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German Influences on American Economic Thought and
American Influences on German Economic Thought

Deutsche Einflüsse auf amerikanisches
wirtschaftswissenschaftliches Denken und amerikanische
Einflüsse auf deutsches Wirtschaftsdenken

Von

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Vorwort

Die Entwicklung in den Wirtschaftswissenschaften nach dem Zweiten Weltkrieg ist durch eine stark zunehmende Internationalisierung gekennzeichnet, die in hohem Maße zugleich eine Amerikanisierung ist. Diesem Prozess der Amerikanisierung war insbesondere auch die westdeutsche Volkswirtschaftslehre nach 1945 ausgesetzt. Dabei war der Wissenstransfer über den Nordatlantik vor allem im Zeitraum zwischen 1871 und dem Ersten Weltkrieg in umgekehrter Richtung verlaufen. In dieser Zeit wurde die Humboldtsche Universität mit ihrer Unabhängigkeit und Forschungsorientierung zum Modellfall für die USA. Dies kam am explizitesten in der 1876 gegründeten Johns Hopkins University in Baltimore, der ersten Graduiertenschule Amerikas, zum Ausdruck, aber auch in der Ehrendoktorwürde, die die Harvard University 1906 Friedrich Althoff verlieh, der von 1882 bis 1907 der führende Verwaltungsbeamte für die Wissenschaften in Preußen war. In dieser Zeit nahm die internationale Anerkennung deutscher Wissenschaft und ihrer Gelehrten rapide zu, was dazu führte, dass junge aufstrebende Akademiker aus den USA zunehmend nach Deutschland gingen. Dies galt auch in den Wirtschaftswissenschaften, wo vor allem Karl Knies in Heidelberg und Johannes Conrad in Halle neben der Berliner Universität Gravitationszentren für Nachwuchsökonominnen aus den USA wurden.

Der Einfluss der deutschen historischen Schule auf amerikanisches Wirtschaftsdenken ist in früheren Studien von Dorfman (1955) und Herbst (1965), aber auch in jüngeren Arbeiten von Schmalz (1998) und in einer detailreichen Studie für das Gebiet der Finanzwissenschaft von Schulz (2013) eingehend analysiert worden. In den letzten drei Jahrzehnten hat sich die einschlägige wirtschaftswissenschaftliche Forschung in Europa vor allem mit dem Prozess zunehmender Amerikanisierung beschäftigt. Dies war Anlass für den Ausschuss für die Geschichte der Wirtschaftswissenschaften, sich intensiver mit „beiden Seiten der Medaille“, d. h. deutschen Einflüssen auf amerikanisches wirtschaftswissenschaftliches Denken und amerikanischen Einflüssen auf deutsches wirtschaftswissenschaftliches Denken, sowie den Ursachen der Schwerpunktverschiebung auseinanderzusetzen.

Eine erste gründliche Debatte fand auf der 26. Jahrestagung vom 20.–22. Mai 2005 an der American Academy in Berlin, einem thematisch kongenialen Ort, statt, die von Irwin Collier hervorragend organisiert war. Dies war zugleich die letzte Tagung, an der *Mark Perlman* (1923–2006), der

liebenswerte und äußerst kenntnisreiche Gründer des *Journal of Economic Literature* und Mitgründer der International Joseph A. Schumpeter Society und des *Journal of Evolutionary Economics*, teilnehmen konnte. Dieser Band beginnt mit den sechs Vorlesungen zum Aufstieg und zur Entwicklung des amerikanischen Universitätssystems, die Perlman kurz vor seinem Tod in Pittsburgh gehalten hat und die hiermit erstmals veröffentlicht werden. Es ist insbesondere die vierte Vorlesung, in der Perlman näher auf die Transformation der deutschen Tradition auf die Graduiertenausbildung in den USA eingeht.

Im zweiten Beitrag befasst sich *Helge Peukert* mit Richard T. Ely (1854–1943), der 1879 von der Universität Heidelberg promoviert wurde, wo er stärker von Knies beeinflusst wurde. Ely initiierte zusammen mit Francis A. Walker im Sommer 1885 ein Treffen von Ökonomen, das noch im selben Jahr nach dem Vorbild des Vereins für Sozialpolitik zur Gründung der American Economic Association führte, deren erster Sekretär (bis 1892) und späterer Präsident (1900–1902) er wurde. Diese Ökonomen, zu denen auch Henry Carter Adams, Edwin R. A. Seligman und John Bates Clark gehörten, kamen vorwiegend von der Johns Hopkins University und der University of Wisconsin in Madison, wo Ely selbst von 1881–92 bzw. 1892–1925 Professor war. In Wisconsin war John R. Commons sein wichtigster Schüler, der zusammen mit Ely die Schule der Wisconsin Institutionalists gründete, zu denen auch Mark Perlman Vater Selig Perlman (1888–1959) als bedeutender Arbeitsökonom gehörte, dessen klassische Studie *A Theory of the Labor Movement* (Perlman 1928) einen starken Einfluss auf die amerikanische Gewerkschaftsbewegung ausübte.

Im nachfolgenden Beitrag setzt sich *Erich W. Streissler* kritisch mit der Grenzproduktivitätstheorie der Verteilung von John Bates Clark (1847–1938) auseinander. Clark, der 1894 nach Walker (1886–92) und Charles Dunbar zum dritten Präsidenten der American Economic Association gewählt wurde, hatte ebenfalls von 1873–75 gut zwei Jahre bei Knies in Heidelberg studiert. Schumpeter, der sich früh mit Clark auseinandergesetzt hatte, der in seinem Hauptwerk *The Distribution of Wealth. A Theory of Wages, Interest and Profits* (1899) das Theorem der Grenzproduktivität von Arbeit, Boden und Kapital zum allgemeinen Erklärungsprinzip für die Einkommensverteilung in allen Volkswirtschaften ausgebaut hatte, erkannte in Clark den „master of American marginalism“ (Schumpeter 1954, S. 868 f.). Streissler gelangt in seiner kritischen Analyse dieses Apostels des Marginalismus, der aufzeigen wollte, dass die Einkommensverteilung der Gesellschaft durch ein *natürliches* Gesetz geregelt wird und damit die Grenzproduktivitätstheorie anwandte, um eine ethische Rechtfertigung für die funktionelle Einkommensverteilung zu liefern, hingegen zu einem negativen Gesamturteil. Zurecht betont Streissler dabei, dass die analytische Leistung

Clarks in der Fundierung der Grenzproduktivitätstheorie nicht an die seiner europäischen Kollegen Wicksteed und vor allem Wicksell heranreicht.

Nicholas W. Balabkins geht in seinem Beitrag auch auf den bekannten Beitrag von Henry W. Farnam (1908) zu den deutsch-amerikanischen Beziehungen in der Volkswirtschaftslehre für die Schmoller-Festschrift ein, der auf der Auswertung eines Fragebogens beruhte, den Farnam an 126 Wirtschafts- und Sozialwissenschaftler verschickt hatte, von denen mehr als 90 Prozent antworteten. Davon hatten über die Hälfte in Deutschland studiert, wo 32 von ihnen promoviert wurden. Der Fragebogen umfasste die vier folgenden Fragen.

1. Have you studied economics in Germany? If so, during what years?
2. Did you take your Doctor's degree, either in economics or in cognate subjects, in Germany? If so, in what years?
3. What German economists did you consider your principal teachers?
4. Whether or not you pursued economic studies in Germany, please indicate briefly in what respects you are conscious of having been influenced in your thought or methods by German economists.

Farnam, der 1912 Präsident der AEA wurde, beantwortete die von ihm gestellten Fragen selbst wie folgt:

1. 1875–1878
2. 1878: Straßburg
3. Schmoller, Knapp, Wagner
4. Influenced in direction of work, especially in having my attention drawn to social problems. Never agreed to Schmoller's idea that there are not general laws in economics, but got much stimulus from him.

Während der für diesen Band verfasste Beitrag von Balabkins nicht auf der Berliner Tagung präsentiert wurde, hielt Jürgen Backhaus dort einen Vortrag über Schmollers amerikanischen Studenten William Edward Burghardt Du Bois (1868–1963), der nach seinen Studien an der Harvard University von 1892–94 in Heidelberg bei Max Weber und in Berlin bei Schmoller und Treitschke studierte und nach seiner Rückkehr in die USA 1895 von der Harvard University als erster Afroamerikaner mit einer Arbeit über den transatlantischen Sklavenhandel promoviert wurde. Du Bois wurde später ein führender Vertreter der schwarzen Bürgerrechtsbewegung in den USA.

Die beiden nachfolgenden Beiträge von *Hansjörg Klausinger* und *Harald Hagemann* beziehen sich vor allem auf den Zeitraum von 1933–45, in dem der bereits während und nach dem Ersten Weltkrieg einsetzende internationale Bedeutungsverlust deutschsprachiger Wissenschaft rapide akzelerierte. Klausinger konzentriert sich in seiner Analyse der kritischen bis feindlichen

Haltung der in die USA emigrierten österreichischen Ökonomen zu der New Deal-Politik von Präsident Roosevelt vor allem auf die drei führenden Vertreter Fritz Machlup, Gottfried Haberler (zu dem Irwin Collier auf der Berliner Tagung einen erhellenden Vortrag ‚Europe lost – America gained‘ gehalten hatte) und Oskar Morgenstern. Er beleuchtet dabei facettenreiche Meinungsunterschiede, die auf Auflösungserscheinungen der Österreichischen Schule unter den Bedingungen der Akkulturation in den USA hinweisen. Während Machlup, ebenso wie die erst später 1940 bzw. 1950 in die USA kommenden Mises bzw. Hayek, sich strikt gegen eine Reflationspolitik exponierte, wie sie z. B. von Irving Fisher vertreten wurde, fällt die Position von Haberler moderater aus, obwohl auch er der österreichischen Konjunkturtheorie nahestand. Morgenstern dagegen war „the odd man out“, der sich schon in Wien kritisch gegen das Konzept der durchschnittlichen Produktionsperiode gewandt hatte.

Hagemann betont in seinem Beitrag die Bedeutung der USA als wichtigstem Aufnahmeland für von den Nationalsozialisten verfolgte und emigrierte Wissenschaftler nach 1933 auch in der Volkswirtschaftslehre. Diese trugen entscheidend zur international führenden Stellung der USA nach 1945 in den Wirtschaftswissenschaften bei. Der Verfasser erläutert dies näher an wichtigen Beiträgen emigrierter Ökonomen zur internationalen Entwicklung ihrer Fachgebiete wie z. B. in der Spieltheorie und in der Finanzwissenschaft. Darüber hinaus werden die Wirkungen in den USA selbst näher analysiert sowie ein kurzer Ausblick auf die Rückwirkungen in der frühen Bundesrepublik Deutschland gegeben.

Die letzten drei Beiträge gehen auf die Nachkriegsentwicklung ein. *Karl-Heinz Schmidt* setzt sich dabei mit der Dogmengeschichte internationaler Forschungskooperation am spezifischen Beispiel der 1948 gegründeten ‚Rencontres de St-Gall‘ auseinander, die die weltweit älteste Konferenz über kleine und mittlere Unternehmen ist. Noch heute treffen sich hier im Zweijahresrhythmus internationale Wissenschaftler, um den Stand zur Forschung und Lehre im Bereich der kleinen und mittleren Unternehmen zu diskutieren.

Während in der ersten Nachkriegszeit angelsächsische Einflüsse auf deutsches Wirtschaftsdenken auch noch aus Großbritannien kamen, vor allem im Bereich des Keynesianismus, kam es sehr schnell zu einer langfristigen Kräfteverschiebung zugunsten der USA. Dies wird besonders deutlich am Beispiel der maßgeblich von Milton Friedman ausgelösten „monetaristischen (Gegen-)Revolution“, die in den 1970er Jahren schnell an Einfluss auf die Wirtschaftstheorie und vor allem auch auf die Wirtschaftspolitik, insbesondere im Bereich der Geldpolitik, gewinnen sollte. Hiermit setzen sich die beiden letzten Beiträge intensiver auseinander. Während sich *Hauke Janssen* vor allem auf Milton Friedman (1912–2006) konzentriert, aber

auch auf Karl Brunner und Allan H. Meltzer als weitere zentrale Akteure einget, untersucht *Peter Spahn* in seinem Beitrag „Wie der Monetarismus nach Deutschland kam“ insbesondere die gewandelten wirtschaftspolitischen Voraussetzungen für den Paradigmenwechsel der Geldpolitik in den frühen 1970er Jahren. Dabei gibt es vielfältige Bezugspunkte zwischen den Autoren, die u. a. die strategische Wende beim Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung oder in der Geldpolitik der Deutschen Bundesbank beleuchten.

Am monetaristischen Beispiel wird besonders deutlich, dass sich aufgrund der internationalen Dominanz amerikanisch geprägter Wirtschaftstheorie der US-Einfluss auf deutsches Wirtschaftsdenken auch im Vergleich zu den beiden ersten Nachkriegsjahrzehnten entscheidend erhöhte. Das von Karl Brunner initiierte Konstanzer Seminar zur Geldtheorie und Geldpolitik, das als internationales Symposium erstmals im Sommer 1970 stattfand, zielte von vornherein darauf ab, nicht nur der theoretischen Konzeption des Monetarismus in Deutschland zum Durchbruch zu verhelfen, sondern auch Einfluss auf die praktizierte Geldpolitik zu nehmen. Wie Spahn in seinem abschließenden Beitrag verdeutlicht, war es jedoch nicht die Anerkennung der theoretischen Überlegenheit des Monetarismus, die den Kurswechsel in der deutschen Geldpolitik bewirkte, als vielmehr der Tatbestand, dass die Bundesbank die monetaristische Gegenrevolution nutzte, um interne und externe Strategieprobleme zu lösen.

