³ habits
Diese werden hier wichtig – ein Entzug von Alkohol kann sehr ernst wirken
habits fixed in the short run

... the only one in which capitalist industry can function, by the supervising commissars and by the humor of both their workmen and the public. To satisfy himself of this the reader need only visualize that atmosphere, in which excepting complete stoppage these could be no greater crime than success. Under such circumstances socialisation may well be the only means of making industry work at all. This there is here also, as is the first case, a case for one strike socialism but for entirely diff. reasons. ⁴

But this argument completely covers only the case of large scale of industries plus, perhaps, that of sectors which can be easily moulded into large scale units of control. It does not completely cover all the ground between the agrarian sphere which have excluded and large scale industries On that ground, mainly consisting of small or medium-sized business, the control board could presumably maneuver as expediency might dictate and in particular advance and retire according to changing considerations of expediency as Lenin did. This would still be “full” socialization within our meaning of the term.

Und losses könnten viel größer sein und besonders Gefahr für regime bei gradualism
Lange stimmt zu, aber diskutiert ohne time dimension, sieht nicht daß die Lösung keine Alternative ist, sondern so in einem Fall und so in einem andern

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

³ Andere Lesart: *dazwischen*

⁴ Am Rande Anweisung für die Sekretärin: *dont type this sentence.*

<p>Mongols ? sneer at "Nep"¹ – wer nicht dersel- ben Ansicht, ist ein traitor bour- geois und sabo- teur. Psychotech- nik of Nep</p>	<p>außerdem one stroke viel größere Stoßkraft und polit. appeal; das ist sehr wichtig, weil slightest display of weakness fatal sein kann</p> <p>Das und Entscheidung könnte ähnlich sein wie im Falle der Sozialisierung in der Reifezeit</p> <p>Central board arriving at a plan mutatis mutandis wie in der theoretischen Diskussion gezeigt und adjusting, und auf der anderen Seite Soviets die einzig mögliche Form (brauchen nicht mehr zu bedeuten als in der Armee die Soldatenräte)</p> <p>Diese Armee in diesem Falle wesentlich – Trozky's saying significant; visits by comrades und making use of weakness wenn Reaktion gegen delirium wäre, visits of comrades from the red army – das wäre zunächst die transitional policy</p> <p>Adjustment und schon die Aufgabe überhaupt das System zu ??? ob ludicrous Niederbruch sehr viel schwieriger und das may well auf unbestimmte Zukunft abfärben; desperate task calling for desperate determin. wann wird das also möglich? But notice, auch hier sage ich nicht, daß unmöglich ist; can work no doubt und transit. problems lösen⁴ ever since mechanisierte Großenindustrie entstand</p> <p>Und wird immer möglicher: case shades off into one of Sozi. in maturity</p> <p>Now when? Diese Frage so entsteht durch interest und temperament</p>
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— REFERENCE

3.6.19

good got to be "serious" ...

Comrades of red army
driving [??]

All this however carries us beyond the mere prognosis that selfdiscipline and group discipline are likely to be stronger in a socialist society than they are in the stage of fettered capitalism. They may well prove inadequate, nevertheless. But it is easy to see that we have already made some progress towards establishing our last thesis which is that socialist management will be in a much better position to wield the weapons of authoritarian discipline, should that be necessary, than any capitalist management is at present. A community that does no longer take delight in seeing businessmen baffled will no longer countenance semicriminal practice and look with different eyes on those people who set the workmen on to it. We may, I think, also expect that there will be less of them for both intellectuals and leaders from labor's own ranks may be in general sympathy with the new regime and turn to other, even opposite activities.⁵ But we need not, I believe we cannot, take it for granted that there will be no troubles of the kind with which authoritarian discipline is required to cope. The reason for this becomes obvious as soon as we glance at some of the inducements

Noch immer career oder shortcut
und noch immer Fragen: z.B. of Zukunft oder momentan enjoyment
auch /:sektionale:/ Differenzen – local und industriell
und hier vielleicht der große trouble?

Also weapon aber der einzelne Mann viel mehr in Handel und Organisation less powerful
Stand und Machtmittel der Regierung (Möglichkeit und Motiv) mutineer; cannot afford to take lightly
wie heutige Regierungen, die die Stellung von Opposition haben.

(withholding /:Nerv:/

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¹ NEP: Neue Ökonomische Politik (1921-1928; sie löst 1921 in der Sowjetunion die Periode des „Kriegskommunismus“ ab, ermöglichte Warenaustausch, eine gewisse Dezentralisierung und Liberalisierung in der Landwirtschaft, im Handel und in der Industrie. Sie wurde 1928 von Stalin mit der Wende zur Zwangskollektivierung beendet.

⁴ Lesart: *Lösung*

⁵ Fußnote Schumpeters: *In particular it will no longer be possible stir troubles for the sake of them; blowing system und dann Anekdote.*

3.7. Noch einmal zum Systemvergleich

3.7.1

Abermals die ökonomische Bilanz des Sozialismus – ob klein oder groß –
nicht sehr anders
Unser Urteil, Bilanzen sind vorteilhaft – wir können nicht bulls sein
and we have plenty of time

Herrengesellschaft: die Gesellschaft charakterisierte by word Lord
Ich believe, daß mehr Talent im durchschnittlichen Gesellschaftsoffice als
im Ministerium? ... Das ist nicht richtig

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3.7.2

Ersparung von leisure class,
waste of (imper.) compet

Und dann vielleicht, aber
das ist es eben, daß alle pos-
sib. für Wirklichkeiten ge-
nommen werden und damit
realit. of cap. vergleichen
Kann alles umgekehrt sein:
der /:fähige:/ Mann kann
discour[aged] and disposi-
ted sein.

healthier att. to work

Nicht mehr Individualismus
das ja nur für [??] moral
support

Possibility of as much superiority

This case is prima facie not weakened but strengthened by
taking account of the socio-psychol. side of the problem
Strongest of all arguments has always seen to me the one that
turns on understandability

(Aber dazu kommt jetzt auch /:friction./ of a system, welche
not commands more support und das niemand mag. Das ist
aber nur so, im Gegensatz zu anderen, bei vollreifem Kapita-
lismus)

Economic phenomena understandable und show their true
face. ... Kann alles umgekehrt sein: der fähige Mann kann
discovered und disposed sein. ...

α) Freihandel für Produktion; saving ...

β.) Einsicht dahin, daß Interessenkämpfe unsocial

auch das gehört zu moral support: people worried of crime
wenn gegen Kapitalismus (strike, sabotage, picketing; local
Vorteile)

Kann nicht daran gezweifelt werden, daß Produktion für Kon-
sumtion ist und für alle

außerdem Interessen eliminiert –
das Besondere, wave of war – schon an-

derswo?

γ.) Intellektuellen wird die Sache nicht so leicht gemacht –
würden vielleicht nicht wollen, und ihnen vielleicht nicht er-
laubt sein

Aber jedenfalls würde weniger effect haben

Welche Bedeutung das hat, hängt davon ab, wie man vested
Interesse in social unrest einschließt

[??]¹

Aber nicht völliges Gegenteil: hängt ab wer runs

Dry carts- motor car cuts boths
ways

Aber obgleich Sozialismus für Krieg ist, die in seinem Inte-
resse, doch vielleicht ultimately nicht /:gehört:/ da Wastes?
Und zur Erhaltung der leisure class?

Kapitalismus und Einwand!
Kriminelle practica nachzu-
weisen, ist natürlich leicht
Frequency of crime in popu-
lationen und does not prove
quite outlandish²
Aber jene frequency selbst
ist relevant

Eine Theorie des Eigentums – zuerst “Recht”, denn expedi-
ency ist eine Verwaltungsmethode

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¹ Eine nicht sinnvoll identifizierte Bemerkung.

² Unsichere Lesart

3.7.3

Muß also ausgehen vom Anfang des Essays

[??] Compar

Vor allem fehlt bei III (4) Compar eine /:kräftige:/ Seite über den großen Vorteil

Angenommen also, daß ich meine "list" beginne mit Hinweis, was unter Theorie und practicability gesagt – manche Energiesparungen (Ersparungen an moral effort) möglicherweise von zweifelhaftem Menschenheitswert (Maschine bedeutete nicht notwendig einen Fortschritt im Menschentyps!) und dabei, please, nicht vergessen daß blemishes des Kapitalismus nicht notwendig so sehr groß und nicht ohne Kompensation, und daß man ihm credit. muß – abgesehen von Kulturleistung*¹ – mit dem, wofür er Mittel, obgleich oft nicht rationell möglich, und politischen Willen bereitstellte, wäre so fortzufahren (Schwierigkeit ist eben, dass schon Logik und practicability Vergleiche geben)

*Ich schalte das aus, aber ein Wort darüber wäre doch nötig!

Aber der größte (wenngleich auch nur "mögliche") Vorteil, der vielleicht turns loss into gain, ist Schutz gegen injury des Prozeßes von außen (polit. Sphäre)

Also Liste besteht aus²

Betonen, daß Vergleiche mit fettered und injured Cap., was aber auch im letzten Punkt der Transition kommt

1) nicht aus justice und Gleichheit (auch nicht von opport. polit. of und welfare certainly makes not for effect

3) wiederholender Hinweis auf Vorteil der klareren Logik und Bestimmtheit und Möglichkeit, Fortschritt zu planen; hier Monopole, olig. und Prod. für Cons.

3 2) nicht so sehr aus Ersparung für Luxusproduktion: und von waste ...

4) struggle, obstruction, waste, [??] loss[,] der kommt von Politik ...

α) von Irrtümern I und Klassenpolitik II – klarere Einsicht paying for not producing (Freihandel – niemand kann heute für Freihandel sein. ... accum.

/:Silber:/ Billion [und] "sometimes" schließen internationale Arbeitsteilung aus aber mit Farmer wohl anders)

β) zweifelhaft, ab Sozialismus Rüstungen erspart

γ) besondere Einstellung des Arbeiters, anti-pol, Natur des strikers, Disziplin als Möglichkeit bei moralischer Zustimmung zum System und disappr.

δ) der Intellektuelle und seine chuckle

Wie groß die Bedeutung und ob aufhören würden; Interesse bleibt

Es muß die practicab. besser mit Comp. correl[iert] werden

aber die Liste bezieht sich doch nur auf efficiency– was hat das mit justice zu tun?

Wo stamp on pants?

Wo über Eigentum und Bürokratie und geringeres Motiv

usw

Hier sagen: geringere eff. as to motive und accu

Wo temptation to short run

State can take long view.

} zeigt die Schwierigkeit das Correl. !!

Disgust mit Resolution des Fortschrittes heute begreiflich – aber daß Ökonomen das nicht sehen und nicht 50 Jahre überblicken können, ist ein Scandal

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¹ Siehe die *-Bemerkung links am Rande.

² Hier in der Vorlage ein Pfeilverweis, der *Liste* mit der weiter unten stehenden Bemerkung " und ...Liste..." verknüpft.

³ Hier die Bemerkung Schumpeters: *Hier also Pol? Wo leisure class (was [ist] mit nichtkapitalistischer leisure class?)*

3.7.4¹

... a gain in efficiency – more than enough, perhaps, to compensate for the sources of loss that might be opened up.

This is not necessarily all. But any step beyond that program would have to justify itself by special, mostly, non-economic reasons – the armament or key industries, movies, shipbuilding, trade in foodstuffs are possible instances. And it is, at any rate, enough to digest for quite a time to come, enough also for a responsible socialist, if he gets so much done, to bless his work and to accept the concessions that it would at the same time be rational to make outside of the nationalised sector. If he also insists on nationalising land – leaving, I suppose, the farmer's status as it is – i.e. on transferring to the state all ground rent and royalties, I have no objection to make as an economist though I would fight him as best I could – for I have an invincible sympathy for the best-looking aristocracy of the world. ²

[??]³

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¹ Das fragliche Originaldokument konnte im Sommer 2019 nicht im Bestand der Schumpeter-Kollektion ermittelt werden. Als Belegexemplar teile ich daher ein von Uraki im Sommer 2018 übermitteltes pdf-Dokument mit.

² *CS&D*, p. 231/232

³ Für die hier befindlichen stenografischen Anmerkungen liegt keine Transkription des Stenografen vor.

4. Sozialismus und Demokratie

4.1 Grundsätzliches

4.1.1-4.1.9¹

Fourth Chapter Socialism and Democracy

I

The subject of this chapter is a perfect instance of the truth that there is nothing so treacherous as the obvious. Events during the past twenty or twenty-five years have gone to the truth of teaching us to see the problem that looks behind our title. But until about 1916 the relation between socialism and democracy would have seemed quite obvious to most people and to nobody more so than to the accredited exponents of socialist orthodoxy. It would hardly have occurred to anyone to dispute the socialist's claim to a place in the huge caravanserai of democracy. Socialists themselves of course – except a few syndicalist groups -even claimed to be the only true democrats, the exclusive sellers of the genuine stuff that was never to be confused with the bourgeois fake.

Let us stay for a moment in order to investigate this larger claim. It has come to mean many things that are better dealt with under other headings. Whoever like both socialism and democracy will tend to enhance the value of the features he attributes to his type of socialism by associating them whenever it seems possible with the values of democracy. He will say for instance,

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that socialism is essentially democratic because it runs the economic engine for “the benefit of all”. This however only serves to confuse issues. Nor should be argued that socialism and democracy are necessarily wedded by virtue of economic equality. For socialism is not necessarily equalitarian and inequality of incomes is not in itself a bar to democratic methods of government.

The only theory that has ever been put forth in order to prove that except in primitive conditions there cannot be genuine democracy outside of a socialist order rests on the proposition that the roots of the social and in particular of the political power of individuals and groups are essentially economic. To put the same thing more crudely but also concretely, according to the theory² the control over agglomerations of capital is at the bottom of both the ability to exploit labor and of the ability to impose the will of the “capitalist class” on the management of the political affairs of the community – that will being oriented, of course, as the class interests of capitalists and hence serving the purpose

¹ Wiedergabe eines zusammenhängenden Manuskriptes.

² Fußnote Schumpeters: *See I Marx; but es kommt ja der Hinweis.*

of increasing of the facilities for further exploitation, at home and abroad. The political power of the

Ich habe dann den claim für Kapitalismus zu untersuchen außerdem das Thema der polit. Machtlosigkeit der kapitalistischen Klasse – wo? in II?

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capitalist class thus turns out to be but a particular form of their general economic power. The American reader will feel little difficulty in illustrating this for himself by examples of boss rule, of pressure groups, of personal corruption of legislators and public officers and so on. It follows that the elimination of private control would ipso facto eliminate positions of individual and group-wise power and leave the people free to do what they like with their political affairs.

This at least is a rational argument and hence greatly superior to all the confused talk about the subject that goes on independently of it. Only, it is wrong. We have seen, first, that as a matter of fact the political power of either entrepreneurs or capitalists is not in general anything like as great as it appears to be to many observers¹, especially as regards control of the popular vote and as regards the influence exerted by the “capitalist” press. The obstacle to democratic government that socialization would remove might well be smaller than that the obstacle that socialisation may insert. It is more important however that, as we have also seen – in our discussion of Marxian sociology –

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the source of individual and group-wise political power cannot be defined in economic terms. The economic element merely lends, in some historical patterns, particular colors and techniques to what fundamentally reduces to the much more general phenomenon of leadership. Individuals and groups would in the socialist order have to acquire their undemocratic power – if indeed it is undemocratic – by different means but it does not follow that no such positions would exist. The political boss in particular preys upon every interest within his reach and though he invariably finds it to his interest to give, in return, some value to his victims, it is not so very clear that his relation to the disbursing capitalist is really that of an agent to his principal. Boss sociology is more realistically based on the conditions prevailing in communities that are disorganized by rapid growth and the influx of a large number of individuals that have lost their rational and moral bearings and many of whom are of a somewhat rough calibre by nature. In such conditions there may be bosses and boss rule – and all the phenomena of which boss rule is representative – in a socialist not less than in a capitalist order of things. It is naive to think that bosses would have nothing to feed on once the evil spirits of capitalism were banished.

¹ Fußnote Schumpeters: *See II?*

The larger claim made by orthodox socialism must therefore be dismissed. But even as regards the more modest claim – the claim of socialism to a place among the democratic movements of our epoch – neither socialists nor nonsocialists could today be as positive as they have been.

There is, in the first place, the great socialist commonwealth

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which is ruled by a party in a minority and does not offer any chance to any other. And the representatives of that party, assembled in their eighteenth congress¹, listened to reports and unanimously passed resolutions without anything resembling what we should call a discussion.

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They wound up by voting – as officially stated – that “the Russian people (?), in unconditional devotion to the party of Lenin-Stalin and to the great Leader, accepts the program of the grand works which has been sketched in that most sublime document of our epoch, the report of comrade Stalin, in order to fulfil it unwaveringly” and that “our Bolshevik party enters, under the leadership of the genius of the great Stalin, upon a new phase of development.”² That, and single-candidate elections, complimented by demonstration trial und G.P.U. methods, may no doubt constitute “the most perfect democracy in the world” if an appropriate meaning be assigned to that term but is not exactly what most Americans would understand by it.

Yet in essence and principle at least, that commonwealth is a socialist one, and so were the short-lived creations of that type of which Bavaria and especially Hungary were the scenes. Now there are no doubt socialist groups which to this day consistently keep to what in this country is meant

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by Democratic Ideals: they include for instance the majority of English socialists, the socialist parties in Belgium, Netherlands and the Nordic countries, the American party led Mr. Norman Thomas³ and many German groups in exile. From their standpoint as well as from the standpoint of the observer it is tempting to deny that the Russian system constitutes “true” socialism and to hold that, in this respect at least, it is an aberration. But what does “true” socialism mean except “the socialism which we like”?⁴ Hence what do

¹ Vom 10. – 21. März 1939 tagte in Moskau der XVIII. Parteitag der KPdSU.

² Fußnote Schumpeters: *I do not know Russian. The above passages have been verbatim translated from the German newspaper that is published in Moscow and are open to possible objections against its translation of the Russian text, though the newspaper is of course in no position to publish anything that is not full approved by the authorities.*

³ Norman M. Thomas (1884-1968), führender amerikanischer Sozialist. Betonte in Abgrenzung vom revolutionären Marxismus den Unterschied zwischen Sozialismus und Kommunismus, für Schumpeter auch deshalb interessant, weil er aus isolationistischer Position heraus gegen den Eintritt der USA in den 2. Weltkrieg argumentierte.

⁴ *CS&D*, p. 237/238

such statements signify except recognition of the fact that there are forms of socialism which do not command the allegiance of all socialists and which include nondemocratic ones. That socialism may, be nondemocratic is indeed incontestably true as we have seen before on the pure logical ground that the defining features of socialisms does not anything imply about political procedure. As far as that goes the only question is whether and in what sense it can be democratic.

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There are, in the second place, many worthy men who are intelligent enough to see that issue but who are nevertheless grimly resolved to stand by democratic socialism or socialist democracy. In order to justify their refusal to admit that the two constituents of what to them is a sacred unity can be divorced and might even prove mutually exclusive, they fall back upon an argument that has by now become familiar to every American: nothing so democratic of course, as fully fledged socialism will be but meanwhile, in this imperfect world of us where our souls and institutions are permeated by the poisons

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of capitalism, it may be permissible, even necessary, to pave the road towards that perfect democracy by means that are somewhat less than democratic and may even include an occasional dose of force and terror. Later one we shall see what reliance can be placed in this argument¹ ~~which is by no mean a product of Russian developments but has often been put forth ????? and not only by “putschist” groups such at the Blanquist [...]~~ Now we will merely notice, the admirable opportunity it affords for evading all responsibility for democratic procedure: whoever uses it thereby jettisons the safeguards required by democratic procedure precisely at those junctures which, according to democratic doctrine, call for them more than any others and thereby takes a risk that nobody takes with respect to anything he means to stand for unconditionally.

Nor is that argument new. In particular it does not owe its origin to the attempt at assimilating the Russian experience with something like sympathy and, at the same time, with something like a clear conscience. It has always been used by socialists of the Blanquist type whose idea of the socialist revolution centred in the “action of a few resolute men”. It is at best implied in the views of Lenin that in 1903 led to the split in the Russian socialist party.² And as regard to the common room of socialist

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leaders and writers, it is impossible to shut one’s eyes to two significant facts.

On the one hand, those socialist groups that have consistently upheld the democratic faith never had either the chance or the motive for professing any other. They lived in environments that would have strongly resented undemocratic talk and practice and

¹ Von hier ab folgen vier gestrichene und zum Teil unleserliche Manuskriptzeilen.

² Hier folgt im Manuskript ein gestrichener und faktisch unleserlicher Satz.

always turned against syndicalists; in some cases they had every reason to espouse democratic principles that sheltered them and their activity; in other cases most of them were satisfied with the results, political at others, that advance on democratic lines promised to yield. It is easy to visualize what would have happened to the socialist parties of, say, England and Sweden, if they had displayed serious symptoms of antidemocratic propensities. They at the same time felt that they were steadily growing in power and that responsible office was slowly coming in sight. The fact that their doings did not give pleasure to Lenin does not prove that, had he been situated as they were, he would behave differently.

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In Germany where the party developed still better but where the avenue to political responsibility seemed to be blocked, socialists facing a strong and hostile state and having to rely for protections on bourgeois sympathies and on the power of trade unions that were at best semisocialistic were still less free to deviate from the democratic creed since by doing so they would only have played into the hands of their enemies.¹

On the other hand, the few test cases that are available are not very convincing. It is true that the great social democratic party of Germany in 1918 decided for democracy and (if that is as a proof of democratic faith) even put down the communists with ruthless energy. But first the party split or, to be more correct, failed in the attempt to heal the split that, on similar questions, had occurred before. The majority lost heavily on its left wing and the seceding dissenters have more, and not less, claims to the badge of socialism than those who stayed. Many of the latter moreover, though submitting to party discipline, disapproved. And many of those who approved did so merely on the ground that, from the summer of 1919 at least, chances of succeeding in more radical (i. e. in this case, antidemocratic) courses had become negligible and that in particular, leftist policy in Berlin would have meant serious danger of secession in the Rhineland and the countries south of the Main River even if it had not immediately met smashing defeat. Finally

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to the majority or, at all events, to the trade union element in it, democracy gave everything they really cared for, including political power. They had, it is true, to share it with the centralist (Catholic) party. But the bargain was satisfactory to both. Presently the socialists did indeed become vociferously democratic. That however was when an opposition partly associated with non-democratic creeds began to rise against them.²

I am not going to blame German social democrats for the sense of responsibility they displayed or even for the complacency with which they settled down in the comfortable armchairs of officialdom. The second is a common human failing, the first is entirely to their honor and was both a part and the prerequisite of a considerable achievement. Now

¹ CS&D, p. 238

² CS&D, p. 239

of course nobody talks about achievement but only of failure: the vanquished always have a bad press. It is natural that the men and groups that stepped into the place of the socialists do not have any eulogies to offer for the regime of their predecessors. I suppose it is also natural that the socialist themselves, the members of the German party as well as all non-German socialists of the same creed, now compete with each other in proffering derogatory comment. If natural, however, both types of criticism are eminently unjust. It is not only that critics are being wise after the event and, in the case of foreigners, almost always inadequately informed and quite unable to understand that situation and its difficulties.¹ The decade from 1918 to 1928, during which the social demo-

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cratic party may be said to have been the dominant factor in German politics, merits careful and sympathetic study. Such study would reveal anything but failure and the ultimate defeat is such more accounted for by the difficulties – or impossibilities – inherent in the data of the problem than to anything the socialists did or did not do. If their experiment were ever to be repeated, the only hope for success would be in again steering the same or closely similar course. Personally, I should not even feel justified in blaming them for what to me seem the obvious blemishes and mistakes of their regime.²

Nonetheless, that decade qualifies but ill for a test cases concerning the attitude of socialist to democratic procedure. Nor can I think of any better instance – unless indeed we agree to accept the Russian and Hungarian cases both of which present the crucial combination of a possibility of the conquest of power with the impossibility of doing so by democratic means.³ The Austrian case might be cited as an importance for adherence to the democratic faith. Well, in a sense, the Austrian socialists did adhere to it in 1918 and 1919 when that

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was not yet, as it soon afterwards became, a matter of self-defence. But during the few months when monopolization of power seemed within their reach, whereas majorities were not, the position of many of them was certainly not unequivocal. At that time Fritz Adler referred to the majority principle as the fetishism of the “vagaries of arithmetic`s” (Zufall der Arithmetik) and many others shrugged their shoulders at democratic rules of procedure. Yet those men were regular party members and not communists. When bolschevism ruled in Hungary, the question of the course to choose became burning. Nobody can have followed the discussions of that epoch without realising that the sense

¹ Fußnote Schumpeters: *This, I am sorry to say, also applies to Mr. Norman Thomas's criticism.*

² Fußnote Schumpeters: *For if we consider their temptations the thing to ponder at is that there were not more of them. Of course, if the reader and I got together at cocktails, we should be able to draft what would have been the ideal program for them. For we are such superior persons – perfect foresight also being among our minor accomplishment – that no conceivable juncture could have prevented our complete success. But we cannot ask that the German Social Democrats should have risen to our height. They were just ordinary human beings.*

³ CS&D, p. 239

of the party was not badly rendered by the formula: “We do not particularly relish the prospect of having to go left (=adopt soviet methods). It is too risky. But if go we must then we shall all of us go.” This appraisal both of the country’s general situation¹ and of the party danger was eminently reasonable. So was the inference. But urgent loyalty to democratic principles was not conspicuous in either. Conversion to them undoubtedly came. But, to many the leaders, it did not come from repentance but in consequence of the Hungarian counter revolution.²

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Please do not think that I am accusing socialists of insincerity or that I wish to hold them up to scorn either as bad democrats or as unprincipled schemers and opportunists. I fully believe, in spite of the childish Machiavellianism in which some of their prophets indulge, that fundamentally most of them always have been as sincere as any other man. Besides, I do not believe in insincerity in social strife for people always come to believe what they want to believe and what they incessantly profess. And as regards democracy socialists are presumably not more opportunists than the rest of us: they simply espouse democracy if as and when it serves their ideals and not otherwise. Lest readers should be shocked and think so immoral a view worthy only of the most callous of political practitioners, we will at once make the experiment.³

Do you define democracy by the principle that the will of the majority of grown up citizens should prevail? Well, what if that majority wished to have heretics burned at the stake? Would we uphold such a democracy? I am not trying to tease. The case is by no means fantastic. It is a simple matter of historical interpretation. As tradition has it, Nero burned Christians and Jews partly in order to appease the public wrath directed against himself, i.e. in order to do a popular thing, i.e. to fulfil for once what he sensed to be the will of the people. Suetonius, obviously expressing public opinion, records the measure to his credit. Nor is it possible to deny that the persecution of protestants under Phillip II. was in Spain – not of course in the

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Netherlands – thoroughly approved by the majority of the population and that this fact was precisely one of the motives, though neither the only nor the most important one, why Phillip II. embarked upon this course.⁴

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Or take the persecution of witches and wizards. This was not forced upon people by priests or princes. The Catholic church, as both discussions and measures in the thirteenth

¹ Fußnote Schumpeters: *That is, they saw the dangers of an attempt at bolshevism in a country conditioned as Austria was – practicably at the mercy of foreign military missions and frowned at by ...*

² CS&D, p. 239/240

³ CS&D, p. 240

⁴ CS&D, p. 241

century clearly show, greatly disliked the matter and reluctantly yielded to the will of the people, trying hard for two hundred years to restrict punishment to spiritual penalties. Princes and governments disliked it still more and, as soon as they felt that they were strong enough and that the belief in witchcraft had grown weak enough, i.e. in the eighteenth century, they lost no time in suppressing persecutions. In Austria for instance, the Empress Maria Theresia (1740—1780) took a line that is very characteristic of the state of things: there were individuals, she proclaimed, who thought themselves witches without having the powers of witchcraft – these were to be shut up, not however in prisons but in lunatic asylums; there were others who fraudulently pretended to have such powers – these were to be punished, not however for witchcraft but as any other swindlers; and finally, there were real witches and wizards, of course, but all such cases were to be reserved for the personal judgement of the Empress. Why did that great ruler, who certainly did not lack courage, choose so devious a way in order to attain so simple an object? Simply because she felt that

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here she was fighting the genuine will of the people and doing a very unpopular thing.¹

Finally, to choose an example which has some bearing on modern issues, antisemitism always has been, in most nations in which there was any considerable number of Jews, among the most deep-seated volitions of people. On the continent of Europe, both the Catholic church² and the princes in general tried to shelter them, and the latter in the end emancipated them, but the will of the people was the other way almost all along. That is why politicians so often resort to antisemitic slogans and policies. They are sure to appeal to the masses and in fact have produced, in the last sixty years, some of the most striking political successes. Whatever the reason why one may condemn those policies the democratic argument – provided democracy be defined as above – can never be among them.

I grant: we may still be “absolute” democrats in the sense of holding that the democratic principle is morally binding under any circumstances and has to be upheld regardless of consequences. And we may still, in good logic, say: let witches be burned, dissenters, Jews and what not be prosecuted through centuries, the will of the people must be done.

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Yes, we may. But a much more natural thing to do in such cases, is to speak of a rabble instead of the people, to hate and to fight it as the most stupid and brutal of tyrants and to refuse to surrender to it our moral and cultural ideals. But then we are pro tanto, surrendering our allegiance to democracy – at least in the sense now provisionally adopted

¹ CS&D, p. 241/242

² Am Rande links unten weist Schumpeter in einer schwer zu entziffernden Fußnote zu dieser Textstelle auf die Schutz-Bulle *Sicut Judaeis* von Calixt. II hin, der ab 1120 Oberhaupt der katholischen Kirche war.

– and doing exactly what socialists do for whom capitalist practice is not less repulsive than the burning of heretics, witch hunting and the persecution of Jews are to the mentality of capitalist society.

Incidentally we thus have gained a point which will still prove to be of basic importance in an argument that is to follow. Many of us, who would not have it said that they are for democracy only so far as democracy does what they are prepared to accept and who would at the same time refuse to uphold democracy if it does what they abhor, are inclined to seek comfort in the reflection that such outrages never proceed from the “true” will of the people, that the people are fundamentally wise and kind – though sinister interests or tyrants may temporarily mislead them – and eventually always amenable to reason and humanity. But then, unless this is merely another way of expressing the very thing which it is desired to deny – viz., that democracy has no claim to our allegiance unless it behaves does what we consider wise and kind – we are no longer speaking of democracy simply, the concept of which does not imply anything about the psyche of the

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masses and the way it functions: we are introducing extraneous and highly controversial matter. Belief in those additional propositions is no doubt historically associated with democracy; but it is subject to proof or disproof by cold analysis and *however* no question of ethical principle. There should be no theology about it.

Several bodies representing American opinions have of late professed their allegiance to democracy not as a means but as an end in itself. These professions are usually motivated in a way which together with the circumstances that prompted them enables us to make perfectly good sense of them. The motives given include, for instance, freedom of conscience and discussion, free elections, freedom to shape one’s life. And even if not expressly stated, the implication is that fascism of all types is to be fought in reason and out reason and that, in particular, no compromise is to be made (though, it must be add in the light of history, occasional alliances may be formed) with groups that advocate “temporary” or “transitional” deviations from democratic practice. All right. But the correct way to formulate what it is obviously intended to convey, is that under the conditions of this time and country strict adherence to the principles of democracy seems the best or only way to serve those ends which for the sponsors of those resolutions are the truly “ultimate” ones and to ward off those dangers. The very wording of those resolutions refutes their claim that democracy is an ultimate end, i.e. a value that does not derive from “higher” ones.

Whatever else it is or is not, democracy is certainly an institutional device or a political method incapable of determining per se and for all times and places

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what will happen within its framework – what ideals will be realised, what crimes will be perpetrated. Hence it is difficult, although, as we have seen above, not impossible to

conceive that it ever could be an “ultimate value” to anyone. All the easier is it to conceive that in one way or another, but differently in different environments, it will affect what for every one of us are ultimate values.

That distinction – we might designate it as a distinction between organizational forms and cultural contents – is after all obvious. The very fact, however, that such an obvious point required elaboration shows that we cannot stop at my attempt to clarify the attitude of socialist parties to democratic procedure. If we wish to understand how socialism and democracy are related to each other or what their relations is likely to be in practice, we must probe more deeply into democratic ideology and machinery – into the meaning of democracy which some of us find so much easier to admire than to define.¹

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Nachweis des zugehörigen maschineschriftlichen Manuskriptes:

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¹ Fußnote Schumpeters: *In the light of our results we shall then try to interpret Marxian Doctrine on the subject.*

4.2 Über den Willen und dessen Qualifikation

4.2.1 – 4.2.3

die Extraneous matter	Multiple leadership?	Habe schon gesagt, daß Sozialismus <u>can</u> be, in logical ground, also muß auf [die] Frage hinaus: can be democratic und welchen Sinne?
Will of god but embodied in Demokratie (Greenville) ¹ Text of belief in freedom of the thought (why Arkansas keine Demokratie) (advocating pressure of jew?)		Habe schon transitional argument
Russel and Frothingham ² Bright ³ , Democr. Stammler ⁴ wo Bright one of those thinkers that mistake sand for rock	Dem. procedure setzt voraus, a) nicht zu große Gegensätze und viel common ground, b) with agreement in Methode and manners Aber Kapitalismus also becomes incomp. mit Demokratie!! ; the complex society of today...	
II.		
Well, what is democracy? Whatever we mean to stand for unconditionally, we try to raise to ethical dignity ⁵ implying, if possible, a claim to universal allegiance and a-limine exclusion, in the name of common decency, of any other view. On the one hand, this will in general force us to associate that something, whatever it is, with the maximum number of other ethical values that are likely to call forth support. On the other hand, we shall be naturally unwilling to commit our ideal to specifications that do not qualify for general ideals and savor of historic relativity		
Braucht doch nicht Bolschewist zu sein – ist doch genug. wenn für Democrats trial: wenn der Bolschewismus seinen fellow-traveler /:findet:/, braucht er nicht mehr	und öfter ist replacing an unsuccessful government, behält <u>good</u> for the people. ↑ Tatsachen aber /:nicht:/ one for me ist Geschichte – wo funktioniert, und außerdem gilt jeder in gleicher Weise! ...	Frothinghams ethics betont responsibility als ethische Prinzip
Rationale of constit. Monarchy		

¹ Wohl mit Bezug auf Überzeugungen der *Fire Baptized Holiness Church of God*, mit Greenville als Zentrum.

² Octavius Brooks Frothingham (1822 -1895), ein amerikanischer Geistlicher und Schriftsteller.

³ Offensichtlich ist der britische radikale Politiker John Bright (1811-1889) gemeint. Vgl. hierzu George Macaulay Trevelyan: *The life of John Bright*. Mit Russel dann der führende englische liberale Politiker John Russell, 1st Earl Russell, (1792-1878).

⁴ Wohl Rudolf Stammler, deutscher Rechtsphilosoph

⁵ An dieser Stelle Zusatz Schumpeters über der Zeile: *Aber ist doch eigentlich ethical Dignität – /:mild:/ u.s.w.*

Ethical principle in Demokratie gerade als Methode (gentleness – nicht vergewaltigen)

Would not help us to adopt Standpunkt jener, die sie zu moral principle machen mehr was in einzelnen Falle Bedeutung hat, Russell, die Amerikaner, Bright, Mazzini

Aber nicht, wenn man Aristoteles konsultiert

auch nicht in Wortbedeutungen – Schwierigkeiten können so gezeigt werden

48 – democracy

Don't be afraid of relativism! Modern man has to accept it

Does not mean half- heartiness or compromise

What people really mean by fighting (und das schon verwendet) for or against it particular /:kräftiges:/ Ziele or ideals, which in particular historical situations it is believed to safeguard or achieve wenn they fight und die for democr

Ethical principle -historical relativity

What we want

Liberty

group Freiheit

individuelle Freiheit

“Lot” ist more democratic
als Wahl

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4.2.4 & 4.2.5

	<p>1) Kein will of people als such 2) Real will of individual – aber mit vielen /:Qualifizierungen:/ Idee darf nicht Werkzeug anderer Zwecke sein (aber das sind die “hohen” Zwecke) – /:kleine:/ Bourgeoisie We are thrown back [what] on Individualismus und group-wise volition und anderen resultiert</p>
<p><u>Wo specialist rule und classe dirigente?</u></p>	<p>Real can be only individual and group-wise volitions. But third, if we base the case for democracy on those, we run up against some palpable facts that bar the way. <u>Ideal in the clouds</u></p>
<p><u>Democratic [??]</u></p>	<p>1) Though always psychological or socio-psychological realities, those volitions are very often indefinite. Political issues outside the immediate realm¹ do not appeal to the individual or group as the daily interest and duties immediately feel. Quite ready to bargain away and be educated. Is a process of advertising so well understood in the case</p>
<p>Poincarés Ideal aber /:das richtige:/? Wo eigentlich Bürokratie, professionelle Politiker, Partei, Intellektuelle, pressure groups</p>	<p>of consumers behavior? Or appeal really only when too late and faits accomplish. Now what rule of the people is this if people will what they are told to? Autonomous and created will</p>
<p>Billigung des Resultats und Billigung der Methode, verschiedene Dinge ↓ wichtig dieser Gegensatz zwischen Volkswillen und Willen des Volks</p>	<p>2) Even if perfectly definite and strongly and watchfully held our committment², it does not follow that any of the knows methods of producing synthetically what will bear interpretation as a resultant of independent individual components, there is no guarantee that this resultant will correspond to what anybody really wants – even what the majority wants. <i>Phrase vote free impl. access to inform.</i>³</p>
<p>Dann Fakten der Massenpsychologie (Wie ist äußere Politik möglich? Eben nirgends demokratisch)</p>	<p>And it is easy to visualize circumstances in which what most people really want will more effectively be secured by non-democratic method. To establish this we need not confine ourselves to cases of successful paternal absolutism. Napoleon I hardly comes within this category. But was above to that, later to Eugene Beauharnais⁴, und wenn anders kam, so war das due to failure (die gewiß etwas mit dieser Methode zu tun hatte) Auszuführen?</p>
<p>Rule of Minoritätsführer: / [??] Methoden der sozialen Auslese</p>	<p>Spezieller Grund dafür: Leute, wegen ihrer unmittelbaren Interessen und weil ihre Gruppe durch Handeln auf eigene Hand nichts erreichen könnte als Schaden für eigene Interessen und eingespannt [werden] in Partei können [sie] oft nicht: Beispiel workman Hitler und Mussolini: was Leute wollen, oft mehr erreicht durch Methoden, die jeden zwingen, politisch zu handeln. Freilich auch Gegenteile – aber auch bei Demokratie; Yes selbst trade union workman! (<i>Braun</i>); weniger der Bauer ([??])</p>

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¹ Lesart unsicher
² Lesart Uraki: *uninterfered*
³ Der kursiv gesetzte Satz ist wohl eine spätere Ergänzung.
⁴ Stiefsohn von Napoleon I., 1805-1814 Vizekönig von Italien. Vgl hierzu auch *CS&D*, p. 256 n. 3.

4.2.6 & 4.2.8

Also wenn Interesse der besonderen Gruppe oder des Ideals es erfordert, democracy too easily jettisoned (as bourgeois delusion) als das Wesentliche sein könnte²

...the relevance of the observation that the test of a belief is seriously interfered with by absence of choice.

Resultat:
Ebenso Demo-
krat wie jeder
andere Demo-
krat
[??]¹

gewiß denn ehrlich geglaubt

Das also nicht nur Wiederholungsgefahren mit III,
sondern /:separat:/ Wiederholung in der oder [??]
“Depression”

[??]³

Resultat so:

6.) Marxian teaching⁴ a) in its original form, finally did not meet the real problem face to face and it is for this reason only that it can be proudly displayed both to the bourgeois and the erring bolschewist brother. b) Like almost all the socialists of that time, Marx came from bourgeois democracy – had democracy in his intellectual and moral blood. c) It was for him axiomatic as other 18th century ideas were and he had no motive to question it in the sphere of analysis and, with his eye for political reality, every motive not to declare it a bourgeois illusion. d) On the other hand: Eroberung der politischen Macht nicht notwendig auf democr. Weg; “Diktatur der Prolet.”⁵ e) Moreover he believed that the very logic of the economic process would of necessity turn the vast majority of people into socialist⁶ so that realization of socialism would in fact arise about by virtue of the will of an overwhelming majority and hence in a way which it would not be obviously absurd to call democratic. He did not visualize the act as, say, an orderly Constitutional Amendement. Revol., force, ⁷terror even might be necessary but only to overcome the resistance of a few wrecked *die hards*⁸ and their hired henchmen, quite insignificant in number and social function, whom obsolete institutions put into the position of hiring thugs. His coercion was thus the coercion of a minority only, and excluding the hireling, a very small one and

a) wohin die Frage, ob das so ist – ob Sozialismus inter-
essenmässig eine Majorität
(außer wenn Interessen
nach bestimmten Idealen
definiert werden)
b) fragen, wer vergewaltigt
wird: Majorität oder Mino-
rität
c) Diktatur des ... über das
Prolet
d) weder Majorität oder Mi-
norität, nur Querköpfe –
/:Standesvertretung:/, über
Genossen nur permissible
e) wenn das wahre Demo-
kratie ist, end up mit real
question aber glaubt eben
daß Gleichheit.

Demokratie, die nicht für
Sozialismus, ist eben nicht
wahr! Keine bessere Logik!
Ist eben Gegenstand nur
[der] Erkenntnis und eines
Ideals

Ob Artistic und skilled Ar-
beiter besser dran [sind], ist
eine Frage, die wir jetzt
nicht debattieren, ist aber
eine Frage, über die ver-
schiedene Meinungen mög-
lich sind

¹ Lesart Uraki: *Inquisition*

² Läuft diese hölzerne Steno-Dekodierung darauf hinaus, von einem anderen Standpunkt aus könne man die Demokratie leicht als ein bürgerliches Trugbild abtun?

³ Hier wurden Randnotizen nicht entziffert.

⁴ Einfügung in Steno hinter *teaching*: *Über [??] Kontroverse vielleicht nicht so schwer zu erklären*

⁵ Den Aspekt d) hat Schumpeter oberhalb der Zeilen notiert.

⁶ Hier als Unterpunkte eingefügt: a) *exempl. [??]* b) *logik of sit.*

⁷ Über den folgenden Worten die Einfügung: *Seine Diktatur ist nicht dict. einer privil. Minorität. Dict. here und nicht am Schluß des Arguments, s. p. x.* (Dieser Hinweis auf “p. x” könnte sich auf das Blatt beziehen, das nachstehend unter 4-2-11 vorgestellt wird)]

⁸ Über „die hards“ die Einfügung *obstructionists*

Wo Gleichheit und Freiheit. not only that but one stigmatised and disqualified by special
... characteristics

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4.2.9 – 4.2.10

Collisi-
onsgefahr
mit /:Sät-
zen:¹
nach der
“degres-
sion”

Aber ist
das so?
Das wie-
derholt
→

Even, he must be protected against the implications of the words dictatorship and class war which in reference to social strife socialists used very much before the strata the use by which they so much disapprove. Dictatorship was in his order l’ideé only a slip due to his yielding to the temptation of literary effect. Does not mean more than that other interests should not count much more than gr. happiness of gr. member or everyone to count for one, Bentham with some spoil. And class war refers to attitude to each other is not thought of as military conquest of a resisting majority, Engels’ tactical studies notwithstanding. What he would have said in present sit., ist gar nicht sicher; ob er gesagt hätte, – bourgeois illusion?

He² probably did not think of possibility to have access to power ohne Majorität – wie könnte das waffenlose Prolet. – would have thought the

¹ Lesart möglich: *Szene*

² Gemeint ist Marx

question futile and irritating produced by hairsplitting caviler. Comm. Manifest. sicher “revol.” und nicht betont “legality” aber [??] und das ist /:Sünde:/ auch noch von Kautsky¹ und von prewar Neomarxists, obgleich Hilferdings² Entdeckung, daß nicht von selbst zusammenbricht, sicher der Auftakt für heikle Diskussion war.

Vielleicht sollte es so heißen: There is however a diff. even about this which we must digress to investigate. In England wichtiges Gesetz kann nicht passieren, wenn zu kleine Majorität und resignation.³ See next page! But then perhaps better not to mention the disqualified minority on the preceding page.

Schon das gibt uns 1 Moment: wie consent und force zusammen möglich sind!!

Dieses Ganze passt nicht zum Text
Und Marx tut sogar,
was sonst nicht gelingt –
erklärt wirklich, wie
so eine overwhelming
Majorität zustande
kommt.
Aber später sagen,
wie dieser Wille entsteht?

...

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¹ Karl Kautsky (1854-1938) führender Marxist und deutscher sozialdemokratischer Politiker.

² Vgl. *HEA*, p. 882

³ Vgl. hierzu in *CS&D*, p. 280 n. 21 über die „major bill“.

“p. x”

Also angenommen, dass /: Begriff:/ “disqual.” minority – schon eingeführt (aber dann Diktatur des Prole. nicht unmittelbar vorher) sondern vor forcing: und nur zu sagen, was [das] bei Marx bedeutet und daß andere Bedeutung später diskutiert wird.

7.) This makes all the difference. An attempt to enforce the surrender, regardless of its will, of a minority (let alone majority) whose social vitality is as yet unimpaired, is one thing: an attempt to enforce the surrender of an atrophic minority that merely hangs on by virtue of the inertia of social institutions, is quite different another thing: commonsense tells us that meaning as well as chance of success differ fundamentally in both cases. From this standpoint a synthesis becomes possible of Consent und Compulsion which is no mere compromise between fundamentally irreconcilable elements but has a sound meaning of its own. Of course it is very difficult to apply in practice: some people will always hold, other people will never admit that a given minority is disqualified in the sense defined. But this does not affect the principle; we have nevertheless get hold of a rational solution of the conflict which disturbs the minds not only of modern socialists but of non-socialist democrats. In order to show this and also in order to guard against a very natural misunderstanding.

Let us take an aeroplane and “hop off” to France, not to modern France, but to the France of the twelfth century. We observe – disregarding certain elements, especially the towns – a feudal organization. The feudal lord and their henchmen form a minority

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of the population. But we readily understand that in the circumstances of time and country no other organization of society could be a practical success and that any attempt to do away with it would end in chaos in wholesale destruction of cultural values and even in danger of injury to the survival interest of that society. Now let us choose another plane, one which flies between New York and Paris of 1789. We observe another social structure. It also contains feudal elements. But they are readily seen to be no longer necessary wheels of the social engine which on the contrary could work more efficiently without them.¹ Hence alighting from our plane, we have no difficulty in realizing that abolition of their privileges which had become functionless dead word is now a completely different matter. It was, in historical fact, substantially secured by convent on the famous night of the forth of August. But if it had not been or if in spite of that convent there had been sectional resistance, compulsion would look to us in a different light.

