

Economic Game Changers: Joseph Schumpeter |

Worksheet

Matching

Match the definition in Column A with the term in Column B.

- | | |
|--|-----------------------------------|
| _____ A person who introduces new things to a market. | a. Creative Destruction |
| _____ Schumpeter's 1912 book. | b. Disruption |
| _____ Things that emerge together and drive economic growth. | c. Entrepreneur |
| _____ The economy is driven by replacing the old with the new. | d. Clusters of Innovation |
| _____ A leading center for economic theory. | e. Theory of Economic Development |
| _____ Unsettles a market by introducing something new. | f. University of Vienna |

Multiple Choice

- 1. Which scenario is the best example of Schumpeter's concept of creative destruction?**
 - a. A hurricane damages several hotels, creating temporary work for construction companies hired to rebuild them.
 - b. The government gives subsidies to a struggling steel company so it can continue operating without changing how it produces steel.
 - c. Streaming replaces DVD rentals, closing stores while creating new digital media jobs.
 - d. A successful grocery store opens a second location and hires more employees to operate it.
- 2. Why does eliminating economic failure and change also eliminate progress?**
 - a. Progress requires businesses to compete for government support.
 - b. Progress depends on new ideas replacing less effective ones.
 - c. Progress occurs when businesses maintain stable production methods.
 - d. Progress depends on protecting established industries from disruption.
- 3. Why did Schumpeter believe innovations often occur in clusters?**
 - a. New technologies often create opportunities for other innovations.
 - b. Inventors usually develop similar ideas at the same time.
 - c. Businesses prefer to introduce new products during economic booms.
 - d. Governments often invest in several new industries at once.
- 4. What did Schumpeter identify as a major engine of economic growth?**
 - a. Government control.
 - b. Preserving industries.
 - c. Reducing competition.
 - d. Entrepreneurial Innovation.

Application

Think of an innovation that changed the way people live or work. Trace its impact through the stages below.

Innovation: _____

Before	Creative Destruction	Clusters of Innovation	After
What existed before?	What did it replace or disrupt?	What new products, services, or industries followed?	How did life or the economy change?

Historical Context

1. Why did many political and social leaders value economic stability during Schumpeter's lifetime?
2. The video explains that Schumpeter's economic ideas mirrored his own life. How so?

Exit Ticket:

What is Schumpeter's main argument?

Economic Game Changers: Joseph Schumpeter | Answer Key

Matching

Match the definition in Column A with the term in Column B.

- | | |
|---|-----------------------------------|
| c. A person who introduces new things to a market. | a. Creative Destruction |
| e. Schumpeter's 1912 book. | b. Disruption |
| d. Things that emerge together and drive economic growth. | c. Entrepreneur |
| a. The economy is driven by replacing the old with the new. | d. Clusters of Innovation |
| f. A leading center for economic theory. | e. Theory of Economic Development |
| b. Unsettles a market by introducing something new. | f. University of Vienna |

Multiple Choice

- Which scenario is the best example of Schumpeter's concept of creative destruction?**
 - A hurricane damages several hotels, creating temporary work for construction companies hired to rebuild them.
 - The government gives subsidies to a struggling steel company so it can continue operating without changing how it produces steel.
 - Streaming replaces DVD rentals, closing stores while creating new digital media jobs. ✓**
 - A successful grocery store opens a second location and hires more employees to operate it.
- Why does eliminating economic failure and change also eliminate progress?**
 - Progress requires businesses to compete for government support.
 - Progress depends on new ideas replacing less effective ones. ✓**
 - Progress occurs when businesses maintain stable production methods.
 - Progress depends on protecting established industries from disruption.
- Why did Schumpeter believe innovations often occur in clusters?**
 - New technologies often create opportunities for other innovations. ✓**
 - Inventors usually develop similar ideas at the same time.
 - Businesses prefer to introduce new products during economic booms.
 - Governments often invest in several new industries at once.
- What did Schumpeter identify as a major engine of economic growth?**
 - Government control.
 - Preserving industries.
 - Reducing competition.
 - Entrepreneurial Innovation. ✓**

Application

Think of an innovation that changed the way people live or work. Trace its impact through the stages below.

Innovation: **Sample: Smart Phone**

Before	Creative Destruction	Clusters of Innovation	After
What existed before?	What did it replace or disrupt?	What new products, services, or industries followed?	How did life or the economy change?
Examples: Landline (house phone), pay phone, flip phone, snail mail, pager, camera	Flip phones, dumb phones, house phones, cameras, GPS devices, MP3 players and CD/Cassette players, printing things out	Apps, app stores, mobile services (like Uber, Cloud, etc.), social media, 5G networking, QR codes, touch-screen	People are constantly looking at their phones; in line, at home, everywhere. Instant ordering - food, Amazon, everything. People are recording things all the time rather than helping. People have thousands of pictures.

Guidance for Grading:

- ☐ The student identifies an innovation and accurately describes what existed before it.
- ☐ The student identifies products, services, or industries that the innovation replaced or disrupted through creative destruction.
- ☐ The student identifies new products, services, or industries that have developed as part of a cluster of innovation.
- ☐ The student explains how the innovation changed everyday life or the economy.
- ☐ The student uses clear reasoning, grammar, and mechanics in their response.

Historical Context

1. Why did many political and social leaders value economic stability during Schumpeter's lifetime?

Example Student Response:

Many political and social leaders valued economic stability because World War I and the Great Depression had caused widespread suffering, unemployment, and uncertainty.

They believed greater government planning could prevent future crises and make the economy more predictable.

2. The video explains that Schumpeter's economic ideas mirrored his own life. How so?

Example Student Response:

Schumpeter's life was marked by disruption and reinvention, much like his description of capitalism. He experienced personal tragedies and the collapse of the Austro-Hungarian Empire, then left Europe when his ideas were not accepted there. He rebuilt his career in the United States and eventually became a leading economist at Harvard.

Exit Ticket:

What is Schumpeter's main argument?

Example Student Response:

Schumpeter's main argument is that a healthy economy grows through innovation and change. Entrepreneurs introduce new products and methods that replace older ones, creating new industries and opportunities. He called this process creative destruction and believed it was the engine of long-term economic growth.