Harald Hagemann

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Inhaltsverzeichnis

The Rise and Development of the American University System By <i>Mark Perlman</i>	13
Richard Theodore Ely: Christian solidarist, initiator of the <i>American Economic Association</i> , fountainhead of critical old institutionalism, and the ‘midwife’ from Germany By <i>Helge Peukert</i>	123
An American Transformation. John Bates Clark’s ‘Pure Theory’ of ‘Natural’ Wages and Interest By <i>Erich W. Streissler</i>	183
American Students in Germany, 1871–1914. A Retrospective View By <i>Nicholas W. Balabkins</i>	207
The Austrian Economists and the New Deal, 1933–1945 By <i>Hansjörg Klausinger</i>	227
Emigrierte deutschsprachige Wirtschaftswissenschaftler in den USA nach 1933 Von <i>Harald Hagemann</i>	261
Patterns of Economic Thought in German-American Research Cooperation after World War II – the “Rencontres de St-Gall” and other cases By <i>Karl-Heinz Schmidt</i>	299
Milton Friedman und die „monetaristische Revolution“ in Deutschland Von <i>Hauke Janssen</i>	333
Wie der Monetarismus nach Deutschland kam. Zum Paradigmenwechsel der Geldpolitik in den frühen 1970er Jahren Von <i>Peter Spahn</i>	401

The Rise and Development of the American University System

By *Mark Perlman* †, Pittsburgh

I. Universities, Past and Present, as Systems of Education

1. Introduction

More than a hundred years ago Balliol College of the University of Oxford admitted its first non-Caucasian students. Let anyone think that they were ragamuffins from some jungle community, be assured they were not. They were sons of Indian Maharajahs and the like. Benjamin Jowett, then Master of Balliol, decided to provide them with lectures giving them an introduction to the culture around them. The task fell to a junior Fellow, Arnold Toynbee (1852–83).

The consequent five chapters on the Industrial Revolution was for its time (and for most people since then) something of a masterpiece. ‘Painting with a broom’, Toynbee (1884) traced the argument that:

- (1) The great population increase in Britain sometime during the preceding century or so explained the need to increase output;
- (2) That need involved new inventions and new ways of production;
- (3) As output was thus increased, the importance of worker skills grew;
- (4) Those who possessed those skills began to demand and get the vote;
- (5) More than simply a movement to a more democratic nation, these changes resulted in a new quasi-religion, economics.

I mention the foregoing not because they are seen as a masterpiece but only because the following six chapters are my attempt ‘to paint with a broom’. I hope to interest you in what one might call ‘the institutions of higher learning’.

There are six chapters. I end this introductory note simply by mentioning the sequence.

This chapter is on the medieval university. In it I will describe both its secular and its religious sides. And I also focus on its essential independence and internal structure.

The second chapter is on higher learning in Great Britain during the 17th, 18th, and 19th centuries, when the creation of the Royal Society almost monopolized scientific colloquy.

The third chapter is on universities in America including its Puritan and other heritages, West Point and engineering schools, the 1863 Morrill Act and the great state universities, and the Great Realization, namely the results of the post-World War II GI Bill.

The fourth chapter deals with university higher research education, the legacy first of the University of Berlin, and then of the Johns Hopkins University in Baltimore. It takes up the institution of Academic Freedom, an inheritance from the German universities. It considers traditional post-graduate education, legal education, and the Abraham Flexner Report on Medical Training. We will have to postpone discussion of the growth of business schools, schools of social work, schools of library science, and so forth, as well as the role of academic freedom.

The fifth chapter concerns the great changes in the sociology and politics of university life during the twentieth century. It asks whether universities have become so diffused that they are no longer single, governable entities; rather have they become gigantic research centers with little or no interest in training young minds?

And the last chapter takes up questions emerging at the end of the fifth chapter, namely several likely insurmountable challenges, of the twenty-first century. Questions like ‘who (if anyone) really runs the show?’ and ‘who is paying for it?’ What has professionalization done to kill adolescent or young adult originality? And most important, has a faith in ontological science crushed any hope for the survival of epistemic creativity?

Universities as we know them have been in existence for just over 1,000 years. But what do we mean by a university? For most of that time universities have been collections of teaching colleges, of which law, medicine, liberal arts (sometimes called philosophy) and theology are the oldest.

Let me give structure to these colleges and universities. Obviously they contained teachers and students. But who made the rules? Who decided what was to be taught, how it was to be taught, how the students were to be examined, and what degrees or certifications were to be conferred?

The power to make the rules was basic. Someone or something issued a charter setting up a body in charge of the college. That body, known by its Latin name, the *universitas*, has the charter – issued at times by governments or by church officials.

Interestingly enough, the oldest such university was chartered by one of the earliest Holy Roman Emperors (Frederick Barbarossa) in 1158 to groups

of students (called the nations) in the city of Bologna (Italy). There the students were the *universitas*; they hired the professors and made the rules. In Bologna the professors were simply members of a collegium, which in Roman Law meant only a body of persons associated for a common function.

The more usual practice was for the Roman Catholic Church to establish the *universitas*, with its powers vested in an organized faculty, the head of which was a Rector (in Latin he carries the splendid title of Your Magnificence). Over the centuries the business end of running a university was transferred to a Chancellor (in Roman Catholic times, he was the business officer for a bishop). Heads of colleges went by a variety of titles, including Provost (meaning a high administrative officer) or President or by a less grand title such as Dean.

2. The Medieval University and the New Learning

a) The General Background

Understanding the evolution of institutions of higher learning requires something of a knowledge of the politics of the middle ages, centering on the fights between the Roman Catholic Church leadership and the secular claimants to the title of Holy Roman Emperor, and some knowledge of emerging Roman Catholic doctrine. So we now turn both to history and to theology, even if my treating of the latter is somewhat clumsy.

Today's topic takes up the earliest European universities. As they actually grew out of learning institutions already in place, for our purposes it is useful to recognize five parties playing roles:

- Students
- Master or teachers
- Townspeople
- The Roman Catholic Church (meaning the local bishops), the Teaching Friars (particularly the Franciscans and the Dominicans) and the Roman Pope
- Secular parties hoping to consolidate geographic units and often terming themselves the Holy Roman Emperor

b) The University of Bologna

Historians have it that the University of Bologna (North Central Italy) enjoys the distinction of being the oldest university in Europe. The school, as

such, was originally organized by mature students, who were already employed as administrators either by the Church or by governments. These men apparently needed training in civil and canon law. For more than a half century some of them had been coming to Bologna to study under the famous Bolognese ‘Doctors of Law’. These students petitioned the Holy Roman Emperor, Frederick I (Barbarossa), for a charter. Frederick granted the petition in 1158, making them ‘the *universitas*’ of Bologna. In fact this meant that they were the self-governing body administering the university. Who were these students? They came from different geographic with each such group being a nation. Collectively these nations’ delegates to the governing body of the ‘*universitas*’ made out the rules for student entry, maintained student order, collected fees, hired masters to teach, and policed the quality of the teaching. In Bologna, because the students were the ‘*universitas*’, the masters were simply a designated body – the Latin term was a collegium.

But why the Emperor? The answer seems to be because he was eager to build up support for his (The Ghibellines) in his struggle with the Pope and his allies. the Guelphs.

The 12th century was era when self-government of a sort, always a luxury, was again becoming somewhat common – the trading and craft guilds are the common examples.

As you might infer, since the right of self-government put the members of the *universitas* at a negotiating advantage, a natural hostility often existed between the ‘gown’ and the townspeople. Rowdy students and overly-popular teachers were not supposed to be arrested by the town’s constables, but in fact when tensions grew it was not unusual for angered students or their popular teachers to leave the town and look for an additional charter elsewhere. To get ahead of our story, Oxford was such a breakaway from Paris, and Cambridge was such a breakaway from Oxford.

But for the most part the towns were eager to have a *universitas*, for then as now in Pittsburgh, the existence of a local university brought considerable wealth to the community. Thus, it is no surprise that within two decades there were many secular universities throughout Italy, France, and much of Europe.

By 1200 the University of Bologna was fully established. There were three faculties: Law, Medicine; and Philosophy (we would call philosophy ‘liberal arts’).

I have little systematic information about the ways that the interested parties lived. I recall being told that the students made cruel fun of one of the masters, but I assume these tales were essentially legendary. (Apparently a master who was learned in matters of the law was quite naive when

it came to taking a bride and married a well-known local trollop; the day following the ceremony he made a point of observing that in the law nothing was new. Presumably that observation started a riot. End of the story.)

It was the habit of students to take notes almost verbatim; the preservation of this material served later as references. In time the sale of notes became a trade, for in the absence of books, the preservation of information rested entirely upon notes. Likely then, as now, much of what students were told they had to memorize. In the case of the law, the Code of Justinian was the authority; what we have in the way of precedent-setting Common Law was not known.

Memorization was also the principal teaching method in medicine, except that Bologna encouraged the dissection of corpses in an effort to teach anatomy. The faculty of Philosophy doubtless taught the traditional trivium (grammar, rhetoric, and logic) and the quadrivium (arithmetic, geometry, astronomy, and music). The language of instruction was Latin, and the knowledge of Roman literature had been preserved. Arithmetic and geometry was known; algebra was not. Ideas about astronomy were founded on the premise that the universe was geocentric. Gregorian chants were the rule, although there is much evidence of the existence of secular music – largely because it was denounced.

Thus the credit for the first formal university goes to a secular authority. But, that is only a small part of our story. At this point it is necessary to digress and step back in order to understand the eventual situation.

c) The Medieval Roman Catholic Church

This is hardly a course in medieval history, but mention should be made of two Roman Catholic traditions:

One is the legacy of St. Augustine, Bishop of Hippo (354–430). The Augustinian legacy was, from my standpoint, at least two-fold. First, the legacy was neo-Platonist, meaning that Truth was a set of mental constructs, that is – abstractions. Like Plato, St. Augustine eventually lived in a world of mental constructs, and he believed that the Mysteries of the Church were essentially abstractions. Whereas the Jewish legacy tended to be focus on ethics (relationships between earthly individuals), both Plato and St. Augustine shunned the material. St. Augustine's world was not the City of Man, but the City of God. Accordingly, the Christian world had an all-important non-material dimension.

St. Augustine focused on one of the most important religious queries – how could an omnipotent (all-powerful) and omniscient (all-knowing) God

hold a human responsible for what that human did. Augustine's answer was the Gift of Free Will – that is, God took into account not only what an individual did but what efforts the individual made to achieve perfection. This aspect of his legacy was firmly grasped by John Calvin, the Protestant leader; but it had also been the principal view of the Roman Catholic Church until the time of the University of Paris.

The other is the legacy of St. Benedict of Nursia (480?–?543). St. Benedict established his monastery at Monte Cassino and the Benedictine Order developed from his set of rules establishing the bases for western monastic life. One of his objectives was the preservation of learning; the Benedictine monasteries invariably contained libraries and usually a scriptorium where monks labored to produce what had to be hand-written (and often beautifully decorated) copies.

Most people who read Church history in a casual way are particularly interested in four medieval popes.

Gregory I, (called the Great [540?–604]) who served as pope from 590–604) and was the one who really created the theory of the papal system – *Primus entre Pares*. He restored the benedictine monastery system, supposedly created the system of chants until recently authoritative in the Church, and is considered to be the last of the Latin (theological) Fathers, of which St. Augustine was likely the most important.

Sylvester II (by name, Gerbert – [940?–1003]) who served as pope only from 999–1003. He was a major scholar (mathematics and natural science) and cemented the relationship of the Church to the reigns of two Holy Roman Emperors, Otto II and Otto III (for whom he was at one time a tutor). This was for both parties the optimal arrangement but the hunger for power rarely made the two groups, the Church and the State, get along peacefully.

Gregory VII (by name, Hildebrand [1020?–1085]) who served as pope from 1073–1085. He had been the power behind the papal throne for some time before being crowned. He excommunicated the Holy Roman Emperor Henry IV, who, to show adequate repentance, was forced to stand barefoot in the snow for three days in Canossa (1077). If this act (really forcing the pope to grant him repentance, thus annulling the excommunication) suggests some form of papal supremacy, do not be fooled. Henry subsequently drove him from Rome, and Gregory VII died in exile.

Innocent III (by name, Giovanni Latario de'Conti) – ([1161–1216] who served as pope from 1198–1216, perhaps brought medieval papal power to its zenith. He argued for the unsuccessful Fourth Crusade to Palestine, was involved in promoting the horrendous Crusade against the Albigensians,

excommunicated and ‘deposed’ John, King of England, who consequently submitted in 1213. Innocent III deposed Otto IV and crowned the boy, Frederick II, as Holy Roman Emperor.

The point of this digression is simply to illustrate that the leading popes upheld the Church’s traditions of neo-Platonism and preservation of what learning it had inherited, largely from the Roman civilization.

From early on the Church’s power was regularly challenged by the medieval feudal system. The social control exercised by the Roman emperors had largely disappeared by the 5th and 6th centuries, with local lords assuming hegemony over their areas and almost invariably attempting to extend (and to protect) their holdings. The Church had something of a monopoly on conferring legitimacy to these holdings, with local bishops frequently being drawn into the fray. In time the Bishop of Rome became a major player in the Italian (and even other) political struggles. The Pope’s party was termed the Guelphs; the secular party, and by the 7th century its leader espoused to be declared the Holy Roman Emperor, was the Ghibelines.

d) The University of Paris

From an historical standpoint many believe that the second medieval European university was the University of Paris. It dates from sometime between 1150 and 1170, but its first written statutes were not compiled until 1208, when they were recognized not by the secular authority but by the Church. It was an outgrowth of the schools attached to the Cathedral of Notre-Dame de Paris and was located on the Left Bank of the Seine, directly opposite the cathedral on the Isle de la Cité. From the first it was presided over by the Cathedral’s chancellor. His authority did not go unchallenged, however, and during the 1220s some of the masters placed themselves under the jurisdiction of the monastery of Sainte-Geneviève.

In Paris the masters were in charge from the beginning; the collegium was their instrument. They perceived themselves as the *universitas*; the students, formally were under the masters’ control, were merely the nations. The Paris model was (and still is) the more general one.