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Here also dann auch auch englisches Beispiel oder später?

Und daß praktisch [die] disqualifizierende Minorität oft [eine] kleine Minorität ist

¹ In der Vorlage folgen 6 gestrichene Zeilen des Manuskriptes und ein Anschlußverweis.

(Das zuerst vielleicht und dann mit englisch [??]¹ illustrieren) das aber bedenklich, weil ja auch /: Regierung:/ [??] wenn in kleiner Majorität; aber warum? Weil und dann nicht [??] handle can – sonst würde ruhig im Amt bleiben

I have chosen a favorable example. It suffices however to show that our distinction between enforcing the surrender of “vital” and enforcing the surrender of “disqualified” minorities is not otiose or practically futile. Nor is it merely a matter of our subjective preferences. The point to grasp is our recognition of the vitality of a minority group or of the functions such a group fills in a particular national organism – I cannot stay to show why the two will as a rule coincide – is entirely independent of whether or not we sympathize with groups or approve of those functions. Being modern men or women and flying the Stars and Stripes from our plane we should probably like the feudal stratum that we recognized as vital just as little as we should the bathroom arrangements of twelfth century France. And if we travelled to France of 1792 or 1793, we might appreciate those cultural value whose carrier the persecuted aristocratic stratum continued to be and hate from the bottom of our hearts – I for me should – the stupid phrases, the sanguinary brutality, the moral squalor incident to the method by which the institutional deadwood was being eliminated. But neither class of feelings nor personal value-judgements is relevant to our criterion which turns on a question of fact and not on a question of valuation.

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In our everyday life however and in our thoughts on social subjects we are in the habit of adopting exactly the opposite criterion. We take our stand on our personal or group-wise valuations and recognize or disqualify other group or interests or ideals precisely according to whether or not we sympathise with or hate them. Whenever some of value is of sufficient moment to us and whenever we hold it with sufficient zest, as at certain junctures we hold religious convictions or at other junctures certain substitutes for them, the other fellow walks in darkness and this darkness, however widely spread, must not be allowed to prevail over the light. For the socialist – as far any “ist”, in fact, prohibitionist or other – the non-socialist is not simply in error but also in sin: this is the test of any belief which lays claim to absolute truth and knows no argument outside of the propaganda for and the exposition of the true faith.² This attitude is one of the outstanding facts of our time as with varying connotations it has been one of the outstanding facts of all times; it is practically much more important than the one we have adopted above, we shall keep it steadily in view. Just now however I have merely to advert to the danger of confusion between the two, a danger which is particular great if we speak of a vital minority as “justified” by a social “function” and of an atrophic one as disqualified by the absence of it.

But it should be clear

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¹ Dem Kontext nach: *Beispiel* oder *Praxis*

² Hier bricht der Zettel mit dem Manuskript ab.

that our criterion of disqualification can only apply to minorities: it supplies a condition which democratic practice requires for deviating from the principle of government by consent and without which it is no part of that practice to override the will of minorities. The other criterion has no reference to whether dissenters are in a majority or in a minority and no place in the theory of democratic practice: on the contrary, it supplies a condition for attitudes and decisions which are, and at all times have been, among the chief sources of antidemocratic tendencies.

8) We thus glean another preliminary contribution to an analysis of democracy. A third one may also be linked with our interpretation of the Marxian doctrine. That overwhelming majority itself, which Marx (rightly or wrongly – this we shall discuss later) visualized and whose revolutionary action would eventually realise socialism, was to consent or rather passionately to insist on the change from its own unadulterated volition. No doubt party pedagogies would be necessary to work that volition into polish. But they would not create it. The idea that preaching of the goal would create the will to socialism is not Marxist but typical for the socialist schools which Marx dubbed “utopian”. According to him genuine volition of the masses would

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of necessity emerge at the right time as the reflux of objective conditions that would atrophy any other volition, and it would be as little suggested to them as he thought their class consciousness was.

It stands to reason that there is something in this which is absolutely essential to all democratic theory or practice.¹ Whatever that will of the people may be which democratic doctrine accepts as the cornerstone of its structure, it must exist as an independent reality, independent in particular from the action of the political organs or agents it is to control. Not only all dignity and all emotional value but even all meaning would evidently go out of the democratic ideal if that will were manufactured, in particular, if it were manufactured by those political agents themselves. Now, there cannot be any doubt that it can and often is manufactured by professional politicians or by groups that are formed to espouse an interest or ideal. In such cases the spirit of democracy is

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lost, however carefully its forms may be observed. And we must always distinguish them from the genuine cases. For this purpose we will introduce two self-explanatory terms: we shall consider it essential for democratic decision to derive from and embody Autonomous Volition; we shall call non-democratic a decision that reflects Created Volition.

¹ In der Vorlage folgen 4 gestrichene Zeilen des Manuskriptes und ein Anschlussverweis.

The difficulty of carrying out this distinction in practice, is again readily admitted. [??] ¹...

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Frage, ob das (besonders zu “lest”) nicht unter II gehört!

Englisch example
(disqu. Minorität kleine Minorität)
aber vielleicht in 10/ II [oder] III

Aber hier sehr viel
drin, was später
kommen sollte!

Even about this, however, there is a difficulty which we must now digress to notice. It will stand out more tellingly if we consider it not in abstracto but in the concrete setting by England parliamentary practice. As a rule, England governments resigned or dissolved not only when actually defeated but also when their majorities fall below a margin which, though elastic and a matter of the Cabinet’s judgement was yet, at any given point of time, a very factor in the political situation. There were exceptions but these only strengthen the inference. For whenever a government that was thus insufficiently supported, was allowed to stay in office, it behaved, and was treated by the opposition, exactly like a government in a minority which sometimes was also accorded qualified support on certain understandings about what it would do or not do. Similarly, a government supported by a small majority rarely opened up major controversial issues and if it did, this was looked upon as something very like political misconduct. Major measures involving large questions of interests or principles² were proposed and carried either by at least tacit agreement with the opposition or part of the opposition – such as old age pensions or tariff reform – or else after sweeping victories at the polls and by the resulting large majorities. If

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majorities were not large or if they ceased to be so at the second reading of a major measure, this measure was as rule not proceeded with and either dropped or shelved.

Why so if the will of the majority is law? Closer observation of the half dozen or so of standard cases will I think convince you that this question cannot adequately be answered by consideration of tactical commonsense. Of course, a cabinet that decides to go on with a margin of a few votes will expose itself to the danger of humiliating defeats in the conduct of current business. Still more will it have to risk party values, if it attempts legislation of a controversial nature when support is already inadequate independently of it. This is true, but it is not the essential point. There have been many prime ministers who were quite willing to take their lives in their hands and to fight against very heavy odds. Sometimes they even succeeded as e.g. Disraeli did in

¹ Nachstehend nichtentzifferte Notizen u.a. mit Bemerkungen zu *multiple leadership* and *compet. leadership*.

² Am Rand die Notiz Schumpeters: *or are* [principles]

the late sixties. But the point is that they and both their followers and opponents looked upon such a proceeding as improper. Everybody felt that great issues should not be decided by victories cleverly snatched by a neck. Parliament and the nation ought to more thoroughly persuaded first. And if attacks on the House of Lords were not more successful this was precisely due to the fact that what we may term the theory of it's function came to be increasingly based on that very consideration which

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appealed even to people who were on principle most violently opposed to that institution.

Now this attitude is very significant. It means not less than the principle that the will of minorities should not, in a democratic community, be unconditionally overridden or the will of the majority unconditionally prevail – but only if that minority, besides being simply a minority, presents also other characteristics, for instance if it is small, if it is felt to represent a single interest without importance to the rest of the community, if what it want is morally disapproved of and so on. Whoever puts this attitude into practice, votes each time want of confidence in the abstract majority principle. At the back of it is, on the one hand, the belief that there is a right and a wrong answer to every political question which it is possible to formulate in a simple and trustworthy fashion, and, on the other hand, the belief that the overwhelming majority of the people can be made to see it and to act upon it the “common good” by means of a straightforward process of rational persuasion. Impossible not see the derivation of these beliefs from the rationalist (and exploded) psychology and sociology of the Enlightenment, roughly the seventeenth and eighteenth centuries. Equally impossible not see that practicable application of those beliefs can successfully work only under very special circumstances. Presently we shall have to face the consequence of this, do not let us forget two shining truth: Right or wrong as to the underlying theory of political behaviour

Wo common good

Wo aber die
Sozialisierung:
immer Demokratie –
/nie:/ Demokratie

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that ideal was certainly the most human – and humane – one of all, also the one that took the most generous view of human nature; and, possible or impossible as a general canon of political structure and action, it actually almost worked at least in our modern country, England, and under the particular conditions of, roughly, the nineteenth century.

To return. My digression has made it clear, I hope, why I have emphasized so much the peculiar quality of the minority which in Marx's vision would be swept away, by force if need be, in the

great revolution from which the socialist phoenix was to rise. If my interpretation be correct, anyone who wishes, can establish his claim to being considered as true a democrat as he was a socialist, the patron saint, then, not of all socialist creeds of today, but of the social-democratic one only. Myself, I do not go so far.¹ Loci can be found in some of his writings, especially in his correspondence, which will no doubt bear a different interpretation, and I suspect, though I still prefer my own, that Marx would, if he lived now, have made the discovery that democracy is a bourgeois illusion. I suspect this for a very simple reason – because, in a sense, it would be true.

But I do not care: what Marx did think or would have thought is not very important. Important is that where it tallied with practical possibilities, socialists have jettisoned democracy.

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¹ Zusatz über der Zeile: *I dont insist on my interpretation.*

4.3 Verschiedenes zum Demokratiekonzept

4.3.1

- 1.) Geschichtlicher Überblick über soc. Politics nur bis Bernstein geführt
- 2.) Schwierigkeit to link this up mit Demokratie
das democratic Thema wird so zu einen /:bloßen:/ Intermezzo im weiten Kompass
sozialistischer Möglichkeiten und Prospects of Sozialismus

- 3.) andere Dinge: war, Religion, for policy u.s.w.
führt demokratische Methode zu Sozialismus? ...

↑
all parts, auch Marx
können unter diesen
Gesichtspunkt
↙ gebracht werden

In diesem Zusammenhang werden Nietzsche
und Neomerkantilisten wichtig!!

Der Ökonom, der individueller Verantwortung mißtraut, kann doch
nicht Demokrat sein: kann doch die Sache nicht Leuten
anvertrauen, welche ihre razor blade nicht rationell ??? können

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4.3.2

Wo war mein Kopf, als ich Tac.¹ am 9.I. verließ?
Kein warbooms – ms! Und wo die Notizen über Sozialismus, die Waste vol. [??] ?

Und democr. is eine Methode,
das schließt aus, daß [sie] ideal ist

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¹ Taconic ist der Wohnort der Eheleute Schumpeter.

4.3.3

Doch fraglich wäre selbst Sozialismus [,] der
democr. arrived Lehre ist,
es auffordern kann, alle Lehren und
Rücksichten zu dulden
Freilich: wenn diese Dinge tot sind...

Vielleicht eine auch ganz gute Wendung:

Can there ever be a socialist majority and thus a democratic way to socialism? (Haben wir das aber nicht schon in III gesehen

Oh, yes a) snatched victory

b) Realiz.¹ in the fullness of time – our own
argument proves this possibility ...

[REFERENCE](#)

¹ Lesart Uraki: *ready*

4.3.4

Welche Fragen wir um das Problem der Demokratie gruppieren können, dafür aber nötig, etwas genauer zuzusehen	<u>Dass nicht ultimate value sein kann</u>	<u>Eventuell nach den Aussichten diskutiert</u>
<i>Discussion on democracy</i>		
polit. Demokratie in a sense (mit freedom) will perish mit Kapitalismus – as compet. perished		

a) über claim, daß nur sozialistische Demokratie [??]	<u>freedom and democracy</u> nicht das easier to <i>adherence</i> than to define	
b) und Übergang	Schwierigkeiten, daß die Leute display – das ist, weil nicht Demokratie Wortdefinition würde uns nicht helfen	
nicht nur rule sondern government		δημος ¹ see Russell aber wichtige Tatsache daß Theorie für einen bestimmten Begriff entwickelt Κράτος ² Delegation Repräsentation transfer
sowohl Κράτος wie people artif. (will of) definiert!	ursprüngliche Theorie, das edle Volk “the people” wir sehen daran Einstellung der revolutionären Bourgeoisie unhaltbar; aber wieso möglich zu halten	
	Andere Theorie still dann Sozialismus	In einem Sinne immer Demokratie in einem anderen ist good for and by
		↑ For what “people” (Majorität) think their Interesse to be
		Methode to appoint supervise recall the leader.
Bernstein³: <u>Was herausgekommen wäre</u>		

[REFERENCE](#)

4.3.5

Dem[okratie] ist ein Mehr oder Weniger
kein scharfer Typus

Fundamental: no rule possible if Organismus
as a whole turns against rules

Abgesehen von Monarchie und Aristokratie
verliert nun Dem[okratie] alles Distinctive

[REFERENCE](#)

¹ Demos

² Kratos

³ Wohl eine Anspielung auf Eduard Bernstein (1850-1932), den sozialdemokratischen Theoretiker und Politiker, Initiator einer Revision der marxistischen politischen Auffassungen.

4.3.6¹

4.3.7

Demokratie – vielfache leadership?
mehrere Parteien?
Kritik? Das ist auch in Sovjet

Andererseits ist Demokratie die Forderung
daß Leute nicht anderen Zwecken dienen
wollen: und in diesem Sinne wirklich
individualistisch -kapitalistisch

—————[REFERENCE](#)

¹ Die „Original Card“ ist nach einer Mitteilung von Uraki verloren. Auch im Archiv wurde kein Original aufgefunden. Ich kann daher die folgende Wiedergabe des Notizzettels in Urakis *SPR* weder verifizieren noch sinnhaft zuordnen. Auch die Satzzeichen werden nicht immer mit dem Original übereinstimmen: „Instances overstates ... they would not necessarily be absent in Socialism in the case, in which es an Verstehen fehlt. Also some disappear in investigation, though climbing about it is fashion. ... Finally pathological genius that apparently cannot take care of itself is quite often success. Rousseauian hat not much reason to complain. ... Let off sentimental romance about this – talk about underprivileged”
Quelle: *SPR*, p. 217.

Leute verstehen verschiedenes, weil an verschiedene Resultate verschiedener demokratischer Prozesse denken

relativly *unity* part of world order; aber das kommt von Zielen mit denen associ.

könnte ich dann sagen: how far also Methode ideal sein kann, als einzige würdige Methode, ob Rücksicht auf andere Ziele werden wir sehen.

Aber schon hier klar, daß nur historisch sein kann,

weil a) Resultate nicht /dieselben/ nach Art der Leute, Struktur u.s.w.

b) nicht immer möglich – das auch ohne Definition zu /sehen/

Wenn wir für above ideal erklären, so nur, /daß ich meine/, für dieses Land und Zeit
Witch-hunting¹ u.s.w. vielleicht später, wo das gute, edle Volk gezeigt, aber zunächst /lasse/ ich Sache wie ist. ...

Dann kommt andere Theorie

Dann kommen Bedingungen des functionierens und der Satz, daß ineffi. vorliegt mit Bezug auf Dinge, für [die die] Demokratie nicht geeignet

und dann, daß nicht möglich ist straff organisierter Staat – Sozialismus und Demokratie – auch die claims und Übergänge?

Und andere Ideenströme?

Wo über democracy und freedom

Dem. und war

Dem. und Religion

Wo anderer Gedankenstrom [??] in democrazia

[REFERENCE](#)

¹ Vgl. hierzu Schumpeters Argumentation in 4.1.1-4.1.9.

.4.3.9¹

Self-det. of people: einige /:Schranken:/ klar: eine kleine Gruppe kann so “deb”, daß sie ein [??] aus einem großen Organismus macht	z.T. ist das nur so, weil /Staat?/ nicht /erliegen/ <u>wollte</u> und daher so organisiert wurde, daß er in der Tat dafür geeignet
[??]Amerikaner in 60[er] /:hofften:/, daß ihr Land als Ganzes einen Sinn hat.	
Das natürlich leicht für conditions der kleine Staaten, because they did not case for those Greek-Organization	Phrase [“]state create nothing[“] ist meaningless immer ist das ein Individuum – und <u>das</u> kann auch im [??]
Kapitalismus löst Probleme und jetzt das Wohnungsproblem. ... Warum das so schwer ist – weil nicht in Fabrik /:versuch:/ geht.	← Stand des Professional; wie ein [eigenes] Interesse; Interesse des Arbeiterführers und Interesse der Arbeiter. ...
Der trade union Sekretär der seinen ersten strike hat	Aber was liegt dem zugrunde? Ist es so? Why should it be so? Ist das nur bourgeoise Erfindung – oder ist etwas to it – Motive oder was?

[REFERENCE](#)

¹ Der Versuch zur stenografischen Dekodierung dieses Blattes noch mit vielen Unsicherheiten behaftet.

4.3.10

Wo eigentlich über claim der Sozialisten, daß Sozialismus die einzig wahre Demokratie?
 Was ist da gemeint? Was Wirtschaftsdemokratie? Wirtschaft im Interesse aller?
 Oder Leitung demokratisiert – politische Besetzung
 oder einfach Druck weggenommen, der Leuten es
 unmöglich macht, wahrhaft demokratisch sich zu verhalten

Möglicherweise in Essay III!

oder III von IV ...

Arbeiter in Luxusindustrie ist ein seller of its products – und wengleich der Sozialismus
 verspricht, daß er für Arbeiter produzieren würde, so ist nicht sicher, ob er besser daran
 wäre

Schwindel mit class consciousness in I? ...

REFERENCE

4.3.11

Zuviel nur gewöhnlich¹ und
 zuviel Rationalismus

Keine /Selektion/
 für /Gleichheit/

Andere Annahme –
 Rationalismus in
 einem anderen
 Sinne

Die 2 neuen /Begriffe/, soziale Psychologie,
 Massenpsychol., primitive thinking, Infantilism, dann
über Majorität – diese und andere Fragen auch
 vielleicht mit neuem /Begriff/ in meiner Theorie

↑Fourth, that does not necessarily mean, of course, that the
 phenomenon itself which we refer to the term will of the people is non-existent. There
 is such a thing, distinct from the will of the state, which is in turn the product of the
 interaction of poli

Erstes Requirement – not to shy at any facts

Second, well let us get generally over threat: (threat tyrants pretended to rule for the people,
 außer Malatesta type) Discover and dictatorship Caesar

Napoleon

Theorie des autonomen Wollens – erklärt nur Zigarette...

Individualismus und group will, wichtig links, aber nicht letzte Daten

Teaching und Information
 only means to work them up

We only [??]² das Argument cuts against any democracy
 [??]³

2 Probleme: individueller Wille
 und Gruppenwille und /Volks/wille

und das 3. ist will of the state

Markiert itself as an
 ideal

REFERENCE

¹ Lesart nicht ausgeschlossen: *gewonnen*

² Lesart Uraki: *discover*

³ Hier eine nicht genau entzifferte Bemerkung in der Richtung, mit Blick auf die öffentliche Meinung
 seien auch Nebenfragen wie die Wirkung von Werbung zu untersuchen.

4.3.12

Controlled Econ – controlled thinking

Aber obgleich Sozialismus does not imply democracy
neither does it imply begrifflich non-democracy
aber praktisch ...

[REFERENCE](#)

4.3.14¹

Eigentlich immer oder nie Demokratie

Die amerikanische Phrase: leader

Sozialismus ist als große Bürokratie zu denken

Daß der Arbeiter nicht aufsteigen kann --- wie viele
Stahlins² gibt es denn?

Klassenidee

[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Schumpeter spielt hier vielleicht darauf an, dass *Stalin*, der Parteiname Dzhugashvilis, der *Stählerne* meint.

4.3.15

On aristocr. Wahl

- 1.) Das ganz besonders wichtig (und nicht, wie ich sagte, uninteressant); hat seine Vorteile
- 2.) Results in the past und present (Besetzung von bus. executives)
- 3.) für Zukunft vielleicht sehr wichtig (Bolschev.)
- 4.) Aber ist eben thwarting of dem. ...

Aristokratische Wahl geht über in appointment

- Appointment a) hervorheben daß nötig ist und beweist daß demokratische Methode nicht 100 percent durchführbar, ...
- b) helps greatly to make democr. work, ...
 - c) Democr. may spoil it (refined form of spoil system: prop. Aufteilung auf /Anschauungen/)
 - d) Was mit compet. exams (all right as far as go und können, in erfahrenen Händen test more than a body of knowledge andere "tests")

In a exam. paper ist Kultur und Persönlichkeit

[REFERENCE](#)

4.3.16

Wer Sozialismus jetzt will, muß nicht Demokrat sein
(Rechtfertigung von Stalin)

Aber wenn will created – heißt nicht mehr als
jeder Tyrann relates regime
wenn er sich sicher fühlt

Freiheit, die erkämpft werden muss



Justice ... lib. und
equality
(of individual opp.)

Keine Majorität zu erwarten in absehbarer Zeit – außer snatched

Resign:

aber nicht so schlimm
und Hoffnung, daß wirklich der Tag kommt,
wo so eine Majorität besteht, die besonders bourgeoisie einschließt
und wie dann operate – ?? auch s. III Essay, und wir sehen, eben, warum um
so besser je weniger dem¹, aber kein Wesengegensatz?

Und wenn nicht eff, so macht nichts, wenn in fullness of time

[REFERENCE](#)

¹ Nur zur Erinnerung: *dem* steht hier und oft in den Notizen für *Demokratie*.

Socialism und Socialist´s

The real issue

(ob Menschheit ein Stand macht
gegen sloth¹)

Das sind die heiklen
Themen

Hitler und Stalin haben Erfolg,
weil sie die letzten Wahrheiten
erkennen

Diktatur über Prolet.
in III oder IV.

Marx disfigured by phrases
from the people´s lobby

Aber es bleibt der creed, und wer den hat,
kann sagen: Soc. are in sin
schon deshalb, weil für sie nicht der
/:essentielle:/ Punkt ist und schon in
diesem Sinne kann soc. nicht dem. sein !!,
weil Gegensatz möglich und hence etwas
anderes wichtiger für ihn

[REFERENCE](#)

¹ Lesart Uraki: *both*

Gettysburg address¹ in ... “Our fathers brought forth on this contin. a new nation conceived in Liberty und dedicated to the Profession daß all men are created equal.” “We highly resolve that government of the people, by the people, for the people, shall not perish from the earth.”

Self evident all men are created equal; that they are endowed by their creator with certain unalienable rights; that among these are life, that among these are life, lib[erty] and pursuit of happiness+
 +that to secure these rights, gov[ernments] are instituted among men deriving their just powers from the consent of the governed; dann aber Form of gov[ernmen]t becomes destruction of these ends, it is the right of the people to alter or abolish it.²

Decl. of indep. 4 July 76³ sets out with so vague propositions (and equal. means nothing)

Dieser erste Satz nur formal preamble to specif. wrongs, und auch diese nicht für Historiker account [??], rhetoric und sentimental but capable of embodiment in familiar habits of action

Rousseau’s teaching nur used to give [??] of idealism und attraction of [??]⁴ to practical canons of conduct

 1773, 2 letters in Berlin Gazette by Samuel Adams⁵ – spricht schon von States und urged for a Congress to draw up Bill of Rights. (Address mit Ambassador in England) here are oppressors to be force: far from indep. States (das grew out of Stamp Act). A tea affair culminating Dec. 16, 73; landing the tea would betray unhuman thirst for blood – tea was worst of player und alles out of conciliatory measure

Contin. Congress of 79 verlangt exemption from gen. authority of parliament on three grounds. a) immutable laws of human nature, b) Br. Constit., c) Colon. churches

¹ Die Gettysburg Address hielt der 16. US-Präsidenten Abraham Lincoln am 19. 11. 1863 anlässlich der Einweihung des Soldatenfriedhofs auf dem Schlachtfeld von Gettysburg: Four score and seven years ago our fathers brought forth, on this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal. Now we are engaged in a great civil war, testing whether that nation, or any nation so conceived, and so dedicated, can long endure. [...] It is for us the living rather to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us – that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion – that we here highly resolve that these dead shall not have died in vain, that this nation under God shall have a new birth of freedom, and that government of the people, by the people, for the people shall not perish from the earth.

² Der Text hinter dem + steht im Original unten in den Schlusszeilen.

³ The Declaration of Independence: [...] We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just Powers from the consent of the governed, — That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness.

⁴ Mögliche aber prekäre Lesart des Stenografen: *ominös*

⁵ Der Brief war nicht nachzuweisen.

Hamilton sacred rights of mankind, they are inherent und indefeasible; Blackstone (Sir William 1723-80¹) editor); absol. rights – life, liberty, property² und als Folge legislation toward political rights nicht /:kulturell:/ sondern ex Parlament i.e. Konstitution i.e. common law Colonies virtually representend in Parliament, sagten die Engländer. ...

Welcher Schwindel dieser Satz,
daß people cannot be taken *ob* consent given
persönlich oder “by representative” of owner

—REFERENCE

4.3.20³

Über civil war ... weiter ad amerikanische Indep. ... Selbst wenn europäische Allianz gegen England und alle militärischen Schwierigkeiten überwinden werden wären; so hätte man die colonies doch nicht dauernd beherrschen können: man hätte around occupation gehabt und das hätte übergehen können in peaceful admi. accepted by colonists; wollte eben nicht in Westen behindert sein, wollen nicht anderen Zwecken dienen. ...

Wanted to sever und waren ja deshalb ausgewandert. ... Hätte verschiedene Ideale entwickelt und in der Tat zum großen Teil England War precisely, um englische rule los zu sein. ... Materielle Interessen nicht so klar aber eben die form to union sind allgemein die anderen Schätzungen. ... No major end or interest was served for Americans by the membership in the Empire as things then stood and as soon as they had establ. themselves. ... Very little in moral und social bonds und so ganz natürlich; freilich sagen sie nicht, daß a) brauchten grievances und “right” b) liebten in den Phrasen der Zeit, aber das bedeutet nicht viel und ist eine *coincidence* ... Was die Theorie services ...

—REFERENCE

¹ Engl. Jurist, Rechtsgelehrter, member of parliament. Schumpeter reflektiert hier Blackstones *Commentaries on the Laws of England* (1765-1769). Book 1, chapter 1 (Of the Absolute Rights of Individuals) heißt es ebenda: Hence it follows, that the first and primary end of human laws is to maintain and regulate these absolute rights of individuals. Such rights as are social and relative result from, and are posterior to, the formation of states and societies: so that to maintain and regulate these, is clearly a subsequent consideration.

² Im Gleichklang zu life, liberty, property notiert Schumpeter links am Rande *life, liberty und pursuit of happiness*,

³ Zu diesem überwiegend in Steno notierten Blatt Schumpeters zum amerikanischen Bürgerkrieg liegt mir deren Entzifferung durch den Stenografen leider nicht vor, so dass ich keine kritische Bearbeitung bieten kann.

4.3.21¹

tatsächlich wie Hohepriester

In 1775 /:hat:/ Sinn, demokratisch zu sein innerhalb England of George III und was die Amerikaner nicht liked, they called injustice.

Ausgehen:

Democr. nicht scharf umrissen
ist immer, und nie ein matter
of methods und degree, in welcher
– zudem “the great mass” directen Einfluß hat.

“For them dem. is not a means.”

Wo über Freiheit? Wo über justice?

Nimmt viel von Interesse – no choice
Wo choice und Demokratie herauskommt, [??] more obvious /:als:/ causa
not clearly superior; Sozialismus kann nicht verurteilt werden

VII keine Majorität
Der Sozialismus des demokratischen Überganges
möglich, aber wird nicht sehr gut wirksam

Appointment ergänzt und improves democracy
die immer genötigt ist, ihr eigenes Prinzip abzustumpfen

Dem. und Kapitalismus haben historischen Zusammenhang...wirklich? [??] ²...

Heutige Kommunisten sophisticated and frivol
wenn Leute stars and stripes wollen why they dont cost much

Freiheit zu sagen, zu denken, zu schreiben, was man will; wird das in Sozialismus sein: im
Kapitalismus ist möglich, aber für die Möglichkeit im Sozialismus würde ich eher auf
/:Führungs: / [??] eines Mannes vertrauen, der bescheidener [??] eines Sekretäts eines
committed³

[REFERENCE](#)

¹ Ich habe hier auf eine topografisch orientierte Wiedergabe verzichtet und die Gedanken lediglich voneinander getrennt.

² Der Rest der Bemerkung ist nicht zu entziffern

³ Passage kaum zu entziffern

4.3.22¹

Warum nicht früher: demos grown up ist norm [,] state of world [,] Kratein ist Kontrolle und Auslese durch compet. for votes oder comp.. Appointment?	
Ist power und numer. strength in dem. synonym?	[??] Vol 1; p 15 Goal und Methode! ... p 244 ein innere Grundsatz nur von Monopol und compet. ist politc. power? über Definition Wertheimer 270 sehr wichtig “caricature” p 273 – only its reality
Wie steht Demokratie zur Überwertigkeit einer kleinen Minorität	Aber viel wichtiger, ob dem. “God” überhaupt möglich ist Sollte diskutieren, was bedeutet es für Leser darüber zu urteilen
[??] consent wird auch anderes erreicht – well dann ist even dem. doch ein Mittel	Freedom of press – vote “rightly” and “justly”, i.e. wie bourg. will. ... diese Behauptung von der kapitalistischen Presse
Polit. and social democr. – was heißt das anders, als daß politische Methoden nicht überall anwendbar	Was ist strukturell center 277: nicht gegen [??], sondern gegen injustice U.S. und Frankreich ganz verschieden unreal 277/8! in Opposition to the rule of others remedy gegen injustice – anderseits [??] ⁴ Wenn es auf “injustice” ankommen, dann gerade nicht auf Demokratie–Monarchie
Range of variation ?? America dann auch die neuen Elemente und kein amerikanische Typus	“enlightened” rate of people and kommt zu central idea of justice and reason, zu welchem alles andere nur means! Das zu diskutieren bei Constitution and bei performance.
Zum Schluss, recht vernünftig über frontier period 283, implied, daß die kein ideal sondern circumstances ??? ??? ²	Strukturelle Autonomie of individuelle particip in decisions voting freely from convictions. Auslesentheorie macht selbst voting from interest strukturell sinnvoll: man muß die Leute gewinnen – und so setzen sich Interessen durch: das is real his democr. und braucht auch nicht “Gleichwertigkeit”
Mob als court of justice ! Mob cannot do wrong ??? digress ³ of dem. System Es ist Faschismus – ??? und das ist Faschismus	... Können nicht sagen, wovon sie reden außer daß es wesentlich ist, was gut und schlecht. ...
<u>Eigentlich auch über public opinion?</u>	
democr. und harmony democracy und division of powers hierarchical in der Struktur und /individuell/ points 281 Und dann kommen schon die interfer. hinein, und dann kommen all die schönen Dinge 279—80 (open ???, fair play) , 1) justice, 2) Autonomie des Individualismus	

¹ Schumpeter referiert und kommentiert hier ein früheres Manuskript zum Thema. Zu den von ihm jeweils angegebenen Seitenangaben kann hier nichts mitgeteilt werden, da das fragliche Ausgangsmanuskript nicht vorliegt.

² Der weitere Verlauf der Passage ist undurchsichtig.

³ Lesart unsicher

⁴ Uraki liest: *for funeral*

- 3) equality
- 4) liberty – laissez fair,
- 5) freedom – /toleriert/ aber nicht harming

Wesentliche Moment der Überwertigkeit einer kleinen Minorität roughly in der Auslese etwa 10 %.¹

— REFERENCE

4.3.23

Intellektuelle in II oder V?
Interventionismus in V?

Wie gut gemeint und richtig geführt diese lächerlichen Fragen auf dem Einwanderungsbogen sind und diese Phrasen aus Unamerican activities

Und wichtig ist, daß Demokraten eben nicht nach ihren Prinzipien handeln.

Unter Demokratie nicht vergessen. ...

1) daß state versuchen, den Willen der Leute zu führen und zu verfälschen; see Frauen voters league² und das Argument, daß sonst Gewicht verloren wird – mehr will auch Hitler nicht

multiple leadership
competitive leadership ...

2) Russell³ verstand unter Demokratie einfach Gegensatz zu Monarchie und an intriguing court. ...

3) wichtig für Jeffersonian dem. ist nicht nur soziale Struktur von damals (changing meaning of American “people”) –, sondern auch tech! sailing boat, kein Telegraph, kein Radio. ...

4) 2 Schritte: a) gibt keinen Volkswillen, b) der Wille der Einzelnen muß als distinct fact vorhanden sein!
Das ist auch wichtig im Zusammenhang mit leadership und multiple leadership

— REFERENCE

¹ Diese Bemerkung senkrecht am rechten Rand
² Die League of Women Voters wurde 1920 zur Unterstützung des Frauenwahlrechts gegründet und verfolgte das Ziel, Frauen eine größere Mitwirkung in öffentlichen Angelegenheiten zu ermöglichen. Elizabeth Boody Schumpeter war in der Liga aktiv.
³ Zu Russel s.o. 4.2.- 4.2.3

4.3.24

Und so ist es auch bei war, Staat, non-Interventionismus und allen anderen Dingen
Altweiberpazif[ismus] ist jetzt der, der Pazifismus in dem Sinne, in welchem es der
Sozialismus immer war

Und das "Geschäftsinteresse" ist für Frieden!

hier oder in III

Demokratie ist eine Methode
schon gesagt. ...

[REFERENCE](#)

4.3.25

1) Religion
Christi. Blut
Call der Gemeinde, universal priesthood

2) second – flattering phrase ...

3) far off ideal oder selbst entgegengesetzter /:Tatbestand:/
amerikanische Indep. hier vielleicht Sezession? und Lord
John Russell

4) oft Bedingungen für individual will und ein desired
popular will annähernd gegeben: Schweiz

Ruhige Umstände, ruhige Leute
am schlimmsten bei großen Entscheidungen: hinterher frei
(Sezession und world war)

Wo der¹ South?
vgl. mit Consti.

[REFERENCE](#)

¹ Lesart des Stenografen: *die*

Sense of property und being tied to a place
 Florence – a house there *oder* staying in a Hotel

 Auslese der Führer, aber

1. eine fundamentale Schwäche bleibt
2. case then rest on virtues dieser Führerauslese ohne das¹

Democr. ist rule of politician und, daß heißt, eben eine Methode der Auswahl der rulers

Jeder kann sich als ruler offerieren (was das schon ausmacht in the face of which parties! und kann daran nicht anders gehindert als durch zugelassene Mittel

Über Propaganda
 ist immer[,] was der andere sagt

 Aber [ein] einfach good, das jeder billigen muß, ist Voraussetzung für einfachen will
 Wenn das nicht, so kein Wille, sondern complete Structure of group action mit Resultate, die keiner will und die auch nicht compare sind

(Und das bleibt auch bei
 /:Neuerungen:/ Theorie)

(A country never means
 or wants anything).

Wichtig ist das gewisse Probleme: settlement of [??.] unemployment leicht zu lösen sind in vielen Fällen.

Was Leute wollen, ist Freiheit to mess und be protected von Formen² mit Disziplin

Inquisition muß andere rules haben als publicity. – Bedeutung der publicity und Demokratie

Gar kein Dignität von was immer für ein Prinzip aus, und ganz [??.] von Resultaten³

[REFERENCE](#)

¹ Bricht hier ab

² Unsichere Lesart; Uraki liest: *Folgen*

³ Lesart Uraki für die letzten drei Worte: *divined von Revolution*

1) In dieser Sektion ist also einfach adapt. zu betrachten, wie sie wäre in moderner Welt, zu unterscheiden von adapt. (maladies de la personnalité) to modern conditions of life (Rousseau (pull) at nerves)

2) Und dann achtgeben bei leaders bez. ihrer sullenness, wenn Diktat des Intellektuellen daß das nicht kollidiert mit Übergang! Und auch mit Vergleich!

Und muß nicht der Arbeiter adapt. werden to loss of freedom? (daß von freedom und dem. nie mehr gesprochen wird, als wenn im /:Begriff:/ sind to vanish, ist nicht erstaunlich, ebenso von insecurity, wenn viel mehr secur "job security"]

3) ist zweifelhaft, ob diese Sektion nicht besser to be scrapped und section divided up into 2 and 4
Aber es ist ein Argument da

Vielleicht am besten Punkt (3) zu beginnen und ökonomisches Argument da gleich ganz darzulegen

[REFERENCE](#)

4.3.28¹

Schluß von I, zu diesem Zweck müssen wir uns Demokratie mehr anschauen ²		
Nicht Majorität, nicht Minorität – consent Und dieser immer zu erreichen und immer <u>gut</u> Das <u>nicht</u> immer gut ist zu zeigen, wenn ich sage, daß auch [??] ³ nicht absolut für Demokratie sind, oder nur aus metaphysisch 18. Jahrhundert <i>mehr den Gütern in die Theorie</i> : die guten Leute tyrannisiert und betrogen von Fürsten und Priestern, oder dann exploit		⁴ Zuerst, im Anschluß an Stellung Marx und Nachfolger, den Begriff des kreierten Willens einführen <u>oder das in II</u> und vorher common good? Und in I nur noch: daß Demokratie für alle Mittel ist
----- Manufactured will anführen -----		
Lest you should think, I am holding up Sozialisten to scorn als opport. will ich sagen, daß das praktisch ... und you <u>too</u> Wie steht das zu general allegiance to System?	cr. ⁵ Wille und Auslese – Das sind 2 Dinge, deren Verhältnis noch nicht feststeht	Lest you thorough think wie N. Thomas ⁶ Sozialisten halten zur Demokratie wie zur Religion
Kreierter Wille führt Sache schon logisch ad abs.		Wo “Sozialismus on defensive”? in V (soz. Polit.?) Wo auch Intellektuelle u.s.w. Wo eigentlich Klassenkampf ...

[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Satz in der Vorlage kopfstehend.

³ Vielleicht: *Yeoman*

⁴ Nachfolgendes gegenüber dem links stehenden Text um 90° gedreht.

⁵ Gemeint ist: *kreierter Wille*.

⁶ Norman M. Thomas (1884-1968), führender amerikanischer Sozialist. Siehe auch 4.1.1-4.1.9.

ad: Nicht-Majorität! – consent!
 Besonders böse ist Vergewaltigung von sectional minorities¹ (Civil war; Middle West) wo es sich um complete communities handelt und Majorität verfälscht wird – bedeutet hier einfach, daß ein größeres Gemeinwesen ein kleineres vergewaltigt.
 Also in der Hauptsache /benutzt/

Wichtig: mich besser mit Schlagwort auseinandersetzen, daß nur bei ökonomischer Gleichheit wirklich Demokratie bestehen kann

Theorie ist, daß /:Wurzel:/ aller Macht ökonom. ist – und schon das ist falsch; aber auch Fakten falsch: was sind sie: local manager oder lawyer in /:ihr:/ pay des N. Y. absentee Machthaber!

Wäre das auch in Sozialismus möglich? Oder kann heißen: daß nur sie
 Boss rule
 und wie viele Phrasen und Wunschträume sind in der Behauptung, daß Sozialismus so demokratisch ist; oft [ist] gemeint, daß Maschine für alle arbeitet! Oder für Konsumenten! Oder daß niemand zu erfrieren braucht.
 Aber etwas daran!!

Argument, mit dessen Hilfe die kapitalistische Freiheit nicht anerkannt wird

— [REFERENCE](#) —

¹ Über der Zeile die Bemerkung: *um so /mehr/ als Landesgrenzen arbitrary*

<i>Greatly improved – no longer necessary to accept progress as impossible as virgin birth</i>	Consent muß sein, die Leute, die verfolgt sind, einschließen. Wie wirkt sich das bei den Juden aus? Und bei sozialistischen Reformen? -----	Aber sind nicht Glieder des Demos Was also wird aus Maj. prinzip?
Proportion von ↗ Unterwertigen!	Die kleine Minorität, die so überwertig ist.	
<u>Ratifikation</u>	Führerauslesetheorie hat auch folgenden Vorteil	
Initiative Die überwertige Minorität ist berücksichtigt und es gibt leading man, aber dürfen nicht zuviel sein free vote und autonome vote nötig	a) daß morons (und daß nicht nur pathol.[morons] und nicht nur stupidity, sondern auch Künstler) ¹ mitentscheiden sollen, nicht mehr <u>so</u> absurd: auch in allegiance ist nötig b) das moralische Prinzip (<u>immer mehr als weight</u>) ² , daß auch die negro waitress eingeschlossen sein sollen, wegen des brutalisierenden effects des Ausschlusses auf andere (Argument über Todesstrafe und körperliche Züchtigung) c) nicht <u>jeder</u> fully prinzipiell akzeptiert, sondern nur alleg ³ . der Leute, die fully haben d) hat mehr Sinn zu sagen, daß Leute entscheiden sollen, wie sie regieren wollen, als Entscheidung von issues	
Das Plus Kontrolle und consent ist far from perfect und zwar schon im reinen Falle und trotz Kontrolle können leader z.B. Sit. schaffen, in der Krieg unvermeidlich ist	↙ “such a good fellow” ”drink coffee” host of repres. bodies e) äußere Politik der Dem. ist drifting. (world war!) ... aber autonomer Wille f) aber ich glaube, daß da noch etwas fehlt g) Proporz but it still requires und sehr oft sind es bes-sere realis ...	
Democra. /:Technik:/ im Elect. nicht die issues zu sehen – und wenn das Aberration ist, so darf man nicht vergessen, daß der aberrance Kapitalismus auch was zu bieten hat – würde er schlechte Autos produzieren oder Verelendung, so wäre das anders Wo Dictatorship und Proporz Referendum, plebiscite Democracy wie Amerika dabei true will und Minoritätsrechte sichert		

[REFERENCE](#)

¹ Die Passage in Klammern ist in der Vorlage über *morons* eingefügt.

² Die Passage in Klammern ist in der Vorlage über *moralische Prinzip* eingefügt.

³ Gemeint: *allegiance*

4.3.31

not forcing Minorität, sondern nur “Querköpfe”
ist eben wie für alle Leute: Demokratie not “means”
nur solange demokratisch wie alle anderen

Zu Demokratie gehört belief in reasonableness und persuasive power of reason
Respect for [will](#)
Hätte Entsagung bedeutet – das führt auf fundamentale Schwierigkeit

Die Entdeckung daß kein notwendiger Zusammenhang,
doch eigentlich später – obgleich schon gesagt
defining feature does not imply

Ich gebe also in I—I die marxist Stelle ganz auf und weise nur auf die spätere
Diskussion darüber hin!
Aber dann auch alles über Consent und Compulsion!!

Influence, Information, Propaganda

Würde Marx nicht vielleicht entdeckt haben, daß Demokratie ein bourgeois Ideal ist!

People do not want to serve
purposes not themselves

[REFERENCE](#)

4.3.32

... it was out of the question for him¹ to accept so important an article of the bourgeois faith as it stood. That would have uncovered a most inconveniently large expanse of common ground. But we have seen in the preceding Part that he knew how to meet this difficulty by boldly claiming that only socialist democracy was true democracy and that bourgeois democracy was no democracy at all.

[REFERENCE](#)

¹ Es ist wohl Karl Marx gemeint.

4.3.33¹

Die Regierung, die Wirtschaft managed, muß ähnliche
Autorität haben wie Unternehmer (Was für [??]²
außenpolitisch daher kommt, das ihm immer politisch
[??]muß, was Amerika jetzt tun könnte)

Democr. Sozialismus in Sinne von *heaven* ist eine
illusion. ...

—————[REFERENCE](#)

4.3.34

Unmöglichkeit, wo große Differenzen
Wo Majorität framework Mißbilligkeit

Man darf – ebenso wenig wie dem Kapitalismus – der
Demokratie ihre Entwicklungsstufen vorwerfen, aber
parliamentary good ist eben nur eine Form
konstitutioneller Monarchie

Ist Demokratie rule of politician?

Democratic Process

—————[REFERENCE](#)

¹ Die rechte Seite wurde nicht berücksichtigt.

² Der Stenograf hält *Malheur* als eine mögliche jedoch unsichere Lesart.

Dann was Demokratie ist

Demokratie ist compet. leadership,
aber a) als Prinzip, nicht nur Tatsache,
b) nach gewissen Regeln (wie Konkurrenz in der wirtschaftlichen Sphäre ja auch)
Und hat nur das zu tun mit Freiheit?
Vergaß Proporz zu erwähnen

Über amerikanische Revolution: konkretes Ziel, aber mit wider idealism und /:Omen:/
Grossly exagg. Rationalität
practical approv. to *custom*¹ will

2 Dinge vielleicht: autonomer Wille
qualifizierte majority

non-autonomer kreierter Wille
...2 Dinge: gewisse Dinge realized
Minority-Theorie

...

Amerikaner wollten französische Hilfe, wie die
Engländer jetzt amerikanische wollen

[REFERENCE](#)

¹ Lesart Uraki: *creative*

4.3.36

Wo Freiheit, Gleichheit, justice (ist immer " justice to ... ") und wo das tenet, daß Soc. die /:reine:/ wahre Demokratie gibt	<p><u>Proporz</u> in Encycl¹ Jede trace of <i>demos</i> ought to be represented That and nothing else is dem.² (Aber though transf. vote; in England kein party dictat, obgleich darauf heraus- kommt; große constit.; führt zu teamwork und Maschinendiktat; andere Methode voting für Parteilisten, deren Order nicht geändert werden kann. Aber was nützt das, wenn man hinzufügen muß, daß Demokratie defeats itself, wenn fully carried out und only works if maimed. (und schlechter wird, je logischer durchgeführt) und das ist ja nicht zu verwundern</p> <p>-----</p> <p>Dem. ist <u>langsam</u> und expost und braucht Ruhe</p>
---	--

-----[REFERENCE](#)-----

4.3.37

<p>Wo gut Funktion: Switzerland, kleines /:Glück:/, starke mit- telere Klasse nicht viel Probleme; schweizer Hotelindustrie gibt dem Bauer viel direkte und indirekte Vorteile – er liefert, seine /:Mädle:/ bringt dort hohen Lohn, viele schweizer Ho- tels grew out of village inns.</p> <p>-----</p> <p>Nordische Staaten – Niederlande. ...</p>
--

-----[REFERENCE](#)-----

¹ Wohl: Encyclopaedia of the Social Sciences, 1934, Vol 12, p. 541 ff.: Proportional Repräsentation.