Paris had had something of a history of being a center of theological learning. Peter Abelard (1079–1142), a major radical theologian, had studied in Paris and vehemently disagreed with Guillaume de Champeaux, a Platonist, early in his career and returned there from time to time as a teacher. Abelard was a master of the dialectic, particularly as it employed reason to confirm belief in the Christian mysteries. For this dependence upon reason, Abelard was hounded from pillar to post. As his students

tended to flock after him, he was considered dangerous. And that says something about Paris's academic atmosphere.

Who were the students? While some came from wealthy families (for example both Albertus Magnus and Thomas Aquinas, whom we will be discussing in a moment), apparently most did not. Those who were impoverished were often sponsored by their local bishop or cathedral chapter, and not infrequently lived very cheaply – earning what they could by picking up small teaching or writing jobs. These students came from many countries, with students from a single country being part of the local 'nation'. The usual language of instruction was Latin. This meant that not all of them could converse easily with the townspeople, another cause of friction. Many of the students then (as now) tended to be boisterous, and that was a further complication.

From the first, this university was divided into four faculties – three were termed 'superior', namely theology, canon law, and medicine, and one was termed 'inferior', namely the arts. In that last, the faculty of arts, what was taught were general scientific, literary, and cultural topics. There were prescribed sequences. Examinations organized by each faculty existed for degrees, not for courses. It was not only that writing materials were expensive (books were very rare) but the tradition was that examinations were to be oral.

What about curricula? In general the students in the faculty of arts took prescribed courses. Choice was infrequent, although students could and did attend lectures and disputations that dealt with material of interest but not within examinations. The existence of these outside activities offered intellectual spice to an otherwise drab picture. But the presence of spice frightens any number of cooks (and college authorities).

From our standpoint the significance of this history is to show that by the end of the 12th century centers had already been established to deal with necessary professional training. That these institutions flourished at a time well prior to cheap books suggests that the hunger for learning had to be satisfied largely by lectures. Doubtless students took notes which were copied and preserved, and they could occasionally read manuscript books in libraries.

And again, as in Bologna, tensions between the members of the university and the townspeople were often great. Attitudes about religious matters could become strong with expulsions all too frequent. Splinters regularly broke off and went to found new universities in other places.

At this point I want to turn to the essential uniqueness of the University of Paris and its ultimate legacy. A few moments ago I adverted to the Cru-

sade against the Albigensians. One outgrowth of that violent effort was the establishment of an Order of Black Friars, commonly known as the Dominicans. By 1218 (St.) Dominic, founder of the Order, had sent seven of his followers to the University of Paris.

What was intended (and in fact occurred) was that the University of Paris became the transalpine center for theological studies – really the center for Roman Catholic orthodoxy.

(1) The Faculty of Theology: Albertus, Aquinas, and Averroesism

Some of our story concerns the faculties of theology and arts. Among the rules of the former was that no one could be graduated as a priest until he had reached 35 years of age. And it usually took a minimum of eight years to complete the curriculum. Thus maturity was to be achieved before a man could be allowed to preach from the pulpit.

My impression is that doctor's degrees were given only after the scholar had written several treatises of merit.

Two names of the Faculty of Theology stand out: St. Albertus Magnus (ca. 1193–1280) and St. Thomas Aquinas (1224/25–1274). Both were Dominicans, Doctors of Theology, and were self-perceived as Aristotelians, meaning that they sought to incorporate the 'new' knowledge of Aristotelian literature (recently translated into Latin not from the Greek but from Arabic) into theological tracts. What they were arguing against was the simple abstractionist neo-Platonism associated with the legacy of St. Augustine of Hippo. Instead, they argued that Aristotelian reason, combining observation with abstraction, could be used to bolster faith.

The critical Arabic scholar who influenced both Albertus and Aquinas was Ibn Rushd (1126–98), also known (in Latin) as Averroës. The so-called orthodox followers of Averroës, pursuing the line of reason, admitted to a distinction between philosophical or reasoned truths and the traditional revealed theological truths. This made them 'dualists'. Such dualism was seen by the orthodox as severely problematic, for if one admitted a philosophical (dialectical) truth one denied the uniqueness of the Christian truth.

Albertus, coming from a noble German family, had been schooled from the first to be a scholar. He went to Paris in 1245, and it was there that he undertook to explain Aristotle's *Physics*, a project that took him 20 years. Albertus' intellectual method was considered both original and acceptable. Not so after his death.

Because Albertus, first, and his student, Aquinas, later, advocated the Aristotelian method, they had perforce also to be great attackers of the

dual-truth Averroesistic approach. Both admitted that when reason led them astray from the results of faith, then it must be reason that was flawed. For example, if the consecration of the Host (when wafer and wine became from the standpoint of an abstraction the Body and Blood of Christ), could not be grasped by reason, then reason as it had been developed must be flawed. To us this may seem to be something of a cop-out, but they truly believed it.

For the orthodox that was not enough. What was dangerous was to admit reason as a basis of truth. Everything should depend upon faith, and faith only. The enemies of the Church so often had pointed to reason as their authority, that reason had become too hot a topic to touch and get away with. Defenders of Catholic tradition were suspicious of anything new, and these two Dominicans were clearly arguing for change, when any change was undesirable. But much of what the two taught did not deal with anything bordering theology, and what Albertus left as his legacy was both some massive work on botany and a tolerant attitude toward what we would call scientific investigation.

Albertus left Paris in 1248 and went to serve in Cologne where he established the first Dominican studium generale or ‘general house of study’. There Thomas Aquinas, formerly his student in Paris, continued his studies with his master.

A word about Aquinas. He came from a Sicilian noble family. His father was much averse to his pursuing a career in the Church and locked him up for a year with the intent of changing his mind. “Tough love” didn’t work, and the father relented. Thomas arrived in Paris in 1245. As noted he went with Albertus to Cologne, but returned to Paris in 1252. There, he took his first (or teaching) degree early in 1256 and shortly thereafter was recognized as a Master of Theology. His teaching methods should be of some interest. In the mornings he lectured; in the afternoons he carried on disputations – that is, asserting a point and then defending it against all comers.

He obviously was doing well because three years later, 1259, he was appointed theological advisor and lecturer at the Papal court, the center for the advancement of Humanism. (Humanism stressed the Hellenic legacy, particularly the role of individualism.) For six years Aquinas served Pope Alexander IV, and Urban IV. From 1263 to 1267 he taught at the Convent of Santa Sabina in Rome, during that time serving Pope Clement IV in Viterbo, then the scene of the Papal Curia.

I mention, if only parenthetically, that Aquinas was a prolific writer, touching many subjects. Included among his works were the Sentences of Peter Lombard (the official manual of theology in the universities), collec-

tions of his disputations, and two *summae* or personal syntheses – *Summa contra gentiles* and his *Summa theologiae*.

(2) The Faculty of Arts

The Faculty of Arts was much less under the supervision of the Church authorities, although, of course, everyone had to be at least nominally a Roman Catholic. What had happened was that a Belgian master from Louvain (also called Brabant), Siger de Brabant, had begun lecturing in the Faculty of Arts. De Brabant reportedly advocated a radical form of Averroism, namely the existence of dual truths – one being truth based on faith and the other truth based on observation. Such an assertion brought out the rampant anger of those who believed in the orthodox strain of the old Augustinian neo-Platonism. Perhaps because de Brabant was attracting so many of the students, he became a problem. The Archbishop of Paris came down hard against all the ‘new learning’ – that is, the Aristotelian approach.

It should come as no surprise that in late 1268 Aquinas was suddenly sent back to Paris, where his task was to defend Aristotelianism from charges that it necessarily smacked of Averroism, that is dual truths. What followed were a series of debates between de Brabant and Aquinas. In truth, Aquinas was caught in the middle and did whatever one does in such a situation; he wrote against the Averroists and against any major non-Catholic Aristotelian (philosopher) who argued even his own position.

However, by 1270 the orthodox Augustinians were in charge, and they officially managed to have the Archbishop condemn not only Averroism but anyone who could be said to have smacked of it. That group included Thomas. Thus it was when Thomas died in 1272, he was discredited at his own university. However, that speaks only of the local Paris situation; elsewhere his fame grew.

We have wandered into the history of the University of Paris simply to show what one major debate was about. Some inferences should be drawn. Learning was opening up; questions were becoming popular. This change threatened the orthodox, and they responded first with anger and then with force.

Of course ideas don’t fight; men do. The interesting question is why men felt so strongly that they were ready to give battle. To answer that, one must start by realizing that things were at stake about which we give little concern. Yet if we look around even today, the idea of religious wars, while not attractive to us, is certainly attractive in other parts of today’s world.

e) Additional Points

Before getting away from medieval universities there are a few more points to be made:

Italian universities sprang up quickly, mostly modeled on the Bologna system. Some worth a mention are Naples, Padua, Piacenza, Pavia, Rome, Perugia, Pisa, Florence, Siena, and Turin. Their genesis was often some dissatisfaction on the part of the masters (or with the masters) who then migrated.

The time required to get degrees often depended upon the faculty. It took eight years of instruction at Paris plus being 35 years of age before one got a teaching degree in the Theological Faculty. Other first degrees took less time. The Masters degree (giving the right to teach) usually took two or three more years. Doctor's degrees were given usually when a mature scholar was being recognized for many contributions.

Oxford University seems to have been a breakaway from Paris. An entity known as University College was founded in 1249, and Balliol College was founded about 1263 with Merton College coming the year thereafter. Oxford University had a fight with the new science in the person of Roger Bacon (1220–1292?), a Franciscan friar with a taste for systematic experimentation. (He was the first European to discover how to make gunpowder, and proposed flying machines, motorized ships and motorized carriages.) Bacon had studied in Paris prior to 1245. We will return to Oxford and its development in the next chapter.

The medieval universities stressed law, medicine, and in some instances the new philosophic learning – Aristotelianism or some emphasis on observation through the five senses.

Although I have devoted more time to theology at the University of Paris, the important point to be made is that once teaching of young men was no longer under the direct control of the Church, attention and interest wandered clearly in the direction of secular topics. The universities focused on the trivium, but as I note sometime the third element was not logic but dialectic, a shift from an emphasis on the static to an emphasis on the dynamic. The quadrivium suffered from an Aristotelian framework. It was not until the 16th century that the geocentric theory of the universe was finally exploded. And even then Galileo Galilei was forced to recant his 'advanced' views. The secular nature of university life and interests seem to have grown from the beginning, and they were a problem. But, a problem to whom? Is it not evident that faith was beginning to fight a losing battle? Are we not so scientifically oriented now that we tend to view Thomas's position (if reason does not give the same answer as our true faith, then our

reasoning must be flawed) as naive? Does anyone really have faith? This is, I aver, a very popular stance. But what has science offered? It usually explains how, and often when. But does it explain why? This is a point we might discuss later.

Finally, the 13th century at the University of Paris illustrates two things. First there was disagreement leading to rampant intolerance – “I am right, and you are wrong. If I cannot persuade you by reason, then I will use force.” Rampant intolerance usually leads to religious wars, and that is no small part of the legacy of the Dominicans at Paris and the Inquisition that the Dominicans ran throughout most of Europe. That Thomas died in disfavor, simply because he was trying to hold to a mid-position, encapsulates what happens to those who try to broaden orthodoxy; they are attacked from both sides.

Our next topic deals with a period when Christian religious wars had been flowering for more than four hundred years. Once again much of the struggle took place in academia, Oxford and Cambridge to be precise.

II. The 17th Century University: Humanism, New Science, and the Competition of the Royal Society

1. Certain Changes in the 14th to the 16th Centuries

When we left our story, we had seen how Thomas Aquinas’s brand of scholasticism was under attack by the neo-Platonists, who were closer to St. Augustine’s interpretation of the nature of knowledge. When Thomas died his stock was slipping, but that was simply an accident of a date. His views, particularly those associated with the importance of the ‘new learning’, were increasingly accepted.

Universities, particularly those associated with the Church, proliferated. Prague’s was chartered by Pope Clement VI in 1348; Heidelberg’s in 1386; and, within a century universities were chartered in Cologne, Erfurt, Leipzig, Rostock, Freiburg, Tübingen, Budapest, Basel, Uppsala, Copenhagen, and Salamanca. The pattern of faculties was roughly the same: Theology, Law, Medicine, and Arts.

By the late 16th century printed books started to become readily available. The growth of the output of books in some senses can be compared to the growth of personal computers in the last two decades. If we now marvel at the comparative computer literacy of our younger generations (compared to, let us say, mine) how similar seems to have been the expansion of literacy in the western European cities during the period immediately surrounding

the year 1600. People who had never dreamed of reading were now writing books.

In the interest of the conservation of lecture time, we should jump to 17th century England. Before we turn to these developments, let me mention a few things.

a) The New Learning

While the ‘new learning’, namely the scholastic influence of Aristotelian scholarship, became popular, it also presented great problems. For one thing, many of the Dominican-influenced scholastics accepted Aristotle’s learning as fully authoritative. Nonetheless, Aristotle’s writings, however, contained numerous errors – a geocentric universe was one thing, but even his observations about such things as the numbers of teeth in the male as compared to the female mouth were flawed. For another, the scholastics, having had to overcome the intolerance of the neo-Platonist Augustinians, proved to be, if anything, even more intolerant. The Dominicans manned the Inquisition; they adopted Augustine’s eventual view that if men could not be led to the truth, they could be pushed to it. And they made the Thomists as intolerant of newer views as the neo-Augustinians had been intolerant of Thomas’s.

b) Humanism and Individualism

The great spread of reading and writing and the growing interest in the Hellenistic traditions seemed to encourage the advancement of what were considered by some of the orthodox to be anti-Christian beliefs. Perhaps the career of the travelling Dutch priest (and second illegitimate son of a priest) Desiderius Erasmus (1466–1536) became the prototype of one side of the new learning. By training a physician-surgeon, he was also an important theologian. At one time he even taught Greek at Cambridge University, and later he undertook to read all the great Greek writers, and among other things noted down five volumes of Greek proverbs or aphorisms (e.g. ‘A rolling stone gathers no moss’). But Erasmus’s humanism, while not a problem to his own religious convictions, became for many a substitute for their previous religious convictions.

Whereas during the Middle Ages cathedrals were built by purportedly devout communities (and were thus properly named), by the Renaissance individuals were building chapels to their own as well as to God’s greater glory and having their portraits painted with any pretension to God’s greater glory bypassed.

Plato quotes Protagoras as saying that ‘Man is the measure of all things’, and during the Renaissance this view emerges almost but not quite dominant in pictorial art, in the growth of first a quasi-secular and then a purely literature, and eventually, as we will shortly note, in a reconsideration of the relationship of the individual to God. As Protagoras’s man the measure, just where did the pretensions of a seemingly corrupted clergy fit in? For individualism is essential to Christianity;¹ it is the Hellenistic part the Christian legacy. The new Humanism not only put stress on the individual but it celebrated his inventive genius rather than on questions involving his immortal soul.

c) The Reformation

Another side of the growing humanism is seen in northern Europe where there grew many points of first disagreement with and then later rebellion against the Italianate (and French) quality of the Roman Catholic religious hierarchy. To the Northerners Church’s operations, both theologically and business-wise, seemed to end lining the pockets of the families whose sons were bishops and Popes. If it was the German, Martin Luther (1483–1546), who is credited with being the great Protestant reformer, the fact is that in virtually every country Luther was anticipated and then imitated.

- John Wycliffe (1320?–1384), Master of Balliol College, who translated the Bible into magnificent English (much of the grand language of the King James Version is a direct steal), is a case in point. Wycliffe, preaching Church reform, was eventually forbidden to lecture at Oxford, and although he managed to die in bed, some time after his death (1415) his body was disinterred, burned, and the ashes dumped into the River Swift.
- Jan Hus, a Czech admirer of Wycliffe, was burned at the stake in 1415.
- And perhaps most of all (because his death frightened Galileo Galilei), Giordano Bruno, once himself an Italian Dominican, was condemned by the Inquisition and met the same fate in 1600.

Luther’s great reforms nonetheless preserved the idea of church hierarchy (bishops and so forth). And as we will soon mention, Henry VIII also preserved the church hierarchy when he established the Anglican Church. But in the second wave of religious reform numerous pietistic groups arose.

¹ Indeed, one place where Christianity differed from its parent, Judaism, was on just this point. Where Jews stressed the peoplehood of Israel, Christians focused on the individual, his sins, and his possible redemption.

- Jean Calvin (1509–1564), preached pietistic reform – originally in France and later in Basel, then again in Geneva, where he established an intolerant theocratic government and was finally driven out to a retirement in Strasbourg.
- John Knox (1505–1572), influenced by Calvin, preached a fiery pietistic reform in Scotland.

In England the Puritans were only one of the pietistic second-wave reform movements. The Quakers, to mention but another, were also part of the second wave.

The point is that the 15th and 16th centuries, imitating the brutal Crusade against the Albigensians, were eras of increased religious intolerance which later ushered in almost totally destructive century-long religious wars. These religious wars are now generally seen by most untutored students as principally nationalist movements using public morality as an excuse for deciding to overthrow the existing order. But such a view distorts the profound reality that was involved. For these were wars more of faith than of anything else. For us, today, many use the phrases ‘I know²’ and ‘I believe³’ as interchangeable. Not so then. What was known was one thing; but what was to be believed was not only worth dying for, but even more, worth killing for. What ‘reformers’ were forever trying to do was to predicate their ‘reforms’ on either some new revelations (and it was the Age of Nostradamus and all sorts of preachers of the end of Time), or on significant new reinterpretations of former doctrine.

² I can tell you what I know, and presumably as we have the same tests – observation and inference, what I know and why I know it can be made clear to you. I know or understand the ‘law of variable proportions’ – a generalization that stands up well when applied to agricultural input-output relationships.

³ Belief for them was well-beyond reason. And, if you confer on ‘believing’ a more basic truth (something that has been revealed to someone defining your culture), persuasion becomes essentially impossible. Tell me how you ‘know’ ‘that your Redeemer liveth’ or how you know ‘That all men are created equal and are entitled to Life, Liberty, and Estate?’.

Methodology is the topic of how one is convinced of the truth. Two of the currently popular methodologies are rigorous (often mathematical) logic and empirical observation. I am fascinated by two other methodologies: Faith and Cultural Legacies. Our Constitution draws on John Locke’s belief (a matter of faith) that all men are created equal, that they are endowed by their Creator with certain unalienable rights: life, liberty, and property. My point is that I believe what Locke believed and the province for my beliefs is fairly extensive.

d) Interest in Purely Secular Scholarship

So much for those who sought to confront the theological tradition. What was also occurring was a very rapid expansion of avowedly secular writing on serious, previously thought to be solely theological, subjects. Niccolò Machiavelli (1469–1527) is of particular interest to us because he wrote a treatise on government, *Il Principe*, which to the casual reader seemed to be without moral foundations.⁴ Jean Bodin (1530–1596), a Frenchman, wrote in 1576 a treatise favoring limitations on the power of the monarch.

This was also the period of the growth of mercantilism, an economic doctrine which, depending upon the writer and the country, (1) advocated a greater voice of the mercantile class in state policy; (2) promoted the growth of the national state by economic policies intended to make its trade more profitable (for tax revenues as well as for merchants); (3) sought to turn the peasantry into town-workers, but keeping them poor in order to maximize the profits from trade; or (4) a combination of any or all of the foregoing. At its very least mercantilism suggested that the socio-economic order should not be left to theology.

2. The Cultural Setting in England

a) The Church Problem

We now move on to the post-Renaissance era in England. The very intellectual Henry VIII is on the throne, he is happy with his first wife, Catherine of Spain, and he is advised by his able ‘butcher’s boy’, Cardinal Wolsey, who in turn is advised by a barrister-at-law, Thomas More. The honored foreign intellectual visitor in England is the aforementioned Desiderius Erasmus who with More managed to draft an anti-Luther manifesto that was duly ascribed by them to Henry VIII defending the Catholic faith. As Henry’s reign went on, he became increasingly intolerant, and in the face of infertility problems his happy first marriage went sour. In time he divorced two wives, executed one, survived one, and died married to a pious Protestant. When Henry was unable to divorce his first wife and was excommunicated, he established the Church of England of which he became the nominal head. Wolsey died on the way to a trial and likely then the

⁴ It does not take a particularly careful reading of the book to realize that Machiavelli believed that morality was a good tool for rulers to embrace. When morality had to be put aside for political reasons, Machiavelli recommended that the dirty deeds be done quickly and efficiently and then be forgotten as the rules of morality were then re-instituted.

block, More went to the block, and England became essentially detached from developments on the Continent. Henry VIII's Church served his political purposes insofar as he confiscated lands belonging to the holy orders, but from the religious doctrinal standpoint marvelously little was changed. True, masses could be chanted in English, but the reforms in doctrine did not come until the reign of Elizabeth and beyond.

Edward VI (1537–1553), his successor, was a boy when he came to the throne (1547) and little more than a boy when he died six years later. The Reformation-minded, anti-Catholics sought to put Lady Jane Grey on the throne, but that failed in about a week. Instead, Edward VI was succeeded by his older sister, Mary I, a convinced Roman Catholic. You will recall that she did all within her power to return England to the Church of Rome, but her reign again was short (but five years), and when she died she left a country bitterly divided along religious grounds.

Elizabeth I had been educated along Protestant lines and when it came time to be crowned most of the Church clergy refused to recognize her; actually she was crowned by the Bishop of Carlisle. She was from the outset clearly pro-Protestant, and by 1563 (five years after the accession) she reestablished the Church of England with herself as its head.

b) The Stuart Succession

None of Henry's children had issue, and Elizabeth I was succeeded in 1603 by the Stuart King of Scotland who took the title of James I of Great Britain.

James I (1566–1625), Earlier the Stuarts had been a Roman Catholic family,⁵ but James, while King of Scotland, had expressed his distaste for Roman Catholicism and an even greater contempt for Puritanism. What he had wanted in Scotland was exactly what he found in England, namely a national church with him as its head.

James's England was hard to govern.⁶ James's problem was not so much religious as a perception he harbored that he was king by divine selection.

⁵ James's mother was Mary, 'Queen of Scotland' – earlier she had been Queen-consort of France. Her hereditary claim to Elizabeth's throne was stronger than Elizabeth's, a point which led Elizabeth to have her beheaded. Mary was a true Roman Catholic.

⁶ There is no question about James's personal abilities, but his judgement seems to have been sorely lacking. "He was", as Macaulay wrote, "made up of two men – a witty well-read scholar who wrote, disputed, and harangued, and a nervous driving idiot who acted".

Both he and his successor, Charles I, found that this orthodox and strongly-held family belief ran counter to what the English Parliament's perception of the appropriate political process after the better part of a century of Tudor compromise.

The fight between the Stuarts and the Parliament can be introduced with the careers of two men. *Edward Coke* (1552–1634), educated at Trinity College (Cambridge), Lord Chief Justice of England, was Parliament's 'man'. His stated position was that it was 'the King's Most Excellent Majesty' (that is, the King advised by Parliament, his ministers, and his judge), not the King personally, that was the law. As a result Coke was dismissed from his powerful judicial post by James I in 1616 (partly as a result of the conniving of Francis Bacon), and although Coke remained actively politically he devoted most of his time to codifying the English Common Law, which was exactly what the King, had he had foresight, would not have wanted to have codified. What the Common Law offered was a hard core of truly national tradition, making it hard for any monarch to break away from the past. James I held that he, even more than the Parliament, should decide public policy. The Parliamentary position was that the king might hold the Prerogative (the right to make decisions when Parliament was not sitting), but in the end Parliament the traditional full authority, a power going back to 1215 and Magna Carta.

The other key figure (for our purposes) was *Francis Bacon* (1561–1626) whose varied career included also an education at Trinity College (Cambridge), but he became the King's man. As Lord Chancellor (the presiding officer of the House of Lords as well as a judge), he was forced to confess to taking bribes (a common practice). Coke took his revenge, and Bacon was heavily fined and exiled to his country estate). Although these punishments were remitted, Bacon chose to spend the last decade of his life writing essays about the nature of knowledge and science. It is in the last context that we must keep him in mind, for his philosophical approach became the model for the Royal Society, a point to be mentioned later in this chapter.

Bacon's approach was the first to describe the empirical method. It involved observation, formulation of a rule, further observation and refinement of the rule until a point was reached where additional observations no longer led to changing the rule. The rule was then 'true' until some further observations could not be explained. I mention just in passing that the alternative approach to science is associated with a Frenchman, René Descartes (1596–1650). By profession a soldier he is best remembered for his work in mathematics, including the invention of much of modern algebra (including analytic geometry). He enshrined logical analysis as the basis of sci-

ence – a position much different from Bacon’s. Descartes’s intellectual test was internal logic. He thought that all sciences were related; the linkage being mathematics.

c) Puritanism and Parliament

So much of English history has focused on the political battles between the Parliament and the Stuarts that there has been a tendency to neglect what was going on within the religious realm, not so much as between Catholics and adherents to the Church of England, but within the Church of England itself. Even during the reigns of Henry VIII and Elizabeth I there were strong, puritanical reform elements in the Church of England which voiced regularly their complaints about corruption within the clergy as well as too much attention being paid to ceremonial ritualism. They abhorred religious statues; they viewed ritual with distaste – as though it clouded true devotion. Obviously incense took the mind from pious prayer. Moreover, they perceived the Church’s hierarchy as serving the rich and neglecting the poor, catering to the powerful and affronting the weak. That there was much cause for complaint made sense to those who were also cognizant of the growth of Protestantism on the Continent. As noted already, Luther’s reforms were ‘high church’ (‘high’ refers to the presence of ritualism; ‘low’ refers not only to the absence thereof but an emphasis on evangelicalism⁷). But in Paris, Jean Calvin attacked Roman Catholic ritualism, as did John Knox in Scotland as well as others in other places. The century between Elizabeth’s triumph over the Spanish Armada (1588) and the forced abdication of James II (1688) there were literally more than a dozen major splinter groups, many of which had voices in the Parliament. At ‘heart’, many of them may have wanted to be Church of England devotees, but their distaste for the lack of moral and religious earnestness in the Church’s hierarchy put them, for all real purposes, outside of the fold. Their religious creed embraced a simple very straight-laced God-man tie, and they saw the religious hierarchy as a Popish relic.

Religious wars not only are the outgrowth of strong feelings about religious practices, but they make for strange alliances. In this instance, major mercantile interests, many peers who were High Church Anglicans with large estates, and a great many religious pietists made common cause in their fight against the Stuarts. Most mercantile interests, seeking monopoly rights, sided with the Parliament (the others with the Crown) simply as a

⁷ Evangelicalism is a set of beliefs stressing salvation by faith in the atoning death of Jesus Christ through personal conversion, the authority of Scripture, and the importance of preaching as contrasted with ritual.

matter of good business. Traditionally the peerage has not been friendly to the Crown if for no other reason that the various dynasties have all been non-English (even the Tudors stemmed from Welsh forbears).

Today we are living in a libertine world, and it is hard for us to imagine anything else. However, during the reign of Charles I, many of the Puritans had become millenniumists – devoutly believing that the world was about to witness Christ’s Second Coming. In their eyes things seemed to be getting worse, the regular Plague epidemics, the repeated harvest failures, and the brutality of governmental measures made them fanatical. Some tried to flee: We are all aware of the group of Plymouth pietists who went first to Holland and then finally sailed on the *Mayflower* to Massachusetts, arriving there in 1620. We may be less aware that a similar group settled in the Virginia Colony.