² Lesart Uraki: *clear*

4.3.38

Also doch erwähnen, daß keine Connotation?

kein restore adverts
lies like politican

What there is done?
good by lying?

Und über Info.; “wir dürfen nicht zugeben”; der Politiker
kennt oft the issues gerade nicht (um nicht die Flanke der
Angriffe darzubieten)

Distortion

Ein war wäre nicht democr.
Altweiberpazif¹

People wird Mob (das schon unter I) wie überhaupt Wieder-
holung gefährlich ist, wo ich über fehlende Connotation spre-
che; Substit. unserer eigenen /:Welt:/ doch gerade dort ge-
nannt

free vote in diesem Sinne, des Verstehen der
Person, einfach nicht möglich.

— [REFERENCE](#)

4.3.39

Democr. Info. erzeugt diese scheußliche Excitement
und Bullfight Atmosphere

Wo über Freiheit; subgroup Freiheit nur in
mittelalterliche Technologie/:lehrer:/ gesichert.²

You never know what you
are fighting for
but your descendants do
What were Lee’s men fighting
for at Gettysburg – for Amerikan Freedom.

— [REFERENCE](#)

...

¹ Altweiberpazifismus

² Zum Verständnis dieser Passage sei an Schumpeters Vorstellung von „technical economics“ (so etwa HEA, I, p. 58) erinnert. Damit ist Wirtschaftslehre in einem engeren Sinne gemeint, von ihm auch „ökonomische Analyse“ bezeichnet. Die Freiheit, auf die Schumpeter hier anspielt, galt also a) nur für Angehörige bestimmter Orden oder akademischer Korporationen und b) nur soweit und solange, als bestimmte religiöse resp. politische Überzeugungen nicht berührt wurden. Vgl. hierzu auch HEA I, p. 76/77.

4.3.40

Here, daß überragende Bedeutung einer kleinen Minorität von Überwertigen völlig verkannt.

Swiss commonwealth – aber könnte man nicht daraus schließen, daß ökonomische Gleichheit das produzieren würde?

— REFERENCE

4.3.41

Auch Diktatur über das Prolet. ist nötig, denn dieses ist nicht mehr vorbereitet und reif als andere strata. Und sogar besonders unreif, weil Deorganisation durch Agitation, die fast jede Arbeits- und Arbeiterordnung zu einem Unrecht gemacht hat

Auch Illusionen über efficiency



Note 1) Zweifle noch immer, ob die dictatorial Methode nicht besser zuerst kommt
Hängt davon ab, ob ich mehr über sie oder andere zu sagen habe.

2) Unsere Theorie der Demokratie hilft uns; hier besonders nützlich. Sie nimmt der Theorie des demokratischen Sozialismus ihre Absurditäten: nicht einfacher autonomeren Wille und Weish[eit,] Einsicht nötig und Volk, die Produktion lenkend zu seinen Zwecken, no longer thwarted u.s.w. Brauchen die Sache nicht selbst zu machen. Phraseologie über Advice der Spezialisten Man kann viel eher sehen wie gemacht – und praktische Probleme werden konkreter und leichter lösbar.

Aber entschieden viel kleiner sowohl in möglichen kulturellen und wirtschaftlichen Resultaten als auch in der Art, wie die Dinge gemacht werden.

— REFERENCE

4.3.42

Viel Wiederholungsgefahr in dem Vorhergehenden (schon in I viel gesagt davon)

Upshot, das erarbeitet werden muß? Daß der Menschheit nicht durch fooling mit /:institutionellem:/ framework geholfen wird, was nur dem *flapper* geziemt.

Dann aber mit Upshot enden: = ist eine Möglichkeit; ein weiteres Argument für Restraint des weiter Laufenlassens, Revolution das reale Mittel der incompetence! Woran ist die /:Reife:/ zu erkennen? Ist [ein] Argument für sozialdemokratische Parteien, ganz abgesehen davon, daß ein Versuch to snatch victory leicht in /:Materialismus:/ ausschlagen kann;

Aber ist nicht jene Demokratie, die Freiheit der Familie und Persönlichkeit bedeutet – die ist wirklich geknüpft an Kapitalismus oder, wenn man will, eine bourgeoise Illusion.

Aber wie konnte ich nur übersehen, daß der Geist des Gemeinwesen in capitalism, subj. Kultur – Voraussetzung der Demokratie; daß obj. richtiger – wenn Sozialismus nicht mehr Problem – führt auf obj. Kultur!

Das, was man liebt an Demokratie, sind die Ausschreitungen. Bedeutung der Tatsache, daß there are people indep. of Maschinen¹ und large part of rational life going on whatever Staatsmaschine /:treibt:/

democr. declines? reculé?

Wenn ja, dann eben, weil Kapitalismus declines

[REFERENCE](#)

¹ Maschine im Sinne von Mechanismus resp. eines institutionellen Arrangements.

4.3.43¹

2
Rousseau
...
But if you go on to say that such things are not the “true” will of the People (capital P) that the People is fundamentally wise and kind—and only smiled occasionally—and always comes to reason eventually, you are indeed professing a belief that historically associated with democracy but you are introducing further assumption not logically inherent in the concept of democracy. You are not any more positing your ethical ideal—which you are always free to do—but asserting things about human nature in politics—which are amenable to proof and disproof by cold facts. And there should be no theology about them.
If you say you don’t mean either, but simply that democratic government will under the circumstances of this time and country realize what you conceive to be the results that seem most desirable to you, I am all with you of course. But then you agree with me for you imply that democracy as such would not in all cases command your allegiance.—and you cannot reproach our socialist friends phrase...

—————[REFERENCE](#)

4.3.44

Precisely because of this it might be objected that I ought to have found room in the definition of democracy for control of measures as well as for selection of men. But to exactly that extent to which that control is real and effective (ie. allows it) it is like the requirements that the voting be free and that campaigning, organizing, discussing be unimpeded, implied in the notion of selection by competition for votes which in turn implies the power of parliament to “dismiss” a government – this is Gladstonian Doctrine – and the power of the electorate to dismiss a parliament.

—————[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Die stenografischen Randbemerkungen wurden (leider) nicht dekodiert.

4.4 Zwei Auffassungen von der Demokratie

4.4.1

<p>“Ich sage”: Jews must be protected both for their sake of the coarsening brutalizing effect und deshalb democr. restraint</p>	
<p>Selbst im demokratischen Soz. muß Regierung stärker sein als [im] Kapitalismus, weil mehr daran hängt</p>	<p>Wichtig Proporz anzuführen mit: this can be seen best oder real test in Proporz und Antisemitismus</p>
<p>II Wir haben schon von “Dem” und “will” gesprochen</p>	<p>Majoritäts-single-candidate system saves democr. by threatening it.</p>
<p>Die Leute wissen selbst nicht, was sie darunter verstehen sollen und zu Maximum von Zustimmung wollen fall in ways wie Priester[,] und Rutherford¹, der [??]spricht justice und freedom</p>	<p>9) W. K. Clifford,² the English mathematician and philosopher, who said somewhere that there are subjects in which it is difficult to make out not only what other people mean but also what one means oneself. To democracy this applies with a vengeance as soon as we divorce it from the particular interests or ideals which it is in each cases believed to safeguard or to achieve and which are in most cases people really mean to die for or fight against when they die for or fight against democracy.</p>
<p>Also das doch eingeschoben und doch wiederum nicht ausgeführt!</p>	<p>Aristotle who used the term to designate a type of what he considered as aberrations from the well ordered commonwealth. Nor can we expect much profit from analyzing the word, which may mean as many different things as there are possible definitions of the kratein: the “ruling”, and definitions of the demos: the “people”, that is to do the “ruling”.</p>
<p>Form of self-education – compensation im Anpreisen of the Amer. brand als das einzig Richtige für alle /:Werte:/ und Zeiten!</p>	<p>If we define the demos that is to do kratein so as to include what the Romans called the plebs, we got roughly the democracy of the universal suffrage as we know it today. If however we define it so as to be synonymous with Roman populus, we get</p>

REFERENCE

¹ Wohl Rutherford Birchard Hayes (1822-1893), 1877 -1881 Präsident der Vereinigten Staaten.

² William Kingdon Clifford (1845-1879).

4.4.2

Plebs: das nächste
ausgeschlossen[e]
stratum – ostracism

Aber da ist Wieder-
holungsgefahr!¹

Oststrazismus²

Aber wir können,
um Sache nicht zu
komplizieren, ein-
fach sagen: democr.
ist in dieser Rich-
tung erreicht, wenn
kein stratum aus-ge-
schlossen (Idio-
tes)[;] democracy
des allgemeinen,
gleichen, geheimen
Wahlrecht, obgleich
das nur Spezialfall
ist. →

Ich glaube aber, ich
könnte hier viel deutli-
cher darlegen: von gene-
ral appr. or allegiance,
die zu Entscheidung von
[??] und Administration
und dann noch weiter
Unsicherheit herein-
kommt durch [??]³ Re-
press. mit denen man al-
les machen kann⁴)

und dann käme (10) die official Theorie: people rule themselves or what is subst. the same thought; have a will dir of common good which they see und realize wenn taught (informed) and allowed to vote freely, which is´ all thats necessary um Weisheit, voice of *God*, und justice und Freiheit zu realis. und all issues admit of good and bad solution

~~But it is perhaps not superfluous to advance at once to some of the difficulties that lurk behind those terms. Owing to the arbitrariness entering into the concept of the demos, democracy is compatible not only with slavery and with any states intermediate between strict slavery and full freedom – the latter including recognition of membership in the political demos or the populus in the Roman sense –, but also with the exclusion, by the will of the majority of fully privileged citizens, — of any part of the population, such as women, minors, members of certain religious or racial groups and so on.⁵~~

In this sense only was it possible for Lord John (later Earl) Russell, the head of an administration suggestively dubbed the dukery, to speak of the England of the first half of nineteenth century as a democracy. A democracy that on principle includes every grown-up inhabitant that is supposed to be in a normal state of mental health and of everyone allows for to count for one and nobody for more than one is thus seen to be a special case.

Das gilt nicht nur historisch; Demokratien can take such decision any moment and circumstances are possible in which the dem. form of good offers less protection to such minorities than non-democratic (Zig. Juden)

Much more important difficulties surround the Kratein. Here we must first of all defend democracy against its own official theory which is a survival of the time of Rousseau and probably and palpably wrong in its most important tenets. If there were not another that can be substituted for it, democracy would be nothing but an exploded error.

REFERENCE

¹ Bemerkung senkrecht verlaufend

² Bemerkung senkrecht verlaufend

³ Lesart Uaraki: *duly*

⁴ In der Vorlage schwer leserlich. Diese mit einem Rotstift geschriebene Notiz verweist mit einem Pfeil auf „Kratein“.

⁵ Text in der Vorlage als erledigt oder als verworfen schräg durchgestrichen.

4.4.3

	Provisorisch[,] aber dazu käme die Ausführung von dem, was auf nächster Seite	Und no will of people as such (2) Vergleich individueller und group will
	Provisorisch (0) → aber dazu käme die Ausführung von dem, was auf nächster Seite	
	↑	
that people an only people can be trusted zo realize	[10] There is first no common Good, which people (= every normal person that has attained the age of reason) would or could rationally discern and try to realize by common effort. There are emergencies in which the overwhelming majority does see but one goal. But in the ordinary course of things it is clear, not only that individuals and groups as a matter of fact do not single mindedly strive for the welfare of all but, which is much more important, that there is no such common good or general welfare because to strive for because from each individual or group-wise standpoint that common good will in general be a different one – inedictable diff. der ultimate values	
<u>Das wäre also schon vorher zu erwähnen by Kratein</u>	There is second no such thing as a general will which could be directed toward any definite goal – government by the people, out- side of small and primitive groups, does not carry any natural meaning. Representation and delegation must come in. With rep- resentation and delegation however you can do everything and whatever you do is essentially arbitrary. The will of the people can in this way easily be frittered [away] to a general allegiance to the form of government that is – and in that sense there is except tem- porarily no nondemocratic form of government for no government can stand for a considerable time that does not command that kind of allegiance.	
(We)? man in dark room[;] black cat that is not there		
<u>Plebiszit à la Nap III</u>		
<u>“America in War”</u>	Leute machen sich geltend, aber nur ausnahmsweise und fast immer post fes- tum	Englisches Beispiel mit Parlament:

— REFERENCE

...of a whole nation to utilitarianism. That the utilitarian fathers of democratic doctrine could have failed to see this, is due to the circumstances to be again emphasised in a different context, that non of them, with the somewhat doubtful exception of the younger Mill, seriously considered substantial change in the bourgeois framework of society.

But third, having lost the common good and the definite criteria which the idea of common good¹ was above held to supply, we also loose the serviceable will of the people that could bear easily “represented”. Of course, I do not mean to deny that there are phenomena to which that term may be appropriately applied. The will of the people may be construed in many ways. But that glamorous entity that commands the democrats allegiance, that something which is always definite, which claims ethical dignity and besides which nothing else need be recognized as essentially “just as good” – that is irretrievably lost as soon as people do not want the same thing, the one that is sanctioned by utilitarian “reason”

	Weil <u>Inhalt</u> verloren; wo Weisheit des Volkes und Tugend?	
[??] ²	Also ohne diesen Inhalt gibt es nicht <u>die-</u> <u>sen</u> Volkswillen und nicht diese Sanktion dafür. Aber dann [gibts es] überhaupt kei- nen individuellen Willen und keinen Volkswillen	Rationalismus überschätzt true sanction of majority is daß aber das richtige <i>re-</i> <i>alisiert</i> implied daß Minorität [??]
Und die Leute hören das gern? Was heißt es, daß alle Men- schen born equal, der Mann, der keinen post office desk sein kann, soll gleiches Recht haben in decding über free- dom.	Graham Wallas ⁴ – Bryce ⁵	Und wo every one to count for one Christian element ...
	All men born equal good by people not necessary good for people	
<u>Daß das erste: [??]³ – eine Religion</u> Saving world by Demokratie – eine Menge generöser Ge- fühle daran geknüpft und auch Zusammenhang mit Christentum, dann gegen Monarchie	Was mit Kapitalismus zu tun hat	

— REFERENCE

¹ Von hier ab steht über der Zeile: *Behind it in the empty space emerges a complete*

² Eine knappe Bemerkung in Rot nicht identifiziert.

³ Lesart Uraki: *but*

⁴ Graham Wallas (1858-1932) britischer Sozialist, Sozialpsychologe, Politologe, führend in der Fabian Society und Mitbegründer der London School of Economics. Zu Wallas vgl. auch *CS&D*, p. 254, n. 7.

⁵ James Bryce, (1838-1922) britischer Jurist, Historiker und Politiker.

4.4.5

Nicht *Schul* und “fascist”, sondern applying repeat daß man ja zu kämpfen vor-
gibt.

Graham Wallas,
shamefaced admittance
of aberrations – ob das
das Wesentliche ist
(11).

1. People are in such a
matter not reasonable wo Der erste, der das zugibt
die Hohepriesterattitude

Attacke auf slogans und
tools ¹ des Intellektuellen,
der ja nur für people spricht

Wichtig: der volle ist nicht
nötig, wenn konkrete Frage
so gelöst, das ist auch so
beim Sozialismus!²

(11) How is it possible that such obvious and essential facts can
ever have escaped notice, except by way of shamefaced recogni-
tion of aberrations?

Easy to explain! Oft wird Demokratie eben nicht ernst genommen[,] ist
ein far off ideal oder nur spezieller Punkt – s. Russell

I. Ist eben Rousseaus philosophy. Knowledge and outlook of
eighteenth century brought to bear – progressivism forsooth.
Then, there is a radiant common good that everyone can discover,
who is not perverted. Humanity – curious attitude, ganz unannehm-
bar für positiven Geist – has only erred through history and deviated
from that natural state. And these, there is the volonte generale com-
mand allegiance from anyone who [is] not perverted (Bentham – ein
Christentumsersatz).

Und obwohl [??] und Weise und [??] fundamentaler [??] nur gefesselt
von sinistren Mächten. (Wieviel davon der Sozialismus hat!) Educate
and let vote freely – and all struggle and suffering at an end (Wenigs-
tens das für Rousseau zu sagen, daß er nicht output maximieren wolle
und wenig hielt von Kultur!)

Die schönen comfort Phrasen, die [??] [??] Ja – und das in die offizielle Theorie aber ja unhaltbar

In England funktioniert, weil von Aristokratie germed
und das ist nichts als Phraseology

[REFERENCE](#)

¹ Lesart Uraki: *Trotz*

² Diese Bemerkung ist in der Vorlage eine Einfügung über der rechts stehenden Zeile mit den Worten
“can ever have“.

Jahr: unmöglich zu [??] siehe Japan immer [??]²; außerdem: ist doch Prinzip des Politikers die issues nicht zu kennen (nicht eigentlich free trade in 1932 auch nicht Geld und zwar gerade um demokratisch [??])

Refine der lies? Jahr und Zahl; Zeitungen und radio working up in War; Lincoln's saying – Reformen wie sie zur politischen Notwendigkeit werden: dadurch daß jede strategy Position bekommt; antialcohol schon. Aber nicht demokratisch; primaries.

Also "Consent", nicht Majorität, ist here zu betonen ...

cannot fool all the time¹

here eventuell englisches Beispiel aus "kleine Minoritäten"?

justice und dem. zu II.?

II Second explanation: we are all of us rational and reasonable if at all only within the narrow precinct of our daily work, where we are on our matter, truly responsible and know our ground, – outside we are less than that! ... (ranting fools ... talk to people on world questions!) social questions:) Arbeiter oft noch vernünftiger, und eine der eter. foolishness is naive Substituierung unserer Wertungen – wir haben gesehen, daß viel Begeisterung aus dieser Quelle kommt – just our little bit ideal!

Ist das also Erklärung der dem. [??] durch Substit. von goals, welche wohl mehr das dem. im individuellen Fall realis? ...

III Third explanation: Ausgehen und unbewußtes Festhalten von Fällen der approximation groß genug, um Absurd. nicht hervortreten zu lassen. I think some political scientists still survive who begin with Arbeiter und "direct democracy" (die freilich genug Aberr. hat.) Das ist nicht entscheidender Punkt: autonomer Wille ist das Entscheidende und /wirklich/ in der /Bauern/ Republik – u.a. Schweiz – geht es; hier wirklich sort by consent, nicht by majority.

Auch in Amerika. Was wollte man: los von England, welches nach der Theorie handelte, daß Kolonien dazu da, um ausgebeutet zu werden; nicht ganz richtig – tat auch etwas für sie, z.B. verteidigte sie; und das nahm in der Phraseol. der Zeit die Form an [.] los von "king" und Monarchen überhaupt; und im übrigen: Da gab es die Farmer und die Händler, shrewd; rather primitive outlook; Problem einfach: /Bund/ wenig Funktion, /Staat/ wenig Funktion, simple problems of local good – some religion und andere Schwierigkeiten; Shay's rebellion³) – Und hearty dislike of England und absorb in Kämpfen um Millionen – da geht es und daran hält man in der Erinnerung fest und brings unconsciously to bear on organism wohl great Gegensatz of Farmer—Industrie; Industrie—Masse; everyman orientiert an anderen Dingen (Beard⁴). Leute, die nichts kennen als how to take it out on dictators, aufmachen mit "U.S. in War". – Steuerlos on troubled sea.

Satisf. gerade von Gruppen und Minoritäten, die oft keineswegs [??] des allgemeinen Wählers ausmachen. ...

¹ Lesart Uraki: *same*

² Lesart Uraki: *distortion*

³ Shays' Rebellion: 1786 und 1787, bewaffneter Aufstand von ehemaligen Soldaten des Amerikanischen Unabhängigkeitskrieges und von Kleinbauern in West-Massachusetts. Von Daniel Shays angeführt, richtete sich der Aufstand gegen die hohen Schulden und Steuern der Kleinbauern (darunter viele heimgekehrte Soldaten) und die resultierenden Verhaftungen und Zwangsvollstreckungen.

⁴ Charles Austin Beard (1874-1948), amerikanischer Historiker, Verfasser der 1913 erschienenen *An Economic Interpretation of the Constitution of the United States*.

Ganz anderes Beispiel: Frankreich der III. Republik: ging nicht gut, aber Bürokratie und keine so großen Gegensätze
...1871—1900 (nach Orleans usw. überwunden, Thiers)

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4.4.6

democr. Sozialismus ist nicht mehr germs sondern species, und das ist Faktum

Vielleicht besser zuerst, das nicht end

Wiederholung?

They were – and hence we may infer that they are also in countries in which it would spell suicide to try it and in which hence they have not decided for it – quite ready to do violence not only to “disqualified” minorities but to any minorities, and not only to minorities but to majorities just as well. The phraseology of this is highly instructive. Of course that would not be real violence. Like the Catholic church (and many other Christian communities) burned heretics in order to protect them and absolute truth, so ...

So¹ think, sought to think in their Interesse:(ist eine Frage und kein Axiom)
Pause [-] whether das ist so,
(und viele falsche Behauptungen enter into that,
nicht log. notwendig aber tatsächlich

Der Bauer ist ein Kulturwert von autonomer Bedeutung
Selbst kulturell u.s.w. kann jene Ansicht nur gehalten werden, wenn sozialistisches Ideal schon vorher als absolut angenommen ist, aber jedes andere auch!

Bringen zur Geltung und verteidigen a) den wahren Willen b) den Willen, den Leute haben sollten und würden. Das aber ist natürlich die Theorie aller reg. und ist apprec. an absolute truth und shooting

Das heißt, [dass]die, den Willen nicht haben, in sin sind [-] führt das auf creation „[??]“
Dem. heißt prevailing des wirklichen (actual) Willens

Begriff des Kreierten Willens – Wo?
Ist das der eine Punkt, den ich hinübernehme in II und ist Demokratie als expedient der andere oder daß Demokratie keinen Inhalt connotiert und daß [??] arise und Entschluß zu zeigen, daß nicht etwa gerade Sozialisten so *wirken*

Proporz?
Meine Auslese!

Und dann: (Wie immer das sein mag) democracy as a means /:und:/ nur so für andere – wenn den wirklich essent. Zielen nützt democracy als end möglich, aber look was das bedeutet.

¹ Lesart Uraki: No

“Wir müssen jetzt näher
analysieren” ist der
Schluß

Democracy worst – ja 18. Jahrhundert Judenverfolgung in Deutschland
↑
Oh yes, *bad* just now I want to get to trans. [??]¹
rel. to Liberty und Equality (was heißt das) opportunity?)
Die 2 Fragen: in Demokratie, der Volkswille shall prevail
Sind sie die /:Erben:/ der heretics? Und welche Wahl zwischen [einer] Demokratie[,] die /:ver-
bannt:/ und [einem] enl.² Monarch, der protect?
Vielleicht doch Demokratie – ja dann absolut oder Eugenik.....We agree to differ –
ich bin /:ganz:/ für Sozialisten!

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¹ Lesart Uraki: *talks* .

² Gemeint: *enlightened*

not out for debunking?

12.) Doctrine now found to be much improved.

But argument und position can be improved – much must be sacrificed, aber sie bleibt in [?]: nicht Repräsentation sondern Auslese-methode (+ Control, die aber dann nur allgemein ist oder Entscheidung ganz großer issues); das ist dann kein *good* by idiots¹ und man kann sagen, daß allegiance nötig ist von jedem.

Äußere Politik: democr.
Control darin! Nicht einmal
Kabinett weiß!

Moment der dignity

Autonomer Wille noch immer nötig – (oder Routearbeiten durch Maschine), da dann auch ebenso nötig Willensübereinstimmung; dann kein Argument, daß herauskommt, weil ...bestellung ist, was niemand will. Dann zugegeben, daß kein govt. by the people.

Heißt also Aufgeben der Repräsentation....

Look however what it means: über Auslesenmethoden
über performance /:höheren Wertes:/

Und gerade Majorität betonen – gegen Proporz; look what e. means: Starke Regierung gerade nicht Spiegel der Leute (und auswärtige Politik)

Und hat – das ist sogar der tiefste Grund – keine bestimmte Connotation, insbesondere die der “Freiheit”

[Und noch immer nötig, daß nicht zuviel geschieht, nicht zuviel anvertraut: bus. of Nation darf da nicht bus. of govt sein!]

Before going on see next page

Was nun? performance?

Anti-democr. Strömungen (z.B. eben daraus das Gefühl,
↓ daß Demokratie ???² nicht realisiert)
besonders schon bourgeoise Demokratie.

its leadership und Minorität in dem.; wie sonst tun den job und permanent competition. Besetzung der leadership ist das Nostrum das bleibt und das ist entscheidender Punkt

→ Was für ein Mann? Der Mann, der uns schlechter vorkommt, ist vielleicht der Einzige, der vor kurzem elected [??] [??]³.
What kind of man?

Dazu vergleichen:

- 1.) mit der non-dem. election i.e. election by a limited body not itself democr. Elected, Pope
 - 2.) Besetzung durch Erfolg: [??] ist prof. und in bus.
 - 3.) appointment by constit. [??]⁴,
 - 4.) Los – das ist demokratisch
- Demo. verwirkt ihre Erfolge to a combin.

¹ Hier sind Schumpeters Bemerkungen a.a.O. über die Idioten des klass. Altertums in Rechnung zu stellen.

² Eine nicht entzifferte Abkürzung

³ Lesart Uraki: *in dirt giving viel his rule*

⁴ Lesart Uraki: *gesetzt*

Ja aber dann kommt Control und Entscheiden der idiots.

4. Los

Judges and lawyers – aber gehört das nicht performance
Verteidigung! immerhin: Eigenschaft, die zum Erfolg führt, nicht
die die größte Erfüllung garantiert und /Interesse/ [ist] ein anderes
(ganz so wie bei /Kapitalismus/)

Wo Kabinett?
Und dann Berufspolitiker, Maschine, Partei,
pressure groups,
Intellektuelle, Bürokratie. ...

Bestehen Zusammenhänge zwischen Dem. und Verfall
kommt hinaus auf richtiges, in jedem Fall verschiedenes, Maß der Zügelanstellung

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4.4.8 & 4.4.9¹

Wohl professional politi.? party?
pressure group? ... boss?
Bürokratie?
Aber Lib und justice ...

Setzt voraus daß entsprechender [??]³ – Good by lying u.s.w.

12.) Fortunately however we need not have it at that. Another theory is available which takes more realistically account of the facts of democracy and at the same time salvages much of what most adherents of democratic methods mean when they espouse the cause. That theory cannot of course make of democracy an extract of all that seems sublime to the individual democrat or give no more than the rationale of a method of producing political decisions that are and remain indeterminate. But it does remove the implications bundled up in the phrase of [degenerazione in democrazia](#).⁴

Dies geht nicht
mehr nach der
Konzeption²
[??] konst. Monarchie. Korrekturen ungenügend

This we may achieve by stressing the notion of a delegation by the electorate at the expense of representation of the electorate. In the third

¹ Vorlage Blattnr. 119

² Weitere Lesart: *Konzession*

³ Lesart des Stenografen /:Sitz:/

⁴ Eine Phrase Sorels. Georges Eugène Sorel (1847–1922S) galt Schumpeter als Repräsentant des intellektuellen Widerstandes gegen das Fortschrittsdenken und den liberalen Humanismus.

Parliamentary democracy
konstitutionelle
democracy
sehr wichtiger
Unterschied; civil
world does not
end *in* channel
und ist eine Frage
der Stellung der
Bürokratie. Selbst
über militärische
Bürokratie muß
Meinung revidiert
werden

essay, we have seen that the former lacks precise meaning in any case and that a parliament is more fittingly described as an organ of the state. Let us now turn out representation bag and baggage, i.e. both the representative theory itself and all its eighteenth-century associations and boldly aver that the object of the electoral vote body in a democracy is not primarily to represent the electorate but to install a government. Or in other words, the differentia specifica of democracy consists in the assignment of political¹

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office by the method of competition for popular vote. Various clarifications are however necessary. ...

~~There seems, first, to be a difficulty in the case of what in Europe used to be called the constitutional monarchy of which today Japan affords the only important instance and in which the monarch appoints most public officers—all in fact except the heads of self governing bodies such as towns and, in some cases, provincial authorities—without necessary reference to any popular vote. For the sake of brevity I shall mainly confine them to the office of the supreme leader – let us call him, a potiori, Prime Minister.~~

In the democracies of Europe, the prime minister is not as a rule – there are or have been exceptions – technically elected by parliament. This does not matter however because as I need not stay to show actual practice, in fact amounts to that in any normal case – let us think in illustration of the French practice of having a vote of confidence on every incoming administration. But neither is the prime minister elected by the citizens themselves and only in the rare cases of men of exceptional popular appeal – such as Palmerston or Gladstone – can it be said that what the voters primarily votes for is the rule of a given individual. ... In the usual case the intervention of parliament make a real difference

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Besonders diese
merkwürdige
loggerhed sit,
wenn der Mann
direkt gewählt
ist

in methods and results. Nevertheless since the main function of parliament is production of a government whose lead it is going to follow and since that government can always appeal to the “country”, it will be seen how this arrangement enters in fact, though not in legal theory, into our formula.

¹ Ende des Manuskriptverlaufes für Blatt 119. Der anschließende und hier rot dargebotenen Manuskripttext kann nicht verifiziert werden, da die Vorlage für den Text fehlt, es muss sich um Blatt 120 handeln. Die Zählung kann daher eine Zutat des Ersteditors sein. Hier nicht näher einzuordnende Randnotizen sind: ... *garrisoning the moon ... for the sake brevity I shall mainly confine them to the office of the supreme leader – let us call him, portfolio, prime minister.*.

In the United States, the prime minister is directly elected (the electoral college is merely a formality). But this seems to create a difficulty for the theory submitted because Congress, obviously not having much to do with the setting up of a government, must have hence have another primary function. That is not so however. The President is a very peculiar kind of prime minister. His position has been shaped by theories – particularly by eighteenth-century theories of contrebalance of des pouvoirs, not, like that of his English colleague, by the logic of things political. This logic asserted itself however and the result is a complex tissue of cooperation and interference which defies simple formulation. That prime minister and his cabinet share their functions with congressional committees and influential congressmen so that to a certain extent, congress, too, governs and even administrates. But then it governs and administrates, which is still less mere representation than what the English parliament does – it is significant that in congressional declarations of policy it is the policy “of Congress” that receives the emphasis. In other words, the governments where according to our theory it is the object of democracy to¹

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produce by competitive election, is in this country more difficult to locate and more indefinitely diffused than elsewhere but the peculiarities of the American constitution which account for that do not militate against that theory but only serve to underline its main proposition.

That mentality for which the civilized world is bounded by the Pacific coast and the English channel pays less attention to what in Europe has been called the Constitutional Monarchy² than it deserves. I have no choice but to do the same and mention the case merely because it presents the only chance that I can see for the representative theory to score a point. Whereas in the case of parliamentary government it was not necessary even to mention the fact that, say, in England the government is formally appointed by monarch since the latter in all normal cases as a matter of course accepts the leader of the parliamentary majority for prime minister appointment by the monarch is of the essence of the process that produces a government in a constitutional monarchy which therefore does not come within our definition of de-

¹ Ende des Manuskriptverlaufes Blatt 121; weiterer Text in der Vorlage stammt vom Blatt 122.

² Hier schließt in der Vorlage ein gestrichener Passus an: *the only however important case that still survives is that of Japan.*

mocracy, however perfectly it may implement the “true will of the people”. Among the motives of the monarch’s choice an expectation that a given individual will better than others get along with parliament¹

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Was also bedeutet repräsentatives “good”?

or “politicians” in general would mostly play some role and occasionally the decisive one. This however does not affect the principle nor alter the fact that even in the latter cases the prime minister owes his appointment to the monarch and does not typically rise by acquiring ascendancy over parliament of which he need not be a member. Even in those cases the prime minister is only accepted or approved but not made by parliament and he is never its leader. The members of his cabinet although as a rule appointed at the suggestion of the prime minister much as they are in a parliamentary monarchy are in principle and typically strangers to political life² and specialists in their departments of public administration. Hence parliament really is in the constitutional monarchy what it everywhere was originally: a body distinct from the government apparatus, “checking”, supervisory and, in the limiting case controlling it, assenting to or barring legislative proposals that typically emanate from the government, though taking the initiative in exceptional cases. That body is still not correctly³

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described (see Essay III) as a representation of the people. But there is now a commonsense meaning to this phrase which expresses its real function, instead of hiding it, though terms such as control or supervision would be preferable.

The only important instance of this kind that still survives is that of Japan. But if we look at what it really amounts to, we shall realize at once that this fact does not deprive it of general importance. The monarch, a group of elder statesmen and the like are real factors sui generis in shaping political decisions that in some circumstances do and in others do not exert an influence which most of us would approve. But the essential difference between the constitutional and parliamentary or democratic form of government is in the relative position with regard to political issues and current administration of the non-specialist politician and the specialist (civil and military) bureaucrat. Viewed like this, the arrangement is by no means not out of court for the future,

¹ Ende des Manuskriptverlaufes Vorlage Blatt 122

² Fußnote Schumpeters: *Für Psychologie der Sache ist die Anekdote gut, daß Gladstone almost as offended by any referring to his ministerial activities as his having “in politics” as if I had said that he had been in the whole slave trade.*

³ Ende des Manuskriptverlaufes Vorlage Blatt 123

least of all for a socialist future. For us of course the case is important only because with particular clearness it shows up the limits of what we will call the Selective Theory of Democracy: it remains true that the selective function becomes the norm ?? in a parliamentary democracy, but the function of parliaments which in a constitutional monarchy is in principle the only one, does not lapse¹ and assert itself also against a parliament – made government.²

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¹ Hier folgt in der Vorlage die gestrichene Passage *in parliamentary democracy*

² Ende des Manuskriptverlaufes Vorlage Blatt 124.

	Wo die <i>Verteidigung</i> des Wertes der selected people
	Kneedeep in dirt. – should be “sonny gay”
	ready to submit alles to reason who want truth
Doctrine will now find to be much im- pressed	13) As far as we, as rational beings who want to apply reason and not phrases to social world around us, our position with regard to the phenomena of democracy is much improved by the selective theory. It may be well to elaborate the major points.
How long Rationali- tät und Intelligenz überschätzt Byzantinismus?	a) It is no longer necessary to make the impossible assumption that the action of representative bodies expresses the considered opinions of the electorate about all the major issues of the moment. Instead we can content ourselves with the much more plausible assumption that voters decide for and against parties and men which in a general (and none too rational) way they prefer to the available alternatives.¹
Gefahr des overlap- ping mit Partei.	good fellow, sincere und respectable, kann etwas dran sein, balancing mit Partei allegiance u.s.w. ... sick of things: saving wastefull
land sliding	
Observe aber das wird al- les more precious ein- schließen issues enter und Ratio auch Das ist Unterschied zwi- schen Theorie und philo- sophy	
	Keineswegs immer überlegen, auch nicht immer dort, wo <u>möglich</u> und noch immer keine Connotation insbesondere keine oppressive
	Noch immer nicht efficient: <u>pr. Minister im Parlament</u>
	Submit to leader nicht mehr ein Areopag – disputing byzantinism
Aber hat nichts zu tun mit Freiheit und Ge- rechtigkeit und nichts obviously however effect in all times and places	Antidemo. tendenziös Ineff.

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¹ Die ganze Passage ist einmal quer durchgestrichen, was wir hier nicht wiedergeben können. Vgl. in diesem Zusammenhang die linksstehenden kritischen Bemerkungen.

Referende
land slide

(13) As regards plausibility of assumptions and tenability of propositions, if at some sacrifice of idealistic glamor, the doctrine of democracy now finds itself much improved. It may be well to elaborate a few major points.

(a) We no longer need to make the impossible assumption which is so obviously contrary to fact that representative bodies or governments constituted by them express the considered opinions of the electorate about all the issues of the moment. Instead we can rest content with the much more acceptable assumption that people decide who is to rule them – i.e. for the parties and men whom in a general and non too rational way they prefer to the available alternatives. The commonsense virtues of this should be obvious.

(b) Observe however that this theory does not exclude voting on issues or the real role of issues in almost any elections. I do not deny e.g. that the English electorate in 1852 substantially voted on free trade vs protection. Nor do I deny the contribution of the Gladstonian licensing legislation to the liberal defeat in 1873 – I certainly admit that a man normally knows pretty definitely whether or not he wants a drink. I do not hold that the old ideology of democracy in general and the representative theory in particular are nothing but tissues of deceptions. I even admit that there exist people who actually arrive at their vote by a highly rational and complicated process of evaluating and balancing the policies they expect a party or candidate to pursue. Perhaps

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they are especially numerous in the United States: within but ten years, I have myself come across as many as two.² The superiority of the selective theory precisely consists in that, besides being able to take account of many facts which escape the representative theory, it includes all the facts on which the latter rests, and it does so precisely to the extent to which they are facts and not mere idealistic postulates.

¹ Wiedergabe eines zusammenhängenden Manuskriptes, Vorlage Blattnr.139-146.

² Fußnote Schumpeters: *Außerdem die Monomanen, die nichts kennen als ein issue: utilities, money, profit.*

Meaning of phrase:
finding out what people want and taking them there (aber das ist Prinzip in der Verwaltung und vielleicht by Nap. zu erwähnen)

Can dismiss a good weil nicht in war geht und ein anderes weil in war goes, aber sollte keine Fussnoten geben!

he?

At the same time the selective theory enables us to put each element of the democratic process in its right place: the voters' judgement of issues, e.g. is much more realistically placed, if looked upon as one of many possible factors that decide electorate or parliament to support certain men in preference to others ("he will keep us out of war", for instance) than if a straight-line relation be constructed to connect that judgement directly with parliamentary or governmental action. But still more important is another consequence implied by the selective theory: it admits the element of voters' judgement on issues by the door of ratification rather than by the door of a rational appraisal of programs. By ratification we mean favorable reaction of representative bodies and electorates to what they believe to be the results of the policies of the government that they put into power. That diagnosis

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of results will no doubt be frequently erroneous. The Egyptian government is said to become more popular each time the Nile rises properly so as to fill its fertilizing functions and less popular whenever the Nile fails to do so. Still the analytic task before the man in the street is incomparably easier in case of such an ex-post assertion of his authority than in the case of an ex-ante appraisal, and it is much more realistic to suppose that he will be able, after a war, to wring his hands than that he will, at the outbreak of it, rationally refrain from ringing the bells. Moreover, we can in this way bring in it all those terribly frequent cases in which the elector had no idea to what he was committing himself – what his reticent chosen ones could do.

(c) No longer need we blush at the sneer that democracy means government by morons. For even a moron who has no mandate to give or only a foolish one and who has no rational opinion to represent may still enter into, at comments to a contract of subjection qualified by reservation of the right to turn the ruler out if he does not like him. Again the selective theory requires him to accomplish and us to believe much less than the representative theory requires. Moreover, although it seems to down-right

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Wo war und Soc in III und V: Essay?

absurd to hold either because moron's opinion are just as good as

selective Prozess itself

leadership
und Darwin
verliert viel von its dis-
tinction.

(Das macht further impro-
vement in realistic direc-
tion: leader imposes him-
self

(/:gilt:/ Theorie des Funk-
tionärs und Parlament;
Disraeli nie "Gewalt" als
leader der conserv.;
gilt Theorie der prof. poli-
tician, boss, Party
erklärt reticence und das,
was geschieht, besonders
in unserer Politik, dem
Wähler nicht vorgelegt
wird)

anybody else's or because of moral grounds moron's opinions and interests ought to be attended to¹, that morons – and I include very much more in that concept than an alienist would – should have a voice in the affairs of the nation, it seems to me much less absurd to argue that any government will be at a disadvantage which does not command support from all the J. K.'s and that in this sense even the moron's allegiance is a factor relevant to governmental efficiency.

d) No longer is the doctrine of democracy open to the reproach that it carries the date of 1750 or so, as it undoubtedly does when based upon the representative theory. All the phrases about "natural equality" and a "everyone that bears of a human face" can go overboard and the fundamental fact of human sociology, leadership, comes into its own. The prime minister is now as much lost in theory as he always was in practice who counts noses in cabinet and who defers to parliament or the electorate in any other sense than is implied in telling them: "this is the menu; if you do not like it, take on another cook". As soon as this point is realized, the

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action of representative bodies and government and in particular the normal distribution of initiative between them are seen in a much truer light. The enormous inequality in the weights carried by individuals in the process by which issues are shaped and decided in a democracy then stands out as it should and it would do so all the better if there were space to develop the argument beyond the simplified case of the leadership by a single prime minister into a theory of the hierarchy of leaders.

(e) Finally, the selective theory provides a rationale that is otherwise lacking for the majority principle. We have seen that if far reaching measures, especially measures of social reconstruction, be taken in response to the will of the majority of a representative body or even of the electorate and if the will of minority be unconditionally overridden, all that has ever been claimed for democracy will be as good as lost. There is in fact no argument except one derived from the absence of a more rational criterion for such an unconditional privilege for fiftyone and such an unconditional enslavement of forty

¹ Fußnote Schumpeters: *andere Gründe: brutalizing effect*

nine percent. We have recognized this by our theory of the disqualified Minority and may add¹ that barring this case democratic practice does not typically override minorities, in particular minorities which form a complete social organism but carries measures that are believed to be of fundamental importance by consent. This principle can be exemplified by English practice according to which a measure that is being seriously fought and secures but a small majority

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at the second reading is as a rule not proceeded with at all or allowed to be killed or emasculated in committee. The large privileges allowed to the opposition and the forbearance shown even to filibustering point in this same direction. The exceptions are numerous² but probant regulariser. An administration that forces issues risks its political life. And major deviations – the outstanding one was the American civil war – are likely produce national catastrophes.

What then is the meaning of “rule by majority” and the value to any party of having a majority? Well, it seems to me that we get a much more rational answer if we apply the selective theory and take our stand on the proposition that the primary object of voting is to install a government by providing a parliamentary following for the leader of one of the parties. This meets the objection against unconditional majority rule because it does not necessarily imply overriding of the minority as to issues. The government’s primary function is to conduct the current affairs of the nation and to lead it in an emergency. But unless supported by a “qualified majority” – of which no doubt a “big” majority is but a very imperfect

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substitute – the prime minister will in general be neither able nor willing to open severely controversial issues.

Let us note in passing how this bears on proportional representation which has such an irresistible attraction for people with a bent toward misplaced ingenuity. If representative bodies are to represent, the case for it seems unanswerable. But if their primary function is to constitute a government, the governmental efficiencies, the restraining effect of electoral compromise, the strength and stability of parties, the exclusion of “follies” and so on become legitimate

¹ Über „add“ steht als Zusatz „repeat“.

² Hier folgt eine knappe nicht entzifferte Fußnote Schumpeters.

objects of consideration and the case for proportional interpretation is pro tanto weakened. It should however be observed how dangerous a line of argument this is to take for anyone who believes in democracy in the more popular sense. He may delight in the exclusion of communists and fascists which the system of election by simple majorities at the present time entails in many democratic countries. He may congratulate himself on the access of strength and elbow-room this may give to democratic governments and on the consequent increase of the chance of their survival. But these advantages are gained at the expense of depriving many people of their influence on installing and dooming governments. And though there may be a case for that

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it can hardly be called a democratic case.

Wishing to strengthening democracy by thwarting it is much akin to a view sometimes observable in admiring appraisals of English nineteenth-century practice, viz. the argument that democracy functions excellently if (substantially) run by an aristocracy. I have no quarrel with either. In fact I do believe that democracy is for some of its most conspicuous historical successes indebted to the incompleteness with which its principles have been carried into practice. But the wholesale enthusiast who yet argues against proportional representation should realize how most of his creed he subversively distrusts.

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	Und dann noch vielleicht – aber vielleicht auch in nächsten step – über Minoritätsrecht – (Referendum, /:Opposition:/ u.s.w. könnten schließlich auch kommen!)
Theorie of repräsentative body <u>Theorie of Opposition</u> Theorie of filibuster	Precisely because of this it might be hold that I ought to have found room in the above definition of democracy for control as well as selection. My defence is not only that control is implied in selection but also that it is implied to exactly the right, i.e. realistic extent. For parliament can cashier as well as make prime ministers: the turn of phrase that “parliament dismisses cabinets” is sanctioned by high authority – it has
Repres. body is selective body	e.g. be used by Gladstone. And the main motive for parliamentary majorities to refuse to follow the prime minister’s lead and one of the main
Flimsy tissue of deception available	reasons why the popular vote should turn against majorities that support a given prime minister is disagreement on some major issue. The mechanism is not a theorist’s constructions but in very many cases clearly observable as for instance in the notable cases of the first Gladstone administration in 1873 and of the second Disraeli administration in 1880. Perfect control of a parliament over an administration and perfect control of the electorate over a parliament are indeed theorist’s
Want a drink or not; selbst da	constructions which completely leave out of account the essential part
Wollen die Leute von der Theorie nicht nur so weit berücksichtigen als real meaning to it	of the political engine – all that centers in the element of leadership and attribute to parliaments ²
Kommt doch gleich! ¹	Soweit real angenommen von <i>meiner</i> Theorie; no part of intention to hold[,] daß gar nichts daran – flimsy tissue of deception – Das ist eben auch falsch, ganz so wie die attitude die Albernheit zeigt –salbungsvolle Töne und über real working <u>clear obscure</u>

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¹ Diese Bemerkung gilt dem letzten Satz des Manuskriptes auf dieser Seite.

² Der Satzabschluss fehlt.