The reign of James I (1604–1625) was turbulent, but it was as nothing compared to the rule of his son, *Charles I* (‘reigned’ 1625–1649) who managed to get into open conflict (Civil War) with the Parliament, not once but twice. Charles I, a second son whose older brother died prematurely, was a man of some personal physical achievement.⁸ Unfortunately for him, he not only married a devout French Roman Catholic princess, but agreed in the marriage contract to allow her to practice Roman Catholicism and to bring up their children. As you can easily guess such an arrangement was highly distasteful to his Protestant subjects, and actually abhorrent to those reform-minded Protestants who called themselves Puritans.

For the most part, the Puritan Members of Parliament who held this view were also well aware that pursuit of their views would rend the country completely, but between what they believed and what the Crown dished up, not only did factionalism increase, but events got totally out of control. Eventually when Charles I had troubles in Scotland, he had to get funds from Parliament, and as these things sometimes happen hot-headism prevailed, and Civil War broke out. (Strange as it may seem, the Parliament took action to ‘protect’ the king.)

Charles’s ministers first and then he, himself, proved totally unable to handle his relationships with the leaders of Parliament. When force was used against them, individually and then collectively, Parliament (particularly the Commons), rose up in open rebellion and defeated him. Twice King Charles I was captured, and only then did Oliver Cromwell, the Parliamentary Army’s ablest general, reluctantly decide that if there were to be any peace, Charles would have to be executed.

⁸ Apparently he was a retarded child, did not speak until aged 5, nor walk until the age of 7.

That unhappy event occurred on January 30, 1649. Cromwell's Commonwealth was established, ushering in a period of dominant Puritanism.

To complete the political aspect of our story: The Commonwealth lasted about 10 years. After Oliver Cromwell died his son, Richard, tried to prolong the regime, but the leaders of the Army turned against him, and invited the Pretender, *Charles II*, to take the throne. Although he was personally of the Roman Catholic persuasion (his mother's religion), he ruled as an Anglican.⁹ When he returned to England he announced that only the men who had sentenced his father to death would be prosecuted. His reign was not without its difficulties. Getting appropriations thought Parliament was always an iffy thing; actually for a time he lived off of the largesse of England's principal enemy, France. Although Charles II had many illegitimate sons, his Roman Catholic brother, James (Duke of York) succeeded him. After about three years (when James's Catholic wife produced an heir), *James II* was forced to abdicate in 1688 in favor of his Protestant daughter *Mary II* and her Dutch Protestant husband *William III*. As this is not an article on political history, let us turn to the true topic.

Puritanism, particularly during the Commonwealth, took the visible form of the destruction of church decoration – statues were particular targets. But a somewhat stronger effect was the development of divisions within such general institutions as not only the Church, itself, but also the two major universities, Oxford and Cambridge. And it is what happened there which interests us. I should mention that the universities were well-endowed in the sense that professorships were created.

3. Life at Oxford: Connections with Puritanism and Geniuses

*a) Life at Oxford*¹⁰

The English education system throughout this period involved some home tutelage for small boys, cathedral schools (often connected with the need to provide a boys' choir for the masses), some urban schools, and the great

⁹ When he was about to die he announced that he had done what he could for Britain, and now it was time to do something for himself. He re-embraced Roman Catholicism and promptly expired.

¹⁰ At the end of the last lecture I mentioned Roger Bacon, a Franciscan friar, whose interest in scientific advance was a feature of life at Oxford. My point then was that Bacon's role was condemned at the time. Later when scientific studies became encouraged his record was resurrected, and he was much honored. By then he was long dead.

‘public’ schools (meaning only that enrolment was open to those in the public who could pay or whose sons could get scholarships). Families with funds expected to send their boys off to these schools when they were about eight. Serious students were occasionally ready for college at 12, although it was more usual for the boys to be 17 or 18. I should have mentioned earlier that not only the Crown (Kings and Trinity Colleges, Cambridge) but several wealthy benefactors (Cardinal Wolsey had endowed Christ Church, Oxford) had endowed colleges at Oxford and Cambridge.

Throughout this period the colleges at Oxford and Cambridge thus continued to be the training place for young gentlemen as well as young men who were thought sufficiently intellectually endowed to win scholarships or the support of some person with means. Training tended to be individual within the colleges. A fellow of the college saw each student (occasionally, two together) weekly and supervised their reading and writing assignments. How much was learned, of course, depended upon the relationship between the teacher and the student. Studies focused on Latin and Greek, on adaptations of the traditional *trivium* (grammar, rhetoric and logic [including the dialectic]) and the *quadrivium* (arithmetic, music, geometry, and astronomy). A good education involved knowledge of foreign languages (particularly French), some familiarity with the graphic arts (painting and sculpture), a knowledge of the Bible, and familiarity with English and occasionally French poetry and other forms of artistic expression. At Oxford training in arithmetic, geometry, and astronomy was explicitly required. At Cambridge during the 1640s less attention was given to maths.^{11,12}

College life was always pretty well prescribed, with short, somewhat intense, teaching terms and somewhat lengthy periods in between. During the vacations the students generally returned to their homes, and they were supposed to continue their work. In college, students invariably had personal servants; they were required to dine a minimum of a certain number of evenings in the college dining halls (wearing the gown appropriate to their academic status). These dinners were formal, beginning with a Latin grace. The College Master (some were called Provosts or Principals or

¹¹ According to the great Oxford Savilian Professor of Mathematics, *John Wallis* (1616–1703) he learned as an undergraduate at Cambridge that mathematics might be appropriate for seamen, but not for gentlemen, and he knew of only two undergraduates who had any real knowledge of the topic (*Webster*, 1976, 119).

¹² After the Civil War and the Commonwealth ended, Grand Tours were recommended. These consisted of travelling abroad going through Paris, Southern France, Italy, Switzerland, Germany, and Holland. Students did not travel alone; they went with servants and not infrequently a tutor. Much of the correspondence of these travelers (and the advice given them) can be found in family papers. For a taste of what was involved see Lord Chesterfield’s *Letters to his Son*.

Presidents) presided over the High Table (so called because it was on a dias) where the fellows and their guests dined on a menu invariably better than what the students were given. The colleges were a self-governing society – usually autocratic (the Master and depending upon his whims the fellows) and occasionally theocratic. The fellows generally elected the master who, in practice, served for life. For certain colleges the Crown (meaning ‘the King’s Most Excellent Majesty’, the Privy Council) selected masters, but in some instances it is still a personal appointment by the sovereign. Not infrequently the election had to be approved by the Crown. If the colleges wished to change their rules, generally they had to go to the Privy Council as their charters were usually royal.

Students were considered gentlemen. There are books published during the period that described what a gentleman was supposed to know and be able to do. The royalists drew on the tradition of ‘courtesy books’ – written by James Cleland (1607), Henry Peacham (1622), and John Gailard (1678). Gentlemen, except in Puritan times when such things could not be done publically, danced, flirted, engaged in sports (including fencing), gambled, probably fornicated, and enjoyed the usual natural exuberance of being young. Some were even serious and wrote poetry – to say nothing of doing scientific research. For the Puritans education focused strongly on religious subjects, involving not only the Bible (to be read very carefully) but also many tracts. Disciplined Puritan minds were supposed to be open to scientific learning, albeit much of what they learned we would be hard put to call scientific. Insofar as I am aware Puritan students didn’t dance, surely flirted albeit along Scriptural lines. likely engaged in some forms of sports (probably including fencing), and took their exuberances soberly.

The other details of life varied somewhat between the colleges. Life in the Puritan colleges involved a great deal of time in chapel – if not actually praying, then listening to interminable sermons on wickedness and the like. But life in the royalist colleges was different; prayers were limited (although mandatory) and the good life abounded.

In not a few instances the students offended the college rules and were ‘sent down’, meaning sent away. Usually among the offenses were drunkenness, lewdness, and thievery. But other offenses like being married also resulted in expulsion. Attendance at the Puritan colleges was self-selective, and I would warrant that by and large students knew what they were in for before they applied.

The colleges together made up the university. The colleges did most of the teaching but the universities did offer professorial lectures, conducted the examinations, and granted the degrees. Traditionally part of the examinations was oral. The candidate was seated on a three-legged stool and

asked questions.¹³ At the end of the first and third years, I believe, the University held its examinations. Doing well in the examinations led to recognition, and it was likely that a good government career might follow.

Most students did an Arts degree; it was not designed to train them for anything specific, but the belief was that it sharpened the mind and prepared the young man for any number of possible life choices.

If a student wished to do law, either during or after his college training, he was required to enter one of the four Inns of Law in London to complete its instruction. As for medicine, Henry VIII had endowed two regius professorships of medicine, one at each university, but such medical training as was given was not as systematic as it was done abroad.¹⁴ Medical training was given at the university by means of lectures and the examination of sick patients; only later were bodies used for dissection. How much was actually learned depended upon the time and the faculty.

Upon successful completion of the university examinations students had to sign the Articles of Faith. This requirement precluded many from actually taking their degrees. Roman Catholics in many instances did not even come to the universities because they realized that they would never agree to sign the Articles and take the degrees. And no small number of other students refused the degrees as a matter of conscience. The great *John Locke*¹⁵ refused to sign the Articles; in the end, King Charles II, prompted by Locke's sponsor, the politically active Lord Ashley (later the first Earl of Shaftesbury), directed the University to give Locke the degree.

¹³ For that reason at Cambridge the examination in a course of study was called the tripos.

¹⁴ William Harvey (1578–1657), the discoverer of the circulation of blood, took his initial medical training at Caius College, Cambridge. His initial degree at Cambridge was in 1597, but he then went abroad to study medicine in Italy under Hieronymus Fabricius and Galileo. His doctors degrees were given both by Padua and Cambridge in 1602. Upon returning to England he practiced medicine in London. In 1615 he was named Lumleian lecturer at the College of Surgeons (a professional guild-like organization). His great treatise on the circulation of blood appeared in 1628. He was physician both to James I and Charles I. Naturally he was an ardent royalist.

¹⁵ Locke was very-well rounded in languages. After completing the usual undergraduate courses and examinations he tutored students in Greek. Later, he sought to take a Fellowship in Medicine. It was denied him because of his not signing the Articles. King Charles II then intervened, and he was allowed to take the training. In due course he had the personal courage to agree to operate to drain an internal abdominal (liver) cyst of Lord Ashley (later the first Earl of Shaftesbury). The operation proved successful, and thereafter Locke's personal career was assured. Later Locke personally drafted the Constitution of the Colony of South Carolina.

Training at the universities was generally prerequisite to a successful career in the Church. As instruction involved a good deal of training in Latin and Greek as well as some Hebrew and considerable theology-philosophy, during the 17th century the universities also became deeply involved in the religious conflicts – with some colleges becoming bastions of High Church religion and others centers for Low Church thinking. Particularly during the first half of the 17th century, a number of students preparing for the Anglican ministry came to embrace pietistic faiths. This brought swift-counter measures. One example was Archbishop (of Canterbury) *William Laud*, the Stuart kings' man and Chancellor of Oxford,¹⁶ who did what he could to stamp out Puritan influences, but the colleges were divided, and when *Oliver Cromwell* (1599–1658)¹⁷ triumphed, the Puritans within Oxford drove out all the royalists, many of whose offenses centered on their taste for Anglican ritual. Nonetheless many students, upon receiving the degree, took Holy Orders. Some of them, like Thomas Robert Malthus (more than a century later), even remained in college as Fellows until the urge to marry triumphed.¹⁸ Until the late 19th century Fellows were not allowed to marry, but election to a Senior College Fellowship promised a lifetime of full support. Professors and College Masters were permitted to marry and have families.

University training was certainly not prerequisite to success in business. An exception was Haileybury College, where Malthus taught economics; it was established largely by the East India Company for the training of its future executives. And in the case of mercantile families, few thought that a college education was useful for their heirs. Rather, the young men were sent abroad to get first-hand trading experience.

b) Connections with Puritanism

As you might expect, some colleges were Puritan, others royalist. The 1640s, the 1650s and then the 1660s were periods of intense strain within both Oxford and Cambridge. The divisions of the 1640s showed the growing strength of the Puritans; the absence of division during the 1650s re-

¹⁶ Laud came to a bad end. He was convicted by Parliament of High Treason and beheaded in 1645.

¹⁷ At one time a Cambridge student, he left early to handle his family's finances – he also studied briefly at Lincoln's Inn. He was an ardent believer in Church reform.

¹⁸ Patricia James in her authoritative biography of Malthus notes that the first baby was born prematurely at seven months. Apparently when he wrote in his 1798 *Essay on Population* about the drive to reproduce he had himself in mind, albeit the marriage did not come until later.

flected the autocracy of the Puritans, and the revival of the royalist cause in the 1660s came when everyone although tired of endless religious conflict was aware that if the Duke of York became king, there would be a new period of rampant royal Catholicism. There was much tension.

One major change during the Puritan period was that greater attention was paid to new scientific learning. A major Puritan doctrine was that after the Fall of Man, men were left totally ignorant. That state of total ignorance reoccurred with each new birth, and it was society's task to educate men to solve their problems and in that way accomplish a Godly redemption. A favorite exemplary passage was in Daniel 12, verse 4:

“But thou, O Daniel, shut up the words, and seal the book, even to the time of the end; *many shall run to and fro, and knowledge shall be increased.*” (italics added).

This ‘running to and fro’ was interpreted to put great emphasis on the central role of education in the sciences, something which clearly impressed the Puritan college tutors. And while they were aware of the utility of the traditional trivium and quadrivium, anything new that seemed socially useful had also to be considered – even if that utility was some distance away. Thus, the Puritan environment offered more freedom of scientific speculation than had been the previous case.

c) *The Oxford Geniuses*

One of Bacon's quondam assistants (1621–26) was a young Oxford-trained physician, *Thomas Hobbes* (1588–1679). Hobbes's career spans the political spectrum. Being a man of ‘almost feminine courage’ (his self-characterization), he left England during the turbulent 1640s and traveled extensively on the Continent, meeting all the great minds (including Galileo, Descartes, and Père Mersenne¹⁹). For a time while in Holland he tutored the Pretender to the throne (later Charles II) in mathematics. When he returned to England he published several things, including his seminal *Leviathan, or the Matter, Form, and Power of Commonwealth, Ecclesiastical and Civil* (1650). This book was an attempt to explain social organization. His approach is somewhat, but not entirely, Baconian.