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<p>Wo 1) Civil war, 2) daß die Leute so langsam sich klar werden über Radio und Telegraf</p>	<p>Nicht nur ob richtiger Mann, auch ob arbeiten kann. (Das erklärt auch Phänomenen wie z.B. <i>handling things</i> in 20er Jahren)</p>
<p>Leaders select themselves aber electers decide whom to accept.</p>	<p>(14) It will I think be admitted that the selective theory fits the facts of democracy much better than the representative theory does; but also that its success in salvaging propositions implied in the old democratic creed though substantial, is imperfect. This is indeed obvious from the preceding discussion in which phrases such as “less absurd”, “more plausible”, “move nearly tenable” have recurred with an ominous frequency. In particular, we still need² autonomous volition of electors – we now had better speak of Autonomous Choice – and we still do not find it in many cases of machine-made politicians; where autonomy of choice may fairly be assumed, it is frequently lacking in that minimum of rationality which we must still require, although most disconcerting motives expressed by voters – such as : “he is such a good (I even have heard good – looking) fellow”, “he leads a respectable life and does no smoke“, “he is sincere” and so on – may veil impressions that would also bear less doubtful formulation; the morons, especially accessible as they are to a certain class of political arts, will still carry more weight than some of us would like; in important cases, the method of ruling by ratification, while the only available one, unavoidably functions with a lag that may be of fateful importance; and for these and other similarly evident reasons we have still not entirely got rid of the requirements of “quiet times”, “reasonable people” and “absence of issues that concern the whole fabric of society”!</p>
<p>Doch nicht – wenn self-imposed Disraeli [??]¹ nie gewählt</p>	
<p>und altes Ideal verloren</p>	
<p>Wo fool all people, all the time</p>	
<p>Obgleich auch das improved durch leadership – leader imposing himself[,] aber das vielleicht schon vorher und dann noch später</p>	
<p>Noch immer kein Connot. of bestimmten Idealen, obgleich eine suggestion of absence of oppression Wertfreiheit?</p>	
<p>Noch anders? außer Politik!</p>	
<p>----- Leute brauchen Zeit: deshalb Radio u.s.w. keineswegs gut für dem.</p>	

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¹ Lesart Uraki: *heute*

² Die Bemerkung am Rande *Doch nicht – wenn self-imposed* ist unmittelbar mit diesem Satzteil verknüpft.

Dem. is ineff. in 2 Beziehungen a) im Durchsetzen des Volkswillens
 ↑ b) in der Entscheidung und Verwaltung
 ↑ of nat. affairs
 aber kommt vielleicht später (bei "Dyna.")

Besser: hold on to the principle that leaders impose themselves
 Besser: what kind of man and how the position he occupied will effect his /:motiv:/ und possibility

Definition?² ↗

Allegiance allein ist schon etwas

game for points

Such as it is however this effectiveness of ratification as a method of control is what comparative judgement on democracy must mainly turn on, so far as it does not turn on the effectiveness of competitive elections as a method of selecting leaders – or, if we remember what has been said above on the role of candidates in the process of elections, of accepting them. As regards the latter the question whether the methods of competitive election is more likely than others to “pick the right men” must be distinguished from the question whether it is more likely than others so to shape his motives and possibility as to make him “function well” when elected. It is immediately evident not only that answers to both questions must be relative to historical conditions but also that neither can unconditionally be answered in favor of democracy under any conditions.

So clear is this, in fact, that outside of the United States and the British Empire – so far as England herself is concerned it is doubtful whether her voice ought to count in a general discussion because hers was and is a very special case – the case for democracy never went without very serious challenge. And our epoch that so obviously draws away at least from the original ideal has produced criticism which often goes beyond reasonable bounds and must hence be re-criticized.

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Das muß unterschieden werden[,] /:lieber:/ Unterscheidung zwischen right man and /:guter:/ Erfüllung.

It is quite true that, in the first instance, the right man of democracy is the right candidate and that the aptitudes which make the successful candidate need not be the ones which make the successful administrator or the successful manager of the nation's affairs – in some respects, too obvious to mention, it is unlikely that the two classes of aptitudes be found in the same man. Adverse verdict passed on democracy on this ground, ha-

¹ Wiedergabe eines zusammenhängenden Ausschnitts aus einem Manuskript, Blattnr. 126-128.

² Diese Frage ist in der Vorlage per Verweis auf *right man* bezogen.

bitually overlooks three very relevant circumstances. First, success at the polls implies popular support. Such support is no matter of indifference to effective government. Hence success at the polls, even if won through the most doubtful oratory – or else reticence – by the most negligible personality, would still provide one of the requirements for effective government. Second, however, only in a small minority of cases will the doubtful oratory of a negligible personality be enough to send up a man into the position of supreme command. In general, even mere oratory reveals, and owes its effects to, a personality. And can the man who, wading kneedeep in dirt, works his way up through the machine must be “some guy” after all. To that extent the antidemocratic slogan that democracy send up the prancing driveller must be revised. Third, the democratic method of selection must be appraised in relation to its alternatives. We need not bother about selection by lot. Nor need we stay to discuss nondemocratic election of which the most

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Auslesemethode[:] und Sozialisten sahen in 1919
ein, daß Führer von plants nicht von diesen
Arbeitern gewählt werden dürfen²

1

Sehr wichtig in democr. (obgleich auch anderer Fall)
wo immer feste Organisation; selbst starker
Mann muß zuerst diese erobern

Kann nicht vorkommen, daß nur Gewalt weil /:höher:/ niemand ist. Das ist Grund, warum wir nicht sep[arat] zu diskutieren brauchen

outstanding instance is the election of the Pope, because this method owes the indubitable success – it had and has in many instances – among others, we might mention the selecting of the leading men of modern largest-scale industry by small controlling groups – precisely to the fact that the requirements the leader to be chosen is to fulfill are much more narrowly defined than they ever can be in the case of general national leadership. Even so there is an Italian proverb which runs as follows: “Who enters the conclave as the future pope will leave it as a cardinal” – well expressing the popular impression that the man whom the voice of the church singles out for leadership has not as a rule the best chances. But an element of this method also enters

¹ Knappe, nicht entzifferte Bemerkungen.

² Schumpeter reflektiert hier eine Erfahrung aus der österreichischen Betriebsräte-Bewegung 1919: wonach die Wahl von Werkleitern nicht der jeweiligen Werkbelegschaft überlassen werden sollte.

into democratic procedure: whether formally existing or not the leading man has in general to be accepted by the leading coterie or caucus of his party.

Aber vielleicht für Sozialismus! Dann elect. of dictator ohne control? Nicht so verschieden! shades off

App. auch in Democracy immer nötig; kommt auf appointing group an (Universität) ist oft verdorben in Dem.

business – artist – lawyer: definiert right man gesellschaftsüberlegen gerade weil er nicht allgemeine Interessen in Betracht zieht. ...

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playing for points

Perform ist Mitarbeiter ausgeschlossen, Mitarbeiter einzig oder Mitarbeiter shading off Das macht es schwer, von Prof. zu sprechen und besonders assoc. kausal.

Aber das hat doch einen Vorteil: canvassing the issue

Außerdem hat das Wirkung

Immer im /:Parliament:/ sitzen

Rücksicht auf Partei und ratif. ist ein restraint which cuts both ways

It is also true that the particular position into which democracy places its leader may seriously hinder² him – and the whole group of more or less leading people so far as they owe their position to election or to their ability to command support in an representative body – in fulfilling the tasks of his office and that arrangement can be readily visualized which leave him much more free to fulfil them. Take the case of an English premier and his subordinates. That little band reminds one of the biblical picture of the Israelites building a wall round some city with their left hands while their right hands held drawn swords. Not only have those ministers as a rule to be present at every parliamentary meeting, to pilot their measures, to defend their policies and to head counterattacks which is pretty exhausting business, but they will not keep their

¹ Wiedergabe eines zusammenhängenden Ausschnitts aus einem Manuskript, Blattnr. 130-131.

² An dieser Stelle eine Ergänzung Schumpeters im Manuskript: *Deshalb Motiv und Möglichkeit von short run policy.*

majority for long if they are not prepared to listen to every follower in parliament and every group of followers outside of it, to practice the time and nerve consuming arts of the tea room, to address meeting all over the country and so on.

No wonder if the observer discovers, with melancholy amusement, in the behavior

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of the leading man, some of the very traits which the wholesale democrat is in the habit of making the butt of his jokes about kings and other hereditary magnates: for instance that they ignore everything that cannot be boiled down to a memo of half a dozen pages, and that the most successful democratic leaders are those who do not attempt to do any work or master any subject at all but keep their nervous force for the parliamentary battle or for the gesture of leadership – sheepishly laughing, at times, at his own incompetence. So it may occasionally seem as if less thought, energy, ability were invested in managing the affairs of a nation than is currently invested in managing those of the average department store.

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¹ Das Weitere (*Nor this is all. ...*) hat Schumpeter gestrichen und Blattnr. 132 neu angesetzt.

Ineff[iciency]
of dem[oc-
racy]

how can an English Minister do his
duty?

Nor is this all. For the leaders – let us go on calling them the cabinet – the atmosphere of the daily struggle, not with problems or enemies of the nation but with their own countrymen and the necessity of securing quick and frequent ratification of their actions tends to make the play for points in the political game an end in itself and everything else a function of it. Space will not allow to show how completely this changes the true colors of every issue and how difficult it is in such an atmosphere to steer any rational course, even for the most highminded man. But two things are obvious. First, that necessity of securing quick ratification almost excludes long-run aspects of issues and measures from the leader's mind or range. In a modern democracy, short-run views and short-run policies are likely to prevail. All the fundamental problems are long run problems however, they cannot be rationally solved by either drifting or explosion. Second, the sinister importance of that atmosphere of partisan struggle is, less eventful epochs excepted, nowhere so great as it is in the field of foreign policy because nowhere else action inspired by electoral or parliamentary tactics is so fraught with danger of disaster that is both purposeless and irremediable. To the end of my days I shall remember ...

Über for[eign] policy eigentlich auch schon gesprochen bei [??]

Und das ist rational der rule für democr. to be peaceful stay home not bother

Und "Volk" gibt kein support [dem?] einzigen²

Mann, dessen Verhaltung compatible. Aber der Demokrat glaubt, daß alles /:Schöne:/ bei ihm und Regierung Motive hat, während in anderen Formen die Leute defining unter tyranny

↑" I am aware, daß man das Gegenteil glaubt"

Und gerade das ist, was erzwungen wird

foreign policy serving end of home politics

The last man qualified to play that game of patience is the one who prays

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Wie kam England – und das except. favorable – in Crimian, in World war

Downright traitorous *subordin.*³ of fate to exigencies of the game

¹ Wiedergabe eines zusammenhängen Ausschnitts aus einem Manuskript, Blattnr. 132 und (offensichtlich) 133.

² Andere Lesart: *einzig*

³ Lesart Uraki: *subordin.*

Frankreich?
No sense in
denying all that

the tragic spectacle of the twenties, when practically everybody vaguely felt what was sub-terraneously brewing, practically everybody roughly knew now these flames could have been put out but everybody shrugged his shoulders to turn to the more pressing trivialities on which the fate of his government depended.

But the most tragic point is[,] daß nicht ein individueller Fehler war, sondern nicht anders geht! Kann auch sonst passieren – aber hängt zusammen mit Dem. Methode

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4.4.17¹

But arguments of this class lose much of their weight as soon as we realize that many historical patterns exclude the democratic method while others make it the only possible one and still others enforce intermediate arrangements. In the nature of things the junctures must be rare in which the notion of a real choice between democratic and nondemocratic method presenting itself to a people can have any meaning at all. This fact also interferes with any rational appraisal of the historic performance of democracy. Moreover exponents and opponents of democratic doctrine both commit the analytic sin that consists in uncritically accepting association as proof of causal relation. Look at that famous instance of aristocratic criticism of democratic policies and politics which has been handed down to us from post-Periclean times. The Greek writers of that period were mostly what today we should call reactionary, that is, they sympathized with and wrote for a group of well to-do, semiaristocratic people who hated and despised both the men and the measures that according to them ruined Athenian commonwealth. But the modern student cannot accept the verdict. To begin with the structure of the Athenian empire was based upon naval predominance and so top-heavy

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that only uninterrupted military success could have insured its survival for any length of time. Such structures come down, democracy

¹ Wiedergabe eines zusammenhängenden Ausschnitts aus einem Manuskript, Blattnr. 137-138.

or no democracy. Moreover, the earlier popular leaders, Cleon in particular, the pet aversion of the aristocracy, were anything but lacking in imperialist ardor or in ability to plan and to lead. We get an entirely wrong picture if we only think of the failure of the Sicilian expedition and of Aigos potamoi. That democracy manfully accepted the national situation as it was and manfully fought against overwhelming odds. It is hardly safe to attribute the ultimate failure with which democracy was associated to democracy as a cause, let alone the cause. But neither is it safe to attribute the melancholy end of the reign of Louis XIV. causally to the absence of democracy with which it was associated. And in the case of the United States it is pretty evidently that democracy is more adequately looked upon as one of the consequences of environmental conditions than as one of the propelling forces of the national development. There are to be sure other cases in which causal importance of political organizations can be asserted with more confidence. But within this class of cases instances of results that the average observer of today would approve of are not obviously more frequent among democracies than they are among non-democratic patterns. And the cases most observers would claim for ...

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The consequence must be faced that, barring a quasireligious belief, the case for democracy can never be based on its absolute and obvious superiority for all times and places – in the sense, say, in which absolute and obvious superiority can be asserted for the modern methods of dentistry as compared with any earlier ones. It must in each instance stand on the conditions of the individual pattern under considerations and on the results it may be expected to produce under these conditions. There is no sense in trying to “sell” democracy or a particular brand of it, all over the world. We are forced to admit at least as a possibility that patterns may emerge in the future in which nondemocratic forms of organization will be more effective in securing the ends on which our hearts may be set. Hence once

¹ Hier eine nicht entzifferte Bemerkung

more, we cannot condemn socialists only because they renounce the democratic ideal or display what seems to some [of] us inadequate ardor in expressing it.

There remains that semireligious belief which raises democracy (though sometimes the slogan only) into the realm of ideals. But this means removing it from the subjects of rational discussion. Everyone has the right to do so of course and, instead of discussing, to wave the flag. He may, besides love it arationally – I do not say irrationally – love it with the love with which he loves the hills and streams of his home country, because it is part of himself, because it means “we”. Socialists who refuse to do so will from this standpoint undoubtedly be in sin. But no socialist to whom socialism is the supreme ideal can ever be a democrat in this sense.

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The democratic list, the English case in particular, without exception display[s] characteristic limitations of popular rule which may have had as much to do with success as the popular rule itself had.

One word about the relation between democracy and degeneration. What is degeneration? Well, as to factual content degeneration is exactly the same thing as progress, for the only fact designated by both is change. If we like the change, we call it progress, if we don't like it, we call it degeneration. That is entirely a matter of taste – if I have in my mind the ideal of a tiger in all the glory of uninhibited ferocity, then, if the tiger becomes gentle in captivity, he has degenerated; if I happen to hold an ideal of gentleness, then he has progressed. But suppose I have a social ideal composed of values such as glory, victory, vitality, lordliness. Then any loss of national aggressiveness or even of assertiveness of groups within the nation will be degeneration for me. And since, as a matter of history, such a loss of aggressiveness or assertiveness may easily be associated with a tendency toward democracy – though it need not be – democracy may acquire an association with degeneration. But that is all.

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4.5 Bedingungen für den Erfolg der Demokratie als einer Methode

4.5.1 - 4.5.4¹

II

The restatements presented in the preceding section should make it easy to formulate the conditions under which the democratic method can be expected to work successfully. By “working successfully” I mean that the democratic process reproduces itself steadily without creating situations in which nondemocratic methods are resorted to; and that the democratic process copes with current problems in a way which all interests that count politically find acceptable in the long run.² It will be observed that these criteria of democratic success are independent of our personal value judgements. A democratic process may work successfully in the sense adopted and yet produce results that are disapproved of by any number of observers for instance on moral or eugenic or nationalist or cultural grounds.

The very fact that, as a result of our analysis, we find ourselves constrained to speak of conditions of democratic success, definitively commits us to the strictly relativist view of democracy that has been indicated all along. Exactly as there is no case for socialism at all times and in all places, so there is no absolutely general case for democracy. Even mere possibility of the democratic method of producing governments is relative and has been nonexistent through wide stretches of history. And even in historical patterns in which democracy imposes itself for

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lack of a practicable alternative, the conditions for successful working may fail to be fulfilled. These three things – possibility, inevitability, workability in the above sense – should be kept distinct.³ For brevity’s sake however we shall only deal with the conditions for successful working. They are astonishingly numerous but may be grouped under very few headings.

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¹ Wiedergabe eines zusammenhängenden Ausschnitts aus einem Manuskript, Blattnr. 279-291.

² Fußnote Schumpeters: *Long run situations in which all significant interest accept the democratic method but do not find its result acceptable, would therefore not satisfy our criterion.*

³ Fußnote Schumpeters: *As in the case of socialism, this failure of possibility, inevitability, and workability to coincide may be due to lags in the evolution of certain parts of the social structure (or of the psychological superstructure) of a society or to external factors or to strains in an abnormal political body. For instance, democracy was, on the face of it, possible but evidently not inevitable in France after 1848. It was inevitable but failed to fulfill our criteria of successful working in Germany after 1918.*

⁴ Den folgenden Absatz hat Schumpeter mehrfach gestrichen.

To begin with, our analysis has shown, on the one hand, that the democratic method imposes upon the political leaders in office a difficult task which calls for unusual abilities and force of character – abilities moreover which are not very often found in the same individuals; and, on the other hand, that the democratic method per se does not test effectively the presence of all of them. Turned into conditions of success in our sense, this seems to imply two things.

First, although we have accepted the theory of competitive leadership on the ground, among others, that it does not attribute to the electorate functions to which men in the mass are clearly unequal, we must nevertheless recognize that democracy will work only if the electorate, the parties and party machines are on a level of intelligence and moral character sufficient to exclude the offerings of the rabble rouser and the political work; to be impervious to freakish programs, mass corruption¹, mass psychosis and infantilism; and to think and feel in terms of the future, at least to some extent. I need not stay in order to prove, that there have been electorates and party systems which were up to that level, so that these conditions cannot be called unrealistic; but that it would be unrealistic to hold that the electorates and parties of all democracies were up to it or that the democratic method in itself tends to raise them to that level. I submit

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however that, next to the equalities of a race, the training in responsibility incident to life in a capitalist society may be the most important factor by which to account for the cases in which those conditions have been fulfilled.

Second, since the results of a method of selection will also depend on the material from which to select, success of the democratic method seems to require that the competitive struggle for political leadership is sufficiently attractive to the types that will do well in office. This condition is distinct from the first one. It is not true that “every nation has the government it merits”, that is to say, that the high level of electorate’s intelligence and moral character and the mere presence of an adequate stock of ability in the nation is sufficient to produce correspondingly able governments. The good material may be present, but it may refuse to go into politics. And government may be below the national standard of intelligence and morality as it may be above it. Intact capitalism tends to produce the former result. With capitalist evolution in full swing and the capitalist scheme of values unimpaired, it is business that attracts the best brains. Politics may even be left to types whose mere presence then deters the man who can make a success at anything else. This is not peculiar to democracy however: the success of

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¹ Fußnote Schumpeters: *By mass corruption I mean attempts, possible under modern as they were under antique conditions, of swaying the electorate by the promise of individual pecuniary benefits to large classes of people.*

any political method will vary with the quality and the conditioning of the stratum or strata that supply the managers of public affairs. Practically speaking, this amounts to saying that, in a non socialist society, at all events successful working of the democratic method, requires the presence of a highly qualified political class which must not be closed to outside talent but strong enough to assimilate it. Those readers who agree with me in believing that, among great countries, England represents the peak success of democracy, will have no difficulty in appreciating this point.¹ It also can be verified per contrarium. The outstanding example of failure associated with absence of a political class is afforded by the case of Germany after 1918. This example is so instructive precisely because there was nothing about the German politicians of twenties that would ordinarily be considered as a glaring defeat. The average member of the Reichstag and the average prime and Cabinet minister were conscientious, reasonable and especially

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strictly honest. This applies to all parties. With due respect for the sprinkling of talent that showed here and there though rarely in a position in or near the high command, it must however be added that most of them were palpably below par, in some cases pitifully so. Now obviously this cannot have been due to any lack of ability and energy in the nation as a whole. But ability and energy spurned the political career. And there was no class whose members would have taken to it as a matter of course.

Another group of conditions may be summed up in the phrase: Democratic Discipline. We have seen that in order to work successfully the democratic method requires a relatively high level of intelligence and moral character in the electorate and the parties. But such a level does not itself guarantee that the rules of the democratic game will be accepted and observed by all. As a matter of fact, they never are completely. But even the minimum of discipline necessary in order to produce reasonably stable and efficient governments is more difficult to secure than is the corresponding amount in nondemocratic institutional patterns, because the competitive struggle for votes invites infringement. That this is so will be immediately clear if we ask ourselves what democratic discipline consists in.

The democratic method makes governments dependent upon the result of electoral campaigns but excludes the electorate's direct influence on affairs not less effectively than do non-democratic methods. As we have seen this holds to some extent even of parliament whose immediate and primary function is to create and undo ministries – that is, to follow or not to follow. If parliament ceases to follow

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¹ Fußnote Schumpeters: *That point merits more attention than we can bestow on it. What may easily appear to be a paradox – though, when we come to think, it is simply commonsense – may be brought out by saying that the democratic method will work successfully if there is a political stratum that is connected but not identical with the upper ranks of the industrial bourgeoisie (recall what has been said in the Second Part of this book about the latter's symbiosis with elements of extracapitalist origin) and which is not itself the product of the democratic method: in such cases the task of democratic selection is facilitated by a non democratic selection that does part of the work beforehand.*

the prime minister's lead and, without displacing him, takes matters into its own hands, both prestige and efficiency of government are fatally impaired. If the electorate tries to impose certain courses of action either on members of parliament or on members of the administration, things are of course still worse: government may then become completely paralyzed. That is why from the beginnings of modern democracy members of parliament have always resented instructions from the electorate – their protest has received its classical formulation from Edmund Burke – and why cabinets in turn have always insisted on the “confidence” of their parliamentary supporters: if democratic government is to work successfully, voters and, to a lesser extent, members of parliament must refrain from too much initiative.¹ But it takes a lot of self-imposed

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discipline to do so if one knows that one's vote is eagerly competed for and if one has become so accustomed to be addressed – qua voter or member of parliament – with unbounded deference that in the end one really believes oneself to be an arbiter of issues. In particular, it takes a lot of self-restraint for members of parliament to refrain from upsetting the governmental apple-cart each time they could do so and to give support sometimes against their conviction.²

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It should be observed however that such self-restraint may be rendered less difficult for the individual members by the adoption of certain rules of parliamentary procedure. For instance the method of allocating parliamentary time may in itself go a long way toward muzzling them and toward reducing their freedom of action. Or they may be debarred once for all from doing particularly annoying things, e.g. from proposing measures involving additional expenditure. It may be replied with some justice that a parliament that submits to such restrictions thereby proves that it does not need them. This however is not quite true. Men that accept them with good grace when they present themselves as general rules, might yet feel inclined to break them in the particular case if their observance were entirely left to individual discretion.

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¹ Fußnote Schumpeters: *Lobbies, pressure groups and so on are hence foreign and inimical to the spirit of democracy. Even the American practice of swamping congressmen with letters is an infraction of democratic discipline, though the reader will presumably feel some surprise at this statement. All this does not injure the working of democracy fatally only because any system can stand a certain amount of deviating practice and because the actual account taken of such attempts at exercising direct influence on issues, in particular of these letters, is perhaps not always so great as organisers think.*

² Hinweis Schumpeters an die Sekretärin: *Insert here the paragraph which you find on the next page.* [Diesem Hinweis gemäß ist hier der Text Blattnr. 287 eingefügt.]

¹But that is not all the discipline that is required. The democratic method of free competition for leadership can not work unless it is possible for every would-be-leader to present his case without causing disorder. And this implies a degree of toleration of dissent which is hardly conceivable without a genuine respect for one's fellow citizen's opinion whatever they are.² Whenever a considerable group's vital interests and ideals are concerned the corollary of that proposition may still more call for the practice of the democratic virtues of patience and self-restraint: people must not only respect their fellow citizens views but also be prepared to subordinate their own; they must be willing to accept the settlement of any issue arrived at in the democratic way, however they may dislike it, and to refuse the settlement of any issue arrived at by means of a violation of the democratic procedure, however well the result might suit them.

This involves more than readiness to accept acts of parliament or administrative measures decided on by the government in possession of that is referred to as the "confidence" of parliament. We have seen³

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that under modern circumstances the democratic method of selecting public servants will, in the rational sphere, function well only if its direct application is confined to a small number of political offices, whereas the rest of the public functions is vested with non-political officers whose contact with political sphere consists exclusively in their being appointed (or "recommended") by the prime minister or a colleague of his. Other public and semi-public offices may even be filled independently of any political agency, as is for instance the office of Governor of the Bank of England. In any case, these services will work the more efficiently the smaller the role the purely political view-point plays in determining appointments. Now, democratic discipline requires, on the one hand, that the government, the electorate and the parties accept non-political principles in the matter of these appointments and, on the other hand, that they also accept the decisions made by the non-political appointees though those decisions cannot fail to cross their wires sometimes. Central banks and courts of law are the most important instances. Attempt at imposing upon them views sponsored by sections of the public or of parliament are signs of stresses in the democratic engine.

It is perhaps unnecessary to point out that in order to fulfil this set of conditions the social pattern must present a peculiar combination of traits. A political method that assigns so prominent a rôle to debate and requires so large a measure of tolerance of

¹ Nunmehr Fortsetzung des unterbrochenen Manuskriptverlaufes Blattnr. 286.

² Fußnote Schumpeters: *It has been pointed out before that toleration cannot be absolute however – any more than freedom of competition can ever be in the economic sphere where a man would not be allowed, for instance, to compete in ways offensive to the social morality of a sufficiently significant number of people. The vexed question whether a democracy violates its own principles if it prohibits the propagation of anti-democratic views must, I think, be answered in the negative on logical grounds: no principle applies to itself. But of course a democracy will ideally work to design only if antidemocratic views are spontaneously refused acceptance even if presented freely. If they are not so refused, that is if the democratic creed stands in need of police protection, this in itself may be an inauspicious symptom.*

³ Übergang zum Textverlauf Blattnr. 288

diversity is, pro tanto, part and parcel of a rationalist civilization. But well-developed rationalism

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of the public mind is not enough. It must be combined with a certain measure – not too much and too little – of traditionalism or respect for existing institutions, for change could not be orderly, hence not successful, without it. Leaving development of the implications of this to the reader, I will merely note that the social pattern we have called Intact Capitalism seems to qualify well in both directions.

Finally, there is what we may describe as a set of Facilitating Conditions. As some of the conditions mentioned before, most of those would have to figure in the discussion of any political method but require additional importance in a democracy.

Like any other political system, democracy will work the more successfully, the higher the quality of the bureaucracy whose services it can command and the greater its independence from politics. The reason for repeating this here is that in the case of democracy this condition is likely to be overlooked. It was the French bureaucracy as recreated and reformed by the first Napoleon that saved the third republic from chaos for a span of nearly seventy years and in fact made orderly government possible. It was what was left of the Imperial bureaucracy that carried along the succession states that arose from the ruins of Austro–Hungarian monarchy.¹

Also like any other political system the democratic method works the more smoothly the smaller the range of business that is subject to political decision², and the fewer and simpler the political issues tend

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to become in consequence. But for a democracy unless it fills to quite exceptional extent the conditions for success mentioned under the first two headings, it is of particular importance that the national interests which are made balls in the political game should be neither too weightily nor too numerous. If they are not, then the democratic method may give satisfaction in the long run to large majorities of the people even in cases in which those conditions are far from being fulfilled: several cases which most observers would list among the instances of successful democratic government can be accounted for only that ground. Even in cases in which other conditions for success have in fact been

¹ CS&D, p. 293

² Fußnote Schumpeters: *It will be observed that this is not the same as holding that the apparatus of public administration will work the better the smaller the range of the activities of the State. Public business and business subject to political decision are different things.*

fulfilled to an exceptional degree success has sometimes been made easier by a severe limitation of issues.¹

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The social pattern of intact capitalism again fulfils this condition well. The mentality and the interests of the bourgeoisie tend to cripple the State. But by doing so they also reduce the opportunities for political mismanagement to a minimum. This in fact constitutes the essence of bourgeois democracy.

Like some non-democratic forms of government but unlike others, democracy is but ill qualified to deal with fundamental issues that tear up the nation into hostile camps ~~The American civil war is a classical instance of such breakdown of democratic discipline that will occur whenever an issue is too important for a sufficiently big section of the community to accept the settlement by the domestic mechanism~~ – resolved to accept no settlement other than their own. Whether it is the national State that is being called into question – the case of secession – or the existing constitution – the case of revolution – the democratic method breaks down. The more completely such issues and the incident excitements are absent or the more they are confined to relatively unimportant sectors, the less disposition there is to question essential pieces of the social and political structure, the more successfully will democracy work. The reason why this is more true of democracy than it is some other forms of government is that self-discipline is so essential an element in the democratic process. Whenever it fails there is nothing in the arsenal of democracy to replace it and methods foreign to the spirit of democracy are invariably resorted to.

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²We have seen that the democratic method meets with particular difficulties in the field of foreign policy. There are indeed exceptions to this. On the one hand, simple and passing emergencies that are recognized as such by everyone such as actual invasions of the national territory, can be perfectly well dealt with by a democracy. On the other hand, a nation may be so circumstanced that a certain course of action or inaction proves so satisfactory over a very long time as to become a national tradition more or

¹ Fußnote Schumpeters: *Take for instance of England from 1830 to 1905. There was foreign policy which provided food for many a full-dress debate and in one case (1879) also for a great electoral campaign, and in another raised a great wave of public indignation (Gladstone's handling of the Sudan question). But in general foreign policy was not in the front rank of domestic politics. Then there was finance and the franchise. The handling of these really constitutes the political achievement of that period. But unless we descend to the second-rank issues such as licencing and education – politically speaking the latter was of second rank – there remains only one great issue left, the most important of all again: politically speaking: Ireland. And the way in which this was worked up and the unpleasant tactics to which it gave rise clearly show, that the political world did choose it for ball in the political game, partly at least for want of another.*

² Wir nehmen an, dass hier ein kontinuierlicher Textanschluss vorliegt. Das könnte sich aber als falsch erweisen.

less binding on every government – an instance is the American policy that at present is being referred to as isolationism. But whenever the national situation and the national ambition turns foreign policy into a complicated game involving distant ends and difficult tactics, a democracy may easily have to face the choice between failure and ceasing to be a democracy.

The reason for this is again that in such important and exciting matters public and parliament find themselves unable to preserve democratic self-discipline. They will not be content to exert their influence in the democratic way, i.e. by giving or withdrawing their political support but, as I have pointed out before,¹ they will insist on asserting their views about each move separately, in an impulsive way, without any regard to the general setting from which each move derives its meaning, and thus spoil the national game. Enthusiasts will of course reply that there should not be any such games. But there will be inevitably the consequences of irrational behaviour. And strong governments or the bureaucracies behind weak governments have replied,

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via facti, that there is a remedy, viz. that secret diplomacy which is so popular with the enthusiasts and in fact offers but an unsatisfactory solution, quite apart from all the lying it involves – lying to nation and parliament rather than to foreign powers. If it fails, then monopolistic leadership will command advantages in national planning similar to those that make for superiority of big-business management in the economic sphere. Democracy is the political method that suits the needs of a pacifi[st] bourgeoisie without imperialist ambitions.

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¹ Fußnote Schumpeters: See chapter II, p.

4.5.5¹

Secondly, there is the question of the alternative. These weaknesses are obviously not absent in nondemocratic patterns. Passing one's way to a leading position, say, at a court, may absorb quite as much energy and distorts one's view about issues quite as much as does the democratic struggle. Only, that waste and distortion does not stand out so publicly. This amounts to saying that attempts at competitive appraisal of agencies of government will have to take account of many other factors besides the institutional principles involved.

But third, most of us will reply to the critic that a lower level of governmental efficiency may be exactly what we want. We certainly do not want to be the objects of dictatorial efficiency, mere material for deep games. Proportions guarded, such a thing as the gosplan may be impossible in the United States. But does not that precisely prove that, just like the Russian gosplan, its hypothetical analogue in this country would violate the spirit as well as the organic structure of the commonwealth?

It remains to consider the question of the type of man that the democratic process raises to positions of supreme or secondary leadership. Again, we may conveniently start from a criticism that must have occurred to anyone who ever gave a thought to the problem of democracy. It has been embodied in the slogan: government by amateurs or more precisely by political professionals whom success turns into amateurish executives

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~~the other is the slogan government by raising frailness.~~²

A lot might be said for this criticism, if we were to consider the problem in abstracto. But we shall confine ourselves to a special case which seems to me the only one worth considering under modern circumstances. It is defined by two conditions: we assume that there is a trained bureaucracy whose specialist advice is available for the guidance of those amateurs; and we assume that application of the democratic method is confined to

¹ Wiedergabe eines zusammenhängenden Ausschnitts aus einem Manuskript, Blattnr. 304-309. Die Vorlage Blatt Nr. 304 bezeichnete der Herausgeber der *SPR* 2018 mir gegenüber als inzwischen "verloren", wurde von ihm aber noch in für *SPR* genutzt. (Siehe hierzu weiter unten.) Nun liegt mir Blatt 304 aber auch in einer pdf-Version vor, so dass ich die Wiedergabe der zutreffenden Passage nach deren Wortverlauf biete. Der Anfang von 5.(M) lautet gemäß *SPR*: "The efficiency of democratic governments is inevitably impaired of the tremendous loss of energy which the incessant battle in parliament and outside of it imposes upon the leading men. The incessant competitive struggle imports the bias admirably expressed by the phrase about "dealing" in votes. It forces upon the men at the helm a short-run view and make it difficult for them serve such long-run interest of the nation as may require consistent work for far-off end. Thus the prime minister in a democracy might be likened to a general so fully occupied with making sure that his army will accept his orders that he must leave strategy to take care of itself." Quelle: *SPR*, p. 256. Die Differenz bedarf noch der Klärung.

² Diese Zeile ist in der Vorlage durchgestrichen.

the offices of prime minister and his lieutenants, let us say, the other ministers.¹ In this case the criticism

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seems to collapse. For a compromise must be struck in any governmental arrangement between political leadership and specialist or departmental competence, and the democratic form of this compromise will not necessarily function worse, though it will not necessarily function better, than do others.

There is however another aspect of the matter. In a democracy appointment to the non-political positions in the public service, hence the quality of the civil service, the army and the judiciary and of the professional advice they can give to the amateurs at the top, is in the hands of those amateurs – the prime minister and the secondary leaders in charge of the various departments of state. Even if we choose to neglect such things as a spoils system – on the ground that they are passing distempers which any democracy that suffers from them may be expected to grow out of in time – the fact remains that political leaders always, though to an extent that greatly varies according to persons and situations, are under pressure from supporters or under a temptation to use “patronage” in order to improve their political prospects. Whatever may be argued against other systems – and that is plenty – precisely this pressure and this temptation is inherent in the democratic method alone.

One may derive some comfort from the argument that service rules and the authority of a great bureaucracy may provide adequate remedies. But service rules of promotion petrify. And the authority of the personnel of an office certainly increases the weight of its corporate opinion as to who should be promoted, but does not necessarily increase the value of that opinion. Potentially at least, selection by an agency that does not owe its existence to a successful struggle for votes, undoubtedly promises better results.

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This however brings us up to the salient point: whether amateurs or not, what kind of people are likely to emerge victoriously from the competitive struggle for political leadership? Must we accept the proposition which serves as premise to so many adverse judgements on democracy, viz. that the qualities that make a good candidate are not

¹ Fußnote Schumpeters: *For England and Europe in general that term conveys exactly what I mean, or almost so. For the United States, it should be borne in mind that the members of the President's cabinet often fail to answer to our concept of a minister while the managers of the government forces in Congress and the chairmen of senate committees in part fill ministerial functions. – The second assumption made in the text excludes of course many cases of direct election of non-national officers. So far as these officers are members of bodies (local or State governments) that in a smaller sphere fill functions similar to those of national governments – functions that come within the category of political leadership – the exclusion is merely intended to simplify our exposition. But that assumption excludes also another class of cases of which the most important instance is the election of judges. Those cases are excluded on a different ground. I hold that such elections are not an essential part of the institutional arrangement of democracy. They raise difficult problems of their own into which it is impossible for us to enter.*

necessarily those that make a good minister? I think that we must accept this proposition but that it does not convey the whole truth.

Any system of selection will discriminate according to the nature of its tests. It will favour certain types of men and overdevelops certain aptitudes to the detriment of others. The democratic method favours men who have a knack of working party machines and men who have a knack of self-advertisement, of handling personal and sectional problems, of non-committal commitment, of mixing smiles and frowns in the most saleable proportions. It will bar the ascent of men who lack those qualities and tend to reduce them to mere consultants whose advice will be not more effective than the politician chooses.

But other methods of selection have similar tendencies to discriminate in antisocial ways, only different ones. No known political system chooses its leading men as a stable chooses its derby crack. There is always some irrational discrepancy between ability to meet the requirements of the selecting agent

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and ability to perform satisfactorily when selected. In some patterns, a man rises through courtly graces – which method accounts for M. de Villeroi’s being selected for command that ended in the battle of Ramillies.¹ In other patterns, a man rises through promotion according to stated rules – as pointed out before, this method tends to favor meritorious mediocrity. In still others, a man rises to supreme command by what may be termed nondemocratic election – the classical instance of this method is the election of the Pope, and its results are conveyed by the Italian proverb: “who enters the conclave as the future Pope will leave it as a cardinal.”² It would of course have been just as easy to invoke facts that [point](#) the other way. And the upshot is once more that it is not so much the democratic or undemocratic character of the method of election that matters but rather the way in which the method is handled.

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If nevertheless we wish to keep the question of the merits of political methods per se, then we cannot add a qualification to the proposition from which we started. The ability to conquer a position of supreme leadership according to the rules of the democratic

¹ Die Schlacht bei Ramillies war eine der bedeutendsten Schlachten im Spanischen Erbfolgekrieg. Nahe dem Ort Ramillies (heute in Belgien) besiegten am 23. Mai 1706 englische und niederländische Truppen unter der Führung von John Churchill, 1. Duke of Marlborough, eine französische Streitmacht unter Marschall Villeroi. Dieser Sieg erzwang den Rückzug der Franzosen aus den Spanischen Niederlanden unter Aufgabe der Städte Brügge, Antwerpen und Gent und sicherte Habsburg die spanischen Niederlande.

² Fußnote Schumpeters: *I have caught the meaning of that proverb it means the man who would make the most successful pope has none to great a chance of being elected by the cardinals. A survey of the long list of popes seems to bear that out. It also shows another thing however: not consistently, but as a broad rule, the election of stronger man was associated with [??] that presented either great tasks or else great dangers. Study of this method of selection for leadership is of particular interest not only because the “electorat” is of such unusually high quality but also because its corporate interest is so unusually definite.*

method and the ability to fill it successfully are certainly not the same thing. But neither is it true that there is no relation between them. Of course we cannot argue that in a democracy the type of man which are in competition for the vote will carry up the ladder is the only one who can govern at all – that would clearly be circular. We can however argue that normally the democratic procedure tests personal forces and that the abilities which that term conveys are not without their use in the prime minister's workshop, besides being, again as a rule, associated with others that make for success in the shaping of policies and in administration. To know how to handle men is not the same thing as to know how to handle national problems. But the former obviously bears upon the latter. And there are sieves in the stream that carries politicians to national office which have indeed big holes in them, but are not entirely ineffective in barring the passage of the moron or windbag.

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4.6 Weitere demokratietheoretische Aspekte

4.6.1a & 4.6.1b¹

Alles eben shaved into Übergang (der wohl auch schon im 3. Essay)
Kommt darauf hinaus, wie wir den Übergang werten und den

Kreditive will

(Übergang nicht als altern. zu ewigem Kapitalismus, sondern zu
aufgeschobenen Sozialismus)

hope gewiß, daß regime can relax, wenn keine
Alternative da und alles key up

If that is "democracy", dann
kein Unterschied gegenüber
asiat. Despotism? Oh doch -
Kritik und Diskussion – aber
im /:Detail:/ ist das überall
möglich, wenn nicht an /:füh-
rende:/ Gruppen greift

about the sincerity of those who preach it, but realise
that the result we arrive at does not differ from it as much
as one may think. Men are clay

The impression thus gathered will be strengthened by two
facts which we have already noticed in book.

Sozialismus in a sense appeals even to reason – /:Dinge:/ aus Notwendigkeit
mehr offenbar und Gleichschaltung überhaupt und durch elimi. von Eigentum;
comment hier möglich als approxi.

Was für diff. bleiben?

... Trotzky – well transitional

... Wie wird /:je:/ für Kapitalismus argued?

That carries us beyond more general allegiance und ist nicht einfach kompen-
siert

by



- 1) Wenn Leitung nicht sehr firm, so wird es aber
eben immer dissolute Gruppen geben
- 2) und issues (die nur jetzt Stalin entscheidet, der
seine Zeit hat, die Leute to divide) Ungleichheit,
sektionelle Fragen
- 3) zu viel anvertraut, als daß man risikieren könnte
(obgleich Kritik auch jetzt möglich)
- 4) eben Allmacht vorhanden. ...

Entweder ich muß mehr sagen über Erscheinungen des Über-
ganges, wenn ich vom Übergang spreche (phys. elimi. nicht nur
von Struktur sondern auch persons.

Oder ich darf den Übergang hier nicht so beiseite schieben!

Was heißt es anderes, wenn ein regime ruthlessly imposed, es
eben weiterläuft, oder anders, denn wenn people sufficiently
and they accept no?

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¹ Wiedergabe von zwei offensichtlich zusammenhängenden Manuskriptseiten mit umfangreichen
Randbemerkungen

Value of soc. in democr. front – especially where von Moskov (Moreover?) – selbst als tongues in check¹ – aber “Norman Thomas?²” pored; englischer Sozialismus...

In the third place

4.) It seems natural, in view of the facts we have glanced at, to be less impressed by the democratic record of the socialist parties before the war. We need not too much emphasize that that was not unbroken – syndicalist practice for instance can really disposed of as an aberration in the statistical sense. There is however all the more need to emphasize that prewar socialism of all types, that are to be taken seriously, had no choice. In some countries socialists had barely emerged from official persecution. In all countries they formed vulnerable minorities which could not afford to offend public feeling in the democratic age. Most of the attitudes and slogans of democracy tended to ³shelter them; most also helped them in their struggle for power and votes such as the war for the universal vote so obligingly waged by bourgeois like John Bright⁴ who always mistake floating rafts for rocks. Everywhere, members could come to them only from strata which revered democracy with a quasi-religious fervor. ~~Please did not think I am accusing those socialists of insincerity. No men were more sincere than they, in spite of the childish Machiavellianism in which some of their prophets gloried. Besides, I do not so believe in insincerity in social strife. People get to believe what they want to believe and what they incessantly repeat. But this does not offend~~

Nur das kann wiederholt werden!

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Ist so wie christliches und jüd. Speisegesetz

Sozialisten kämen vom bürgerl Radikalismus her und würden Forderungen stellen, für sie notwendige Mittel to rise to power

Das eigentlich schon gesagt, aber das vielleicht wiederholt wird bei Marx

fighting on barricading and having oneself shot in 1848

Theorie des /:unmoralis./ strikes

Democr. shows treatment of Minorität, in England Minister resigns wenn Majorität small

¹ Lesart Uraki: *tragic in checks*.

² Norman M. Thomas (1884-1968), führender amerikanischer Sozialist. Betonte in Abgrenzung vom revolutionären Marxismus den Unterschied zwischen Sozialismus und Kommunismus, für Schumpeter auch deshalb interessant, weil er aus isolationistischer Positionen heraus gegen den Eintritt der USA in den 2. Weltkrieg argumentiert hat.

³ Über dem Raum zwischen “to“ und „shelter“ stenograf. Einschub: *schon gesagt*

⁴ John Bright (1811–1889) britischer Politiker, Verbündeter Richard Cobdens, Vertreter der Radikalen.

Socialists

crying for policy

Aber wollen ja nur “repel force” – was will dann der bourgeois? Jeder tut was: whatever kann ideal sein, aber meist ist es nicht und das ist ganz verständlich; [??]¹ what this means und ist genauso wie mit Etatism? das vielleicht here?

Schließt ein, daß Sozialisten Demokraten, wenn es die Interessen der sozialistischen Gruppe fördert

Also das muß an der geeigneten Stelle kommen: die Digression or Falschheit der Auffassungen, die der Meinung zu grunde liegen, daß der Arbeiter, white collar, Bauer u.s.w. Sozialist sein soll und fundamental ist, würde das nebenstehende Argument ganz abschneiden
Vielleicht nachdem ich das teaching und Marx und die Heutigen behandelt habe, sagen, daß 2 Dinge folgen a) das nebenstehende Argument, b) etwas über Demokratie: Kreierter Wille – (keine Majorität, keine Minorität – consent)

In II dann auch Bürokratie (/:Fachmann:/) Maschine profess. Politiker – das Entstehen eines besonderen Kreises mit besonderen /:Qualitäten:/, Intellektueller. Inform. und Zahl.

Delay und repr. kann man alles machen (würde keinen Unterschied machen, wir kommen von Volks Gnaden statt Gottes Gnaden)

↑ Kann nicht alles gesagt werden: what do you advocate?
Government by lying?

performance
Lincolns Weisheit² nicht nur *Humes*³
aber was bedeutet es
Proporz – was bedeutet es?

Wo dictatorship

~~5) Lest you should think that I am trying to hold up socialists to scorn as bad democrats, as opportunists, as schemers that make arrows out of any wood, I will add at once that they do not in this respect differ from any other group. Democratic methods are practically always means to a given end which is what really commands allegiance, and democratic ideals practically always derive their glamor from what it is hoped that democracy will achieve. And lest you should think that this is only the attitude of callous practitioners of politics, I will show you that you are not better than they. Many of you have not doubt joint in the battle cry that is so popular just now:~~

~~“Democracy is an end in itself.” But try to make clear what you mean. Do you define democracy by the principle that the will of the people—of the majority of grown up citizens—should prevail? Yes? Well what if that majority were in favor of burning heretics at the stake? Would you uphold such a democracy? I am not teasing you. The case is by no means fantastic. It is taken from history: there cannot be the slightest doubt but that burning Christians (or jews) in Nero’s Rome and burning protestants in Philipp II’s Spain was thoroughly approved by a majority of the people,...~~

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¹ Lesart Uraki: not

² Lesart Uraki: *London’s war-risk* – Vgl hierzu: *CS&D*, p. 264 “There are of course limits to all this. And there is truth in Jefferson’s dictum that in the end the people are wiser than any single individual can be, or in Lincoln’s about the impossibility of “fooling all the people all the time.” But both dicta stress the long-run aspect in a highly significant way. It is no doubt possible to argue that given time the collective psyche will evolve opinions that not infrequently strike us as highly reasonable and even shrewd.“

³ Lesart Uraki: *insurance*

Wo: was passiert ist: zu früh versucht und so den Führer produziert statt demokratischen Sozialismus, a) den Bolschewi
b) den nicht-soz. Führer (erleichtert)
Unexpected – aber long in the making ...