Hobbes starts with arguing that knowledge is gained by the five senses and put into an active brain. While in the brain it is often reinterpreted. In the brain it is stored as a sensation or, because men have to learn language in

¹⁹ Marin Mersenne (1588–1648). A fellow student with Descartes who later became a priest and defended him against clerical critics. He did notable work in mathematics, in physics, and astronomy.

order to operate, as a name – it is sort of I remember the face, but not the name, or vice versa. In Hobbes's world, men are highly individualistic and essentially selfish. But in order not to be done in by their fellows (every person is inclined to distrust everyone else) men make a 'Social Contract', namely each agrees not to harm the others, if the others will not harm him. After that men make a Government Contract, in which they agree that a government will be set up to enforce unilaterally and without compromise the Social Contract. Beyond these two Contracts are a large set of covenants between each man and the Society, as the latter is ruled by the Leviathan. A covenant is an agreement between unequals, where the lesser can only appeal to the greater's sense of efficiency through equity. Thus the Hobbesian system explained society as in effect a dictatorship, even a tyranny.

What Hobbes proposed was essentially shocking. For one thing he seemed to be arguing that it was not faith but sensuous experiences that were the key to education and knowledge – Hobbes did not embrace Bacon's empiricism completely, but Bacon's seeds were there. Secondly Hobbes seemed to be saying that there was a virtual absolute right for the State (the Leviathan) to use force in implementing the Government Contract. Force, then, not God's selection or even God's plan, he defined as the origin of political power. Hobbes's world was a jungle and order occurred only when a 'king of the hill' emerged to enforce a universal agreement that no man, even though he were jealous, would dare take up arms against a neighbor.

There was much opposition to these Hobbesian views. The bishops objected that he was denying that God's Will underlay all events. For them just what he denied was exactly their basis for religious faith. Others took objection to his view that men were essentially selfish – a view not postulated but presumably actually observed. The third Earl of Shaftesbury opined that every normal man had within his breast a 'still small voice of righteousness'. Adam Smith argued that according to his personal observations men were not goat-like loners; rather they were like horses who enjoyed the propinquity of their fellows. Later Smith also argued that men cooperated not out of fear but because they understood the advantages of scale economies.

John Locke (1632–1704), a quondam student at Christ Church, Oxford, also rejected the whole Hobbesian formulation, arguing instead that the Government Contract could be very limited. Moreover, God, not brute force, was at the heart of the Lockean view. Locke argued that every man was endowed by God with the right to life, freedom of movement (that is what he meant by liberty), and estate (private property). Locke went on further to argue that if a man fashioned something with his minds or his hands, that thing became insofar as its value was enhanced partly (or totally) his. From this Adam Smith and Karl Marx developed their labor theory of value.

Looking back, 17th century England was ripe with geniuses. I will mention only a few besides those named above (their names are in bold type):

One was *Sir William Petty* (1623–1687). He was the son of a cloth maker and dyer. Rather precocious for a cabin boy going to sea, he managed to break his leg and was put ashore in France. He went to the Jesuit school in Caen where the good fathers agreed not to upset his Anglican faith. By the time he was fifteen, he had “obtained the Latin, Greek, and French tongues, the whole body of arithmetic, the practical geometry and astronomy conducing to navigation and drilling” (Stone 1997). He then entered the King’s Navy where he served until 1643. Because the political situation was heating up, he returned to the Continent, taking up medical courses at Leyden (he seems to have studied medicine with Thomas Hobbes), Utrecht, Paris, and eventually Oxford. While in Paris he became something of a protégé of Hobbes (*ibid.*, p. 7). When his father died, Petty straightened out the family finances, but decided not to live in his father’s small town (Romsey, Hampshire) but went to London where he was picked up by the London Philosophical Society that included the Oxford literati and scientists. The Oxford group was nicknamed the ‘Invisible Club’. In 1649 Petty took an Oxford degree in Physic (medicine) and became a Fellow of Brasenose College and deputy to the Professor of Anatomy. Life in London was less dull than life in Oxford and Petty then managed to be appointed also a Reader in Music at Gresham College, London.

In 1651 Petty took an appointment as Physician-General to the Parliamentary Army in Ireland. The war there was shortly over, and Petty became associated with the Surveyor-General. He proposed a way to measure not only the population of Ireland but to estimate its annual output and consumption. This effort is the first on record of national income and expenditure analysis. What he did sounds very simple – he made a survey of about 300 peasant households (he called them hearths), determined the average number of persons in these households, then made a count of all the hearths. That not only gave him the population but because he asked questions in his smaller survey about consumption and output, he was able to estimate the national income and the national product; of course, he also added in the well-to-do households and their servants, etc. In the process of his measurements he also found which were the best lands, and he bought them. Petty was a Richard Cromwell ally, but he was also a very temperate man. He had some bitter enemies (those who were anti-Cromwell), but Petty managed to avoid disaster. While in Ireland he kept in touch with his London and Oxford chums, and upon return to London he resumed his practice of offering papers to the ‘Invisible Club’.

Later he estimated English income and output the same way. He was loathe to publish, but he regularly reported on his research. Charles II made

him Surveyor General of Ireland, and the ever-ready Petty again snapped up some of the best lands. He married the Baroness Shelburne, and his sons were successively Lord Shelburne (q.v.). He was also an inventor of a double-keeled boat as well as a copying machine.

Another genius was *Arthur Halley* (1656–1740) who is best known as an astronomer. Clearly much younger than Hobbes or Petty, he should be included with them because his genius showed at very young age. At age 17 he went to Oxford already knowing Latin, Greek, and Hebrew and he took with him “a collection of instruments” (*Stone*, 237). Before he was 20 he had given no less than three papers to the Royal Society (which we will discuss later). In 1676 before he sat for his degree he left Oxford, enjoying the help of King Charles II to get on an East Indiaman, to sail to St. Helena so that he could properly map out the skies of the Southern Hemisphere. He came back after two years with a tenable theory of how water gets from the seas back to the brooks feeding into rivers, an idea accepted by Isaac Newton (to whom we will turn in a minute) that the force of gravity was affected by the fact that the earth is an oblate sphere rather than a perfect one, and a mapping of no less than 340 southern hemisphere stars.

Upon his return (at age 22) he offered an estimate that the acreage of England and Wales was 38.7 million acres. This he did by cutting out a map of the countries and comparing its physical weight on a delicate scale to the weight of a known area – a circle of 2" of the meridian which lay wholly within the land area (*Stone*, 239). His estimate, using this very crude system, came to 38.7 million acres: the current estimate is 37.3 million acres. In 1687 (at age 31) he undertook personally (although he was not at all rich) the expense of publishing Newton's *Principia* – as Newton was a bit of a nut, it was a daring thing to do. I know Halley's work best because he figured out the way to measure life expectancy; his method is still the one used today. Of course, most of you know his work with the path of comets, particularly the one that bears his name. I add but one thing; upon his return from St. Helena Charles II directed Oxford to give him his Masters Degree.

Besides *John Wallis*, the mathematician mentioned in footnote 8, earlier, Oxford had *Robert Boyle* (1627–1691), who devoted himself to physics and chemistry. He invented a compressed-air pump, experimented in pneumatics, measured the specific gravity of different substances, and studied the nature of light waves, crystals, and electricity. He was the one who discovered the relationship between sound and air, and concluded that all substances were composed of atoms, but arranged differently.

Another Oxonian of note was *Robert Hooke* (1635–1730), who anticipated the invention of the steam engine, developed a law of the extension

and compression of elastic bodies, the simplest explanation of the theory of the arch, and a balance spring for watches. The quadrant, Gregorian telescope, and the microscope are substantially his inventions. Withal he carried on a bitter feud with Isaac Newton,

And Locke, too, was a don at Oxford, although he chose to spend much of his time in London where he was on the payroll of the 1st Earl of Shaftesbury. (When in 1665 the very Catholic James II succeeded his rather tolerant brother, Shaftesbury fled for his life to Holland, taking Locke with him). In 1688 James was forced to abdicate and was succeeded by a sister (Mary II) and her Dutch husband (William III). Locke returned to England and held some state office pretty much until he died.

4. The Royal Society

Charles II returned to England in 1660. Personally, he was much attracted by the scientific studies being undertaken, and within two years he had granted a charter to the ‘Invisible Club’, thereafter called the Royal Society. Its membership was generally open, the one exception being Thomas Hobbes who faced the enormous enmity of John Wallis and Robert Boyle. Nonetheless, today it is Hobbes’s portrait that hangs in the main hall. In any case, Wallis, Boyle, Locke and Petty as well as Halley and Newton (whom we shall discuss in a moment), and the others already mentioned were either charter or elected members.

One additional point. One of Petty’s friends, a mere haberdasher (that is, maker-retailer of bespoke men’s shirts), *John Graunt* (1620–1674), undertook to study the mortality records of the principal parishes around London. In due course he reported on his findings, establishing for the first time something of an epidemiological study of disease and mortality. He also estimated the population. When I say that Graunt was a friend of Petty, I should add that it was Graunt’s influence that got Petty the position of music at Gresham College and a place in the world of the London literati. Just after the Royal Society’s charter was given, Petty and his friends floated the idea of making Graunt a member past Charles II. They were afraid that his non-gentleman status might offend the King. To the contrary, Charles is reported to have told them – if they had any other merchants of that level of brilliance, elect them without bothering him.²⁰

In time the Royal Society developed along two familiar lines. First, it more or less canonized Francis Bacon’s approach to science – that is, the

²⁰ Graunt was at first a Puritan but by the time he died, he had become a staunch Roman Catholic.

use of observation and generalization. Second, in time it was captured by Isaac Newton, who modified the Bacon formula, replacing it with a single crucial experiment. That is, if the latest generalization could pass a crucial experiment, it was considered valid.

It was the meetings of the Society where the new scientific learning was reported. And it was the Transactions of the Society where claims to originality were registered.

5. Isaac Newton (1642–1727)

Newton was the genius at Trinity College, Cambridge; indeed, in spite of a miserable personality, he was during his lifetime recognized as the greatest genius of the two centuries. By age 25 he had developed what he called ‘fluxions’, and what we call the differential calculus. (His claim was disputed by Wilhelm Leibnitz, who published earlier.) No matter, according to Voltaire (who said he had it from Newton’s step-niece) Newton deduced the law of gravity after seeing an apple fall in his garden (he was then at his mother’s farm because of a Plague epidemic in Cambridge). He deduced from Kepler’s third law that the force between the earth and the moon must be inversely proportional to the square of the distance between them. And his laws of motion and equilibrium dominated the field until very recently. His work on Optics, while somewhat flawed, did explain the refraction of different colors. He explained why refracting telescopes gave a better image than a direct one. In 1696, already having been elected to Parliament, he took the position of Warden of the Mint and oversaw the Great Recoinage.²¹ In 1699 he was made Master of the Mint, a position he held until he died.

His influence was unbelievable; he trained most of the next generation’s physicists. (Actually he held the Lucasian Professorship of Mathematics.) The experimental method he used, an adaptation of Bacon’s iterative observation and then generalization, became standard; it involved not many but one ‘crucial’ experiment.

He was a serious student of alchemy. Interestingly enough, he thought his greatest work was in theology. He left a remarkable manuscript on the prophecies of Daniel and on the Apocalypse, a history of Creation, and some Unitarian-like tracts.

²¹ The silver coins in Britain were wearing out, and it had become common to demand not the face value of the coin but its intrinsic silver worth. The decision was made to issue new coins (again done within the past 30 years). Newton wondered whether the coins should carry simply an extrinsic or a modified intrinsic value. Locke advised the latter; it was an error, but that is what was done. (The value of coins is now purely extrinsic – paper money is often used.)

Newton was, personally, a very tortured man, and I will not digress to discuss his many neuroses, including sadism. Unfortunately he remained belligerently active until his death.

6. Conclusions

The interrelationship between English politics and scientific learning is no coincidence. Bacon's influence on science, and the Puritans' influence on remolding science to serve socially useful purposes, particularly, gave Britain a kind of leadership that it has lost only in my own lifetime.

But one important generalization I have neglected to mention. The Wallises and the Boyles and the Newtons were the university exceptions. For the most part the Oxford and Cambridge college were concerned in turning out young gentleman. They were a good place to send young men for their roguish years. Good many of the students were scholarly-inclined, but most were not.

Adam Smith felt that his years at Oxford (in the mid-18th century) were wasted. So did Jeremy Bentham.

But what emerged from the Royal Society was similar to what emerged from Aquinas's University of Paris; namely a revolution in thinking.

III. Harvard and the Great State Universities in America

1. The New World and Its Cultures

We left off with the subject of Puritanism, but our attention now turns to its influence on the beginnings of university education in America.

Colonial settlements in America effectively started in the decades before the British Civil War (1642–1648). The motives for establishing these colonies varied, but the initial overwhelming reason for establishing the colonies in New England was to create Puritan theocracies. The motives in the other colonies differed. When we take them up later one by one, what stands out is the role in each colony of higher education.

2. Puritanism in New England and Its Colleges

a) The Two Massachusetts Colonies

Anglican Puritanism in Stuart England can be seen as having been both destructive as well as productive: it was destructive of great architecture

and of dramatic and representational art; it was particularly productive in the sense that it broadened the role of academic training, especially with regard to scientific consciousness. In the New World, there was nothing for the Puritans to destroy, and their Puritanism could have built on the productive aspect, but in truth, it did not. But why?

On November 21st, 1620 the 41 male members who had signed the Mayflower Compact, binding all to remain together in the new colony about to be formed, debarked at Plymouth Rock.