Notate für III

Resignation, die das erfordert, vielleicht hier
Wenn also das Faktum “where is the majority to come from, (später dann über *snatched victory*)³ at least in the normal course of things?” erledigt ist, kommt die Frage, daß das anders ist im Laufe der Zeit, besondere auch durch Bekehrung der Oberklasse.

...transition by the democratic road und democratic revolution possible, wenngleich tatsächlich jeopardized durch das, was passiert ist.

From this however operation by democratic method must be distinguished. If we have discard prediction for the needs of all that and other meaningless phrases (people’s lobby), and managing economy “for the people” in the sense of in the labor (possibly farmer) interest to the exclusion of every other, if we mean more than development of “social politik”, what, in an economy in which all means of production are controlled by a central bureau, would *trash* of the democratic means and what would this alter in the position of trade unions⁴ and shop unions (Arbeiter Räte)? In the first instance: the elective organs (the Cabinet) would also control production as they now control the army. The democratic, the political method would be extended to cover the whole of national life.

First we must remember advantages⁵ – Gleichschaltung der Willen und individuellen Position – viele Probleme fallen einfach weg, macht dem. easier: selbst decision of issues elapse, obgleich zweifelhaft: WPA⁶ worker [??]⁷ dieselbe Einstellung wie Arbeiter, der einem Arbeitgeber gegenübersteht. On the other hand wiegen alle inefficiencies und Schwierigkeiten schwerer. Man kann sagen, /:dann:/, wann und wo demokratische Methode funktioniert, war das genau deshalb, weil ihr nicht zu

³ Das in Klammern Stehende kann auch zum obenstehenden Gedankengang gehören. Vgl. hierzu die Vorlage.

⁴ Über *unions* steht: *industrial or craft*.

⁵ Von hier ab nahezu ausschließlich stenografische Notizen.

⁶ Die Works Progress Administration (später Works Projects Administration, abgekürzt WPA) war die größte Bundesbehörde der USA, die im Zuge des New Deal geschaffen wurde. Sie war als Arbeitsbeschaffungsbehörde für Millionen Arbeitslose während der Grossen Depression konzipiert.

⁷ Lesart Uraki: *organisiert*

Könnte das auch hier sagen, daß ich kapitalistischen Ursprung der Demokratie und den rugged spirit of dem., der an individuelle Erfolge glaubt, nicht zu sehr betonen möchte.

Daß Arbeitslosigkeit durch Disziplin beseitigt im 3. Essay!

Dort vermischen mit 3. Essay

Leadership und Verantwortung¹ erschwert

viel anvertraut [wurde], weil selbst, dann das nationale Leben weiterging. wenn sie nicht funktioniert; jetzt wird es schwerer wiegen, daß prime minister im Parlament sitzen muß und dann nur short run polit. möglich; und es hängt zu viel davon ab; selbst Diskussionsfreiheit wird etwas zweifelhaft /:unsicher:/ die Freiheit der Agitation. ...

Das natürlich besser, wenn elect. Methode und politische Kontrolle beschränkt auf Angelegenheiten, die ihr auch heute unterliegen, und für Rest so viel appointment wie [auch] nicht-demokratische Wahlen (das Bestehen von "Räten" u.s.w.) wie möglich; daß nicht so sehr Arbeiter- als Konsumenteninteresse betont und dem Arbeiter ein Direktor gegenübersteht, der annähernd so unabhängig ist wie heute, vielleicht sogar mehr Autorität; auch kann Autonomie und einzelne Unternehmung mehr machen /:zügiger:/ wirken unabhängig von Regierung.

Aber je mehr diesen Gesichtspunkten Rechnung getragen, um so weniger demokratisch – das haben wir schon gesehen und sehen jetzt, warum, andererseits vielleicht wirklich nicht wahr, daß Demokratie, Kapitalismus, Privateigentum u.s.w. voraussetzt (wirkliche Unabhängigkeit!); historisch und genet? Assoc. – auch logisch? Alles sehr erleichtert, wenn Wirtschaft stationär.

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¹ Lesart Uraki: *registered*

4.6.2a

(Here we meet a point which will have to be elaborated: they perhaps ought to be socialists – they are being prolet. – but 1:) whats the good of it if they are not
2.) ist gar nicht so sicher!)

Hier also nur obj. Interesse **und dann, von dem Problem dieser Gruppe aus, Übergehen zum issue und nach Eingebogenem¹**

sneer über Einstellung dieser clericals	The most unexpected difficulty (von Stand der othodoxen Theorie) ist problem of clerical class – schon Tatsachen alles Wachstums gemäß concep. (immer dieses Wachstum: Maschinen müssen verwertet ² werden) ³ Aber dann Stellung nehmen: sie wollen, sie waren, sie werden – ist nur Druck und Irrtum ... Verkennung des eigenen Interesses aber a) Tatsache b) gar nicht so sicher: ist nicht Axiom sondern /Tatfrage/ But here we have the majority – zusammen mit (Einfügung am linken Rand) ⁴
Indep. ob occupation →	
But in fact, warum sollten die 775,000 weiblichen typists in U.S. (1930; 265000 in 1910, weniger als 1000 in 1870) nicht ebenso Sozialisten sein?	Und nun das 2 th : Unrealist. Gegenüberstellung von Prolet und Nicht-Prolet; (der Übergang von Besitz und Nicht-Besitz graduell ist <u>wesentlich</u> , übrigens ist “Besitz” nicht entscheidend) ⁵ Besitz –besitzlos
10-30 Jahre in U.S. – cler. class (?) 14 %.	intellektuelle creation des Klassenbewußtseins der konservative Arbeiter; die amerikanischen führenden Industriellen keine Montmorencys ⁶ ; starker Aufstieg, der angeblich nun aufgehört hat (aber immer geleugnet wurde von Orthodoxen) Irrtum? ⁷ Das ganze Problem! ist England Gar nicht klar, daß oberen Schichten (und selbst die /Arbeiter/) besser daran wären; haben zu verlieren; Besitz verteilt: Haus, Lebensversicherung u.s.w. Aber wer immer! [die] Tatsache bleibt; und besonders natürlich in Amerika

¹ Im Original eine Einfügung in roter Schrift. Das „Eingebogene“ wird ein unbekannt gebliebenes Ausgangsmanuskript sein.

² Lesart: *verwaltet*

³ Der Ausdruck in Klammern ist eine Einfügung über der Zeile.

⁴ Die Bemerkung gilt dem Rand des Manuskriptes.

⁵ Die Bemerkung in Klammern ist im Original eine Einfügung über der Zeile

⁶ Spätestens seit dem 12 Jh. bis in 17. Jh. einflussreiches französisches Adelsgeschlecht, das mittels eines geschlossenen Netzes von Verwandtschaftsbeziehungen, Besitzungen und Verbündeten feudal autonome Machtpositionen eroberte und bewahrte, zugleich aber über Jahrhunderte loyaler Partner der französischen Könige war.

⁷ Vgl. im Original einen hier nicht reproduzierten Pfeilbezug zu „Irrtum!“.

Das auch zu Intellektuellen { Aufstiegsfrage: charmed circles, der charm must be very weak (aber jeder Reporter will hinauf und jeder erklärt sich sein Nicht-Fortkommen durch social injustice): and is told so – masses are told bis sie es haben, aber fundamental haben sie es nicht; gesundes Gefühl: jeder gets on who is any good at all, aber System racing failures

Jetzt also Operation a) ist ja klar, daß, wenn mit Zwang eingeführt, auch schon die allgemeine allegiance gesichert – aber das ist created Wille. Frage, ob das ausreicht

b) gleiches Verhältnis schalten /gleich/: nicht mehr snarling; Interessengruppe vielleicht – aber viel eliminiert, also consent ich denke wohl

. . .

c) Aber weitsichtige Politik; Disziplin (die jetzt vom Politiker gehandhabt werden muß); Schwierigkeit der Aufgabe; von der jetzt alles abhängt.

Stalin; selbst Diskussion der Intellektuellen nicht mehr zulässig; – schon jetzt sehen wir, warum um so besser, je weniger demokratisch, von Eugenik u.s.w. gar nicht zu sprechen (Rußland sehr merkwürdig darüber: prolet. Biology¹)

/Geistige/ opp.?

/Individueller/ Geist

Aber das ist nicht Demokratie

Aber nun hier ausführen, was dieser Übergang bedeutet: Rußland ist da bezeichnend, nicht weil so ist, sondern so sein muß. /Anderswo/ nicht weniger, sondern mehr, weil intelligentere Masse.

Und wir Frauen und Social. Intellektuelle und Social

Issues können nicht entschieden werden }

Auswahl ist dann nicht mehr möglich } nicht logisch,

aber immer schwierig

Und Stalin daher wahrer Sozialist

Childisch attitude: Sozialismus wird wenig run

[REFERENCE](#)

...
¹ Anspielung auf den Lyssenkoismus

Also nun fertig bis zum Endgebogenen¹

Noch auszuführen über Clerical class, prof. Künstler und Intellektuelle, was gar nicht einfach. (Von diesen hängt zunächst ab, wenn die anderen 2 Gruppen nicht von anderen Seiten mismanaged werden beyond belief), und sehr wichtig, daß Majorität – besonders der freien Berufe – einen unbefriedigenden Erfolg hat und sich ihn durch soz. injustice erklärt, und dann das Wichtigste: Abschnitte über prinzipielle Einwendung.

But here we strike a deeper issue:

- a) ist econ. location entscheidend für Stellungnahme in short und long run (nun entweder das vorher oder – wohl besser – separately here, aber dann nicht zuviel vorher); man kann das einleiten mit der Lage des Intellektuellen, gar nicht so sympathisch gegenüber Handarbeiter: ein Interessengegensatz (z. T. Konsumenteninteresse, aber auch soziales Interesse)
- b) das dann auch innerhalb der Arbeiterschaft; konservative Arbeiter
- c) un reale Gegenüberstellung des “Prolet.” – hat ja selbst “Lumpen-Prolet.” und respectable Arbeiter – und Nicht “Prolet.”; besonders wenn Gutbesitz und Nichtbesitz
 - a) nicht entscheidend
 - β) nicht scharf: keine Statistik ändert daran!

Und dann sagen: zweifelhaft, ob possible to snatch victory by a chance of majority, aber selbst wenn so, wäre das nicht das Wahre

- 1) sind nicht die richtigen Proletarier
- 2) ist nicht der autonome Wille

Das führt zurück zu der im Anfang von III erwähnten Entsagung, die *das Managen durch Intellektuelle betrifft*. Und das bedeutet ein non-dem. transitional regime (das leicht ewig dauern kann). Das freilich von verschiedener Härte sein kann, aber das Wesentliche am russischen régime ist, nicht daß es so ist, sondern daß so sein muß – ist nicht wanton cruelty: if thing was to be done, so nur so. Hätte Stalin das leisten können mit Intellektueller buzzing about und mit /stationären/ groups asserting their will – wäre chaos gewesen und noch schlimmere Hungersnot. Das ist nicht Rechtfertigung, noch auch so, wie die Webbs es machen oder auch die silly females, auch an jedem Schritt nötig, ein purge zu machen – terror in permanenz; dann eben Unterschied gegenüber Marxian Soz.

¹ Beim *Endgebogenen* muss es sich um einen besonderes Manuskript Schumpeters handeln.

Question ist nur, of post-transit. Democr. möglich? bis zu einem gewissen Grade – das genügt dem im Sozialismus eben, [dem] [das] das unter allen Umständen zu realis. Ideal ist, das er über Demokratie stellt.

Aber Wille kriert Wille und bedeutet das mehr, als daß die Leute gewaltsam fashion kann und daß Demokratie möglich ist, wenn alles Wesentliche gesettelt¹

keine Wahl von Fabriksleitern

Freilich viel Bürokratie und sehr viel Disziplin, denn es hängt sehr viel ab von dem Funktionieren und wir sehen jetzt, warum Sozialismus desto besser funktioniert, je weniger demokratisch er ist – wie wir schon vermuteten –, aber auch um so besser, je stationärer, but the married souls will not want more.

[REFERENCE](#)

¹ gesettelt: eingerichtet, niedergelassen, sesshaft geworden.

4.7 Die Periode des Überganges zum Sozialismus

4.7.1 – 4.7.3

Achtgeben auf Übergang und dann große Frage, ob Majoritätsfrage hier oder in I	<p>(15) wäre dann die Möglichkeit, ein[er] dem. transition if fullness und wie dann Operation – oder wäre das nicht besser (14) (16) dann Übergang durch Gewalt oder snatched victory; <u>muß</u> so sein reaktionär alle im soz. Intellektuellen [??]³; bourgeoisie wird gerächt</p>
altern of keeping alone or else take part in the work of bourgeoisie radicalism – within the system	<p style="text-align: center;">III.</p> <p style="text-align: right;"><u>Consequences easy to draw</u></p> <p>We return und wenden an, was gesagt und dann Essay über Canwork Will distinguish Übergang und Operation.</p>
All that work that instab. the impatient intellectual to distraction ¹	<p>(15) O! Concerning the transition to socialism, it is obvious that adherence to democratic principles in the sense of allegiance to the autonomous will of a large, or any, majority of individuals imposes resignations upon socialists, for to-day and the calculable future. This resignation does not necessarily involve self-effacement or abnegation. For there is plenty to do for them in building up the party, taking part in or even forming governments – prizes of power and achievement that are satisfactory to many. But all that is theirs, to very different degrees, on the condition of keeping clear of vital nerves of the existing system (though this bears a lot – rich England [??]⁴. And for the fundamental change there is, and there will be for decades to come, (safe [??] [??] of world war) no majority in that sense – which is also the sense, as I believe, which Marxian doctrine, as meant by Marx, required.</p>
Das ist ja der tiefere Grund, warum Sozialisten nicht demokratisch sind, oder nur jene, mit einer Alternative zufrieden sind! Und sie sind nicht zu verachten! ²	<p>Of this we can easily satisfy ourselves. For part of the argument we may move on a lines not too divergent from that a normal socialist of marxist training would take, for the rest we have to diverge. The industrial proletariat, including the foreman type but not the clerical staff, forms nowhere the majority</p>
Gegenüberstellung von Prol. und Nicht Prol. und konservativen Arbeitern	<p style="text-align: center;">—————REFERENCE—————</p> <p>of the electorate and is not likely ever to do so. Marx himself perhaps thought it would and that process of concentration and</p>

¹ Lesart Uraki: *distortion*

² Anmerkung des Stenografen: sollte wohl *nicht zu verachten* heißen.

³ Lesarten: *denken* oder *stärken*

⁴ Eine nicht transkribierte stenografische Passage.

Nicht Axiom, sondern Problem

Prozeß natürlich und gleichzeitig – in Japan und Indien noch große Zunahme, in U.S. zwischen [19]01 und [19]25 noch 20 %, in England /:und Wales:/ wenig mehr als 9

Umkehren!

Mehrere Sätze! Besser ausdrücken!

Coming of the Land

proletarianization would in the end yield the required majority – a very homogeneous one, by far the most satisfactory case: that was the army he thought of. But even granting for the moment that industrial workers as defined would really weld into such a homogeneous mass, united by a pervading class consciousness, naturally imbued by the socialist standpoint and uncompromisingly hostile to any other, its relative growth slackened and began to stagnate from roughly the first decade of this century. Many socialist orthodox ones among them observing this without necessarily calling in question the message or prophecy yet begun to draw revisionist (see next essay) conclusions, at least to the extent that the coming of socialism would be a slower process than they or their predecessor had thought.

The first doubts arose concerning the agrarian sphere. The peasant surely took so long a time in dying that it became uncertain whether he would die at all especially if he was as firmly supported as he was. Application of “laws of concentration” become a problem. Kausky wrote a book. It seemed clear, precisely from the orthodox standpoint which stresses objective constellation of interests, that here was indeed a solid block barring expansion of proletarian class consciousness. There was a second best, however. If not in the nice theoretical way the peasant population might be inserted into the proletarian front without being proletarianised. The very

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**Diktatur
über das
Prolet.**

¹realism of the peasant, his nonblushing narrow egotism seems to offer a handle by which turn his political standing ground. If his property and his returns were guaranteed he would care little what happened to the rest. The fact that he worked with his lands and accordingly no large employer of labor – Tugan Baranovsky – made it easy to make him into a sort of honorary member of the proletariat and to make the two sacrifices palatable to socialist theorists and practitioners to propose to safeguard this particular kind of private property and to pay a rather heavy price in terms of protection and other gifts – which price moreover was only at the charge of the followers. But the peasant, because of his very realism, was also distrustful as well be right perfectly

¹ Für diese Seite liegt mir keine Dekodierung stenografischer Passagen vor. In der Mitte des Manuskriptes befindet sich offensichtlich ein Hinweis auf Heinrich IV.: *Paris ist eine Messe wert.*

aware of the bid from the other side. Impatient intellectuals might advocate farmer-labor parties. But the will to overcome – in this case truly autonomous – was and is formidable conduct. Less qualms on the score of principles, but no less difficulties in practice were and are experienced with respect to small traders and producers – mainly retailers, artisans, manufacturers who are little more than artisans. These, so the doctrine says with some if not perfect truth are defined to disappear – in fact the chain store will eventually settle the bulk of this class. But they too take a long time in dying. And they too can to a considerable extent be helped – though they must be defended against the typical capitalists! Little comfort for the impatient youngster who himself wants to do the managing in socialism, because they are the most lively adherents and political mainstay of private enterprise.

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4.7.4 & 4.7.5

Also fortfahrend in III: Also keine Majorität oder keine “echte” und eine sehr unverlässliche und halb widerwillige welche zu benutzen schon anti-dem. ist und schon sehr dazu einlädt, mit a little terror nachzuhelfen.

Wie es weitergeht siehe X¹ und besonders # und auch noch 1 - 3 weitere Seiten!

Vielleicht
a) in abstracto
b) wenn demokratisch arrived
c) wenn mit Gewalt erreicht

Now about operating the socialist machine once it has been constructed. Let us remind ourselves again that the problem differs according to whether that machine emerges, in the fullness of time, from economic and social conditions completely ready for it in the sense explained in a previous talk as the ripe product of the evolutionary process and in a manner which may in fairness claim to be democratic though some revolutionary action may still be necessary to overcome

¹ “X“ ist hier kein Zahlzeichen sondern einfach ein Zeichen für eine Kreuzmarkierung im Manuskript. Dito für „#“.

Wo eigentlich das Thema of world war?

the resistance of barriers that are rotting but have not quite rotted away – or in the only manner in which it can emerge, viz. as the result of a victory snatched from an unwilling majority by force and by the grace of a favorable though temporary chance such as an other world war is likely to create. We shall confine our discussion to the latter case, merely indicating some of the points which also apply to the former.¹

Another reminder before we start: I do not claim that the arguments that are to support my conclusions are provable in the strict sense and fully admit the existence of a rich expanse of ground in which opinions may fairly differ even among people whose standpoints in matters of principle are not separated by impossible gulfs. What then do I claim? Exactly what I claimed...

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¹ Übergang zu 5

¹Most of these arguments, it seems, lose their force to the case of socialist realization by the method of evolutionary revolution. So they do. Transition is conceivable in a democratic manner and as a result of autonomous volition of an overwhelming majority. And then there is no reason why democratic method should not continue to prevail thereafter. Perhaps it would not be the full-blooded thing it used to mean when associated with the action of self-reliant men standing on their own ground and all that sort of thing that today draws a sneer. But it will still be genuine democracy.

Ich komme also zum Resultat daß, wenngleich Creierung des Kapitalismus (via Aufbrechen der Bindungen, Schaffung einer separative öffentlichen Sphäre; self-reliant “rugged” individuals, die auf eigenem Boden *stehen*) für Entstehen der demokratischen Form und Ideologie verantwortlich ist, es ist doch nicht richtig ist, daß es keine Demokratie gibt bei Planung usw.

Das aber bedeutet Umschaltung des Arguments in IV/III

Whoever hates socialism enough to wish that it should never come except as a curse has reason to be grateful to the modern intellectual.

In wesentlichen Punkten übernimmt der Faschismus sozialistische Methoden und Prinzipien, und das darf nicht übersehen werden über dem Geschrei der balked Patentees!

Unterschied aber auch wesentlich, besonders daß [er] keine Spitze gegen Privateigentum hat. (vindictive hawl)

...given grimace of democrat

[REFERENCE](#)

4.7.6

²I do not wish to stress again³ the obvious fact that “transitions” are not unlikely to last and that as long as they do last the arsenal of instruments of torture, from demonstration trials and concentration camps to the shutting out of information and discussion and to movies and radios, will remain at the command of the ruling man or group. But regardless of this, the created will once created perpetuates itself by its own inertia, long enough at least for an educational system, a press, an intellectual

¹ Weiterhin von Uraki als 5(N) gelistet. Jedoch Zugriff auf eine entferntere Seite des Manuskripts.

² Wiedergabe der zusammenhängenden Seiten 73 und 72 eines Manuskriptes.

³ Über “again“ steht „good“

class to grow up which inculcates its tenets and forms a new generation that knows of nothing else except in the most unfavorable light. There are strong guarantees of people thinking, feeling and voting “right” for quite a time to come, conceivably without additional pressure and in particular without additional interference with the exercise of their franchise. Thus the created will may become an autonomous one that is psychologically as genuine as its predecessor was – that predecessor into the making of which the element of compulsion entered to but a smaller degree. The slide only amounts to paraphrasing in some what more realistic terms the official theory of the process – the doctrine that humanity need only be pushed, however much against its misguided will, into the socialist form of life, in order to see its glories and to be converted. Think as you please about the truth of this doctrine and

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for previous arguments of this type – that they are based on ascertainable facts and rational inference from these facts. And this I hold is the only method available if we are to apply reason, not merely professions of belief, to the issues under discussion. Any utopia may be made logically consistent and in this sense impregnable to rational argument. In particular there is no logical inconsistency between the socialist and the democratic ideal. If there be inconsistency at all, it is a practical one only and everyone has an indubitable logical right to attach his own sights to those facts and inferences.

To the true democrat, a socialist organization of society that owes its existence to force is vitiated in its roots, at least if force be applied to a majority and even if were untinged by blood. He ought to – and this is indeed a matter of logical consistency – to disapprove also if there be no force in any ordinary sense but any substitution, to use our terminology, of created for autonomous volition and even the mere “snatching” of a victory when people do not think as they normally do. But in the practice of such a socialist system that substitution which in the case under discussion would be necessary for the transition would contribute much to ultimate success.

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are in a state of
“exaltation”,
despondency
or fright.

... ..

Vielleicht IV und V fusionieren? und als VI. Essay dann Intellektuelle oder Passing of Socialism oder Marxism?

Aber das collid. doch mit V!!

Aber das gehört doch klarerweise in die Politik!

Wenn ich nicht zuviel unter 1 über Unmöglichkeit der Majorität sage, weder mit oder ohne Proporz; so ist das unter III auszuführen; wie das sozial vor die Alternative stellt der Resignation, welche die Form des keeping the flame burning oder die Form des laborism annehmen kann oder even violence (“Revolution”?)

Zuerst ist das erstere zu diskutieren und das Resultat für Demokratie: möglichst daran festzuhalten am Prinzip des autonomen Willens selbst durch Revolution (aber das schon in I gesagt) – wengleich nicht, was der bürgerliche Demokrat mit Demokratie assoz. –Volk als ruling class ... Bürokratie ... und desto wirksamer je weniger demokratisch (freilich das nicht so wichtig wenn stationär und dann eben verschiedene Realisierung “heute” in der Vordergrund stellen; und enden mit ritual in roots wengleich das dem Gläubigen nichts macht; und entscheidet auch für die nächste Zukunft; Russland mußte so vorgehen; Lenin hat recht von 1903 an!

Wenn ich nicht fusioniere wie oben vorgeschlagen, dann ist zu verweisen auf 5. Es ist nicht unmöglich, hier nur issue on principle zu diskutieren, mit abstrakten Problemen der Demokratie im Vordergrund. Aber Darstellung der Stellung des Sozialismus kollidiert doch.

Vielleicht enden mit: /:Modell:/ ist wahrer Sozialismus, aber democr. Sozialismus (und auch dessen Theorie à la Lange?) – ein Spezialfall und semi-bürgerlich; der muß sich aller Versuche enthalten, fundamentale Nerven zu schädigen und spokes in wheel und selbst die Form der machiavellist. Ratschläge.

Praktisch bedeutet das aufgeben – ist vielleicht klüger, sich freie Hand zu bewahren. Aber das gehört doch in Politik!

Vorstoß auch besser in einzelnen Punkten, ob einzelne Verstaatlichungen

Sozialismus und Krieg Sozialismus und Interventionismus	X ¹
--	----------------

Wenn IV/III beginnt mit ausführlichen Nachweise, daß keine Majorität möglich (das und die Stellung des Sozialismus zur Demokratie sind dann zu berücksichtigen in V),² so wäre zu zeigen, warum nicht demokratisch sein kann, weder in Einführung noch in Operation. Und das ist ja auch so ungefähr!! So wäre dann auseinanderzusetzen, in welchem Sinne am Ende Majorität möglich wäre – peasant Problem bleibt, retailer und artisan werden weniger bedeutsam und clerical – artistic Klasse (werden der Oberschicht ja immer mehr die Mittel zur Herrschaft entwunden und Aktionsradius beschränkt) kann z.T. erobert werden; wichtigst ist aber “consent” der Oberschicht.

Keineswegs behauptet, daß alles in Butter ist; der Moment, wo sozusagen von selbst ???³, kommt nie; aber Übergang nicht unmöglich und, in a sense, auch Operation – oder “wird auch immer möglicher” (Soziologie der Theorie of vanishing investment opp.: Leute können das schon heute wahrhaben.) Aber ist eine andere Demokratie. (Wenn ich sehe, daß zu große Gegensätze die Demokratie nicht funktionieren lassen, so mußte ich doch schließen) und gerade keine ökonomische Demokratie. Parlament u.s.w. was wir mit Demokratie assoz., ist aus kapitalistischer [??]⁴ verwechselt; checking body u.s.w.; und es ist nun Geschmackssache, ob das, was herauskommt, nicht mehr Demokratie ist oder die wahre Demokratie; “Freiheit”? Was heißt Freiheit?

Ganz absehen von solchen Dingen wie Eugenik

Enden mit Illusion

[REFERENCE](#)

¹ Ein X-ähnliches Zeichen, siehe *Reference*

² Der nachstehende Teil des Satzes wie auch der folgende Satz befinden sich auf dem Originalblatt als Textergänzung ganz unten. Die Fassung vor der abschließenden Ergänzung lautet daher: *Wenn IV/III beginnt mit ausführlichen Nachweisen, daß keine Majorität möglich (das und die Stellung des Sozialismus zur Demokratie sind dann zu berücksichtigen in V), so wäre dann auseinanderzusetzen, in welchem Sinne am Ende Majorität möglich wäre – peasant*

³ Als mögliche Lesart gilt *Hass*. Dann wäre auch eine Behauptung über Selbsthass möglich.

⁴ Es liegt keine stenografische Entzifferung vor. Uraki liest: *Institution*.

2

~~³ ... the minor products of the rubber industry and goes under the trade name of transitional Stage⁴: nothing so democratic as fully matured socialism will be, of course, but meanwhile, in these immature and imperfect conditions of ours and with our souls and institutions full of the prisons of capitalism, it may be useful or even necessary to pave the road towards that perfect democracy of socialism by means that are somewhat less than democratic and may properly include an occasional dose of force and terror. Now as a general proposition it may certainly be held that the means of operating a social system and the means of bringing it about are logically distinct things and hence a set of principles which is to apply to the one purpose need not necessarily apply to the other which may call for different and even conflicting ones. But this does not overcome the difficulty we are concerned with. For the believer in democracy, transitional tyranny would vitiate the new order at its roots because to him democratic principles are absolute. They cannot be discarded when convenient, not even temporarily. They apply to social change not with lesser but with greater weight than to any decisions which do not touch to the fundamental framework – that is why in democracies invariably surround with special guaranties any~~

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alterations of the constitution or organic statues of the community. Moreover – any state of things can be called transitional and there is no limit to what may be subsumed under that heading once the heading is admitted und der demokratische Sozialismus kann vielleicht zum Sunday-School Ideal werden für immer. And temporary or provisional structures, policies and so on as a rule prove hardy plants the growth of which may forever keep air and light from the “ultimate ideals”. Who compromises on this point,

Wer Demokratie
wirklich liebt, muß
diese Gefahr meiden

¹ Wiedergabe von zwei zusammenhängenden Seiten eines Manuskriptes.

² Die Zusammenstellung der Seiten durch Uraki beginnt mit einem zweizeiligen Ausriss, den ich hier auch wegen seiner noch mangelhaften Dechiffrierung nicht berücksichtige.

³ Die folgende Passage führt einen Text fort, den ich nicht kenne. Die Passage ist, wie hier reproduziert, auch in der Vorlage gestrichen.

⁴ In der chemischen Industrie ist ein Zwischenprodukt (intermediate product) ein zur Weiterverarbeitung bestimmtes Produkt.

Vor die Wahl gestellt
und Sozialismus der
Demokratie vorgezo-
gen ("temporär")

and by means of this device therefore proves that democracy,
however he may like it, is a non-essential and that other things are
more important to him – which of course is no reproach. In
practice, it will in general mean that he really cares for democracy
only if he expects the particular democracy in question to do the
things which he approves.

But I am anxious not to stress those and other arguments too
much. They are true enough. But they might easily overshadow
what will turn out to be the essential point about democracy – Das
Wesentliche ist eben das 1 Argument : daß auch change demokratisch sein muß

Und ob in Russland /:Sa-
che:/ nicht dauernd nötig
und to force: neither ma-
jority nor minority,
sondern Atavismus
rational agreement, per-
suasion
ist Basis of belief.

Ich kann da nur gemeint haben über kreierten Willen zu sprechen;
vielleicht besser zurückzulenken zu dem Faktum des Bolschewismus,
der doch wahrer Sozialismus ist.

1.) Also zuerst das große Faktum eines nicht-demokratischen
Gemeinwesen und einer anti-demokratischen Sozial-Ideologie.

Willen kreieren

...

[REFERENCE](#)

4.8. Noch einmal zu den Effizienzbedingungen sozialistischer Demokratie

4.8.1 – 4.8.8¹

III.

The preceding argument will be seen to lead up to the following result: socialism in our sense and democracy in our sense are compatible provided the socialist order is introduced in what we have described as a state of maturity. Unfortunately, this result still calls for explanation.

The necessity of the proviso about maturity is obvious. We have seen that socialism cannot be carried in a democratic way until the institutions and interests of capitalist society are in a stage of advanced (though not necessarily complete) atrophy. We have also seen that this should roughly correspond to an economic state which is either stationary or at least so highly rationalized and so saturated with capital that further development as can proceed from it without any fundamental breaks or reorientations. If these conditions are not fulfilled, that is to say if such things as the Russian gosplans may have to be undertaken, then it is practically certain that democratic method would fail at the task even if an attempt to use it was made after a nondemocratic transition. If they are fulfilled however and the decision to adopt the socialist order or a series of steps amounting to adopting it, comes about according to the rules of democratic procedure, then there seems to be no reason why these rules should have to be abandoned later on.

Perhaps we may go even further. Democracy implies some toleration of political differences. At the same time, differences beyond a degree of intensity that varies according to the spirit and circumstances of a nation – “fundamental dimensions”² as we have called them – will always threaten

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the functioning of democracy and even its very life. I have pointed out in Part IV that such differences need not be absent but also that the socialist régime will eliminate some of them. Though the phenomenon of social classes may not disappear completely³, it will at any rate change sufficiently to warrant the prediction that class-wise differences of outlook and interests and class antagonism will be much less important. In part because of this and in part independently of it, greater uniformity of education and style of life would also tend to reduce, along with the variety of views, the danger of fundamental rifts. Finally, that greater discipline which may possibly prevail in a socialist society, would of course not cease to assert itself at the borderline of the political sphere. If this

¹ Wiedergabe von elf zusammenhängenden Seiten eines Manuskriptes

² Der Terminus taucht in *CS&D* nicht auf

³ Fußnote Schumpeters: *Our expectations concerning this point depend, it will be recalled, on our views about the nature of the social classes on the one hand and on our definitions of socialism on the other.*

were all, we might expect the democratic method to work more and not less effectively in the socialist than it does in the capitalist order of things.

So far, then, Socialists score. But that argument, even if there were no qualifications to add to it, would still fail to support the larger claim by socialist orthodoxy, viz. that genuine democracy can not exist except in a socialist society. Of course, this claim can always be established by definition. For instance we can define both the socialism and democracy by the criterion of equality in such a way as to make them congruent. If however not content with a tautology, we inquire into the foundations of that belief, we are quickly led

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to the classical doctrine of democracy and to its Benthamists associations. Placing ourselves on the standpoint of the eighteenth-century rationalization of the Christian creeds, we readily see that a certain kind of socialism and a certain kind of democracy arise pari passu from sacred premises. And placing ourselves on the standpoint of the eighteenth-century analysis of human nature and human action, we also see that socialism and democracy would be expected to realise themselves pari passu although, before John St. Mill, the Benthamists did not visualize the former and only an intermediate stadium, competitive capitalism, which they mistook for the terminal. From the standpoint of the principle, “everyone to count for one, nobody to count for more than one”, equalitarian socialism and equalitarian democracy do mutually condition each other, as a matter of semi-religious ideal as well as of fact. Thus, the proposition under discussion ceases to be a tautology, if based upon the sociology underlying the classical doctrine of democracy. But instead of being tautological it becomes untenable because that sociology involves untenable statements of fact.^{1 2}

If however we adopt the theory of competitive leadership, then it follows that democracy and socialism, though compatible, do not imply each other. Socialism, without ceasing to be socialism, can be autocratic, hierarchic, aristocratic or else, it may be a cultural pattern such as imperialism that tends to favour

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¹ CS&D, p. 299

² Fußnote Schumpeters: *A psychological factor in the tendency to identify socialism and democracy should not go unnoticed, because of its obvious role in shaping the notions that many orthodox socialists – Marx included – entertained on the subjects. Many of them, having passed their formative years in an atmosphere of bourgeois radicalism and retained much of its ideals and of its general cultural background. Conviction that democracy was a fine thing, was part of that background. When embarking upon their socialist career, they would have found it intolerable to think that their glamorous ideal could, even as a possibility, lack any of the good features of life. It would have been almost equally intolerable to think that one of these good features they valued most could present in such a compound of vices as bourgeois society was.*

nondemocratic political methods.¹ This I have sufficiently insisted on before.

Vice versa, it follows from the analysis of the preceding chapter as well as from direct historical observation that the democratic method is not confined to any particular type of economic patterns. The only question to ask is therefore the one we have already answered in part, viz. whether there is anything in the pattern of centralist socialism as such to facilitate or obstruct the functioning of democracy. Scrutiny of the arguments by which socialists have tried to prove that there is no genuine democracy without socialism, in fact shows that, even if they were incontestably true, all they would establish is the presence of such obstructing factors in the capitalist pattern and the preposition that capitalist democracy is more likely than socialist democracy to deviate from design.

There is, first, the argument that democratic management of public affairs and autocratic management in the economic sphere constitute contradictions in logic and must conflict in practice. If this means that we cannot have genuine democracy until everything is managed according to the rules of the democratic method, then the

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argument is meaningless because the success of the socialist régime will largely depend on its ability to restrict judiciously the application of those rules. To this we shall presently return. If however all that is meant is that the political leaders who emerge from the competitive struggle for votes and the economic leaders who emerge from the competitive struggle for customers are likely to differ in type, attitudes, and interests, and that they may fail to get on with each other, then the argument is of course quite true, but merely points out one of the reasons why democracy does not work smoothly in transitional situations in which the various sectors of national life are out of harmony with one another. Democracies in the times of intact capitalism did not display that phenomenon. They may not have been of a kind to please the socialist. But they were genuine democracies nevertheless. The same applies to any other political method. Between the most absolute despotism in the State and perfect freedom of economic activity is never a contradiction in logic and not necessarily incompatibility in practice.

Second there is the argument that in capitalist society the competitive struggle for political leadership is being vitiated by a factor that is – extraneous to the idea of the democratic method – the economic power of the capitalist class. Though it also asserts itself in other ways, it will suffice to consider corruption and pressure. Of course, bribery financed from capitalist sources and

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¹ Fußnote Schumpeters: *That tendency would be particularly strong in a socialist society and under modern conditions. In order to convince ourselves of this, it is only necessary to consider the extent to which the success of English imperialism has been due to the action of individual capitalist groups. It was obviously much easier for the State to rush to the defence of interests previously created by semi-private conquest – think of India or Rhodesia for instance – and to subject them to government control afterwards, then it would have been to create them by government action planned and carried under the conditions of democratic system, which would be the only method available for the socialist society with imperialist propensities.*

pressure that people are able to exert by virtue of the positions they hold in capitalist industry and finance, are deviations and distortions that are peculiar to the political democracy of capitalism. That they are not inherent to it, however, that is to say, that we are within our rights when calling them deviations, follows from the fact that there are capitalist democracies which are practically free from them: the English example shows not only this but also how democracies may grow out a state of things in which corruption and intimidation— though not always in the capitalist interest — actually did play a role of paramount importance. Moreover this particular type of distortion of the working of democracy — or any other political method — is only one item on a long list of devices for moulding an electorate or a parliament and of manufacturing this “will”, as our socialist friends ought to know. Whether under given conditions it is more or less serious than are others is therefore a question of fact the answer to which will primarily depend on qualities of the environment that are largely independent of its economic organisation. It is not obvious that there must be more of genuinely independent voting in a society in which the government is in control of the whole economic apparatus.

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To return to our argument and the reasons which we saw for expecting that, in some respects, democracy might function more smoothly in socialist than it does in capitalist society. We must make haste to repeat that any such expectation is contingent upon the ability of socialist society to limit the sphere of political decisions. Readers may well have wondered how it was possible for me to speak of the compatibility of democracy and socialism after all that I had written before on the conditions under which the democratic method is likely to be a success. The answer is simple. The expansion of public management over sphere of economic activity does not imply, and if democratic socialism is to be successful must not imply, a coextensive expansion of the realm of political decision. That is to say, socialization does not mean that socialized industry should be run by the government or by means of acts of parliament. Still less does it mean that it should be run by the “people” or that consumer’s leagues and similar bodies should have more to say than they have now. It would be absurd, of course, to try to determine by parliamentary methods how many pairs of shoes of a certain kind are to be produced per year and how the shoe industry is to go about producing them. It would be only a little less absurd to debate in parliament what the rate of interest, if any, should be. But it is not so absurd for government to propose a certain volume of investment as a part of its budget. And it seems quite natural that questions of framework and principle, such as the rules of distribution or the length of the workingday or the admission or abolition of independent organs of control — analogous, for instance, to central banks — should be treated as

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government questions are now. General debates about efficiency, investigation committees (especially of the type of the English Royal Commission) and so on, would continue to fulfill their present functions.

Such an arrangement is quite essential for the success of a socialist régime using the democratic method and it is evident, on the one hand, what an amount of self-restraint it would impose upon all the groups concerned and, on the other hand, how seriously it would damp some of the most cherished socialist's hopes. If opponents of socialism should feel inclined to argue that socialist democracy will never work in the way envisaged, that is their affair. Their guess is as good as mine. All I am concerned with is to show that under conditions which tend to be fulfilled increasingly as socialist maturity is approached, there is nothing intrinsically impossible in that picture. Its necessary complement is, again, the presence of a highly trained competent and honest bureaucracy which enjoys sufficient independence from the political factor, fusing citizen's committees included, to do current managing according to its own ideas and standards.

This in turn partly answers the question how the managerial personnel is to be selected. As stated in Part III, serious socialists have always been aware of this question and also, I believe, of the fact that "democracy" is no answer to it. In 1919, when the German Socialists definitively turned against bolshevism, the more radical ones among them still believed that they would have to take over industry, at least large scale industry.

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A Committee for Socialization (Sozialisierungskommission) was accordingly set up which devoted a lot of serious attention to that problem.¹ The result was curious. The proposal that managers should be elected by the workmen of their own plant was, if I remember rightly, not even discussed. The existing workmen's councils – that had grown up during the month of universal breakdown – were objects of dislike and suspicion. The committee, trying to get away as far as possible from the popular idea about Industrial Democracy², did its best to shape these councils into a mould substantially similar to that of company, – union committees are seemed to care little for developing their functions. All the more did it care for strengthening the authority and safeguarding the independence of the managements. They

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¹ Schumpeter war 1919 Mitglied der deutschen Sozialisierungskommission.

² Fußnote Schumpeters: *Industrial or Economic Democracy is a phrase that figures in so many quasi-utopias that it has retained very little out precise meaning. Mainly, I think, it means two things: first, the trade-unions rule over industrial relations; second democratization of the monarchic factory by workmen's representations on boards or other devices calculated to secure them influence on the way in which technological improvements are introduced, business policy in general, and of course discipline in the plant in particular, including methods of "hiring and firing". Profit sharing is a nostrum of a subgroup of the schemes. It is safe to say that much of this economic democracy will vanish into thin air in a socialist régime. Nor is this so offensive as it may sound. For many of the interests this kind of democracy is intended to safeguard will then cease to exist.*

even bestowed much thought on how to prevent managers from losing capitalist vitality and sinking into the rut of bureaucratic procedure. If it is possible to speak of a definite result of discussions that were soon to lose practical interest, it can only be described by saying that, barring phraseology, those socialist managers would hardly have differed from the executives of a modern corporation. Responsible men could hardly have come to another result. We thus reach, by a different route, the conclusion already arrived at in Part III.¹

Therefore, the socialist régime will not necessarily extend the scope of elective office anymore than it need to extend the scope of political decision. It is true that appointments, especially appointments to the leading managerial positions, will have to be made by a political officer who may be guided by political considerations. However, as in the appointments of generals, politics would not in general be everything. There are the rules and the opinion of the service. And there are always some motives, egoistic and other, that may prompt the minister of production to look for able men.

The effect of socialization on the working of government and parliament itself are as difficult to prognosticate as are the effects of socialization on personal freedom. It might be argued that candidates for parliament and members of parliament will not be what they were in the times of “men of independent means” – there is no doubt some correlation between character and money – or even that it might not be possible to allow them as much freedom of action as society was able to grant in the times when its supply of bread and butter was normally independent of the political game. There is also the well-known and well-worn argument about

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the universal slavery in the socialist barrack. And parallel to these, there are no less well-known and well-worn counter arguments emanating from the socialist camp. But there are matters of largely biased guessing in which I have nothing to add to the sneers of the ones and to the protestations of the others.

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¹ *CS&D*, p. 300

5. Zum Abriss der Geschichte der sozialistischen Parteien

5.1. Vom Ersten zum Zweiten Weltkrieg

5.1.1 Die Situation nach dem Ersten Weltkrieg

5.1.1.1

IV. From the First to the Second World War

1. Excepting Russia, the prewar socialist parties everywhere survived the shock of the first world war. For a time, they even experienced a great access of power. The creeds, slogans, the ultimate goals, the organisations of bureaucracies, the leaders or the types of leaders, were still the same, fundamentally at least, when the world tried to settle down amidst a mass of insoluble problems. This is as one should have expected and if war effects had been all that was the matter with that world, there would in fact have been no reason why previous trends should not have been resumed – perhaps at a somewhat more rapid pace. It is only now that we – or some of us – are in a position to realize that that war acquired an additional importance by bringing up to the surface facts and factors that down below had been gathering momentum long ago but of which most of us had been completely unaware. The socialist parties, sharing the error of the bourgeois camp, approached their post war problems on the hypothesis that what they had to deal with was still the old world and that they knew all about it.¹ Yet it is clear by now that though socialism as we defined it in Part III was, if anything, propelled by the conditions during and after the war, those particular types of socialism which can only grow out of a substantially peaceful and internationalist bourgeois world and which are the ones visualized by the old-style orthodox socialist (and Marxist) were, together with their cultural complement rapidly fading away.²

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It has been pointed out, at the end of the preceding chapter, that, as members of their international organisation, the socialist parties did all they could to avert the war. Having done this however, *they eventually rallied to their national causes with a readiness that was truly astounding. The German Marxists hesitated even less than English laborites.*³ *Of course it must be borne in mind that every belligerent nation was fully convinced that it was waging a purely defensive war—every war is defensive or at least “preventive” in*

¹ Fußnote Schumpeters: *This attitude is reflected in the last-card theory of fascism which will be noticed later on.*

² Ab 2.(M) haben wir es weitgehend mit dem entsprechenden Text in CS&D zu tun, daher ist 1(M) für das Verständnis von Schumpeters Nachkriegsentwicklung wichtig.

³ Fußnote Schumpeters: *The English Labor Party was in fact alone in making a serious stand for peace in 1914, though it joined the war coalition later on.*

the eyes of the nations that wage it.¹ Still, if we reflect that the socialist parties had an indubitable constitutional right to vote against war budgets and that within the general moral schema of bourgeois democracy there is no obligation to identify oneself with national policy – men very far removed from socialist antimilitarism in fact disapproved of the war in all the belligerent countries – we seem to face a problem that is not solved by doubtful references to Marx or to previous declarations by Bebel and von Vollmar that they would defend their country if attacked. There should have been no difficulty in recalling Marx’s true teaching on the subject. Moreover, defending one’s country means only doing one’s duty with the army; it does not imply voting with the government and entering into unions sacrées.² Guesde and Sembat in France

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and Vandervelde in Belgium who took office in war cabinets, and the German socialists who without go as far as that voted the war budgets, thus did more than loyalty to their nations as then commonly understood, required.³

*There is but one solution to the puzzle. Whether or not the majority of socialist politicians believed in Marxian internationalism – perhaps this belief had by that time shared the fate of the cognate belief in a spectacular revolution – they certainly realized that any stand taken upon the gospel would have only cost them their following. The masses would have first stared at them and then they would have renounced allegiance – thereby refuting *via facti* the Marxian doctrine that the proletariat has no country and that class war is the only war that concerns him. In this sense, and with a proviso to the effect that things might have been different if the war had impinged after a longer spell of evolution within the bourgeois framework, a vital pillar of the Marxian structure broke down in August 1914.⁴ This was in fact widely felt. It was felt in the conservative camp: German conservatives suddenly began to refer to the socialist party in language that was the pink of courtesy. It was felt in that part of the socialist camp in which the faith still retained its old ardor. Even in England MacDonald lost the leadership of the labor party and eventually his seat rather than join the war coalition. In Germany, Kautsky and Haase left the majority (march 1916) and in 1917 organized the Independent Social Democratic*

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¹ Fußnote Schumpeters: *That is why the attempt made by the victors to decide the moral issue by means of a clause in an imposed peace treaty was not only so unfair but also so foolish.*

² Fußnote Schumpeters: *Nor is it true that failure to do so would have weakened the national cause. Lord Morley’s resignation clearly did not injure England.*

³ Fußnote Schumpeters: *Many of us will think differently at present. But this merely shows how far we have travelled from the old moorings of liberal democracy. To exalt national unity into a moral precept spells acceptance of one of the most important principles of fascism.*

⁴ Fußnote Schumpeters: *To some extent this must also be attributed to the success of non-socialist reforms.*

Party, the most important members of which however *returned to the fold in 1919*.¹

More important was another split that occurred later but may be traced back to the events of 1914. It really dates further back than that. Even since Engels' declaration for "peaceful methods",² it was clear in the case of Germany, and even since the London conference of the Russian party (1903) it was clear in the case of Russia, that there was room for a more radical party to the left of what had become official socialism. And room of that kind never remains unoccupied for long. For various reasons, various types of radicals – mostly activist intellectuals without standing in the existing parties – were becoming disaffected and beginning to look upon that official socialism much in the light in which Marx and Engels looked upon the socialism of 1847 when they adopted the term of communism in preference to the term Socialism. Bebel's leadership for a time succeeded in putting off the evil day but it was bound to come. Moreover, the computation of the left wing was not only unavoidable in order to satisfy the ambitions of a rising generation, but also no unmixed evil for the

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rest of the party whose steady – if disowned– progress towards power was being increasingly impeded by the pressure of that wing.³

Naturally, the war issue went far toward consolidating the group, though at first the full significance of the fact was obscured by the succession of the Independents with whom all that was at stake was an essentially temporary difference of opinion on what many believed was a mere question of tactics. Even Lenins's proclamation to the effect that the Second International was dead and that the hour had struck for entirely different aims and methods did not then, to the majority of socialists, convey anything fundamentally different. Similarly the Spartacus league, founded in Germany by K. Liebknecht and R. Luxemburg (1916) which in its opposition to the war went much beyond the Independents⁴ – dropping the last shreds of the defence credo and trying to tamper with the troops – did not, even after war restraints has been removed, go beyond insisting on the letter of the old Erfurt program. Neither Liebknecht nor Luxemburg, much disapproved of as they were, never completely severed their contacts with individual Independents or even some members of the majority. Finally, the convention in Switzerland, at Zimmerwald (1915) and at Kienthal (1916), did not in themselves amount to more than to understandable attempts to keep up international contacts though discussions were naturally influenced by the fact that most of those who went were more

¹ Fußnote Schumpeters: *It is worth noting that the Independents recruited themselves by no means exclusively from the uncompromising Marxists. Kautsky and Haase belonged to that sector, but many who joined with them did not. Bernstein, for instance, joined and so did several other revisionists whose motive cannot have been respect for the Marxian faith. But there is nothing to wonder at in this. Orthodox Marxism was of course not the only reason a socialist might have had for disapproving the course taken by the majority. These revisionists simply shared Ramsay MacDonald's persuasion.*

² Fußnote Schumpeters: *See above p*

³ CS&D, p. 358/359

⁴ Fußnote Schumpeters: *Some of them however; while depreciating ill-advised rashness, sympathized with them.*

radical and more inclined toward revolutionary courses than most of those who stayed away.¹

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To sum up this part of our analysis: “communism“ in the sense of a creed more radically revolutionary than that of the established parties was gathering force during the war and distinct communist parties, harboring many new elements that had never figured in the old parties, were sure to emerge, though the great majority of socialists was not aware and could not have been expected to be aware of the inexorable necessity underlying this development. But that communism might have been simply a return to a naive Marxism — stepping into the ideological shoes that were being discarded by the established parties — and those communist parties might have been not more interesting than are any other examples for that well-known mechanism of party politics by which new radical groups come into existence. It is reasonable to assume that this would in fact have been the case but for the development in Russia, which, by lending an entirely different color to modern communism, raise a much more difficult problem in diagnosis.

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2. Any major war that ends in defeat will shake the social fabric to its foundation and in particular threaten the position of the ruling group: the loss of prestige resulting from military defeat is one of the hardest things to survive. I do not know of any exception to that rule. But the converse proposition is not so certain. Unless success be quick or, at all events, striking and clearly associated with the performance of the ruling stratum – as was, for instance, Germany’s success in 1870/1 – exhaustion, economic, physical and psychological may well produce, even in the case of victory, effects on relative position of classes as well as of all other types of social groups that do not differ essentially from those of defeat. The first world war illustrates this well.²

In the United States the effort had not been sufficiently prolonged and exhausting to show it. Even here the administration responsible for the war suffered a crushing defeat at the polls. But in all other victorious countries the prestige of the ruling strata and their hold on their people were impaired beyond remedy.

For the fortunes of the socialist parties of western and middle Europe, this meant three things.

First, the Advent of power.

The long stretch that before the war separated them from responsible office was telescoped into almost nothing and many of the barriers on the way were suddenly removed. Control of central

¹ There was nothing particularly radical in the wish to hold such conferences. Proof of this is that the secretary of the Second International (C. Huysmans), acting on a suggestion of the Scandinavian socialist, also made an attempt to convene a congress (1917) which failed principally because the allied powers, by that time bent on a fight to a finish, refused to grant the necessary passports.

² CS&D, p. 354

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organs of society had not to be conquered. It was thrust upon them. This was the natural consequence of the facts, that the socialist parties had joined the various war coalitions, yet were much less associated with war politics — hence much less discredited by them — than were the bourgeois parties: had they failed to support the national governments during the war, all nonsocialists and many socialists would have felt that they had deserted their nations in the hour of danger; had they run along in full cry, as the other parties had done, discredit would have extended to them. As it was, they had qualified for responsibility; and they emerged as the only people capable of handling certain problems, domestic as well as foreign.

Concerning the former, only socialist parties were in a position to make acceptable to the growling masses that measure of pro-labor policy that it was possible to give; concerning the latter, they had, so it seemed at that time, only to take up their own prewar threads in order to heal gaping wounds. How they set about to do this, each in its own country, and what success attended their efforts, we shall presently proceed to analyse. But the considerable measure of success that attended their action on an international scale, call for notice at once.

Some of them tried to revive the Second International.

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Others, who distrusted the chances of that experiment and realized that the Second International in its old form was definitely a thing of the past, yet did not care to join the Communist International (see below), formed a union of their own, the Workers International Union of the Socialist Parties (the Vienna International). The nature of the difference between the two may be expressed by recalling that communists — and also some socialists — at the time used to refer to the Vienna as the International number two-and-one-half. The intention was in fact to construct a half-way house that in the end would accommodate all socialists, its atmosphere being expected to radicalize the groups in the revived Second International and to restrain the communists. This hope seems chimerical to us, yet was not unreasonable at the time. Accordingly, classwar and revolution were to be retained, enshrined in the credo, whereas the actual program was to have nothing to do with them. This was of course unacceptable for the communists but understanding with the Second International was evidently arrived at on the basis of the program. The doctrinal obstacles were removed, by compromise, in a manner that would have done credit to any eighteenth-century diplomatist.¹ That happened, and merger was consummated, at the Hamburg convention of 1923: the war was stigmatized as imperialist, international actions against “reaction” was adumbrated, regulations about reparations were passed,

¹ Fußnote Schumpeters: *The continentals could not live without classwar. The English felt unable to live with it. So it was retained in the German and French texts of the protocol (*Klassenkampf*, *lutte des classes*), and replaced by a convenient — and completely unrecognizable circumlocution in the English one.*

and the trade union interest was conciliated by a vote in favor of the eight-hour day and a

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general plan for the internationalisation of social legislation. In a deeper sense all that failed to take account of the currents of the age – as much as did the contemporaneous bourgeois resolutions about free trade and disarmament – and really meant chasing shadows of the past. However, it was not futile at the time. That is sufficiently patent from the fact that the London agreement on reparations (1924) and the Locarno policy were greatly facilitated – to some extent even inspired – by the Hamburg resolutions.

Second, an Impossible Situation.

Marx had visualized the conquest of political power as a prerequisite to socialization. This implied – and Marx’s argument in fact always assumes – that the opportunity would occur when capitalism had run its course and, as I have put it in Part III, when things and souls were ripe. The breakdown he thought of was to be a breakdown of the economic engine of capitalism from internal causes. Political breakdown of the bourgeois world was a mere incident to this. But now the political breakdown – or something akin to it – has happened, while the economic process was nowhere near maturity as yet. It was a most unmarxian situation.

The student in his closet may speculate about the course of things would have been if the socialist parties, recognizing that state of things had refused the Trojan horse of office, remained in the opposition and allowed the bourgeoisie to clear the mess it had made. Perhaps it would have been better for them, for socialism, for the world –

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who knew.¹ But for men who by that time had learned to identify themselves with their nations and to take the point of view of responsibility, there was no choice. However they immediately faced an insoluble problem.² There was a social and economic system that would not function except on capitalist lines. The socialists might control it, regulate it in the interest of labor, squeeze it to the point of impairing its efficiency – but they were unable to do anything specifically socialist. If they were to run it, they would have to run according to its logic. And this they did. Something of course was done to dress up their measures in socialist phrases, and the magnifying glass was applied, with some success, to every difference between their policy and what bourgeois alternatives were supposed to be. In substance however they had to do what liberals or conservatives would also have done under the circumstances. But, though the only possible one, this policy discouraged all who meant something when calling themselves socialists, yet completely failed to reconcile those who bore the economic or ideological costs. A deadening laborism ensued

¹ Fußnote Schumpeters: *Some of remarks on the subject will be offered in our discussion of the German case.*

² *CS&D*, p. 364

that satisfied nobody except the trade unions and a certain group of reformist fellow travellers.¹

Third, the Communist Danger.

We must be careful to distinguish the complications that arise from the relation of the communist groups with Russia and the problem of the growth of communism as it would

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have posited itself to the socialist parties in the absence of that relation.

Concerning the latter, we have seen that the emergence of a party to the left of official socialism was in any case only a question of time, and that there is nothing to wonder at in the fact that such a party should have been started on the slogan: back to Marx. We have only to add that defections were made serious by the readiness with which socialists embraced the power that came to them and by the impossible situation in which they found themselves so soon as they had embraced it. The intellectual believers in revolutionary socialism were not satisfied with being sidetracked into the position of teacher in some party school where he might be permitted to vent his radicalism – for most of them there simply was no room in the party. It was much the same with that part of masses that remembered the old slogan or was now having them fed to it anew. This aspect, which is completely independent of the Russian one must, to repeat, never be lost sight of: there would be communist parties even if the tzars still reigned over Russia.²

~~But it is easy to establish that the Russian aspect was by far more important and that it is responsible for the extent of the clashes that speedily opened up between communists and socialists, and might otherwise never have gone³~~

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¹ CS&D, p. 365

² CS&D, p. 358

³ Satz im Original durchgestrichen

5.1.2. Sozialistische Machtposition bei kapitalistischer Wirtschaftsverfassung

5.1.2.1 -5.1.2.4

... turn out to have been strengthened by MacDonald's second tenure of power. Again the analogy with Sir R. Peel's second ministry will help to illustrate this. Peel's conservative majority split on the issue of the repeal of the corn laws. The Peelite wing of it, though much more numerous and important than MacDonald's personal following, soon disintegrated. The conservative party was maimed and proved unable to get into power – though it got three times into office – until Disraeli's great victory in 1873. But after that and until Sir Campbell Bannerman's victory in 1905, it held power for about two thirds of the time. More important than this, the English Aristocracy and Gentry, politically speaking, held their own all the time very much better than they would have done if the stigma of dear breed had not been removed.

As a matter of fact, the labor party quickly recovered and consolidated its position in the country during the years that followed upon the split. It is safe to say that in the normal course of things the socialists should again have come into office before long, with increased power and better chances of success, and that they would have been able to take a stronger line than they had taken previously. But it is equally safe to say that, both as to their program and as to their ability to give effect to it, their policy would have differed only in degree from the MacDonald policy – principally by some

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individual measures of socialization. The effects on the prospects of the present war are of course impossible to foretell. But these is one possibility that is sufficiently interesting to be singled out for consideration.

The Labor men entered the Churchill government in response to the call of emergency. But, whatever its outcome, this war is no mere intermezzo. It is likely that it will completely change the framework of society. If so, war taxation and war control of industry may never be repeated again. Since both are incompatible with the survival of the capitalist order, fundamental (though possible gradual) reconstruction will impose itself – precisely what was impossible in 1919 may become unavoidable after this war. Now, it is not improbable that the labor party will be in a position – alone or in a coalition dominated by it – to preside over that reconstruction. For most of the opposition that their program would otherwise have met, may be expected to die away in a world, in which there are no capitalist interests left to fight for. Of course the spirit of the party may change in the process. It may acquire fascist hues. A militarist socialism may emerge for instance. That would be a strange answer to Marx's prayer. But as happened repeatedly in English history, continuity – continuity of programs and of personnel – would still be

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preserved in that case. It would be still the old party, however metamorphosed, that would rule the new state.

That is just a possibility, to repeat, one possibility out of many. But if it materialized it would constitute the only case of its kind. Everywhere else the parties, organizations, ideologies, programs of the classical epoch of socialism have been either destroyed or lost their hold. Much of what they stood for is likely to be realized from other standpoints by other agents, and many of their slogans – in Russia even an official cult of the Marxian deity – may survive for an indefinite time. But as political individuals those parties are gone and so are their creeds if taken in their full cultural and political implications. That is even true of the embryonic groups in the United States – if ever any party of national importance arises that calls itself socialist, it will be something very different from what any of those groups might have grown into. It is emphatically true of the social democratic party, a brief survey of whose career in the twenties will conclude this sketch.

That career differed of course from the career of the English party in very many particulars. But during the decade that preceded its fall, the similarities of the two cases are still more significant. As has been pointed

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As I had said before,¹ the social democratic party came into power in a most unrevolutionary way – simply as the strongest party to which the country's destiny could best be entrusted, because considering both the foreign and domestic situation, it seemed to have the ball at its foot. But the socialists in office – “majority socialists” as the dissenters called them – had immediately to face a communist revolt that was much more serious than were the troubles England. Moreover, the latter occurred when the labor party was not yet in office. So, whereas the English socialists had only to maneuver, the German socialists had to shoot. They repressed sedition with an energy that would have done credit to any Prussian General of the old school and then found themselves in control of a bourgeois society which they had saved. The fundamental problem was the same as in England but in difficulty it was incomparably greater.²

They tackled it in a way which, though naturally it came in for almost universal vituperation, cannot, at this distance of time, fail to elicit our respect and even admiration. Ebert, Scheideman, Wissel and the other leaders of the first years were simple men without any personal magnetism. They were reverse of glamorous and they may not even have been very clever. Their achievement merely shows how far honesty and common sense will go in politics.

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¹ Im Satzverlauf ein wahrscheinlich dem Seitenwechsel geschuldeter Schreibfehler Schumpeters.

² CS&D, p. 370

They shouldered the responsibility for Versailles which other parties, in reality just as responsible, contrived to evade. They accepted the flaming hatred that answered their repression of the communist revolt and the emergence of a communist party that under the circumstances successfully poached in their preserves. They made at first some concessions to their more radical adherents, especially by talking about socialization and by passing a very moderate socialization law (1919). But they very soon shelved all that in order to apply themselves to labor legislation of the type made familiar to Americans by the New Deal, which satisfied the trade unions though it failed to satisfy anyone else. In fact, they “laborized” themselves, and allowed the leading men in the trade union bureaucracy to form the operative part of their policy making machine.

This, one might think, should have been difficult for a party with a Marxian tradition that continued to prevail in the party schools. But it was not. Barring a certain amount of leftist and downright communist defections, the intellectuals from whom opposition within the party could have expected to arise, were kept well in hand. Unlike the English party, the German one had well settled down in the administrative apparatus of the Reich, the states and the municipalities.

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Moreover it had, in its press and elsewhere, many jobs to offer. This patronage was energetically used. Obedience spelled preferment in the civil service, in the academic career, in the numerous public enterprises and so on. Hence, a crack of the whip was effective in bringing radicals to heel.¹

That sort of thing of course not only strengthened party discipline but also increased the membership and, even beyond membership, the vote on which the party was able to count. But powerful though the party was in all the spheres of national life, it was not strong enough to rule in a parliamentary sense. In 1925, the total population was about 62 millions. The proletariat (laborers and their families; I include the domestic servants) numbered not quite 28 millions and even part of the vote of this class habitually went to other parties. The “independent” population was not much smaller – about 24 millions – and largely impervious to the socialist persuasion. Even if we exclude an upper stratum – say one million – and confine ourselves to the groups that count at the polls, the peasants, artisans, retailers, there was not much to be conquered there, not only for the moment

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but even for the calculable future. Between these two classes, there were the white-collar employees, not less than 10 millions of them including their families. The social democratic party was quite alive to the fact that this class held the key position, and made great efforts to conquer it. But in spite of considerable success, these efforts only served

¹ CS&D, p. 372

to show that the white collar is a much more serious barrier than it should be according to the Marxian theory of social classes.¹

Nor is this all. In political experience and ability the antisocialist forces of German were on the whole much below their English peers. In fact, things were made more difficult for the social democratic party because of the

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absence of an intelligent conservative opposition. But this opposition was much more firmly rooted in the national soil than was its English counterpart. For instance, the Junker class was numerically insignificant and moreover quite unable to acquire the kind of political leadership in which the English gentry excelled. But in large parts of the country its position was nevertheless so firmly entrenched that nothing but physical violence could have destroyed it.

Thus, so soon as the party had decided against making common cause with the communists and to quench opposition in torrents of blood, it had to give up any intention of exclusive rule. It had to enter into coalition and compromise with nonsocialist parties and interests, not as a temporary expedient but as a permanent arrangement. Moreover, that decision once taken, there really was no reason why it should not do so. Such an arrangement did not prevent it from building up its following. Nor did coalition stand in the way of fulfilling the wishes of the trade unions. And there was much to be said for sharing responsibility.

An alliance with the Catholic (center) party suggested itself at a very early stage. It is true that this party contained practically all the people who professed allegiance to the

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catholic church and that there were some of the most antisocialist men among them. But it had a very radical wing whose importance was greatly increased by the necessity of retaining, in competition with the socialists, the allegiance of the catholic trade unions. Hence the centrists were in actual practice just as “laborite” as were the socialists themselves. Moreover they harbored no particularly loosing memories of the protestant Hohenzollern monarchy and hence were, from the socialist standpoint, sound in that very important respect. They soon found the Weimar Republic quite a comfortable place for them to live in.

Of course, the socialists had to leave the Catholic church alone and even to help in buttressing its power and independence. They also had to admit the center to a good share

¹ CS&D, p. 370 / Fußnote Schumpeters: *When confronted with that fact socialists usually derive comfort from the arguments that non socialist employees are just erring sheep who have yet not found their true political location, but who are sure to find it eventually; or that they are prevented from joining the party by the ruthless pressure exerted by their employers. The first argument will not carry conviction to anyone beyond the Marxian fold – we have seen that the theory of social classes is one of the weakest links in the Marxian chain. The second argument is false as a matter of plain fact. Whatever truth it may have contained at other times, the German employer of the twenties were, safe exceptions without quantitative importance, in no position to influence the vote of their employees.*

of patronage which it used even more effectively than did the socialists. But when the center had been satisfied on these two points cooperation worked with almost unbelievable smoothness. On the whole, the dominating influence on the Prussian Free State (including the control of the police) went to

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the socialists who treated the Catholic with the utmost tact, while the sphere of federal government was more or less dealt with a common hunting ground. The system worked so well that it mattered little whether a centrist or a socialist nonentity was in name at the head of affairs. But no party that was prepared to take its stand on the Weimar constitution was entirely left out in the cold. Important, sometimes leading, office was repeatedly granted to the German National (roughly equivalent to conservative) Party. And, along with men without any pronounced political affiliations, members of all those bourgeois parties were admitted that continued to exist, as they had before the war, in the wide expanse of ground between the “Nationals” and the socialists. This was particularly the case with the Democratic party – a leftist still thoroughly capitalistic, liberal group – which stronger in talent than in membership, became the stronghold of those who liked everything about the new state and everything about socialists except the latter’s socialism that somehow did not seem to matter.

Coalition as a universal principle involved compromise as a universal principle. The compromise about the Catholic church which to some observers might have seemed the most difficult one was really the easiest of all. Apparently,

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the socialists felt that this was not one of the vital issues of the hour and that it was much better to cooperate peacefully with a contented ally than to arouse the hostility of what then seemed – Hitler did not find it so – a formidable organization. After all, removal by concordat of some of the fetters imposed by the monarchy was all that was at stake. Compromise as to agrarian policy was more serious. As in this country, agrarian subsidies and agrarian protection were made more palpable by being called “planning”. Planning however that aims at dearer bread will not sound well in everybody’s ears. Yet it was an unavoidable quid pro quo with which to conciliate the landed interest. Again within the limits set by the treaty of Versailles, the army was allowed to remain a world unto itself. But we need only visualize what the alternative was in order to convince ourselves that the party’s attitude in this respect was, from a national standpoint, a defensible one. From the party’s standpoint, this was another compromise which prevented the Nationals from revolting.

These, I believe, are fair examples of the kind of compromises the Social Democrats sponsored. If they are, then three things are fairly obvious. First there was a strong case to be made for them on the merits

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of the individual issues. Second they were obvious entered into in a spirit of democratic cooperation, and they were the sort of solutions that would naturally occur to men sobered by responsibility, satisfied with their power, conscious of the fact that it is a long way between the current problems and ultimate principle. Third none of the compromises, I can think of, had anything to do with the fall of the party unless the reader chooses to stress that such a policy will do little towards keeping alive such revolutionary ardors of the rank and file may have harbored.

A situation emerged which looked eminently stable in all but one important respect. Part of the political and cultural achievement of that system of government was due to larger and quickly increasing public expenditure that oiled the governmental engine. This expenditure had, moreover, to be financed by methods which – though a highly successful sales tax was among them – drained the sources of accumulation. So long as the inflow of foreign capital continued, all went comparatively well, although budgetary and even cash difficulties began to appear more than a year before that inflow ceased. When it did¹

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cease, that well-known situation emerged which would have undermined the position of the most magnetic of leaders. All in all however – the socialist critics of the party and its conduct during that spell of power will be entitled to boast of no mean achievements if, in case they were installed in office, they should do equally well.

How, then, are we to account for the catastrophe without precedence that overtook it? For a defeat so smashing as to drive it from office and from all its entrenchments and to annihilate the organization itself that looked aere perennius and was universally considered as one of the most unshakable data in the political pattern of our time? A defeat that occurred while many of the organs of public administration were as yet at the service of the party and its centrist ally and while it still had a right to feel that it was in possession of the power to call a general strike? And at the hands of a leader who had started out ten years ago with less than a dozen of adherents?

Whatever answers other may think fit to give, I want to say, as a matter of sincerity, that I have no adequate explanation to offer. What I do understand – and that is, to the best of my knowledge, exactly what other observers understand – is favoring circumstances. Yes, of course Versailles, unemployment and so on ... just as Mohammed's success would have been impossible without the qualities of the Arab horse. And nothing like could have happened in the Hohenzollern Monarchy. But no amount of favorable conditions constitutes fundamental explanation. As far as I am concerned, this can only come, if at all, from further thought and observation. Under the circumstances my inference very naturally is that no conclusion can be drawn from the

¹ Sprung in der Wiedergabe des kontinuierlichen Manuskriptes von p. 807 (473) auf p. 938 (467).

occurrence of that catastrophe to the effect that the policy of the social democratic party must have been either fundamentally wrong or at least patently incompetent in execution. No policy or political system can be condemned merely because it is not proof against an earthquake of this kind. The breakdown of the centrist power is still more striking. Nevertheless the same applied to them.

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¹ Das Original, dem Uraki und Imai folgen, wurde im Sommer nicht im Bestand der Mie Library gefunden. ich greife deshalb auf ein anderes Original zurück. Der Textanschluss beginnt im unteren Drittel und wird mit der nächsten Seite fortgeführt.

5.1.3 Der zweite Weltkrieg und die sozialistischen Parteien

5.1.3.1 -5.1.3.5¹

The present war will of course alter the social, political and economic data of our problem. Many things will become possible, many others impossible, that were not so before. A few pages at the end of this book will briefly deal with this aspect. But it seems to me essential, for the sake of clearness of political thought, to visualize the problem irrespective of the effects of the war. Otherwise its nature can never stand out as it should; irrespective of the effect of the war. Therefore I leave this chapter, both in form and in contents, exactly as I wrote it in the summer of 1938.²

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4. How the present war will affect the future of the various socialist groups and parties will of course depend upon its duration and outcome. Certain points seem to be worth mentioning however.

There are some small nations, Sweden for instance or Switzerland, in which the socialist party's position may not be affected at all. But among the parties in the big nations, the English labor Party is the only one to admit of a definite horoscope. The labormen entered the Churchill government in response to the call of emergency. But if my previous analysis be correct, they were then well advanced on the road to office and power irrespective of it. Therefore they will be quite naturally in a position to manage the tasks of reconstruction, alone or in the coalition they would control. The war economy will have realized some of their immediate aims. To considerable extent, they will have only to keep what they have got already. Moreover, further advance may be expected to be relatively easy in conditions in which there is not much left for capitalists to fight for. Of course the spirit of the party may change in the process. It may become, in action as well as in phraseology, more radical or more conservative – or more or less nationalist – according to circumstances. Continuity of principle and personnel could be preserved in either case. This certainly applies if the war issues in an English victory, and presumably also if it does not.

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It is not so certain that war will benefit the existing socialist groups in this country. Circumstances are indeed easily imaginable – they are perhaps not even unlikely – in which an efficient socialist party might experience a great access of strength. That would be a powerful motive for other socialist, labor, and farmer-labor groups to join it.

¹ Schumpeters Seitenangabe: 341-342. Das Nachstehende hat Schumpeter als *S. 469 und ff* bezeichnet.

² Schumpeter bezieht diese Bemerkung der eigenen Notiz nach auf die Seitenzahlen 341-342. Ob das Folgende einem anderen Manuskriptzusammenhang entstammt, bleibt zu klären.

In this case an organization might emerge powerful enough to conquer the presidential office. Leaving to the reader the details to fall in and the conditions to work out, I will merely state, first that this possibility is much weakened by the fact that the only socialist party qualifying for this role is itself so weakened, secondly that there are many other possibilities. Much will depend on how communist competition will shape and this in turn on what Russia's position, in the alliance and in the world in general, will be at the end of the war. Moreover quite new ventures using the old party machines may be embarked upon from other quarters. Neither principles nor personnels can be expected to be preserved in any of those possible cases.

Assuming a complete Anglo-American victory, that is to say, of a victory that enforces surrender, it will certainly be the policy of the victors, especially of England, to favor democratic socialism of the old type in the vanquished countries. For only political structures of that type could be expected to accept, for more than a period of prostration, disarmament and the Anglo-American management of the world's affairs that would be the prize of victory. But installing such governments

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may not be easy, and still less so would it be to keep them in power. In the case of France, for instance, socialists and laborites are, rightly or wrongly, associated with national disaster. In Germany they have, though through no fault of theirs, been unable to share the vicissitudes of the war; many exiles have taken an anti-Hitler attitude that is difficult to distinguish from an anti-German one; the favor of the victors will be equivocal recommendation. Therefore, though a renaissance of the old parties is not impossible and though it is impossible to foretell what will happen in short-run situations which must unavoidably present many abnormal – and meaningless – features, it is perhaps not unlikely that the fabric of European society might catch fire and, particularly if Russia were to be the chief victor, that chaos might ensure with Bolshevism, first in the vanquished countries and then beyond them, as the resolute agency. This, as has been stated before, is the rationale of the American communist's hopes for a world revolution.

If we assume incomplete success of Russo-Anglo-American alliance, the implications of the preceding argument for the fate of the socialist – and in this case also communist-groups and parties that existed before the advent of fascism in time and before the outbreak of the war in other European countries of course apply with a vengeance.

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Quite irrespective of the outcome of the war however and of the fortunes of any particular socialist group it is certain that the civilized world – including the fascist countries – will take a long stride toward socialism. We have seen that on balance the war 1914–1918 accelerated developments in that direction. The present war is bound to do so to a much higher degree. It may completely change the framework of society. The quarter of

a century that has elapsed 1914 and 1939 is a span that cannot be neglected in a problem involving the question of “maturity of things and souls” for a socialist future. Events and policies during that epoch have greatly contributed to that process of maturing. It follows that war controls of economic activity and the bureaucratic machinery set up for working them will not be liquidated as easily and – comparatively speaking – thoroughly as they were in and after 1919. To a great extent they have undoubtedly come to stay and we see in all countries that preparations are being made to put them to other uses, ostensibly in order to prevent a postwar slump or to deal with problems of international reconstruction, in reality in order to develop the organs of complete socialization. War taxation that is not likely to be repealed again will do the rest. Exactly what was impossible in 1919 may impose itself when peace is once more restored. This is of course no questions of intentions. Whatever the intentions – may, precisely if there be no definite intentions of this kind that could be fought, but only drifting in obedience to the logic of the situation –

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that will the effect.

I have adverted to the possibility of a world revolution and do not wish to discard it now. That less spectacular method of bringing about a socialist order seems however to be both more likely and, in the long run, more effective. Forms and phrases will depend on tactical considerations. Essentially however it will be socialism in any case. But it is only socialism in our sense that is so predictable. All its cultural features are so many unknown quantities. In particular it may turn out to be nationalist, militarist and imperialist – to all intents and purposes fascist. That would be a strange answer to Marx’s prayer. But history sometimes indulges in jokes of questionable taste.¹ ~~It is not entirely off the cards that when everything is said and especially above conservative and radical intellectuals will find themselves side by side in the same uncomfortable spot exchanging condolences.~~²

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This chapter had been written before September 1939. Some of the larger issues raised by the war will be touched upon in Part IV. All that it is necessary to add here, is that the fundamental questions involved are not affected by the turn events have taken. In particular, wartime government control and planning is a phenomenon sui generis and not itself relevant to the subject in hand. Nevertheless this war and the social circumstances under which it is being waged bears upon it in several ways, even if we discard the possibility that wars and conditions boarding on war may for many decades become the normal state of things – the possibility, which is economically and sociologically quite feasible, of permanent war.

¹ Paraphrase eines Gedankens von Marx.

² Satz im Original gestrichen. Eine stenografische Notiz ist vorhanden, die nicht dekodiert wurde. Ende des von Schumpeter zusammenhängend paginierten Manuskriptes

Wartime controls, if at all firmly established, are not likely to be repealed any more. In part this will [be] the consequence of the increase in the burden of taxation if we assume, as it is reasonable to do, that tax rates after the war will be above those that ruled before the war in roughly the same proportion in which tax rates after 1919 were above those of 1914. For in this case the motive power of private industry will be definitively eliminated, and government will have to make itself responsible for the functioning of an important sectors of the capitalist economy. Independently of this, governments will be much better equipped for this task and the public will be much prepared to accept the situation than they were in 1918: postwar adjustments will be made in a different spirit and in a different atmosphere. Finally, the forces of resistance will also be reduced and the forces making for social change encouraged by the strain which modern war imposes upon the fabric of society, the consequent radicalization of the masses and the

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intellectuals, this quenching of bourgeois' beacon lights. In all these respects, modern wars of sufficient importance and duration tend, whatever their military results,¹ to accelerate the developments outlined in Part II, as is indeed obvious from European experience in the twenties and thirties. No less obviously however it does not follow that orthodox and especially civilized socialists should congratulate themselves on the fact. We need not rely on reasonable likelihood alone, but we can already derive support from experience, in suspecting that, possibly orthodox socialists and orthodox conservatives may someday feel inclined to extend to each other their most heartfelt condolences and to indulge in regrets that they did not understand each other (and their own business) before.

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¹ Fußnote Schumpeters: *That was different in the past. Whenever a ruling group waged a successful war, it gained in political strength. The reader will have no difficulty – in seeing why that is no longer so. Non-bourgeois groups that stood in close relation to the engine of war – who were engines of war or at least manned or manage it – were identified with success or failure and the public mind reacted accordingly. Now war is, on the one hand, an affair of all strata of society and, on the other hand, impersonal and mechanized. An individual politician may still, for a time, successfully pose as “the man who won the war”. But no class or group derives much permanent accession of strength from success so long as society remains essentially bourgeois. Industry in particular never gets credit for its contribution which is not of a nature to fire to the imagination of the masses.*

5.2 Zur Nachkriegssituation und weitere Notizen

5.2.1

unmittelbare Sit. in Welt und U.S.

Wen die Götter verderben wollen, den machen sie blind

Trouble is, there is no policy

see Keynes über Amerika attaining
contrary

Servants in Russia ... ganz unerwartete Sit: um Disziplin zu erreichen und
standard /:oberer:/ Schichten zu sichern

real victor Clemenceau

Keynes Essay p 40

über Peace p 42¹

...

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5.2..2

Same sit. wieder wie sie
Keynes beschreibt: Amerika hält alle Karten
und kann nicht spielen.

We have lost this war

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¹ Vgl. John Maynard Keynes: Essays in Persuasion, London: Macmillan and Co, 1933, p. 40ff.

5.2.3

New Deal is in retreat fighting
every such of ground
brauchte gar nicht weit to retreat
und wäre weise...

Aber eben die Agencies, die nur warten
auf Attack und kein Verständnis für Organismus haben
die Ökonomen mit ihren shibboleths
und nicht einsehen, daß mehr als 3 var.

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5.2.4

fascist Organisation hat viele Dinge leichter gemacht
für Sozialismus ...

Aber daraus sollte niemand Gründe Für oder Wider ableiten

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5.2.5

attude very curious
unbelivable atti. des Bedrohten: → machen Informationsgesicht und sagen neckend:
he is not really a Bol-
glaubt es je weniger¹
schewik

Chester Barnard² – visiting
committee – Cole
Projects³

Nur fascism can retten Necrolog of Hitler

4

the incredible indoctrination

Friday meeting ...

und jetzt kommt struggle — aber nicht Sozialis-
mus und Interesse of masses

delivery by “hope”, während die anderen sehen
und arbeiten

form of defection

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¹ Die Sinnbezogenheit des „glaubt es je weniger“ ist unklar.

² Chester I. Barnad (1986-1961) Organisationssoziologe und Managementtheoretiker.

³ Wahrscheinlich ist Arthur H. Cole (Chairman, Committee on Research in Economic History) gemeint. Cole berichtete in *The Journal of Economic History*, May, 1944, Vol. 4, No. 1, pp. 49-72 über die Arbeit des Komitees und erwähnt dabei p. 60 die Kooperation mit Chester Barnard. Dass Cole in seiner frühen Arbeiten zur Relevanz des Unternehmertums Schumpeter als einen Theoretiker der wirtschaftlichen Entwicklung ignoriert, bedarf einer gesonderten Untersuchung. (Vgl hierzu McCraw: Prophet of Innovation. p. 71.)

⁴ Die hier kopfstehende Rotstiftnotiz wurde nicht entschlüsselt.

5.2.6

Shut eyes escapism, so far as exclude correspondence is not that right or wrong obgleich ich mir jederzeit vorbehalte	<u>Threat doch gar nicht military sondern underground</u>
Ist expansion of Japan- Germany forever necess. wichtiger als wir zugeben -----	... diese absurden Anti-Trust Gesetze! und sogar neue geplant?
nicht jenseits of /:Direktion:/ ihrer New Deal overrefined by bus. und nach ??? schlimmer ↑ better little programs other programs	

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5.2.7

Wichtig: Es ist gleichgültig, ob CIO or Daily Worker Kommunisten "sind"
oder dafür sich erklären
Wichtig ist, daß sie work Stalins tun oder doch dulden daß work für Stalin
getan wird.

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Ruhigste alten Leute sind antibig-
business
Beurteilung der war-Leistung

Neu mild Bolschewisation
niemand will sie rückgängig machen

New empire tzar" : just as a
board decides in a Maschine
(Arbeiter überhaupt nicht
zu erreichen " entscheiden"
in ihrer Organisation) ...
jedenfalls nicht :
Monopole,
saving investment

is bus deciding
itself ...

needy sind eben "underprivileged"
und /:sollen:/ "disinherited" werden

Trouble is that Russia Russia
Pope, einzige ernste power ...

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5.2.9

und full-empl. sociology
kapitalistische Gesellschaftsfunktion on buyer's market
Sociology of positive plans
(aber am ehesten ernst in England)
Planning for a world of idiots
/:ihre:/ Reform vs³ recovery over again

This is not
sondern nur, was hat war von [??] [??] geändert [??]
(Konversion und Rekonstruktion ist nicht
eine Aufgabe, sondern [??] verschieden
für [??]⁴)

Unglaubliche Kraft des Wirtschaftsorganismus in
Amerika

Strikes sind gegen andere Arbeiter
und labor trouble – ganz etwas anderes in guild soc

OPA⁵
(May not be able to see
real argument oder state is correctly
aber bluff [??]⁶does the trick)

Wenn /:Christianisierung:/ u.s.w. meant anything to us, we should be at the
war already. ¹ Daß ein Organismus oder Mechanismus immer full belt²
goes, ist in no sense an ideal Kapitalismus nicht als bankrupting

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-
- ¹ Der so wohl noch nicht korrekt identifizierte Text verweist auf eine Entstehungszeit im Frühherbst 1941.
² Lesart Uraki: *fold*
³ für: *versus*
⁴ Lesart Uraki: *verschieden für Sozialismus*
⁵ Office of Price Administration, 1941-1947. It was established by Executive Order number 8875 back on August 28th of 1941. The purposes of this OPA were initially to help keep a reign on the prices of rents and essential goods following the beginning of the American involvement in the Second World War. (Wikipedia)
⁶ Lesart Uraki: *bluff resistance*

5.2.11

	Einzige power, die gleich/:wertig:/ ¹ sprechen kann ²
1) Complete failure of Roosevelt-Churchill policy – who can afford to admit this? Und das nur half-work. ...	
2) tired und tired publicity [??] ³ und want to get back to the normal bus of life 2a) ob überhaupt möglich	Escapismus habit to get things by persuading [??] ⁴ that we have them.
3) Sadismus und automatisches Weiterlaufen ...	unreal Amer. politics ... We simply <u>say</u> its so and think we have done something
So will ich das <u>Problem</u> posit und <u>erklären</u> why Problem ist /:wenn:/ ich es behandle, <u>weil wir nicht sehen wollen</u> . hoping against hoping	
Ist man in <i>changing</i> in a concentration camp, während wir are in der ?????? ⁵ further insults on those who can't defend themselves. ... Der Kommunist hat Hoffnung und Schutz, und besonders auch Hoffnung auf Indep. from U.S. ...	
	Außerdem: inexor. Logik während wir fungible und schnell /:uns revidiert:/ und appeased und remorse
	Bürokrat/:ismus:/ und acad. econ. complementing on splendid achievement
↑ Selbst in England in 24, aber jetzt /: nicht mehr:/	
	[??] elect.
	Diagnose um so wichtiger.

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¹ notierte Lesart: *gerichtet*
² Vermutlich ist Stalin gemeint.
³ Lesart Uraki: *enough*
⁴ Lesart Uraki: *conclud*
⁵ Lesart Uraki: *fixing*

5.2.12

rigidity – short run investment Attribut gegeben und nicht zu ändern ständig neu gebildet aber das auch rigid /:unterworfen:/	1789! Was hätte geschehen <u>sollen</u> in 89? und Rußland <u>Kapitalismus</u> und reserve cap? <u>organische</u> [??]
lay der Woman Voters tyranny of big bus: Festhalten alter Phrasen, die ihren Inhalt verloren haben	Defeatism
Und auch diese idiocy von freedom	*Wichtig : wie eigentlich alles erreicht ist und es nur Unfähigkeit der Administration ist, die die glaring über [??] des Kindes auf der Straße erzeugt – das ist konservativ von der Wiege bis zum Grabe* ¹
	Orderly doing the obvious and it will be also no more. Was Amerika should do, wenn es eine Politik haben /:könnte:/

[REFERENCE](#)

5.2.13

Even Frage der equality (unempl.) Keeping up [??] Sociology of positiver Probleme intessanter als economics unempl. – shift to services [??] unempl; [??] ² flight from labor Frage der Motive – wirklich long run und auch /:Erziehung:/	
Kapitalismus <u>braucht</u> unbeschränkte inequality (Oder hat Lerner ³ recht? Warum besteht er darauf — macht doch nichts aus)	
labor unrest	Lerner Beveridge ⁴

[REFERENCE](#)

¹ Die gesamte Passage * ist mit einem Pfeil auf das obige Datum 1789 bezogen.

² Zeile nicht entziffert, Urakis vermutet: *Hilf unemp; sure by Premium und.*

³ Abba P. Lerner: *The Economics of Control: Principles of Welfare Economics*. New York: The Maxmillian Company, 1944.

⁴ William Beveridge: *Full Employment in a Free Society: a Report*. London: George Allen and Unwine, 1944.

5.2.14

ins Kabinett Staatsmann
US. weight ihre Waagschale of socialism

Anti-trust action als Handlung is a misunderstanding

technol. unempl. und short run ass.
Staatssekretär unempl

**Real danger brutal
und clammy measures**
Kapital und anti-infl. measures

In economics we try to work with
actual observed behavior
in policy to work with dreams

... Litner und Butters¹ taken to lightly Upward conversion
(durch Steuerprivilegien).

↑ Employ and Output zu unterscheiden

[REFERENCE](#)

5.2.15

A Trust drive ?

Fight of Bürokratie (the administrative Apparatus)² for
control

Nothing but politics and Bürokratie kann prevent from reaching this
goal.

ganz so wie reform vs
recovery: perfectly true, perfectly
fused

Argument vermeiden,
daß kein soci. of Produktion
zu erwarten.

OPA besser (auch 2 Fragen) → macht infl. worses
... anti trust practice
eigentlich zwei Fragen: die rein ökonomische
und die practice
"restraint"

enforcing surrender; abhängig machen von bürokratischen Entscheidung.

Schärfer: wie ist chance zu erreichen?

[REFERENCE](#)

¹ Vgl. J. K. Butters / John Lintner: Effect of Federal Taxes on Growing Enterprises, Boston 1945.

² In Klammern stehen Ergänzung über der Grundzeile.

5.2.16

Bürokratie, labor New
Deal
have won out if ...

Surrender von Kapitalismus durch
freezing oder /:Kriege :/ von *α bis dep*

- a) Lohnzahlungen
- b) Investment

—————[REFERENCE](#)

5.2.17

Eine Gesellschaft, welche ablehnt guidance of
Preismechanismus,
hört eben auf, privatwirtschaftlich zu sein
wenn niemand mehr kaufen und verkaufen kann wie er will)

(Kapitalismus ist nicht dying – it's dead) ...

—————[REFERENCE](#)

5.2.18

**wanton
destruction**

Was also hätte getan werden sollen?
Well why, **stop hammering at**
Das kann ein Diktator,
aber nicht der demokratische Staatsmann
as soon as passion unleashed

Not that I have a want to add or
alter [??] *Wenn* would have, aber etwas über England
Jingis Khahn aber *relief*

But v v v England (und zwar ohne Rücksicht auf
Russian angle)
Argument für producing common good nicht so über-
zeugend after all
small shift

— [REFERENCE](#)

5.2.19

Very struggle with “Sozialist”
Russia can socialism hier erzeugen

To get Japan without fighting her,
so daß viel mehr chance, trotz Manchuko,
als these ...

— [REFERENCE](#)

5.2.20¹

Außerdem – sehr schwer for the reigning
party – [nicht unmöglich, aber schwierig
–/:maximal:/ policy d.h. sehr leicht objectively so as to for persons
— aber next to responsible politically. ...

Manchuria

No radical can be /:democratic:/

—————[REFERENCE](#)

5.2.21

Japan, statt [??]² reparation
inheritance und stupied

und racial cruelty

...

Contrast to professed aims
is most striking thing
... nur phrases retained

And is dasselbe, ob Russland wins oder nicht
ist schließlich nicht mehr als daß he will die
... Every state of thing is passing

—————[REFERENCE](#)

¹ Die rechte Hälfte der Vorlage wurde nicht transkribiert.

² Lesart Uraki: *terri*

Ad IV

....Obwohl Information gesichert, noch genuine will /erfüllt/ (oder höchstens in sehr langer Zeit): the present state in U.S. affords examples for both

Es ist hardly möglich. ... auf /gewisse/ könnte er eine Studie machen aber. ... (ist ja Erfahrung mit Statistik u.s.w.) ...

a) Nobody, auch wenn sehr kultiviert, hat wohl mehr eigene Arbeit als er currently leisten kann. Ein Bild über ostasiat. Frage und [??]¹ und econ. implicé hat – Information falsifiziert selbst von Agencies, die sich als semi-scientific fact finding darstellen; merkwürdige Kombination, welche das Land im Schwierigkeiten mit Japan treibt. (westl.² Arbeiterinteresse; darauf basierte, aber davon unabhängig, gemachte antijapan. Einstellung;)

b) 80% gegen Krieg, und doch alle Information und Zeitungen systematisch für Krieg; Schlagwort von “can we stay out” for war, unter cover of pretending to find means of staying out (“fool timid”). (“defence”). ... (managing of resources of [??]).

↑mehr geeint als in irgendeiner anderen Frage
und sicher /können oder wollen/ die Leute die einzigartige Sit. des Landes, die ihnen und der Welt eine Stütze.

Und unterdessen geschieht alles, um Krieg vorzubereiten und wirtschaftliche Mobilisierung, Maßnahmen, die gar keinen Sinn haben, wenn nicht Krieg intendiert ist.

America doing her best to undermine her markets

Board über for. policy in for. Lands.

Allerdings schließlich erreicht: siehe landslide 1920³ und scharfes Abwenden von league, aber erst nachdem Schaden geschehen! ...

Diese Enqueten, die vom Wesentlichen ablenken. NLRB⁴ ... Dies comm. ...

REFERENCE

¹ Lesart Uraki: *sozial*

² Lesart Uraki: östliche

³ 1920: Erdrutschartiger Wahlsieg des Republikaners Warren G. Harding mit anschließender Abwendung Amerikas vom Völkerbund.

⁴ National Labor Relations Board

5.2.23

Interessant diese planning bodies here in U.S—
gibt ganz Ähnliches in USSR

und diese questionnaires

[REFERENCE](#)

5.2.24

Die Kommunisten sehen den struggle und prepare for it rationeller - die anderen sind eine Herde weidender Rinder. (Und man points to Abschaffung der [??] Profite)

freedom in prison
Gesellschaft bricht auseinander: Gewerkschaften

what are they fighting /:for:/² world der Freiheit und achievement, [??] dass man Forderungen erfüllen kann[,] wie wenn diese Verluste wären

sondern kleine Corruption

↑ so wirkliche Mißbilligung³

Escapism über labor

Der Professor, der seine Ambitions spielerisch befriedigt (Keynes) und ebenso mit Russen.