Ten years later in 1630 a second Puritan colony, this time with a Royal Charter, was established in what is now Boston. By the mid-1640s this second colony numbered over 20,000 people. On board the *Arabella*, which carried the group to the second colony, Governor John Winthrop stated in a sermon:

“Thus stands the cause between God and us; we are entered into a covenant with Him for this work; we have taken out a commission; the Lord hath given us leave to draw our own articles. ... Now if the Lord shall be pleased to hear us and bring us in peace to the place we desire, then hath He ratified this covenant and sealed our Commission, [and] will expect a strict performance of the articles contained in it.” (quoted in the *Encyclopedia Britannica*, “Protestantism, History of”).

Failure to perform, he assured his congregants, would bring down God’s wrath.

The New England Puritan heritage offered them the conviction that they were to build a new Jerusalem, a land where piety and hard work would bring its rewards, both spiritual and possibly at first to a lesser degree economic. Viewed from our vantage point today, the New England Puritan culture was rigidly theocratic and vehemently intolerant.

The Puritans coming to the Boston area were not egalitarians; yet they were not class-ridden, as was so much of the English scene.²² They were imbued with (or were said to have been imbued with) a belief in the nobility of work, either as preachers, political leaders, professionals (physicians, lawyers, and notaries), farmers, craftsmen, or as merchants. The New England colonies were settled in part by well-established people, who had besides strong convictions a great many skills. One has only to look at the furniture being produced in New England during the 17th century to realize how much human capital, aside from purely book-learning, had been carried from Britain.

²² In England at the time any number of egalitarian Puritan sects were emerging: The Levellers, The Diggers, The Fifth Kingdom Believers, and some of the Quakers.

Guarding every activity were the community's divines, the preachers. Thus the communities were clearly structured; there were identifiable theocratic leaders as well as political leaders, and whatever the rest did, they were followers. But even the followers were recognized, if only theoretically, as having the potential of being social equals.²³ One way to hurdle such class and economic barriers as existed was through collegiate education. This was not the case in many of the other English colonies in what was later to become the United States.

Yet the Puritan community had an interesting social side. It emphasized the moral responsibility of parents to educate their children until the children were old enough for school, and it believed that all boys, at least, should have rudimentary education. Some of the particularly talented or socially-blessed young men were to have more formal training. Recall that the Boston colony was established in 1630. Five years later the Latin Grammar School opened; it remains a school of remarkable excellence to this very day. In 1636, only six years after the first colonist put foot on Boston soil, the local people decided to establish a college. The effort was headed by Thomas Dudley (1576–1653), who was second only to Governor Winthrop. And when Winthrop chose Boston as the site for the colonial capital, Dudley, quarrelling with him doubtless over expectations about the future value of land holdings, managed to have the college located in his preferred site, New Towne, (then renamed Cambridge in honor of the Alma Mater of some of the leading colonists). Classes started in 1638 with a single master, and later that year Boston General Court (the legislative unit) renamed the College after its first benefactor John Harvard.²⁴

One can ponder why such a college not only was established so soon, but also why it became a matter of public purpose. The answers can be many. For one thing, as the Puritans had set up a theocracy, they had to have a properly trained leadership, and such training not only required a college, but one where developments could be kept under close control; they knew about college fights over religion, and the idea was to avoid them. More than that, the leaders of the new colony realized that if they were to keep

²³ The Massachusetts colonies never practiced full equality. Some men were not heard from at Town Meetings; the answer is simply that they were not recognized when they rose to speak. Hawthorne's *The House of Seven Gables* is said to be a good description of the economic divisions underlying the social structure.

²⁴ Harvard, a 1631 graduate of Emmanuel College, Cambridge (with a masters degree, dated 1635) had sailed for Boston in 1638. He died of tuberculosis that same year. He had inherited wealth in England and left an estate of about £1,600 (a considerable sum). His own will directed that half of his money, along with his collection of classical and theological literature, be given 'to a school recently created in New Towne'.

the more ambitious of their sons in the New World they had to offer them training on the site. Were the young men to go to Britain there was good reason to expect that many would not return.²⁵

Harvard College was Congregationalist²⁶ and remained so for about two centuries. It was not ‘liberated’ first from close clerical supervision and then later from political control until 1865. At that time the alumni started electing members to the governing board.

Even in its earliest years Harvard required that its applicants be able to read, write, and speak Latin in prose and in verse; they had also to have some familiarity with Greek. The four year baccalaureate course covered grammar, rhetoric, logic, arithmetic, geometry, astronomy, ethics, ancient history, Greek, and Hebrew. An additional three years of study gave a masters degree.

b) Rhode Island

As we have indicated, the theocracy in the Massachusetts Bay Colony was fearfully intolerant. In 1636 in the Boston colony a minister, Roger Williams (1603?–1683),²⁷ and a small number of followers were banned for expounding their views about the need for religious toleration. By 1637 the colony had also expelled Mrs. Anne Hutchinson for antinominalism.²⁸ She and her followers left for what is now Newport; and as they were all killed by Indians in 1643, her expulsion was obviously justified by later events. However, even before that tragic event her followers had split, a major faction going with William Coddington to an island in the Narragansett Bay. That same year (1643), Williams, without Coddington’s agreement, went to London and got a Royal Patent. Strange as it may seem, the various communities in the area (all of whom ought to have understood a need for toleration) could not get along. It was not until after the Restoration (1660) that a Royal Charter was issued. Such divisions as must have existed precluded the easy acceptance of a college with a set religious view. In any

²⁵ The academy from which the University of Pittsburgh stems was founded in 1787, at a time when Pittsburgh was hardly more than a village. But the reasons for the academy’s founding were the same – if the young men went East to the established colleges, they were unlikely to return.

²⁶ The Congregationalists were Puritans where the specific rules were made by the local church leaders.

²⁷ Williams was educated at Cambridge. He became a protégé of Sir Edward Coke and was also a friend of Oliver Cromwell.

²⁸ Nominalism is a belief that abstractions or Platonic essences do not in truth exist; it is essentially a rejection of Augustinianism as seen in the previous lecture.

event, if a boy wanted to go to college there was always Harvard not far away.

Much later, in 1764, a Baptist college was opened in Warren. It moved to Providence in 1770, when it was also renamed in honor of Nicholas Brown, a philanthropist.

c) Connecticut

Connecticut, although originally settled by colonists from New Amsterdam (later New York) and from Plymouth (Massachusetts), was in the long run an offshoot from the Boston colony. In terms of collegiate education, it did not rush to establish a college. What is now Yale University started in 1701, when a charter was issued by the colonial legislature for the Collegiate School then in Killingworth, but subsequently moving around until 1716 when it settled in New Haven. Two years later (1718) it was renamed after Elihu Yale.²⁹ His initial gift was books, given at the suggestion of Jeremiah Dummer (Connecticut's agent in London), but in 1788 Cotton Mather asked for more. Yale responded with more books, a portrait of George I, and variety of goods from the East Indies. These last were sold at auction, and the collegiate School in Saybrook realized about £800. With that sum, it built Yale Hall. In 1745 a new charter was issued calling the whole institution Yale College.³⁰

d) New Hampshire

This area, originally claiming Vermont as well, had trouble detaching itself from claims made by both Massachusetts and New York. However, in 1679 it managed to get a Royal Charter.

Dartmouth College, located in Hanover, dates only from 1769 when George III approved a charter drawn up by Governor John Wentworth of the 'Province of New Hampshire'. Instruction started shortly afterwards, and the school was named for William Legge, the 2nd Earl of Dartmouth,

²⁹ Yale was born in Boston but was taken to England when only two years of age. He became an official of the British East India Company, located in Madras; in time he was accused of personally profiting from his company decisions and was fined heavily. However, he was not discharged from the Company's service. After retirement he moved to England and became a philanthropist.

³⁰ Yale's medical school dates from 1810, and it created a law department in 1824. Benjamin Silliman who taught at Yale between 1802 and 1853 introduced experimental and applied sciences in geology and chemistry. The Sheffield Scientific School opened in the 1850s.

president of the English trustees of the school. One of the schools missions was to Christianize the Indians.³¹

But even in theocratic New England some of the winds of the European Enlightenment swept through. At Harvard the earlier texts focusing on Aristotle were replaced by texts by Locke and Newton. In 1718 mathematics and sciences entered the curriculum. There is a report that some conservative students angered by these new-fangled dalliances withdrew and went to Yale. But the important point is that if New England cared nothing about the theater and other impediments to clear thinking, the New England leaders were very conscious of the need for scientific help to subdue the wilderness they were settling.

3. The Southern Colonies: Only One University

a) Virginia

The oldest settlements were in Virginia: Sir Walter Raleigh's aborted effort was in 1584. The Jamestown colony started in 1607; it was conceived as a Puritan experiment (a desire to get away from the Anglican Church), but as with children, they often do not grow into the bodies their parents expected.

By 1624, when the Royal Charter for the Virginia colony was granted, more traditional minds were in control. The clear principal motive for colonization was, while economic, also reflective of different class interests. Among those who settled eastern Virginia were some families that had ambitions to create plantations. Those who succeeded remained; others, perhaps too late or less ambitious, tended to move from Tidewater lands to the Piedmont area. Everywhere farming was the basic occupation; tobacco became the staple crop. James I had an aversion to the smoking of tobacco, and he actually canceled the Royal Charter in an effort to stamp out the commercialization of 'the weed'. It doesn't work now; it didn't work then.

The second college in the American colonies, William and Mary, was not chartered until 1693, and that only after the Virginia colony was economically profitable. Located in Williamsburg, Virginia, it too was originally created to educate clergymen and colonial administrators, particularly those with interest in becoming lawyers. Unlike Harvard, however, it quickly shed any theological emphasis. Shortly after the American Revolution it even reformed its curriculum in the direction of almost pure secularization;³² it

³¹ Moor's Indian Charity School was established in Lebanon, Connecticut; it was the direct antecedent of Dartmouth.

³² For this Thomas Jefferson is credited.

dropped two divinity professorships, and added programs for the study of law, political economy, history, mathematics, and modern languages (particularly French).

b) The Carolinas

Royal charters were given to colonial efforts in the Carolinas from as early as 1629. But the first successful effort was in 1663 when Lord Ashley and seven other proprietors made their effort. Even so, troubles with the Indians kept developments slow. Although their intent was to grow silk, the principal crops were rice, indigo, and naval stores (pitch and pine for masts). The colony divided in 1729. North Carolina, lacking ports, developed small farms, good for tobacco but not great plantation crops. Not so South Carolina; it carried on brisk trade with the Caribbean colonies as well as with Europe. There were no colleges established in the Carolinas until just after the Revolution when North Carolina opened a state-supported university.

Georgia was established in 1732 as an experiment in philanthropy. James Oglethorpe's idea was to transport imprisoned debtors to Georgia where they could remake their lives. Oglethorpe's rules were strict: no slaves, no landholdings over 500 acres, no drinking of rum. His rules did not last, and Georgia became a royal colony in 1752. It was a small colony; it had no college.

4. The Middle Colonies and Diversity

a) New York

New York had been a Dutch colony, but was conquered by the British in 1664, who named it after the Duke of York (later James II).³³ The Dutch had transported something of a feudal system to the Hudson Valley with several families being given large grants of land. Over the opposition of the local Dutch governor, the Amsterdam masters of the Dutch New Amsterdam Colony authorized full religious toleration in the colony. Thus New York benefitted from the immigration of Jewish and other traders, who had originally been in Northeastern Brazil and the West Indies. New York harbor is first-rate, the city quickly became a major entrepot first for much of the surrounding area and later for all of the colonies.

What is now Columbia University was founded as King's College in 1754. It was renamed Columbia College when it reopened after the Revo-

³³ It was reconquered briefly by the Dutch in 1673.

lutionary War in 1784. By that time New York had become quite cosmopolitan (after all, it was thoroughly Dutch before the British captured the place), and the curriculum emphasized not the traditional Greek-Latin-mathematics traditions but, instead, nature study, commerce, history, government, and navigation.

b) New Jersey

In 1662 the territory between the Hudson River and the Delaware River (along with parts of Maine and islands south and west of Cape Cod) was deeded to the Duke of York (later James II). It was given the name of New Jersey. Eventually when James II disappeared from history, it became a Royal Colony.

Princeton University was originally founded as the College of New Jersey in 1746. Its orientation was Presbyterian – as such it drew on the whole Presbyterian population in the colonies. Among its graduates, for example, were Piedmont Virginians.

Rutgers, originally called Queens College, was not established until 1766, when a wave of religious pietism was again sweeping the culture. Its sponsor was the Dutch Reformed Church. It all but foundered, however, in the years after the Revolution. In 1825, it was reestablished and renamed in honor of Henry Rutgers, another philanthropist.

c) Maryland

What is now roughly Maryland was given to the Calvert family in 1623; the idea was to found a colony where Roman Catholic families could practice their religion without any hassle. In time Parliament took over control, but the Calvert family (Lord Baltimore) resumed governorship in 1662. By then the dominant Roman Catholicism had become tolerant of certain other, but by no means all, Christian faiths. Full political suffrage was given to non-Christians (specifically Jews) only in 1823. No colonial university was established.

d) Pennsylvania

William Penn was given his charter for this state in 1681. The deed was used to pay off debts owed by Charles II to William's father, an Admiral. William Penn, a moderate Quaker believing mostly in liberty of conscience and pacifism, proposed a frame of government based on elections to two houses; nonetheless there was some turmoil in setting up what finally be-

came a flexible popular government. Perhaps because the soil was fertile, Penn's land policy so generous, the form of government so friendly, and the atmosphere so tolerant, this colony caught on more than any others. By 1683 there was a tide of Germans settling in the Delaware Valley. A second tide, this time of Scotch-Irish, swept in during the 1720s and 1730s. At the time Adam Smith was writing *The Wealth of Nations* (published in 1776) he advised all ambitious young men without money to go to Pennsylvania.