Russia

Guild Sozialismus possible

Dictatorship of labor

(Union can do so wrong)

[??] trust busting
armament race⁴

/:Konsumtion:/ und democr.

Slogan

the positive labor Problem

Violated all rules rules that godly man are rare⁵
viel schlimmer als Dsingis Khan

und daß man den Bonus nicht sieht ...

Maximum labor share [??]⁶ economies – ... Aber colossal performance des Wirtschaftsektors, die sehr viel Dinge

möglich macht. ↑

Wenn man mit ihren Gewerkschaften verhandeln muß, so ist ja schon die Schlacht verloren.

[??] positive problem ⁷ nicht form of defection die under privileged H₂SO₄ – und ich kann nur berichten was outcome

[REFERENCE](#)

...

¹ Lesart Uraki: *soz.*
² Variante der Lesart: *of*
³ Die Bemerkung mit ihrem Kontextverweis steht im Original Zeilen tiefer.
⁴ Ein Pfeil verweist die Notiz auf eine nicht entschlüsselte Bemerkung.
⁵ Lesart Uraki: *that good armer<*
⁶ Lesart Uraki: *ist andere*
⁷ Lesart Uraki: *because positive Problem*

5.2.25

Sad thing is, daß /:alle./ security
und hope standards möglich wären in 1950 –
ohne die Radikalen und labor Bürokratie

Success der Industrie in war does
not stand out
geringer Ertrag bei geringem Risiko
und auch unterutiliz

—————[REFERENCE](#)

5.2.26

Kapitalismus

full empl.
funktioniert nur in buyer's Markt

There is no postwar problem

—————[REFERENCE](#)

Kapitalismus

The relative gentleness of transition in U.S. (freilich inefficiencies); durch langsame Erziehung, durch changed environment, und teilweise durch consent

importance of seeing this und acting;
no doubt, but acting ist realization of data

spurious courage
whistling in dark

(Defeatist's talk about defeatism
escapist's [talk] [about]¹ escapism)

Vorher Problem of a soc. society in a capitalist world,
Problem of capitalist. soc. in ein socialist world

fascism ?

über Inflation
Diskussion über Preis

Gegenmittel gegen Inflation liegt
nicht in Washington tricks
sondern in produktiver power
des Apparates der großes Monopol-
maximum hat.

[REFERENCE](#)

¹ In der Vorlage Wiederholungzeichen für *talk about*:

5.3. Die Situation nach dem 2. Weltkrieg

5.3.1¹

The argument of this chapter turns on two questions and on nothing else: what more can be said at present (May 1946) about the effects of the War on the social pattern of our time than has been said in the preceding chapter? How has this War affected the position and prospects of orthodox socialism? Beyond this no attempt can be made to probe into the complex of post war problem.

REFERENCE

5.3.2

Marx
fear of bombs
trouble is
deeper Theorie of Interesse
than either Marx oder "ideas"

~~But obviously the Russian element cannot be neglected. On the contrary it overshadows everything else. We have been considering a possibility that has not matured.~~

But all that refers to the possibility that has not matured. It is time to turn to the one that has. Russia is not a side issue, she is the problem of the modern world which overshadows all others.

It would be necessary to
assume daß /:alle:/ nicht nur
Communist but Russian
Communist

Geschichtsphilosophie: not systems that fight but men und diese men in groups called
Nationen or races

half work²-nothing
opponent; fighting aggression by concession³

Sozialism organises besser groups
und deshalb wichtig aber nicht otherwise
Daß Russia internationaler Sozialist is irrelevant

~~that~~ man ached
into his tactical Sit.

und wir können unseren Sozialismus haben, wenn wir wollen und trotzdem anti-Russen sein.

¹ Die weiteren Notizen auf diesem Blatt wurden bisher nicht entziffert.

² Vgl. hierzu die nachfolgende Notiz 5.3.3

³ Die mit einem Stern markierte Bemerkung in der letzten Zeile ist durch Pfeilverweis als Ergänzung hierzu ausgewiesen.

*Demonstration trials show at each steps prisoners who had to make concession

easy to explain how *prices* move those who never understand how lack and thirst entertain

[REFERENCE](#)

5.3.3

<p>Nicht positive¹ Probleme nicht sociol. of war, sondern nur a) wie war offered polit. Struktur b) course of orthod. Socialism</p>	<p>War tax good poll tax beweist nichts, aber <u>das</u> beweist war tax für alle citizen außer in army. Arbeiter enter up to 1800 dollars incomes und indirekt tax über 300 dollars, 300: 18 = 16.6 ...</p>
<p>Should be a simple matter <i>aber facts, die so obvious astonishing</i> <i>Phänomen to heave things as one</i> wishes to show them</p>	<p>inheritance bei uns abgeschafft pitiful standard of life concentr. camp Abschluß gegen Welt to Union routine requires rotating plain regime</p>
<p>“except mit Argument, das alles rechtfertigt, /:nämlich:/ daß transitional”</p>	<p>Potemkin’s village no tenants² or courses errors und nicht all an <i>angel</i></p>
<p>Ernst! keine /:idealen:/ Streiche</p>	<p>...</p>
<p>War – and this is War, not Peace – is no longer the great news. OPA is</p>	<p>(Auch Econ. Schwierigkeit inab. to move und lack of discipline.)</p>
<p>But I want to say something about Chapter (or consequences) und außerdem über defeatism des Buches in preface ...</p>	
<p>humanity and continue to illtreat Security Br. Empire Law – never so much humanity; small nations aber Jews Kalt und unruhig und sharp “epithets” only weaken.. ...</p>	<p>We look upon a truly amazing scene. After a war in which we have einen Autokraten in Position, waged for freedom und security und das by act of actors, die nicht selbst Bolschewisten sind. Man sollte glauben: we have done not half work... Besides we must liberate the Russians instead appeasement in callous disregard of all principles professed in Motivation of the war, betrayed their trust, abandon some small nations, stifle freedom [und] sanction conquest: bully Spain and China ...</p>

REFERENCE

¹ Zum Verständnis von „positiv“ verweise ich auf den Sprachgebrauch Böhm Bawerks. Während der 1. Band von „Kapital und Kapitalzins“ der „Geschichte und Kritik der Kapitalzinstheorie“ gewidmet ist, heißt der 2. Band “Positive Theorie des Kapitals“. Genau in diesem Sinne spricht Schumpeter davon, CS&D biete keine positive (soziologische) Theorie des 2. Weltkrieges. Für den 1. Weltkrieg hat er 1918/1919 mit seiner Imperialismen-Schrift einen in diesem Sinn „positiven“ Ansatz vorgelegt.

² Der Ausdruck bezieht sich mit einem Pfeil auf *concentration camp*.

5.3.4

<p>Working mit commit- tees and speeches gegen inexor. Logik, <u>rational</u> for policy <u>unmöglich</u></p>	<p>outcome of democratic policy in <i>chart</i> no [??] fumbling gegen <i>inexp. logik</i></p>	<p><u>Comfort und a dreary</u> defeatism and escapism (appeasement)</p>
<p>[??] [??] Und das applies auch für das neue Kapitel</p>	<p>This is not a political book, not intended to be; proof: Marxist best truth as I saw whether pleasant or not to myself or others. *Vielleicht gibt es Leser, welche mir credit geben, wie ich wollte*¹ futile? Yes if knowledge is; defeatism? im letzten chapter Escapist attitude of our time Wenn die Bombe fällt, so will ich... so help me god ... Und das applies auch für das neue Kapitel. ...</p>	<p>we steer straight forward the bomb just as we steer toward war</p>
	<p>Mistake ist nicht, was fools Frankreich, Poland, Finland und however</p>	<p>Disarming one monster but arm another</p>
	<p>Übergang: still more difficult wegen /Müdigkeit/ und Escapism it [??] ... We have and now are respons. for them ([??] [??] bound to defend [??] ²) only half work ...</p>	<p><i>freedom</i> <i>handing von more ..</i> <i>honor "defence"</i></p>
	<p>If we went hoping against hop ,</p>	<p>why did we kill hundreds of thousand of women and children</p>
	<p>Wir wollen Freiheit, und was tun wir? Why we say, daß Polen frei? Mentally: letting things work out Wir sind bloß Menschen und really Demokratie in the making – why and then this much Export business ahead!</p>	
	<p>Russia wird demokratisch? Wie Deutschland!</p>	
	<p><u>Appeasement</u> Escapism und neatly³ defined bottle array <u>und selbst gesagt</u></p>	
<p>putting on it the businessman´s face</p>		<p>Mit verhülltem Haupt und den Giant stricken by remorse facile talk about 2nd bomb ...</p>

REFERENCE

¹ Diese * markierte Bemerkung ist ein stenografischer Zusatz über *truth as i saw whether pleasant or not to myself or others.*
² Hier wurden mehrere Worte nicht identifiziert.
³ Lesart Uraki: *nearly*

<p>Und gerade das futile ist¹, das hören wir und amerikanischer bourgeois clamors for # hier comfort</p>	<p>5. Das eine zentrale Problem; was sich nicht daran orientiert, ist futile – (offenbar auch Catholicism) Décadence de l'Europe</p> <p>combine ??? in termed entweder Camouflage von anderen Dingen oder Unsinn Wirklich sozialistische Sozialisten in schwieriger Lage – wollen /:Erziehung:/, menschlichen Wert, Nationalisation</p> <p>On a parlé de l'impérialisme Soviétique, aber Motiv ist nicht exploit und Eroberung von Märkten, sondern strategic Erwägungen und Sichern von Rohstoffen!! (und ist so schön sans heurts in crisis)</p> <p>Und englischer laborism – pro, sogar frühere fonctionnaires behalten und accord mit Amerika! Und ähnliche äußere Politik der Konservativen [??]²d' Indonésie und Protest gegen poln. und czech Nationalisation!)</p> <p>Und das gibt zu denken aux plus crédules et aux plus aveugles l'immense exper. Russe trotz ensevelissement capitalists! prendre parti im conflict zwischen U.S. und Russland und deshalb einige Arbeiterpartei, und es handelt sich darum, in selben Camp wie Russland zu sein (aber ohne soumission) Für den Kommunisten ist Russland close épierist Revolution par en haut Idee, daß /:dem ? im ?:/ U.S. ambit (gibt nur den und Rußland oder eben US und England) bürgerli. Demokratie durch amerikanische credits und Geschenke am Leben bleibt und eben die Arbeiterschaft die Rechnung durchkreuzt</p> <p>Revol. européenne wieder eine Möglichkeit und Händerreichen der amerikanischen Prol. pour la grande conquit (wird "dem Kapitalismus" eines essentiellen wirtschaftlichen Sektor wegnehmen) Und [??] incalcul³ hat in <u>Amerika</u> und Asia.</p>
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[REFERENCE](#)

¹ Lesart Stenograf: *das fühle ich*

² Lesart Uraki: *commanded*

³ Lesart Uraki: *repercussion incalcul*

G. Martinet ... Revue Internationale.¹ Jan-Feb 46

Social-Démocratie dans l'impasse

Victory of Demokratie – was it a joke?

obscurite, confusion, vide, malaise

(Sieg in Amerika kein unifying effect of victory) → Sieg der Labor Party in England

les politicians and agitator und tut es um /einen? jeden?/ Stier, der von ihnen nicht wissen will

Das alte System ne renaîtra pas des [??]² (Nur in kleinen revolutionären Gruppen ist mehr [??] – aber

nicht mehr als immer)

und das hat nichts zu tun mit irgend einem revolutionären ardor, der das erklären würde, daß man kein Interesse nimmt an alten cotillion

(Blum: convalescente fatigue)³

pilot a quitté le bord

Un monde s'écroule – (oder beweist das schon vorher écroule!) Was bleibt?

„phase démocratique des Kapitalismus ist vorüber“⁴

democratic bourgeoisie ist im Sterben – in U.S. bedeutet das misgovernment

↓

Gibt es eine andere (Blum – démocratie populaire und energique

A l'échelle humaine

Der Chef d'industrie und Sozialisten im Grunde in same boat. prolongement logique

Aber Blum versteht, daß alte Formen vorüber sind? (Aber betont Notwendigkeit des [...] und

↓

anderes pionier executif. der bürgerlichen

↓

Demokratie)

... hat bourgeoisie applaus und nicht nur von den kleinen Leuten de Gaullistes Apologie auch

Die gegenwärtigen Streitigkeiten: Kultur; Dirigismus, amerikanischer Kredit, Freiheit (die entrepreneurs); Korporationismus der Großen (mit Verstaatlichung der Unrentabeln). ...

Nowlook ... how astonishing – this is prestige of it abroad and only one to promise ???profits?

Vorteil : leads to Interesse, danger, humanity, however remorse work for cruelty : we don't to want hear. ... Wie ist das in U.S. Intellektuelle, die nicht schweigen würden, und Russia, aber

wie viel weiter umsetzartig : labor leaders : aber obj. Sit.. If major counted, it would be still

zarist. ... Sweden, Netherlands, amazing practice of society doing würdiges works for poli.

dem. politics. ... first propaganda induce Wolf Wolf cried too often. ... theorist, propagandist,

radical-socialist

Paul Reynaud

Paul Reynaud

wants destr. of culture and even values in Japan.

REFERENCE

¹ Gilles Martinet: La Social-Démocratie dans l'impasse. I n° 2, janvier / février 1946 : Revue Internationale 1946

² condolences

³ Vgl. CS&D, p. 400, n. 32.

⁴ Un monde s'écroule qui était le monde dans lequel ils avaient appris à vivre. La phase démocratique du capitalisme est bien prête de se clore dans notre Europe continentale et les capitalistes en ont depuis longtemps pris leur parti.

5.3.7

Also Mittelwege, Lösungen, Kompromisse, die auf diesen Terrain bleiben; die Kommunisten selbst tun das
und CGT war für Reduktion der /:Importe:/
dabei Klassenkämpfe über Löhne
?? 2 XII 1945 über Nationalisierung (nur als Antwort auf crise banquier wenn auf nur eine von mehreren möglichen Antworten)
Aber alles setzt sich in kapitalistische termes um
Wunsch nach IIIe Republik by einer kleiner fraction der bourgeoisie
viel mehr wollen Rép. autoritaire (aber das ist doch nicht so)

Blums Stand ist nur réformiste de l' arte gauche (Lenin!)
Und seine déclin zeigt sich in joining march vers. les sol. antiretires.
(Aber das tun doch auch die Kommunisten – und zwar nicht als Diktatur des Prolet.)

Socialistés hören auf Artikel der Bolschewiks?
Gegensätze zwischen Kommunisten nur Taktik und [??] und Russia
/:Liegt:/[Besteht] ein tournant capital unter Einfluß von Russland und von revolutionärem character?

Tito hat sozialisiert! Ohne indemocraté und russische armée [??] !
Revolution via coalition [??]
everything turns on Russian angle

Alle kommunistischen tournant, change de technique und widersprechende Deklarationen sind erklärt durch allegiance an Russia
Und das ist marque de leur fidélité a la Revolution,
Sozialisten sagen: schöne Revolution! die Gegensätze zwischen Kapitalismus Amer. und Sozialismus Russe. Das aber sollte jeder sehen, daß nur vollständiger Sieg der einen oder anderen das Ende ist
(aber nicht für Sozialismus! Der geht weiter!)

alle [??]
aber Sozialismus
a decadence -----> und
United Nations

Vielleicht; Perhaps Leute, die sincerely gehofft haben auf renaissance der bürgerlichen Demokratie Das war es, warum /:als:/ pangs they support a war* in which alle rules infringed
Trade-Union rule ist das nicht second bomb – aber war es es nicht für Freiheit, security, welfare?

... *policies und practices

REFERENCE

Well noch: Intern. econ. Sit, welche Hoffnung rechtfertigt
 Econ Consequ. of the war und present policy
 (an sich nicht so groß; in England nicht so arg, weil human
 Apparat intact)

Und dann summing up: Weltrevolution – eben nicht marxist[isch] —
 a real possibility durch unsere Aktion – und nicht mehr.

Der Export um des Exports wegen
 full empl. Industrialisierung fremder Länder /:Planung:/²for it
 regulating it

[??]¹ der nur Sinn
 haben könnten in a
 long run

Wilson

People had been
 hearing of this very
 argument in Russen
 case
 Ein Diktator more
 dangerous als zwei

Sophismus:
 it

What should be done about

Peace -bus. mit Russia

Diverse prewar prestige commentator
 Unless counts Marshall and his [??]³life
 und
slave labor

Spain nochmals
 aber Russen armament
 Russland socialism

...

hope against hope
 believe against fact

Vielleicht *esc. and appease*
 exact opposit. Natur of [??]⁴

rules *horror*
half work [??] France

“if it not in 20 years”

No leadership
 ... rules, however half work

↑über United Nations
 pst: art to see it

how to ??? drive
 political System
 ausschließen⁶ von horrors

Dass Russia für Russia
 deprive of most elementary right
 horrors slave
 some elements others infused

fascism

But strongest econ.
 Interesse opposed *in*
war
 politics – und wo alle
 support herkommen.

¹ Lesart Uraki : *Archive*
² Variante des Stenografen/: *Pionier:/*
³ Lesart Uraki: *life*
⁴ Lesart Uraki: *powers*
⁵ Variante des Stenografen: *in* oder *ist*
⁶ Variante des Stenografen: *abschließen*

durch bouts or arts of Propaganda grammar
though

REFERENCE

5.3.9

armament race ...
trouble mit Russia

genius to let things work for Russia
↑ und das in nicht so starker Position
Zuerst: adverting performance of a man!

Against what cannot have possibly be
their wishes. ...

Alles erreicht und more comfortably
settled prestige at home [??] and
given Russian country
(aber nicht Imperialist)

+

he is victor over his allies. Against everything that they can possibly
be assumed to have wished or to have wished to have fought for he
has succeeded – and this from a position that was none too strong, in
fact a position in which he might have had to be content to accept
whatever those allies thought fit to grant – in raising Russia to a
position far beyond any she held under the tsars and to bind their will
to his own. He conquered more countries of foreign race than Hitler
ever threatened. There is but one power that can speak to him on terms
of equality. And even where his allies made a stand, Russia got all that
really mattered to her.

anxiously
Now man könnte
glauben – half work
he need not justify – the
work is done for him.
wenn wir alle
Bolschew. wären
hoping against
hope und anything/
Und dann europ. Sit. und
U.S.
we believes in Christian
or Demokratie or
freedom, or at least
private privacy oder
humanity /
Tired machtlos down
only Möglichkeit in
England (Polit.)

immense prestige
Natural result

+ unless he makes first mistake of his life
penetration Policy II: Nachgeben wo nötig.
und das is möglich, weil andere Leute bis zum
Äußersten gehen /ohne:/ Demokratie und freedom

[??]¹

Ruhiger!

REFERENCE

¹ Für das nunmehr Folgende ist bisher keine mitteilbare Entzifferung gelungen. Es ist aber darauf hinzuweisen, dass sich oben rechts in diesem Teil eine Bemerkung über *concentration camps* befindet, die Uraki als *concentration camps selbst in honor victory* liest.

5.3.10

/:Würde:/ besonders reactionary betrachtet werden Aber diese reactionary selbst wollen es nicht	why, then, first war	No prediction und not what should be done. ... Russen ??? ² :Leute, die <u>alles</u> verteidigen, was Stalin tut why - Demokrat und peaceful
World Revolution so far off	Warum alle Schlagworte versagen: liberate ¹	
<p>between the two in the Balkans, in the near East and the Far East. The Russian entrenchments are strong but incomplete – they <u>must</u> be completed or abandoned and, outside of the self-governing Dominions, the whole of the Empire is either immediately or indirectly threatened. At any individual points concessions may save situations – and faces – for the moment. Only complete surrender at all points can safeguard peace. The nation that went to war with Germany on much or less provocation is not likely for nation's act according to their pattern.</p> <p>But even if it were a) undermining b) exist of England remedy or may have been ...</p>		
for. policy of a nation: set of conduct coming from pattern und tradition		Craving for “security” (???) und jetzt auf einmal gleichgültig?!
... directly believed daß Germans would presently fly [??]	... policy of a nation.. ... Democracy does not guarantee but such a pervading mood [??] wolf, wolf ³	
	Stalins safety is tiredness of the world denn /:Nationen:/ do not want to fight. What does it mean “Nation”	
<p><u>Ja aber:</u> Econ. Conseq of war (ausführen wollen! auch wenn man nichts <i>zurückbekommt!</i>)</p>		

REFERENCE

¹ Lesart Uraki: *Liberate*

² Lesart Uraki: *infer*.

³ “wolf, wolf” meint Angstgeschrei

5.3.11

form of defection
und nicht
gerechtfertigt, daß
nicht defection

We will neglect intell. und look at sit. in case studies

- a) European communists who obey order
- b) fear c) U.S. domestic policies

Christianity freedom democracy fair play
or at least private property ↙ ↗

nicht dasselbe; aber hier does not matter

Outstanding fact

(Nehmen wir Tatsache hin als notwendig)

aber more outstanding is attit. to result: half work

tired; politics

politician would have to

confess

↑ interest,
duty, honor

und in honor bound

a) Poland und Finland

b) Verteidigung /:those:/
die wir ??? deprived of
means to defend themself¹

But obviously Russian element cannot be wegde. On the contrary....

We have been dealing with a possibility that has not matured. It is time to turn to the one that has. First of all however let us pause to admire this stupendous achievement of political genius whose way so neatly challenged by frank foes und doubtful friend. Nicht so einfach

If things worked for him

und nicht so stark

Second, darauf dann Diagnose

Third, attitude to Russia ...

[??]

[??]

[??]

[??]

Same way² have [??]. It is inconceivabledaß das either gewünscht oder vorausgesehen by either the leaders or the vast majority of their [??]

How democracy could have done, was Stalin did

no rationelle policy möglich, welche abhängt von moods

* Kein Gegenspieler,
Vorteile von Diktatur, alle
anderen wirken nur als
followers

Demokratie;
nicht free orderly due
process of law

[??] ein Mann counts –
authoritary

Iran in politics oder 4 powers

alles subord. – military und only
recently declared

Der Sozialismus ist
Nebensache →

Imperialist
Exploiting

a) by wages

b) by tax

trouble is dass Russia ist
Russia

Position: Position : a) ???
b) faulty compl. c) die
abhängigen Staaten, d) die at mercy,
e) ... partly überall außer in England und
Spain
wenn es nicht fifth colonne bedeutet

[REFERENCE](#)

¹ haben deprived of means to defend threats

² Lesart: may

5.3.12

... in the manner, dictated by decency and commonsense alike this would be the diagnosis and prognosis to adopt, though various qualifications would have to be added for the Latin countries and Japan: laborite régimes, more radical but not more communists than were those of the 20s, with all this implies, economically, politically and culturally, “Administering Capitalism” no doubt, but administering it with clearer purpose and a stronger hand. In view of the misunderstandings with which the argument of this book has met, it is desirable to point out once more that I am presenting the results of any analysis of facts and not ...

But the Russian element cannot be neglected. On the contrary it is dominant element in the world. So far we have dealt with a possibility that has not matured, it is time to turn to the one that has. Stalin is the true victor in the war not only in the sense that he is a leading member of the victorious alliance but also in the sense that ...

[REFERENCE](#)

Paradise on Earth

In U.S. Gefahr ist nicht Bolsch. oder fascism. Gefahr ist /:Unfähigkeit:/ von Staat und Politik

War *Probleme* put forth all strength
und supreme sacrifice of Standard

Ruhiger! ??? – will undoubtedly result...

Quick recuperation

[??] positive
Probleme

/Soziale/ Demokratie
Reforms

“Its common knowledge`

administering Kapitalismus

Revolution suppress

Die große

Möglichkeit!

Die 40 Billion [??]

[??] insurance for
oneself

über Welt "fascism"

was Demokratie ist

The great reserve is

Rationalisierung der öffentlichen Verwaltung. (auch¹ rationelles
raising)

[??]

Rationelles raising

Rationalisierung der

Verwaltung

[REFE|RENCE](#)

¹ Lesart Uraki: *soziale*

5.3.14

Auch spielt of country wo etwas waste in
small public sphere did not matter

Resistenz of bureaucracy

...

It may seem to the reader that those conditions cannot possible be fulfilled. Complete fulfillment would in fact require such energy and responsibility of political leadership, such selfdenial and ¹ability of administrative organs, such support from public opinion as could not possibly be forthcoming. A policy on those lines would run against some of the most cherished slogans, some of the most deeply ingrained beliefs of the people. That pressure groups would resist and all those who live by the present system of waste is only half of the trouble. The other half arises from all those well-meaning feather brains who count for much in the shaping of public opinion and who have allowed themselves to be convinced that the system of waste the system that consists in dealing with every difficulty by pouring billions on it is the chief motive power of prosperity.

The worst that could befell wäre kapitalistischer
Erfolg

[REFERENCE](#)

¹ Einschub Schumpeter: detail!

5.4. Ergänzendes

5.4.1

Nichts so merkwürdig (oder natürlich) als dieser unglaubliche
escapism welche deluded itself
mit palpable futilities
and hopes against hope

To pretend daß nun
alles schon bei United Nations [??]
[??] is escapism
und lack of responsib

Und diese Republikleute sind nicht bolschewistische
Country undermined?

New Deal (und tr. Union) has won
if play their cards well
whole secret is not
to force fights when
you are as yet too weak

— [REFERENCE](#)

5.4.2

Aber will not the things put as right all
alliance mit England exist
Armament race has started

Methode /:weise:/ Gesichter zu machen
Überlegenheit der Kommunisten:
daß sie Sit. sehen und bestimmtes Positives wollen

Kirche to be better seriously

Guild socialism
Möglichkeit alles zu erfüllen

([??])¹
200-40-40

und Unterschied so groß in long run

— [REFERENCE](#)

¹ Nur vage und unvollkommen Entzifferung: Warum nimmt Staat nicht in Anspruch, wenn er interest
/:zählt://disdain of [??].

5.4.3

Sozialismus in Europa –
almost taken als poor acquit

In welchem Sinne World-Revolution erreicht
– und Weltherrschaft
Schweden – Switzerland –Holland
die ravaged countries
die übrig bleibenden: Spain, Greece

... U.S. singularly unfit ...

[REFERENCE](#)

5.4.4

~~The Catholic College und university⁺~~

Vielleicht nach 20 Jahren nicht nötig (aber Leute werden sagen)

needs nothing

Wichtigkeit zu betonen
das Werk eines Mannes daß er so allein herrscht,
daß er das zustande gebracht hat

May be as right as would have [??]

Evasion | The same arg. with
Problem is just bomb | reversed roles
and one or two bombing

The eefforts made that we cry of anguish

[REFERENCE](#)

.... Ähnlichkeit des Systems ...^t

¹ Von Schumpeter getilgt

5.4.5¹

July 26, 1945 Br. public line up

ist das Ende der “oligarchy” – gradual?

	May45 ²	Juli
Conserv	358	197
Liberal National	26	13
<u>Labour</u>	163	393
Liberal	18	12
ILP ³	3	3
Commonwealth ⁴	3	1
Kommunisten	1	2

von 35 to 45⁵, Labour vote nur
von 8.3 to 12 Millionen⁶
Conserv von 11.8 to 10.0

(labor seat für je 30,000 votes,
Conserv. je 47,000 votes⁷
und Liberal je 87,000 votes

Bei proportionaler Repräsentation (John Humphreys) Labour should have 299
seats und Conserv. 248 und Liberal 57⁸

*** Privileged Constituencies⁹ (außer Universitäten) mit less than 30,000 elect.
sind 52, und davon 43 für Labour. ... In der Constitut. mit über 80,000 electors
42; davon nur 22 Labour und 20 Konservative

[REFERENCE](#)

- ¹ Das zugehörige Original wurde weder im Archivbestand aufgefunden noch ist es unter den von Uraki übersandten digitalen Unterlagen. Es befand sich jedoch eine Papierkopie in dem von Uraki im Sommer 2018 postalisch übersandten Material. Sie wird hier als Reference wiedergegeben.
- ² Schumpeter notiert hier offensichtlich die Anzahl der Sitze der Parteien im Unterhaus mit Stand Mai 1945. Denn die letzten allgemeinen Wahlen fanden im November 1935 statt. Damals gewann Labour 154 Sitze, die u.a. durch Nachwahlen bis zum Mai 1945 um 9 Sitze vermehrt wurden.
- ³ Independent Labour Party
- ⁴ Commonwealth Labour Party
- ⁵ 1935 zu 1945
- ⁶ Das Stimmenverhältnis für Labour 1935 zu 1945 lautete 10.025.083 zu 8.716.211 Stimmen.
- ⁷ Genauer Labour Party : Conservative Party : Liberale Party (ohne Liberale National Party) = 29.409 : 44.245 : 181.495 votes.
- ⁸ Die hier mit Humphreys benannte Quelle konnte nicht ermittelt werden. Die vorgetragene Überlegung stimmt offensichtlich nur cum grano salis und neigt wohl zur Unterschätzung der Sitze für Labour.
- ⁹ In den privilegierten Wahlkreisen

5.4.6

half-Labor members von Profession
doctors[,] teachers[,] lawyers[] civil servants
engineers, journalists (33)

St. Landslide in England. englische boroughs
out of London

London 49 Labour MP

Auch in englischen counties (110 Labor, 112 conserv)
und actual vote größer
4.6 m gegen Conservat 4.4
Millionen. ...

New Generation
weight of Intellect ?

REFERENCE

5.4.7

Merkwürdige Sit: Schwierigkeit für labor
party ist nicht mit /:Resten:/ kapitalistischen Reichtums und
kapitalistischen Machtstellung, so auch hier

*[Downplaying the teachers of god
und kann nicht länger rely
daß someone else does it*

Was remains after war is on balance less or not much new

|| Russen-Element kann auch Wirkung haben, daß
|| Sozialismus einen Rückschlag erfährt

Russen century ...

REFERENCE

Kein**Gegenspieler**

This in the sphere of political thought

Krankhaftes Festhalten an als falsch Erkanntem
(aber erst nicht erkannt)
arms, phrasen, und /:Verharren:/ in als falsch
Erkanntem course of action
Das ist immer so; but can be fatal

Tendenz in secular – irresp. of war
As our analysis has shown
und das zeigt wie /:zwanglos:/, denn man hätte
Khan¹ erwarten können

There are people who think it polit. impossible
or even wolf – wolf

however

France jubiliert wohl der wieder entstandenen
Demokratie entgegen?

P. V. How Radicalism impedes progress (economic
aber auch towards socialism)

Nie vergessen auch bei Wirkung von allen
Änderungen: Änderung der Produktionsmethode
durch Preis change of factors oder Ausdehnungen
und durch Preise change of factors oder
Ausdehnungen und durch neue Produkte.

E.A.G. Robinson in “Structure of Competitive
Industry”², über optimum Konzentration. Ist
wichtig, daß creating Industrie selbst bei
underutilizing nicht so einfach ist, weil[,] wenn
man Import ausschließt, auch Export verringert,
weil Ausländer nicht kaufen kann und
Exportindustrie kann leicht more effic sein

policy – politics
from di defection

REFERENCE

¹ Schumpeter spielt des Öfteren mit der Vorstellung vom Genghis Khan.

² London: Pitman Publishing Corp., 1935

5.4.9

bolschew in Frankreich: auch despair

[??]¹

Und das gegenüber dem absoluten Herrscher in *eulogie*
of man who never *economist*. ...

— [REFERENCE](#)

5.4.10

Und sollte ich nicht Frankreich einen “Trost und
Rat geben“?

Und besonders /:von:/ Japan

— [REFERENCE](#)

...

5.4.11

In France ist jeder Sozialist; Blum admirer und conciliator
Cooperative Organisation, die jede Industrie fest erfasst und
unüberwindlich macht für den Staat – was aber nicht, wie in
Deutschland, aus Kartellsystem herausgewachsen.

U.S. hat mit Vichy paktiert und unterstützt jetzt all das
witchhunting for collaborationists

4 Millionen Staatsangestellte –10mal soviel wie vorher?⁴

Die conféd syndikaliste (oder socialistische) seit

1936 zusammen mit kommunistischen Gewerkschaften?

Die aber jede freie Wahl unterdrücken

Kommunismus große Rolle, aber Russia ist das Wesentliche,
sonst sogar Mitarbeiter für Privateigentum, z.B. Sozialization
der /:Banken:/ und der Kohle gegen ihre Stimme?

MRP: Mouv. républ. popul² ist katholisch und de Gaulle sin
1/3.

— [REFERENCE](#)

¹ Hier folgen zwei bisher nicht entzifferte Zeilen.

² Mouvement républicain populaire

5.4.12

Englische
Blindheit: Raus auf Diktaturship auch im dem.¹ Fall
Nürnberg und die wo Anno (fascism)
Deutschen As parliamentary sort (Kabinettsystem) suff., Not deal with
fascism
Not [??] aber
/:standing:/ by ob
was zu sagen

Malleabil. und kein so großer Druck nötig

Man f. Will self-financing
monopol. leadership
/:Artikel:/ Imperialismus

Über die Organisation in U.S.
direkt behavior of industrie

point is nicht spending sondern causing
its necessity
point is nicht reducing sic. wenn
notwendig, sondern aus Prinzip

long run eff.
Produktion und empl.
(nicht on Ausnützung des exist. App)

[REFERENCE](#)

¹ demokratischen

5.4.13

Britain ist for tough time (aber nicht so arg:
Investment and
earning power und
Position kept up)

und das schwierig¹ für labor party

\$ shortage nur ein Symptom²

Beaverbrook: crisis now?³
Matter
of nerves

Coal Nationalisierung mit über \$ 600 für Mechanisierung⁴

Also die 3 Probleme des Kapitals ... a) Labor victory
b) Rußland
c) Leben in diesem country
wanton destruction

Was mit Frankreich, Japan, Deutschland
Welche werden nun wieder gutzumachen haben.

Die große fight ... aber ist nicht das. Essentielle
Bewegung zum Sozialismus bleibt und zwar nicht nur
Sozialismus überhaupt, sondern rule of specialist und nicht of
people

Zwangsläufigkeit: China kann nur das tun

effects of war on Prognosis?
Vergleich mit was sonst gewesen wäre
Wirkung des 1 und 2 Weltkrieges? ... Communist Plan –
ganz klar vor Augen der bourgeoisie

REFERENCE

¹ Lesart Uraki: *Schwierige*

² Vgl. zur britischen Dollarkrise: The Dollar Crisis. The Economist. September 1, 1945, Vol. 149, Issue 5323, p.289.

³ Gemeint: William Maxwell Aitken, 1st Baron Beaverbrook. Seit 1916 Eigentümer und Herausgeber des auflagenstarken konservativen *Daily Express* und Unterhausmitglied. Ob sich die Bemerkung Schumpeters auf eine der vielen konservativen Pressekampagnen Beaverbrooks bezieht oder einer Unterhausrede gilt, war nicht festzustellen. Vgl. hierzu auch: The Press and the Public. Economist (London), Aug. 4, 1945, p. 9f. Vgl. auch: "Bretton Woods and Empire." *Financial Times*, Feb. 20, 1946, p.3.

⁴ Am 23 Januar 1945 teilte Minister Shinwell in einem Vortrag bei der *American Chamber of Commerce* mit, dass die Regierung im Zusammenhang mit der Nationalisierung der Kohlenindustrie bezogen auf die nächsten 5 Jahre gewillt ist, 150 000 000 Pfund in deren Mechanisierung zu investieren. Vgl.: Running the Mines. The Guardian (London), Jan 24, 1946, p. 3.

5.4.14

There is that island...

und Stalin runs up to the same Problem, welche baffled all conquerors the previous attempts to want Europe before - to elimin it

Erkenntnis ist Vorbedingung der Leistung
how des formers de lá defeate

[REFERENCE](#)

5.4.15

Sit. exactly the same as
in 39 — nur eben faced with fired ???¹

Wieder ist es England, wo Probleme arises²

Es mag sein, daß Möglichkeit direkter attack ³:/damals:/
wichtiger und Bedrohung des Empires jetzt
aber im Wesentlichen dasselbe

[REFERENCE](#)

¹ Lesart Uraki: *Zeit*

² Lesart Uraki: *crisis*

³ Schumpeter schreibt: *Atack*

5.4.16

Russia...	pattern
4 party regime pillaging nach Bedürfnis	
breakdown of morals	dass job <i>brought</i> <u>und hätten to admit</u>
No leadership no general opinion außer recent immigrants	
so /:Juden:!/ und no humanit	

— [REFERENCE](#)

5.4.17¹

A cognate point may be made in this connection. The economic performance of the Soviet regime in Russia – never mind now whether or not we accept it as an instance of a socialist régime – is often discussed with reference to the performance of Tsarist Russia. But the lapse of a quarter of a century has robbed such a comparison of all its meaning. If we want, in this case, to compare at all, comparison would have to be with the extrapolated long run trend of, roughly, 1894 –1913.

— [REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

5.4.19

Why was Hitler beaten (hindsight?)	<u>Bolschewization</u>
	U.S. News on peace ¹ mit Russia got <u>all</u> she wants auch Finnland
	the danger ist not war danger is peace trouble is that is Russia
	Und wie surrender zu Erfolg gemacht wird. “Dann gones /:springs:/ it on Russia”

[REFERENCE](#)

5.4.20²

Marx obviously expected much of the stupidity of the bourgeois, fortunately the latter may expect as much from the stupidity of the radicals

Escapism is bomb
fixation of wandering anxiety.

Bomb and \$ are not all of it.

Der amerikanische Politiker braucht Rußland

Andere Sorgen:

persistence of
OPA and

conjunctive

surrender; affair

impaired und

dann unempl.

and export.

... “Ob they will turn Demokratie in time
muß ja collid. mit Br.”

Und wir haben unseren
eigenen Weg zum Soz.
und dieser wird accel.
durch den nächsten war
wie durch diesen

[REFERENCE](#)

¹ Die Notiz reflektiert offensichtlich eine Mitteilung zu Ergebnissen der Pariser Friedenskonferenz (29. Juli bis 15. Oktober 1946). Verhandelt wurden die Friedensbedingungen mit Italien, Rumänien, Ungarn, Bulgarien und Finnland, den ehemaligen Verbündeten des Deutschen Reiches. Die Verträge wurden am 10. Februar 1947 unterzeichnet.

² Betrifft die linke Seite der Vorlage

5.4.20¹

<p>Über auswärtige Politik und Myrdal² Wo free vote gegen Kommunisten Dont know of all things they want is not das same people [??] this is other [??]</p>	<p>of phrases and Bürokratie The country is tired, there is no immediate danger; policy is political ... industrialization a giant of³ work – without brain ... in preface: Übersetzungen und Salins Ausführung ... workman antisocial und neue Schwierigkeit über unempl. Demokratie by compulsion ideal das, was people recently want bomb into unique phrases</p> <p>Une des form <i>defection</i></p> <p>Inflation – OPA ^{subside [??]} whole System as adi⁴ Mechanismus of the effic peace produktion ... keine Inflation außer durch war's government</p>	<p>gegen Internationale und gegen bus Einzige Interpretation: to serve no thanks...</p>
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[REFERENCE](#)

5.4.21

Was heute Maxim wird, ist entweder
 a) öffentliches Einkommen
 b) Arbeitereinkommen (nur nicht für Arbeiterklasse
 zusammen

Über Rußland
 “we have done but half the work” und das [ist] schlimmer als
 gar nichts

[REFERENCE](#)

¹ Betrifft nur die rechte Seite der Vorlage

² Gunnar Myrdal, schwedischer sozialistischer Sozialwissenschaftler und Ökonom, 1945-1947 schwedischer Handelsminister, trat für Kredit- und Handelsabkommen mit der Sowjetunion ein.

³ Lesart Uraki: *great at*

⁴ Wohl: *adieu*

Now if people or their leaders really meant to embrace the Soviet System there would be no more to be said

Suicide durch bomb?

Suicide durch

optimistische Beurteiler der Zukunft des Kapitalismus in den 20er Jahren: barring another world war.

Nobody cares? ... Well [??] und small bus. ...

Essenz of class is not property but leadership

Unfähigkeit der demokratischen Bourgeoisie

Preispolitikaffäre ↓

buying peace

allround 138²

Warum sollte uns Stalin attack?

Aber vergessen, daß sehr bestimmte Antwort: Br.

Empire und, abgesehen davon, very Exist of England und wie überall in their way

England would have to act at a risk und Stalin can wait. ...

The Policy emotional burst goaded

by propaganda. ... Stalin understands,

daß Phrasen /:unwichtig:/³

und Scheinerfolge

und das fumbling is seen und keine Sympathiestimme in England

attack cannot be forced by appeasement

[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Geht es um den OPA-Preis für Erbsen?

³ Lesart Uraki: *unrichtig*

5.4.23

<p>Concentration camps, Ketten geistige Sklaverei sans hearts ni crise</p> <p>Revolution cannot be bought off must be fought und dazu braucht man 1) organisatorische marshalling der forces 2) eine Ideologie</p> <p>Trouble with Russia is not daß Sozialist ist but that she is Russia</p> <p>Stalin carries out – mit besserer Strategy of what Hitler may have dreamed of ↓to shunt ein Völkerkampf on Gegensatz “Sozialismus – Kapitalismus” ist Unsinn, wenn es nicht ein clever trick ist</p> <p>Wer Russland als Paradies sieht – und ein demokratisches – dem ist nicht zu helfen appeasement, escapism</p>	<p>dealing mit dem Einzelproblem Bourgeois will nicht sehen, will lull die abseits und gegenüber allem fumbling the inexor. Logik</p>
---	---

[REFERENCE](#)

5.4.24¹

[REFERENCE](#)

5.4.25

Once infl. faced,
fall not unduly feared

The Nation that use ² atomic bombs without
turning a hair.

[REFERENCE](#)

¹ Außer der deutlich vorgetragenen Alternative *reform or recovery* ist der gegenwärtige Entzifferungsstand nicht mitteilenswert.

² Lesart Uraki: *rose*

5.4.26

By dealing with those Nations as
we do, we are accepting authoritarian
creeds
. . . .

[REFERENCE](#)

5.4.27¹

Mrs. /:Pappenheimer:/² und lies

Wie wir zum Bolschew. erzogen werden
durch die Dinge ... fabulous help [-] the bourgeois
 have rendered bolschewism
 unbelievable practice

[REFERENCE](#)

¹ Das zugehörige Original wurde im Sommer 2019 nicht im entsprechenden Bestand der Schumpetersammlung der Mie-Library aufgefunden. Ich habe das fragliche Blatt daher aus einer mir 2018 von Prof. Uraki übersandten Sammlung von S/W-Kopien im pdf-Format rekonstruiert.

² Lesart Uraki: *Oppenheimer*

5.4.28

Vielleicht etwas über Gegenwart und Irrationalität dazu
Stellung nehmen!

—————[REFERENCE](#)

5.4.29

armament race
Stalin declar. daß Aufrüstung nötig
solange Kapitalismus¹

—————[REFERENCE](#)

5.4.30

/:Trauriger:/ als Schlachtfelder [ist] dieser complete
breakdown of moral Standards

Frage ist nicht, Soviet oder nicht

einfach wie Spanien, Frankreich usw,

/:ist ein Poland:/

fumbling – ganz schön aber costly.

Inflation und defl.
wie in Deutschland

I do not think that in such a case text should be altered

Labor gov konnte wiederum nichts tun als administr.

Kapitalismus – und jeder approves außer einigen paar econ.

a) wegen absence of mandate

b) wegen logic der Dinge: würde ja vielleicht

Arbeiter zu discipl. haben

—————[REFERENCE](#)

¹ Offensichtlich eine Reaktion auf Stalins Rede vom 2. Februar 1946, die in der britischen wie amerikanischen Presse als Übergang zum Wettrüsten gewertet wurde.

5.4.31

No fact is a fist
why Stalin is an apostle of Demokratie

In 10 Jahren können wir nicht mehr kämpfen

habit of seeing things as we wish

[??]¹ citizen – unreal

Wenn people had anything to do with it the Tsars would still rule
over Russia

So the historian would wonder ...
but now get Conservative before election
und wir censure simple and modest
American exist you can get in trouble,
for owing a vol. of Marx

turning fiercerly upon him
him who sparks² that end: remorse

und das rationalisiert man

Germany und Japan beaten forever³
obeyingly

Das macht es nötig, Diagnose zu wiederholen
trouble is not the American opponents of sales tax who would go
into extacies of wrath

streamlined Tsar

What chance

... gegenüber in ruthless will
... freilich: one man show

Positive
Probleme...

[REFERENCE](#)

¹ Lesart Uraki: *for*

² Lesart *speaks* auch möglich

³ Lesart Uraki: *forever*

5.4.32

Unspeakable Epochs

Past in Iran — wie /:Bericht:/

[??]

Kurdistan

... hätte Weltkrieg verhindert!

Aber eben Vorsicht in Europa

(so Einstellung wie Griechenland in römischen Zeiten)

No such thing as being satisfied:¹ warum did Rom expand or
Ginghis Kahn

tired, tired of sacrif[ice]

Man weist immer darauf hin – und daß dieser oder jener
trade union official anti soviet ist

Russen body of Offenheit vielleicht nicht groß – aber the
only well organized one der consistently acts

Viel wichtiger, daß good Tradition die out, ...

[REFERENCE](#)

5.4.33

Und in any case – Sweden und Norwegen exist nur solange
als wir ready to go to war: Sweden exists, weil ausreichend
within our range of moral vision

Und die Sicherheit von England und englische posession
beruht darauf

Wir sind /:daran:/

[REFERENCE](#)

¹ Schumpeter thematisiert den Imperialismus.

Wichtig dann zu zeigen, daß im internationalen Handel u.s.w.
die Sache schon sehr weit gediehen – jetzt nicht nach
kapitalistischer Methode

continuing to do
Russia's work
Wie können unsere Intellektuellen

U.S. returning to normal
in a most democratic way
people just want [bar](#)

[REFERENCE](#)

5.5 Die Situation in Amerika und die “Washington Economics”

5.5.1

Saving – reverse Position and we can agree		Einerseits: das Problem andererseits: extracting colossal industrial success
Jetzt bal. budget	is there a Problem and what is it [??] ¹ Produktion – wie wenn East zu belief	why form a party when we can form a pressue group?
Produktion impinging in excess capacity Keine Sozialist party aber sehr viel		productive power may save the worker
II.		
Still disregarding the Russian angle, we must now ² to an aspect of the economic situation in the United State that		
Man kann viel extrapolieren – aber hier gar nicht notwendig Conditions of inexper. Bürokratie, welche omnipotent solange als /:Firmen:/ appears und mit Arbeiter works. ...		
		nicht Problem und clear enough aber das Möglichste done zu obscure. ...

REFERENCE

¹ Lesart Uraki: *ordinary*

² Gemeint: [now return to]

5.5.2

Wash. Economics

Export
timely [??]Murray bill¹

They all start with a high estimate of the production potential for 1950, such as our 200 billions at the official price index for 1943 – up to this limit we have no objection to this. The labor force that will be available in that year is also estimated at high figures – such as 61.5 millions – to which we shall refrain from objecting. From this they deduct, first, the men in the armed forces – 2.5 millions, say – and, second the “inevitable” amount of unemployment

—————[REFERENCE](#)

Let us start again from a gross national product for 1950 of 200 billions at the official price index figure of 1943. Let us moreover assume that Net National Income, then figures out of at something like 169 billions.² Disposal Income is derived by deducting Personal Income Taxes, Social-Insurance Contributions, and Corporate Undivided Profits, and adding Transfers.

—————[REFERENCE](#)

¹ Murray Full Employment Bill (1945)

² Fußnote Schumpeters: *Depreciation and depletion are deducted in the amount of 12 billions. The remaining 21 billions are Federal Corporate Income Tax, Federal Interest Taxes and State and Local Business Taxes. For our present purpose it does not greatly matter whether we evaluate those deductions according to the plan indicated above p[age] n[umber], or according to any plan that might be acceptable to the estimators of postwar demand; in case we do the former we may lose in Federal Corporate Income Tax nearly as much as we gain by our Sales Tax. It must be understood of course that we are discussing a hypothetical example and not attempting to deal either with actual figures or figures that are likely to obtain in the future.*

5.5.3

reserve capacity	<u>Defining positiver problems</u>	Powerlessness auch here
	It may seem as if those qualif. nur half the trouble featherbrained	needs public support, welcher nicht forthcoming economy in non-America
	sure to do weil Einkommen höher; selbst wenn niedrig; alle anderen Methoden being out of question, so bleibt nur substantially loser, sonst a) unmögliche Summe b) 200 Billion in Gefahr	
	Es kann unempl. sein und daher de- ficit spending und daher nicht die 200 Billionen (Ich gehe circle?)	Sabotage of econo.: the rates of pay, homage Aber mir ist real income das Problem selbst zum Problem gemacht Well, in some plast way who does not see We must agree with.
Note in unempl. und vol. unempl.		Inflation, defl. Außenhandel
		Und über Investment opp. nur innerhalb des Landes
		I argue /:möglichen:/ excessiven export (außer Export für pol. und moral reason) War industry! (Warum so gefährlich!
	...	40 Billionen ist required, aber ist eben, daß 20 Billionen net saving überschritten werden und auch für diese kein outlet wenn kein outlet so nicht gespart.
	Support not forthcoming – Leute, die davon leben und Politiker nur half of trouble	
	Cannot stand a lot of waste und, obgleich nur mit größer unempl., lack of discipline nicht so groß und above all.... keine der Errungenschaften	
	Was zu geschehen hätte – 50 /:Aufschübe:/ ändert nicht long run; wäre gut für /:alle:/, selbst Intellektuelle dont greatly care	
		Über Interest aber auch über ???

[REFERENCE](#)

5.5.4

<p>No saving – im Gegenteil Beveridge¹ plan – no difference</p>	<p>Schon im Krieg das solves Problem, wird zum Problem gemacht impl..</p>
<p>... proved by its performance during the War. It should be clear enough what it may mean for the calculable future, say, for the two or three decades. But so much has been done to obscure the simple facts that we must stay for a while in order to clarify the issue involved. For 1950 – supposing that transitional phenomena will have died down by then – the Gross National Product has been variously at ² potential output</p>	<p>Inflation ...</p>
<p>//:Sozialisierung:/ Industrie für Arbeiter ...</p>	<p>Alles was Sozialismus verspricht in materiel-ler Beziehung, daß [??]³ und Not silly wird <u>im</u> Kapitalismus</p>
<p>Was also ist, wenn ein Teil des incomes aus Einkommensteuer kommt auf alle incomes. Für Y=100 und davon 10 als Steuer, keine andere Staatsausgabe als Gehälter, die in den 100 darin sind. ↔100→</p>	<p>Kuznets Cons. outlay (GNP–GCF) ist [19]28: 71.4 aber das /:samt Steuern:/ Was mit Steuern!</p>
<p>Die Leute zahlen 10 und haben noch 90; aber bekommen die 10 zurück. Haben also wieder 100 zum Ausgeben. Warum also Steuern abziehen? Weil sonst Y=110 wäre.</p>	<p>Kuznets trotz labor income ist [19]29: 50.8 (wages und sal.) ...</p>

REFERENCE

¹ William Henry Beveridge: *Full Employment in a Free Society* (1944).
² Hier bricht die im Original achtzeilige Manuskriptfassung ab.
³ Vorschlag des Stenografen /:operation:/"

5.5.5

... a result that does not differ so greatly from the dire forebodings of Washington economists if we try to prognosticate not what might be but will be. For we have seen reason to doubt (see above p. ...) that the political conditions of the success envisaged will be met. Policy that attempts to guard against the imaginary dangers of an excessive propensity to save would in itself suffice to produce what stagnationists expect including even saving without corresponding investment opportunity for the situation of the thirties would be reproduced with a vengeance. And since this policy is, partly by virtue of logic, partly by virtue of the political creed of most of its sponsors, linked with other policies that spell sabotage of economic advance we may have, in particular, to arrive at as high a figure for prospective unemployment as does any stagnationist.¹

—REFERENCE

Unempl. später: besonders das neue premium, flight from labor
. ... Ohne Rücksicht auf Investment effi.

... namely that there exists, inherent in the very design of the capitalist engine, a brake that will prevent it from realizing its production potential. Let us bear in mind that we are no longer dealing with the question of accumulation of liquid means in consequence of the war: we are now abstracting from this and dealing with a question that exists independently of whether or not, temporarily or permanently, that accumulation will create new levels of monetary values.

Of course this theory puts the economic situation of the United States into an entirely different light. The very fact to which we have looked for the solution of problems becomes the source of the post war problems that is the most serious one of all. The production potential that according to our own argument may retard the development toward a socialist régime for a generation or two bids fair to cause unemployment and breakdown and hence to hasten the advent of socialism. Since practically all the estimations of “post war demand” are committed to this view, their procedure will be the best means of illustrating the practical application of this theory. Reduced to its fundamental elements it comes to this.*²

—REFERENCE

¹ Hier bricht die im Original 15-zeilige Manuskriptfassung ab. Weitere Randbemerkungen Schumpeters werden nicht wiedergegeben.

² Das 22-zeilige Manuskript endet mit der rot markierten Anmerkung * „see above p. ...n. ...“

5.5.6

voluntary unempl. – 6 Billionen in 1950

retire and doch claim
steht zwischen good having
Erfolg von Arbeitern auf Kosten anderer

–

das schon gesagt

voluntary unemployment 6 Millionen in 1950

... how unpopular has his word become! – is needed in the midst of superabundant wealth (to get the best out of it) not only so far as cost and efficiency of public administration is concerned but also where the public service merely consists in paying out money to individuals. Unemployment benefit is the outstanding example. It is quite true that, given a Gross National Product of 200 Billions, it is possible, without serious injury to the economic process (and to economic progress), to pay benefits equal to each individual's money earnings at full employment, provided that this does not increase the number of applicants.*¹ This

*The word "possible" covers another condition that may not be obvious.

Auch hier möglicherweise: how many unempl. und Vorleistung von empl. und ass. nötig über Ziel und eben andere Wünsche.
Vor allem aber only true, wenn 200 erreicht,
und das nicht unter diesen Umständen

“Mit anderen Worten”: so lange one relies on kapitalistischer Mechanismus, kann man nie davon los, daß /:Staat:/ im allgemeinen von Entzug lebt, der in allgemeinen als solcher empfunden, und daß daher definite limits wengleich variable ones

9 millionen x 40 x 52

18.720

(als housing ausgeschlossen)

aber doch: 200 – 35 = 165

goods and services für Staat 25 = bleibt 140
(wenn die "10" alle ausgegeben sind auf ???)

60 Million jobs à 280 = 124.800

bleibt = 16

aber eben gegenwärtig at other Preis level: außerdem berücksichtigen, daß

a) 2000 Durchschnitt sein kann bis 5000

b) diese 5000 Leute ja schon 2000 haben.

Nur dann best use und selbst später besser wenn

Annual wages; wie /:Prestige:/
sparzins Problem aber futile ...

REFERENCE

¹ Das rote Anmerkungszeichen bezieht Schumpeters Anmerkung auf die fragliche Stelle.

5.5.7

dilemma: kann aber schon durch Taxation niedergehalten werden – welche auch Produktion niederhält

Wages sogar [??] quick way never worse selbst by panic

pro por und das was nötig ... liquidity pref. – Kahn¹

No point to deny consequences or minimize a zero² pro por

There is no point in minimizing the consequences of irresponsible war expenditure that has been much greater than would have been necessary in order to call forth the output actually produced, and there is less than no point in denying that. There are any consequences to be faced on the ground that the public, by virtue of Keynesian's "liquidity preference", will be content to keep idle currency and idle deposits to practically any amount.* Total (demand and time) deposits (adjusted) plus currency

At present we naturally hear little of this proposition and the anxiety displayed by notaries of Keynesian orthodoxy to defend OPA and rates of Taxations is proof of some loss of faith in it. All the more important is it to keep in mind, not only that this proposition follows from the theory of the multiplier but also that it is implied in the obviously absurd opinion that there will be a deficiency of demand unless continued government deficits replace the shrinking demand for war material, an opinion that had been uttered repeatedly in the 1944 phase of the discussion on postwar problems.

[REFERENCE](#)

Total (demand and time) deposits (adjusted) plus currency

[??]³

[??]⁴ Inflation kommt durch wage bill

outside of banks stood at about 174 billion in April 1946 and 50⁵ more may have been added in order to take account of that part of the government debt that firms and individuals will turn into cash before long. And there is no doubt that, even without any panicky scramble for getting rid of a depreciating asset, this is enough to produce a general level of prices about double the 1943 one for several years.

¹ Richard Ferdinand Kahn, (1905-1984)

² Andere Lesart: *perv*

³ Linkstehend einige nicht zu entziffernde Notizen, darunter lesbar: „loan credit“ „saving rep out of lumber“.

⁴ Lesart Uraki: *restriktive finanzielle pol. nötig*

⁵ Über der Zeile fügt Schumpeter hier ein: *aber repayment of debt*

Need for large *war buying*¹
FRB² bull[etin] June 46³, 571/2

Wave of Preis regul. and antitrust vexation
impinging on political work ...

OPA and subsidizing the incompetent, der Mann
der comforting ist, während low cost man „???“⁴

————— [REFERENCE](#)

¹ Lesart Uraki: *company*

² Federal Reserve Board

³ Die Notiz bezieht sich offensichtlich auf die im Juni 1946 heiß diskutierte *price control bill*. Vgl hierzu: OPA Compromise Measure Passed by House, New York Times, June 26, 1946, p. 1.

⁴ Lesart Uraki: „likely“. Schumpeter reflektiert hier offensichtlich die *price control bill* vom Juni 1946, mit der die staatliche Preisregulierung noch für ein Jahr modifiziert weitergeführt wurde.

5.5.8

favoring nicht nur saving sondern auch hoarding		
Überschuß! Es ist nicht wirkunglos /:fordern:/ von securi. issue		
Aktion of business		Totale dep[ression] [??]
Überschuß – contrib. to social jus. und corp?.	Dilemma: mit Preiskontrolle werden nicht 200 /:Billionen:/ sein, ohne Preiskontrolle wird nichts und high Interesse nicht “möglich” 29: totale dep[ression] adj und cuts 55.	und [??] Anfang dieses Jahres 176. .4 :122
wage bill	20 Billionen coins und small denom.	<u>44.5</u>
Gegenmaßnahmen gegen cons. credit	(Hahns ¹ Argument	- ?21
<p>This defines the range of what should be understood by that popular title that leads a whole literature: (long run?) Post War Problems. As the reader see, they are numerous. But they present few analytic difficulties – it is in fact one of the disadvantages under which labor all programs drawn up on those lines that the case for them is so obvious as to be almost trite. The difficulties they do present are political and moral ones. As easy as it is to outline such a policy, as hard as is it to carry it out – to carry to success that mass of selfdenying work of which unpopularity is the only reward. People would certainly like the America that this policy would produce but they would hate everyone who helped in producing it.</p> <p>However we have not touched upon “transitional problems”. It must suffice to mention one: the inflation – deflation problem.</p>		
Das Problem der forecast [einer] kolossalen infl. oder col. defl. gehört eigentlich nicht hierher. Das Problem: inflation now mit breakdown ist das, was hier herkommt	Inflation kommt durch wage bill	Folgen von reckless war finance ↓ Selbst ohne panic – cost infl. – ↓ double Preis [??] ↓ Und zu Massregeln führt, die ↓ die Sache schlimmer machen ↓ Und
Die Hoffnung, daß man mehr produziere als die Arbeiter ???, ist nur in /:short run:/ richtig und nur wenn wages niedergehalten.#		sehr ernst, weil das nicht durch drifting gelöst werden kann und weil alle Massregeln besonders unpopulär
No talk about Liquidität pref. help		O.P.A
Pork-growing the danger		
Aber ist richtig, daß viele wünschenswerte Dinge (Abschaffung von O.P.A.) erschwert durch Liquidität sit		
heavy taxation of low incomes – on showing of Keynesian Theorie		set backs Arbeitslosigkeit u.s.w., die vom Grundproblem unterschieden werden muß
Wie 20/1 sich produzieren <u>könnte</u> (gerade wegen labor und darauf beruhenden Einschränkungen)		
test of sincerity		
sich lächerlich mach		G.N.P. (I.R. Bull. p 436) war 197. 3 in 45, aber curr. \$

REFERENCE

¹ Ludwig Albert Hahn (1889-1968), Frankfurter Banker und Ökonom. Seine kredittheoretischen Auffassungen waren denen Schumpeters verwandt. Hahn musste emigrieren und wirkte bis in die Nachkriegsjahre in den USA.

in Depression wo¹ liquid preferability”

Durch weniger befriedigte Liquidität pref.! – auch wichtig

Aber Resultat vielleicht doch the same

Wo über unempl?
Begründung der 200
vielleicht gleich am
Anfang, wo ich sie
einführe unempl.
dort oder am Ende

Russell: und Amerikaner werden understand really else, so understands, daß er verkaufen will

(salesman psychol)

—————[REFERENCE](#)

of output and employment will follow of necessity from that contraction or inadequate expansion of “total demand” (expenditure), if money prices of commodities and cost factors, let us to say briefly: prices and wage rates – are rigid. It is less certain but is generally averred by the sponsors of the theory in question that output and employment will also contract or inadequately expand if prices and wage rates are flexible.² This, then, is the modern – the Keynesian – form of a very old idea

—————[REFERENCE](#)

namely that there exists, inherent in the very design of the capitalist engine, an obstructive force – saving that issues in hoarding – which, at least under present conditions, will inevitably prevent it from reaching its productive potential under its own steam. The estimates of “postwar demand” referred to above are nothing but attempts to implement, this theory statistically, i.e. to repeat, to show that existing investment opportunities cannot possible absorb the amount which, at the 1950 full employment level of the gross national product, corporations and individuals will decide to save.

This theory puts the economic situation of the United States into a light that is entirely different from that we have considered it ourselves. The very fact to which we have looked for a (temporary) solution of economic and social problems, becomes itself the source of the problem that is the most serious of all. The production potential that according to our own argument might retard the tendency toward socialism for a generation or two bids fair to cause instead unemployment and economic breakdown, hence to hasten the advent of bureaucratic socialism. And the practical conclusion

—————[REFERENCE](#)

¹ Lesart des Stenografen: /wird:/

² Fußnote Schumpeters: *The case of flexible prices and wage rates is too complicated to be discussed here. But the reader will have no difficulty in visualizing situations in which flexibility would in fact fail to remedy the effects upon output of incessant withdrawal, by hoarding, of money from circulation: prices and wages may for instance “chase” each other when both are falling – exactly as they may “chase” or “race” each other on the approach – without reaching their equilibrium relation, not perhaps indefinitely but for an interval great enough to spell severe depression. It is for this reason that I do not propose to challenge the theory in question on this point.*

Beveridge-Plan doch auch !¹

Every process of Inflation hat setbacks

from this is, or rather was, that governmental income – generating expenditure – “deficit spending” – will impose itself as the only means for attaining the full employment level of production and, especially, for staying on it, quite independently of whether or not the accumulation of liquid means during the war will create new levels of monetary values. But since an economist who in the present situation recommends “inflationary” measures comes as near to making himself ridiculous as any economist will care to come, we observe retreat from this position. The dernier cri of Washington economics is no longer deficit spending but something else viz., keeping expenditure for consumers’ goods at the requisite high level by means of public budgets balanced at high rate of taxation. Saving being the “villain of the peace” and corporation and relatively rich individuals accounting for the bulk of savings we arrive with the utmost ease at the proposition that “the ultimate cause of unemployment, in modern societies, is the inequality of incomes” – and this can be remedied by taxation without there being any necessity of creating any deficits. Quite apart from the fact such a policy, under present conditions, would be just as inflationary as deficit expenditure – only less obviously so –, it qualifies ideally for the purpose of countering

—————[REFERENCE](#)

any demand for relaxation of the fetters that prevent the capitalist engine of this country from showing what it can do and for paralyzing it so effectively that in the end even deficit expenditure may again become inevitable. But what about the theory itself? What about the widespread doubts – widespread even among people who are anything but in sympathy with the political implications of either deficit spending or a budget balanced at confiscatory rates – as to whether we can get “necessary consumers’ demand” or can induce people “to make full use of their incomes”?²

—————[REFERENCE](#)

¹ Darunter einige wenige nicht entzifferte Notizen.

² Rot markierte Fußnote Schumpeters: *The political implications of deficit spending are of course in the power it rests with the political sector of the nation and its bureaucratic advisers. It is this that accounts for the aversion of the business class to deficit spending that seems so irrational to Washington economics and its academic branch officer. From a somewhat different standpoint we may say that opposition to deficit spending is not opposition to deficit spending in situations that may be improved by it but opposition to policies that produce situations in which it becomes inevitable. There was in fact no rational to oppose the principles of the Murray bill in its original form. But opposition to the bill may nevertheless have been rationally defensible – this is not my affair – from lack of confidence in the agency proposed and from a hunch that such machinery, once set up, would increase the willingness of government or congress to produce situations in which it would have to be used.*

5.5.10

O P A wage taxes
the man who is 8 “up before”.

Why, because we are
visibly *heading* for it

Industrial Production index, phys. vol. 1918
ca 100 (99)
und 1943 (Maximum) 239

100 x 2.2 = 220

On one hand: depr[ession]¹ netting of war and no reserve
on the other Hand: keine graves mehr

...hostility to any form of industrial selforganization or selfregulation is a serious obstacle to orderly progress and, incidentally, to a development that would eventually facilitate transition to a socialist régime with a minimum of disturbance; and it derives strong support from the political sector and from public opinion. But the necessary minimum of adjustment of the legislation that descends from the Sherman Act and especially of the administrative and judicial practice that has developed that legislation is not great: little more is involved than what the public readily accepted at the time of N. R. A. – in some points less than that.

Finally, the labor situation bids fair to make it impossible to reach the 200 billion goal which we have been keeping in view, and still more advance beyond it, not only because levels of money wage rates may result that are incompatible with full utilization of resources but also because even wage struggles short of strikes may reduce the efficiency both of labor and of management.²

[REFERENCE](#)

¹ Hier wie in vergleichbaren Zusammenhängen ist mit *depression* offensichtlich die Kondratieff-Depression im Sinne des Konzepts in den *Business Cycles* gemeint.

² Mit roter Markierung eingefügte Fußnote Schumpeters: *Nobody can of course fail to connect the relatively poor showing of the index of industrial production for 1945 with the strikes and their direct and indirect consequences, at least, as one of its main causes. All that needs to be said about this is that public opinion almost entirely fails to realize that, under present conditions strikes of individual groups [431/432] of workmen are in the main strikes against other groups of workmen plus classes that the same public opinion usually includes in the pale of its social sympathies, viz., farmers and lower strata of salaried employees and professionals: it is these groups that primarily suffer from the resulting disturbances of the process of production; the “capitalist” interest enters only to a small percentage. But it is characteristic of the “mechanic” outlook of most economists that not one out of ten of them realize the importance of the effects on the efficiency of the managerial stratum that labor troubles and bureaucratic vexations must inevitably have. However we need only visualize a realistic picture of the modern manager’s working day in order to arrive at a proper estimate of it. Division of labor within the managements of big corporations may mitigate these effects but it does not eliminate the social loss.*

Above all: alle Errungenschaften
und best for all

(way to consolidate New Deal permanently)
intellektuelle will retain the freedom
which requires mit anderen policies
are bound to destroy. ...

[REFERENCE](#)

5.5.11

Warum aber 200, auch wenn diese Bedingungen – mit¹ minimalen Ausnahmen – erfüllt? Why we are visible heading for it und should be well be and bad for O.P.A. oder labor troubles u.s.w. ...

Aber das ist nicht, was unter positiven Problemen verstanden wird, sondern wohl in einem anderen Sinne, wo 200 nicht erreicht werden können – mein Argument ist either irrelevant or circular – weil Leute sparen würden u.s.w.. und daß daher deficit Vorleistung nötig, um [die]weggefallene Staatsnachfrage des Krieges zu ersetzen (oder aber Taxation der oberen Schichten und equality –

- Rückzug auf balanced budget /:Staatsleistung:/ prosperity
↗

Also daran gar nichts – eff. demand a slum und wird wear off quickly into ↗
... selbst ohne Export ...

Und dann Schluß: aber das ist nur obj. Möglichkeit, wenn sie matures another 50 years und auch ???
wenn nicht, so nicht, aber dann Sozialismus wirklich besser – homegrown earthbound.
in general case verändert seine long run prognosis;

No positive Probleme – und die Probleme sind nicht sehr interessant, obgleich eine Möglichkeit: we are visibly heading for it. Abweichungen traceable in every case to O.P.A. etc and troubles

Wo daß wir eigentlich mit forecasters übereinstimmen und eigentlich kommen diese darauf hinaus, zu sagen, daß wenn der Organismus nicht funktioniert def. expend. oder eine besondere Konsumtion durch equality via Steuern nötig ist.

Nicht vergessen Bericht der persisting saving habits
Vorsorge reduziert auch insurance

*Dilemma of O P A., welches aber overcome werden kann
a) durch Steuerpolitik b) durch Klarmachen was at strikes und corp.

Vielleicht gleich am Anfang: Begründung 200: not out of keeping
mit perf. *wäre* bei 43
moreover neg but
Even so, reader need only...saving

:
Above all – alle Errungenschaften erhaltbar – Postman

2

Wo über unempl. of 6 Millionen (allerdings army)
statistisch und real; vol. of insol

REFERENCE

¹ Lesart Uraki: 2

² Hier eine nicht entzifferte Bemerkung zu OPA-Propaganda. Uraki liest: *OPA propaganda (subsist subnormal der was victim betrifft während low cost just fortunate)*

5.5.12

A fundamental error explained	Unempl. cycl.
Definition of positiver Probleme	double and triple tracks
	hatred of economy: nothing or billions
<u>Spirit of Waste</u>	
... plus the financial requirements of a greatly enlarged military establishment plus the financial requirements of the service of dept that has been increased since including even such small redemptions as many becomes desirable for technical reasons can be met by about 30 billions so that we are left with a yearly sum of roughly 10 billions to be applied to the financing of new social service or of the improvement of existing ones. ¹ still larger means would of course become available after 1950. But it is here namely in the sphere of public ...	
I should leave to expand chapters into a book of size of this	
	Und dass /:haben:/ Konservative u.s.w. moral /:bewußten:/ der Nation: wie likely this is Unempl. geben
Irrationale Kontrolle oder irrationale Handlung?	
Und wage policies (was wollen diese dann erreichen)	
Intervenieren ² und Arbeitsmarkt, polit. affair – auch Interesse (Congress ganz ungeeignet)	
we econ. should spare the problem mit unserer politischen Weisheit	
expect for economic reason als ?????? yesterday	
	Definition of positiver Probleme

[REFERENCE](#)

¹ Über der Zeile die Einfügung: *Beveridge plan*

² Der Stenograf las. /:interpretieren:/

5.6 Stalin und Probleme in Frankreich, England and Amerika

5.6.1¹

But all that refers to a possibility that has not matured. It is a time to turn to the other that has: Stalin has in fact emerged from the war as “true victor” (see above p ...). And the truly marvellous thing to ponder over is not his share in the joint victory of an alliance but his victory over his two allies. Whatever aims we may or may not impute to the English and American individuals and groups that helped to shape the course of affairs, so much is certain that, with the exception of a number of American intellectuals, nobody can have intended to produce the situation that has been produced. There is Russia with a harvest of conquests – all of which made in flagrant violation of democratic principles – that is much richer than it looks because Russian methods assimilate conquered countries to an extent quite unattainable for any other conqueror and because countries not officially annexed which we persist in treating as independent agents are as completely integrated into the Russian organism and as unconditionally managed from Moscow as any that are officially annexed. In a politically as well as in a military sense her strategic position, quite beyond anything approaching effective control from outside, that even now overshadows the whole of continental Europe and continental Asia, by its mere weight reduces border states to vassalage, and only need development – ~~which American business in anxious serve~~² – in order to ripen into dominion. And all this immense power and prestige concentrated in the hands of a single man – a man so strong as to be able to impose on tired and³

—————[REFERENCE](#)

hungry people, immediately after an exhausting war, a new program of armament that surpasses all previous ones and can have only one meaning. It is impossible to conceive that English or American politicians can have foreseen, or wish for, this state of things. The former cannot possibly have wished to land England in a situation that besides being humiliating is worse and more dangerous than the one they went to war to mend. The latter cannot possibly have wished to manoeuvre themselves into a position of subservience to Stalin. For they cannot have been blind to the fact that for the overwhelming majority of American-born citizens Christianity, freedom, democracy, and, so far as the middle ranges are concerned, prosperity mean more than nothing; that hence, quite apart from considerations of national interest, subservience to a power that negates all that, would be unpopular so soon as the true facts of the case were digested by the popular mind; and that however slow this mind might be in emerging from the fogs of bolshevik propaganda, this unpopularity was bound to tell in the end at the polls. I am in no position

¹ Wiedergabe eines zusammenhängenden Manuskriptes, hier Vorlage Nr. 459.

² Einschub ist in der Vorlage markiert oder gar gestrichen.

³ Blatt 460

to appraise Russia's military achievement. No doubt is possible but this political achievement was stupendous.

This performance is wholly due to the transcendent genius of one man.¹ Russia's internal position was thoroughly unenviable before the war:

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the famines were only a few years ago back, the standard of life of the enslaved and tormented masses was such as to constitute a danger to the regime in spite of all the coercion, discontent in the party had been with difficulty repressed by the demonstration trials and Yezhov's reign of terror (see above p.), military insurrection was an everpresent possibility. But Russia's external position was still more unpromising so far as expansion was concerned – and of intention to expand the Stalin regime had given the most unmistakable proof (China, Finland): Germany and Japan effectively blocked the way and that "bourgeois" powers could ever come to Russia's assistance was then presumably beyond the range of thought of any normal politician or observers. Yet by a long and uninterrupted series of masterstrokes, beginning with the understanding with Germany, this position was turned into one of such practically unchallengeable superiority that today there is no power in world that can talk to Stalin on terms of equality except the United States and that for a large sphere of questions even this exception is in doubt. And this was accomplished in the course of events that produced repeatedly situations in which a weaker player would have had to accept whatever conditions his partners might be pleased to impose – not only as to spoils but also as to his domestic régime. Yet with every motive that honor and interest can suggest to save small nations from terrible fate, the men of Unconditional Surrender surrendered unconditionally. Those who will never understand how luck and merit intertwine

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¹ Rot markierte Fußnote Schumpeters: *Apologizing for what may seem pedantry, I am going to set forth explicitly why that fact is relevant to our argument. (1) It is part of the philosophy or theory of history that underlies the reasoning presented in this volume, to believe in the importance, among history-shaping factors, of the element that is best described as Quality of Personnel. This factor depends for its role in any explanation of historical sequences of events, not only on the presence in a population of the requisite amount of ability and nerve but also on the methods of selection by which a given social organization turns the existing amount into effective supply at the socially important spots. The problem of what we call genius in an individual and of its importance in the explanation of historical sequences of events is but a special case of the general quality problem. So far, then, I insist on Stalin's personal performance merely in order to supplement previous analysis. (2) It is important to note that such a performance is impossible in a democracy not only because the democratic system makes it impossible for any individual to acquire a position in which he can act without regard to the current emotions, prejudices and slogans of the electorate but also because a man of the requisite type is not likely to win a free election. Impossibility of playing a complicated game that needs many years to mature must therefore be counted among the costs of democratic government. The answer to the objection that democracy allows the complicated games of secret diplomacy is that in certain situations the choice is between the complicate game and failure. The objection is however valid if proffered by an isolationist, for isolationism is the only way to avoid such situations. This supplements our analysis of democracy. (3) Finally the thesis that Russia's political achievement was the work of one man is relevant to prognosis of future developments. In particular, acceptance of it affords the only rational basis that I can see for the cheerful optimism some people seem to harbor who do not relish limitless expansion of the Russian power.*

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may interpret all this as a succession of strokes of luck and content themselves with saying that things just worked out that way. But political genius precisely consist in allowing “things” to work for one’s aims, to make the most of strokes of luck, and to manage the dangerous turns so that the casual observer loses them from his sight.

It should be superfluous, but unfortunately it is not, to define once more the nature of the régime that has thus experienced a tremendous increase in instability and prestige. First, life and death, peace and war, everything that is being done depends on the will of a single man so far as he cares to assert it: this is the very definition of autocracy. Second only a single “party”, strictly disciplined under that man, is allowed to exist: this is the negation of democracy. Third, there is no freedom of speech, no freedom of the press or of teaching, and “due process of law” exists only in matters without interest to the autocrat: this spells negation of essential elements of personal freedom.¹

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Now let a visitor from Mars – endowed with a logical mind that knows how to recognize facts and draw rational inferences from them but a complete stranger to political psychology – behold the situation on this planet. He would observe that as the result of a war in which all participants infringed all rules that god or men ever made, conditions prevail that are exactly opposite to the professed aims of the victors: there is more oppression and less freedom than there was before, less security and much more lawlessness. But disregarding all dictates of conscience and honor and the duty to defending those who cannot defend themselves, our visitor would expect remedial action simply under the whip of an obvious threat. He would expect England and the United States, seconded by the crest of civilized humanity to feel that half the work only have been done – which in this case is worse than nothing because two military autocrats with conflicting interests are less dangerous than is a single one – and to brace themselves to do the other half. And he would feel fortified in this expectation by the fact that Stalin, with imposing consistence, is frankly accepting this situation: he declared in so many words that genuine peace is impossible “so long as capitalism survives” and he has [made a good start in a new armament](#) race. But the other side? Where on the other side, is purpose, will, courage? The very same people who raved about escapism five

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years ago have turned escapist and simply deny the existence of the unpleasant facts. The very same people who preached that aggression cannot be met by appeasement, have turned appeasers and are all for bullying Spain and China into conforming to Russian

¹ Rot markierte Fußnote Schumpeters: *The reader will recall that according to the theory presented in Part IV chapter XXII of this book, personal freedom and democracy are not the same thing and that the relation between them is confined to what is implied in “free competition for political leadership”. In fact, a non-democratic form of government may possibly permit a wider range of what we understand by personal freedom than does a democracy. This is repeated in order to justify the distinction in the text between freedom and democracy, but is not otherwise of importance here. It should be added however that the single-party system is an essential characteristic of fascism.*

wishes. But whatever may [be] the outcome of this situation, it is at any rate not difficult to explain. In order to do so we shall briefly discuss three typical cases.

First on the continent of Europe – with the exception, so far, of Spain – there is not, and can not be any politically effective will to resist Russian aggression. In part, this is no doubt due to fear, fear so strong as to stifle even the cries of anguish. But fear is not all of it. There are political garrisons of Russia, the communist parties. For the sake of brevity let us confine ourselves to France. There were possibly some Americans who honestly believed that the French people would hail their liberation in transports of joy and gratitude and that they would zestfully settle down to the fascinating task of creating a new, free, and democratic France. But obviously it would have been more reasonable to expect exactly what we actually find: a broken spirit, a sense of national defeat, a feeling that *une monde s'écroule* resentments all-round and also against the prewar democracy, the sort of malaise that Léon Blum euphemistically described as convalescence fatiguée. There are three parties of about equal numerical strength and equally

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incapable either alone or in coalition of producing effective government: the M.R.P. (*mouvement républicain populaire*, the Catholic and Gaullist party), the socialists, and the communists – all supported by, and associated with numerous groups and subgroups that never mean the same things by same words, least of all by the words Socialism and Revolution. For our purpose three points only are of interest: first, the practically complete elimination of “liberal” groups (including the radicaux socialiste, the most influential group in the “left” of old); second, the absence of any significant group with which the American politician could wholeheartedly cooperate; and third and most important, the strength of the communists. Manifestly this strength can not be explained by a conversion to the principles of communism of such a number of Frenchmen in all stations of life. Many of them cannot be communists in the doctoral sense at all – in fact the communists voted against the socialization of the banks and their coal mines – or they must be communists ad hoc, that is, communists by virtue of their views of the national situation. But that means that they are simply pro-Russian:¹ they mean to side with Russia and against the United States and England in the future struggle: they ...

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¹ Hier und weiter unten befinden sich in der Vorlage Ergänzungen und stenografische Zusätze, die aber leider dermaßen undeutlich sind, dass wir sie erst anhand einer besseren Vorlage kritisch wiedergeben können. Bis dahin sei für die Kenntnis der Argumentationsrichtung auf deren relativ ungeordnete Wiedergabe in *SPR* hingewiesen. Ebenda heißt es: „Das große Faktum: die große Hoffnung (für welche bessere conditions nicht notwendig relevant) World Revol. hat diese Bedeutung ... No Revolution ever ohne /:Hitlers:/ Truppen ... Nothing to give, except ideol. superiority, wenn in ambit. of U.S. bürgerliche Demokratie durch \$ am Leben gehalten wird – und dann zu durchkreuzen in Arbeiterbewegung nötig und counterattack durch amerikanische Arbeiter. ... Europ. Revolution aber dann auch Asia und U.S. ... World Revol. exist aber nicht in sight. ... Bombs and dollars not all of it.” Quelle: *SPR*, p. 331.

Second, England's¹ attitude comes nearest to bearing out the expectations of our visitors from Mars. There are some Stalinists also in England and many advocates of appeasement but, since the electorate failed almost completely to support communism, neither the government nor Labor party have any motive to conciliate, let alone to make common cause with communists. Their stand – and their feelings – in the matter admit of little doubt. There are even English communists who separate the communist from the Russian issue and do not seem to crave for Russian support in order to attain their ends. Since conservatives and most members of the small parties would also support the government in taking a strong line of action, the English government would in this case lead a practically united nation. It would be strange indeed if this were not so. For the most obvious of all the answers that may be made to American optimists on the subject of fundamentally pacific intentions which they hope Stalin to harbor is that whatever his intentions, the objective situation of the Russian as against the British Empire is one of irreconcilable antagonism. All the reader has to do in order to satisfy himself of this is to visualize in his mind's eye the battle array...

Aber Laskis compl. resign. Vergleich kann ausgeglichen werden
nature of Europe much nurse than [??] ever was.

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Nevertheless there is no difficulty in understanding an attitude that might strike the visitor from Mars not only as weak but also irrational and moreover as quite contrary to form.² Taking the strong and rational line would involve a terrible risk such as England has never taken before. Throughout 1688-1714 and 1793-1815 coalitions were available before the plunge had to be taken and, according to all ordinary standards, these coalitions must have seemed even more adequate than they actually turned out to be. To plagiarize the famous saying of a great man: our understanding of history is spoiled by our knowledge of the event.³ But if we place ourselves, for instance, on the standpoint of 1793 and try to survey the chances as they must have appeared to any well-informed observer, we cannot but agree that early success against revolutionary France must have seemed to be that treacherous thing, a practical uncertainty. The next comparable case was similar: any survey of resources made in August 1914 must have yielded a most encouraging result, quite irrespective of what at that moment may have been expected from the United States. Even in 1939 England did not stand alone. In fact, if we count in, at least as a possibility, a correct appraisal of the true meaning of Stalin's entente with Hitler and furthermore the presence of doubts concerning the efficiency of the German war engine – entirely justifiable as they were before the event – this case may well have been considered the safest of all.

¹ Darüber der Eintrag *aber Laski*

² Eine rot markierte Fußnote verweist hier auf eine Fußnote auf der nächsten Seite. Sie wurde bisher nicht aufgefunden.

³ Nach James Anthony Froude (Lecture on the council of trent. New York: Chrales Scribner's Sons, 1899, p. 145) ist der Ausspruch Sir Arthur Helps (1813-1875) zu verdanken.

But now it is quite clear that no significant support can be expected from continental Europe. All hope of success – and the

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alternative to success is the end of England – therefore turns on support from the United States, that is to say, on the United States being prepared to enter in another long, costly and difficult war. And this is not at present the case. I do not mean to assert that if the worst came to the worst the United States would leave England to its fate. On the contrary, I believe it to be likely that this country would be drawn into a Russo-English war pretty quickly. But I do assert that this is not certain and that meanwhile Washington will exert itself to the utmost to avert this contingency, or, which is the same thing, that Washington is taking a course, that is exactly opposite to that it took before the second world war. It is this which the visitor from Mars will find difficult to understand. For all the reasons except one that have ever been proffered in motivation of the course taken before apply with added force to the present case.

Third, then, the situation that shapes the present behavior of this country as regards international affairs may be summed up in the three sentences: the nation is tired; there is no immediate danger of physical attack; and foreign policy is domestic politics. The nation is tired: tired of the huge and sanguinary game; of war propaganda and war activities; of war

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regulations, war taxes, war bureaucracies. It wants to be rid of all this and settle down to the ordinary pursuit, the comforts and the daily run of life to which it is accustomed; tired of blood and of destruction. We know that the democratic form of government does not always guarantee conformity of policies with any genuine “will of the people” (see above Part IV). But such a pervading mood is bound to assert itself under any form of government even in an autocracy unless it be an autocracy of Stalinist or fascist type that rules by means of a perfectly disciplined classe dirigeante.¹ There is no immediate

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danger of physical attack. If these were people would refuse to believe it for wolf-wolf has been cried too often. If they did believe the remedy that would appeal to them would be further appeasement in the pious hope that abandoning² one or two small nations to Stalin would satisfy him until such a time when the impending democratization of Russia would turn her into a peaceloving country. Whoever replies that this is as reasonable as

¹ Rot markierte Fußnote Schumpeters: *Historical example could easily be adduced in order to show that the bureaucratic autocracy of the tzars was not as a rule impervious to national moods. For this two other conditions must be fulfilled that are not implied in autocracy per se. The leader must be an unusually strong personality such were Peter the Great(e) or Catherine II. And modern conditions, the autocrat must also possess that implement of domination which is euphemistically called the “single party”*: bureaucracy and police, though necessary, are not enough.

² Hier über den Zeilen die knappe jedoch nicht völlig entzifferte Bemerkung: *und [??] atomic bomb*

to expect Jhingis Kahn, were he alive today, to apply for a position on the staff of the New Republic, is a reactionary or, preferably, a fascist. It is the mood which governs the will, it is the will which governs – and plays havoc with – reason.

This, I believe, adequately explains the attitudes of a majority of farmers, workmen and small businessmen. A small minority is communist, still fewer are Stalinists, and Russia does not mean a great deal to them whereas the discomfort of another war does. And so they are pro-Russian in effect even if not in intention. The attitudes of labor leaders is accounted for by their tactical situation. The vocal part of the intelligentsia also takes a position that works out to the advantage of Russia though a surprising number of intellectuals is pro-Soviet in intention as well as in effect. The obvious case for the opinion that, if any country stands in need of liberation more than any other, that country is Russia, is never espoused

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But by far the most interesting phenomenon is the attitude of the upper strata of the industrial and commercial bourgeoisie. Not that this attitude is politically important: the complete powerlessness of these strata, whenever unsupported by small business and by the farmers, is obvious from their inability to safeguard

All the greater is for us the symptomatic value of this attitude. A considerable majority, to say the least, is all out for appeasement. When someone points out what this may mean to them, they retire immediately into – somewhat offended – silence or else into the shelter of the aforesaid pious hopes. With few exceptions, large scale business has little reason to congratulate itself on the economic and social results of the war.¹

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And foreign policy is domestic politics.² To some extent that is so everywhere but I mean more than this. For our present purpose, the phrase Foreign Policy of a Country is to denote the habitual attitude of its governments toward foreign events and nations which is capable of being coined into “principles” and largely, though of course never wholly independent of party lines. This habitual attitude that stands out very clearly in all great nations and in most of the small ones is the product of two factors: first, the relatively permanent elements of their geographical, economic and situations and, second, of

¹ Im unteren Drittel der Vorlage befinden sich Ergänzungen und stenografische Zusätze, die leider dermaßen undeutlich sind, dass wir sie erst anhand einer besseren Vorlagen kritisch wiedergeben können.

² Mit einem deutlichen Pfeilverweis auf diesen Satz notiert Schumpeter unten: *Save principle of analysis.*

what for want of a better expression will have to be called national characters. It does change in time – mainly in consequence¹

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to changes in the pattern of international relations and to changes in social structure. At any given time it is very definite and² in fact compelling: the politician who attempts to deviate too fast is at once made to feel the consequences. Hence it is something additional to partly considerations [??]³ The United States that was to had such an habitual attitude, formulated Isolationismus, [??] Washington to Monroe und ideally suited to and understandable from the country's position and [??]. Though weakened under the weight of increasing [??] of foreign-boom and first generation citizens, it survived and is a political force even now [??] in abeyance. But the U.S., that is [Antienglisch⁴], has no such habitual attitude apart from that for rival. Peg on which all foreign interests bear is missing: no [??] guide beyond having its own way in this hemisphere and seeing to it that Amer. citizen and Amer. commodity is nowhere discrimi. against. But still more import[ant] is the consequence: so tradition, so diplomacy. ...

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Citizen who elsewhere is governed by his tradition has no opinion and picks up whatever some propaganda organiz. may infuse: they may send him off into an emotion but barring this [??]

dishonestful and so easily taken in by the group that knows how to exploit it.”] Here is no political force involved (except isol. und wishing not to be bothered, League of Nations unpopulär [??] populär) der Politiker weiß das nicht nur, sondern er ist in *dem* [der] gleichen Falle; OPA viel wichtiger als Poland und any emotion about *Poseniski* place, square u.s.w. amounts to exactly nothing in the way of cool deliberate, determined readiness to act (auch in diesem Krieg Roosevelt in 42). ... Hatred of secret diplomacy make it ärger – wir werden nie wissen, was in Yalta vorging oder for that matter before the way.

Nothing is clear – erstaunlich wenig Verständnis – und um so heißer werden slogans erfaßt, wenn sie jemand benützt; da ist er at home, da ist er safe (Stalin understood it, Hitler nicht).

For policy favorite sport next to labor und alles ein Masse von plans und propositions
bombing into liberty – handing over into slavery

¹ Oben und unten befinden sich in der Vorlage Ergänzungen und stenografische Zusätze, die wir erst anhand einer besseren Vorlagen kritisch wiedergeben können. Bis dahin sei für die Kenntnis der Argumentationsrichtung auf die entsprechende relativ ungeordnete Wiedergabe in *SPR* hingewiesen: „to change in pattern of institutional relations and to change in social structures. At any given time it is very definite and in fact compelling: the politician who attempts to deviate too far is at once made to feel consequences. Hence it is something additional to partly considerations. ... two things, discipline : necessity and tradition ... deep seated necessity ... certain way to react come not from rational perception on action to every varing aims. ... favorite sport! ... next to labor ... But ones Wertcharakter wants a peaceful Yugoslavia. ... Vielleicht besser so: wir werden nie das Charakteristische for policy, welche dann rationalistische in various ways : wenn wir Rationalisation noch sehr diskret, the fact of definite form of behavior is clear” Quelle: *SPR*, p. 334.

² Die nachstehenden Freiräume entsprechen der Vorlage.

³ Hier geht das Manuskript in einen Konvolut von Notizen über. Ich gebe deren passagenweise Entzifferung mit allem Vorbehalt nur deshalb wieder, um den Leser die Themenkreise vorzustellen, die den Autor bewegt haben: Bemerkungen zu Gunnar Myrdal, der für Schweden einen Handelsvertrag mit der Sowjetunion abgeschlossen hatte, Bemerkungen zu Polen (die Auseinandersetzung der Exilregierung mit der kommunistisch dominierten Regierung bewegte die westliche Öffentlichkeit) und zum Iran (die Westmächte verlangten im Sicherheitsrat den Abzug der sowjetischen Truppen aus dem Iran) kreisen um die Rolle der Sowjetunion und beziehen sich auf Ereignisse aus dem ersten Halbjahr 1946.

⁴ Die zwischen den Zeilen stehende Einfügung „Antienglisch“ könnte hier gemeint sein.

Contradictory aims und principles Und wir sehen das jetzt (Scheinerfolge für den Augenblick,
die Stalin gewähren kann)

No for policy

No consistent course of action

what chances has this fumbling society

Entschluß nicht möglich – außer für starke Persönlichkeit oder supreme tactician

So Politiker free to consult his chances only (Iran)

und das ist es, was wir beobachten (Myrdal)

↓

on the other hand he lacks the support of rationally recognized rules
of action

Colossal aims pass unnoticed: Kleinigkeit zählen.

Dozens recognized – nobody speaks or acts

Pravda – contempt

There are the reasons ...

One thing stands out ... Revolution möglich

“What should be done?

clear your mind of cant

Enarmored of formulae

slogans committees

solving problems by wishing them solved. ...”

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Now, an observer from Mars – especially if addicted to the theory that political action is a mat-
ter of rational perception of facts and rational inference from them – would naturally expect to
find the whole non-Russian world be shocking with indignation and apprehension

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