As you know, even in his own lifetime Philadelphia was seen as something of a personal monument to Benjamin Franklin (1706–1790). Apprenticed to his brother (a printer), Franklin fled that apprenticeship and emigrated from Boston to Philadelphia in 1723. Within the first quinquennium he took the lead in establishing a spectrum of higher education institutions. First in 1727 there was his 'Juno Discussion Club', which he turned into the American Philosophical Society in 1743 (patterned somewhat after the Royal Society in London). Then he took the lead in opening the Philadelphia Library (chartered 1742).

He became the president of the board of trustees of the College and Academy of Philadelphia in 1751, which got its charter in 1753 (and is now the University of Pennsylvania). Insofar as I am aware, there was never a strong church tie. The trustees opened a medical school in 1765, the first in this country. In 1779 it started receiving state support, but since 1791 it has been a privately endowed and controlled institution (although it still competes with Pitt, Temple and Penn State for appropriations).

e) Delaware

Delaware was originally settled by the Dutch, but all were killed by Indians. In 1638 some Swedes set up the colony of New Sweden, located at where Wilmington now is. The Dutch seized the colony in 1655, the British in 1664 (there was a brief Dutch reconquest) but it became part of New York until 1682 when the Duke of York ceded it to William Penn. Penn proved unable to hold the colonists' loyalty, and it was granted its own governing assembly in 1704.

I find no record of a university prior to the Revolution.

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The greatest emphasis in all of these schools was the training of young middle class types who thought of themselves as (or were thought of as) gentlemen. Many, but not all, were destined for the ministry or for teaching.

The others often took up professions of law and medicine;³⁴ it was not unusual to find that a great many legislators were graduates of these schools.

The oldest explicitly non-denominational school founded in this country was Union College in 1795 (located in Schenectady, New York). In 1845 it was the first school actually to offer a degree (as distinct from training) in engineering. However, training in engineering was pioneered by the United States Military Academy at West Point.

5. The United States Army Academy at West Point: The First Engineering School

The Academy was founded in 1802 by the United States Corps of Engineers. The need had been stressed by General Henry Knox in 1776, and his recommendation was taken up by both President Washington and Alexander Hamilton. The role of the Corps extended well beyond the building of fortifications. Albert Gallatin's 1803 proposal for internal improvements envisaged the Corps being responsible for canals (and locks) as well as toll roads.³⁵

With the exception of Andrew Jackson, the United States Army's officer corps did not distinguish itself in the War with Britain, 1812–1814. After that conflict a decision was made to rededicate West Point's objectives to include training an officer corps for all of the army, and to improve its curriculum. Colonel Sylvanus Thayer, himself a graduate of the Academy, was chosen to become its Superintendent. Between 1815–1816 he was posted to Europe to study the various training programs as well as fortifications. Upon his return in 1817, replete with French textbooks, he took control of the Academy, something he retained until 1833. Thayer was much impressed with the curriculum, the teaching methods, and the record of graduates of the Paris École Polytechnique.³⁶ Thayer also hired Claude Crozet, an experienced veteran of the Napoleonic Armies, to teach engineering.³⁷ Most important there was a pattern of compulsory classes with each

³⁴ The topic of training in law and medicine will be handled in the Fourth Lecture.

³⁵ Gallatin's Plan envisaged the federal government being the active agent. Parts of the Plan were taken up, principally by the States. De Witt Clinton, Governor of New York, was instrumental in building the Erie Canal, connecting the outer Great Lakes with the Hudson River. The old Baltimore Turnpike (later U.S. 40) ran through Uniontown (where Gallatin owned a fair amount of land).

³⁶ Napoleon Bonaparte was an alumnus.

³⁷ Dr. David Grove, currently the Historian of West Point, tells me that Crozet served at the Academy from 1817–1823, a tumultuous period during which several cadets brought court martial charges against Thayer. Thayer was acquitted. Crozet

individual reciting and being graded at every session; accordingly West Point's engineers had a standard for delivering regularly.

It is interesting that it took less than a decade to see the idea of engineering schools mushroom. Rensselaer Polytechnic Institute, devoted to science and engineering, was founded in 1824.

6. The Great State Universities

a) Prior to the Morrill Act

The first state-supported university was the University of North Carolina, the charter of which was issued in 1789. It opened its doors in 1795 and has remained in operation since then except for the period of the post-Civil War reconstruction (1870–1875).

The University of Vermont also dates from this period, but until the 1863 Morrill Act it was essentially quiescent.

The University of Michigan started as a preparatory school and moved to Ann Arbor (from Detroit) in 1837. It was modelled on European, particularly German, universities of the period.³⁸ Its original principal focus was on training teachers. It profited from federal grants even prior to the 1863 Morrill Act.

b) The Morrill Act and What Followed

When Abraham Lincoln ran for the Presidency, his platform carried three of four standard Industrialist-Northern planks. One dealt with no additional slave states; a second promised federal support for a trans-continental railroad, westward from Chicago (through 'free' States). The third favored tariffs. The 'missing plank' would have committed his party to hard currency, but as the Western states (like the South) favored easy money, nothing was put down; this omission worked to keep the West with the North.

Aside from handling the difficult problems of financing and getting manpower for the Civil War, Congress was in the mood to speed economic development of both the North and the West. During some of the darkest days of the Civil War Congressman Justin Smith Morrill of Vermont spon-

had been captured during Napoleon's war in Russia; upon his release Crozet apparently accompanied Napoleon to Elba. Crozet fought at Waterloo.

³⁸ We will take up German universities in the fourth lecture. They laid greater stress on scientific training than did the English universities. They also were built upon more mature students than was the case in the United States.

sored legislation giving *for collegiate educational purposes* to each state a multiple of 30,000 acres of federally-owned land (each State got 60,000 acres for their two senators and an additional 30,000 for each of its Members of the House). These lands could then be sold, and the resulting funds were to be used to establish one or more schools to teach ‘agriculture and the mechanic arts’. The act provided that these schools might offer other classical and scientific subjects, as well. Also each school was required to provide military training in the curriculum.³⁹

In all, 69 land-grant universities were thus established – in some instances the States simply turned the money over to established colleges; some examples were Rutgers and Vermont. Many colleges, carrying the sub-title ‘Agricultural and Mining’ or some-such, are present evidence of this legislation.

Perhaps the best-known land grant schools are Cornell in New York,⁴⁰ Purdue in Indiana, the Massachusetts Institute of Technology, Ohio State University, the University of Illinois (Urbana), and the University of Wisconsin (Madison).

Morrill’s idea was to provide American agriculture, industry, and trade with a continuously growing supply of young people, not necessarily from the Eastern colleges’s traditional source – the ‘refined upper middle’ classes. More than that, his plan suggested that a college training might well become the basis for a career not in the professions or the ministry.

In a way Ezra Cornell, one of the founding owners of the Western Union telegraph, put it best. He wrote that he ‘would found a university where any boy can find tuition in any subject’. Cornell University, founded in 1865, bears his name, and much of it was financed by the Morrill Act. Indeed, the Colleges of Agriculture, Human Ecology (formerly Home Economics), Veterinary Medicine, and Industrial and Labor Relations are state-financed. The following Colleges are privately endowed: Arts and Sciences; Architecture, Art, & Planning; Engineering, Hotel Administration, Law, Business Management, and Medicine. Part of what made Cornell distinctive is that its founding president was Andrew Dickson White,⁴¹ who had seen what German universities had become and wanted to replicate the best of their features. White

³⁹ Congress was all too well aware that the officer corps of the Army had been Southern, leaving the Union rather desperate for trained soldiers of officer rank.

⁴⁰ There is a Cornell College in Mt. Vernon, Iowa, founded in 1853.

⁴¹ An 1853 graduate of Yale, White spent the next three years in Europe (including 1854–55 as an attaché in St. Petersburg). Thereafter he became a professor of history and English literature at the University of Michigan. White served as U.S. Minister to Germany (1879–81), Russia (1892–94), and Ambassador to Germany (1897–1902).

presaged what became the best type of university builder. Cornell offered him his dream – to found a co-educational university where liberal principles with regard to religion, race, coeducation, and science reigned.⁴²

The Act specifically withheld funds from any State that did not train young men of ‘any race’, one consequence of which was that Southern States later often had ‘equivalent’ colleges for Black students.

c) Training in Farming

Legislation passed during the Lincoln Presidency offered the railroads building lines to the West not only a cash allowance per mile built, but alternate sections on their right-of-way (when these sections were already owned, the railroads were given compensatory lands). The railroads, then finding themselves owners of large acreage (much with access to the rail-heads), started immigration programs intending to persuade European peasant-farmers to emigrate and take up farming on those lands. Not only were incentives given in the way of credit to these now-immigrants, but the railroad hired agents to help them adjust to what were quite new farming conditions. The success of these private-railroad-sponsored projects cannot be overestimated. And it was not long before the state schools of agriculture offered to take over the financing of these efforts, particularly since they made the farmers enthusiastic supporters of the universities’ claims for increased legislative appropriations. (After World War I, the federal Department of Agriculture set up a County Agricultural Agent system for the same political reasons; it absorbed some but all of the state programs.)

d) The University of Wisconsin as a Case in Point

The case of my own undergraduate university, Wisconsin in Madison, represents the Act at its best. The University was actually founded in 1836, but its expansion in large measure dates from the funding given by the 1862 Morrill Act.

What may have set the university apart was its ties to the Progressive Movement, a political agenda designed by Robert Marion LaFollette (1855–1925), quondam County District Attorney, Congressman, Governor and Senator. A graduate of the University, LaFollette became active in the Republican Party. He achieved fame (notoriety/?) by attacking (and destroying) the Republican ‘boss’, Senator Philetus Sawyer. LaFollette’s political base included the Scandinavians, dairy farmers, young men, and disgruntled

⁴² Oberlin College in Ohio was the first coeducational college (1872).

politicians, and he was elected Governor in 1900 and re-elected in 1902 and 1904. As Governor he promoted new techniques; besides introducing direct open political primaries⁴³ and particularly the “Wisconsin Idea”, he employed professorial talent from the University in the designing of bills and administration of the State’s new regulatory agencies.

What was the “Wisconsin Idea?” In brief the University announced that “the boundaries of the university campus are the boundaries of the state”. When, after the railroads opened the Dakotas’ wheat-lands, Wisconsin’s wheat-lands became sub-marginal, the College of Agriculture became the agricultural research laboratories of the State. Its professors became responsible for suggesting new ‘crops’. Noting the skills of many Swiss-born farmers in Southern Wisconsin, Stephen Babcock suggested the creation of a cheese industry. Beyond that suggestion, he actually invented a rather simple butter-fat tester so that the milk could be watered to the point where cheese would be most economically produced. Since then Wisconsin has led the nation in cheese production. The soil of the Door Peninsular (an arm of land extending into Lake Michigan) was poor, and the College counselled the planting of thousands of cherry trees – the coolness of the water in the spring leads to late blossoming and even later fruit-bearing. As the water also keeps the temperature somewhat high in the early autumn the late-bearing fruit can be picked at relative leisure.

The College of Agriculture came to offer ‘short courses’, lasting 3 to 8 weeks during the winter when young men could come to Madison to study the principles of animal husbandry, milk production and preservation, agronomy, and farm accounting. These university-trained young men became not only more successful farmers, but they wanted on-site continuous training programs, as well. Naturally, the recipients of these services became regular champions of the university and pushed the state legislature ever to fund new programs. It was not long before these in-site programs led to the creation of a new college, the Extension College. What became quite interesting to me as a boy was that the Extension College discovered that there was a demand for on-site lectures in the Arts. Even in 1936, a time of economic depression, the outlying communities were asking for and being given lectures by John Steuart Curry (the noted American mid-painter) and later concerts by Gunnar Johansen (a pianist-composer), and by the Pro Arte Quartet (lately of Brussels, Belgium).

Wisconsin’s Arts and Science faculty was responsible for a great amount of progressive legislation. A Wisconsin ‘hick’, coming from the small town

⁴³ Anyone qualified to vote can ask for any one primary ballot; e.g. Democrats can play a role in the selection of Republican candidates.

of Portage, studied history at Johns Hopkins in Baltimore. There he was taught the importance of the Puritan tradition as well as the role of Jeffersonian individualism. When he returned to Wisconsin, he developed his own theory of the significance of the frontier on American development, namely a program of group-voluntarism. Thus it was that Frederick Jackson Turner became renowned as a history lecturer in Madison. One of his PhD students, a football player from Brown University, Charles McCarthy⁴⁴ (not to be confused with the Senator of the same surname but of ill-repute) became interested in social reform. Working with Governor LaFollette, he founded the Wisconsin Legislative Reference Library. McCarthy and John R. Commons of the Economics Department then fashioned the model Workman's Compensation Bill that passed what had previously been judicial rejection, as well as the Wisconsin Public Utility Commission, which was organized so that the interested parties were *openly* represented by committees; the Commission itself was instructed to take the strongest recommendations that these committees could recommend. This tactic also got around the Supreme Court's use of the 14th Amendment's prohibition of encroachments on the right of contract. Commons and his student, Paul Rauschenbush, designed in 1931 the first public unemployment compensation act in this country. Another Commons student, Edwin E. Witte, chaired the committee that designed the 1935 Social Security Act. And Selig Perlman's and Edwin Witte's student, Wilbur Cohen, put Medicare through the Congress.

What should be stressed is that while the student body in Madison was largely from Wisconsin (although the University's reputation for progressivism attracted many students particularly from New York and the East), the University strove not only to offer a sophisticated education, but to divorce that kind of sophistication from the ambience of the 'Eastern elite'.⁴⁵

⁴⁴ McCarthy was a Providence 'Irish tough', who was recruited for his football skills. In his Class at Brown University was also John D. Rockefeller, Jr. The religiously pious billionaire, John D. Rockefeller, Sr., thought his naive son out to get to know someone from a disadvantaged background, and the two young men ended up as roommates for four years. Their friendship endured, even though McCarthy became the archetypal quasi-Professor Reformer. When McCarthy got married; his friend sent him a check for \$10,000; it was returned with thanks and a note saying that money could not enter their friendship. McCarthy was a key figure in the 1912 Presidential Election – his endorsement was sought both by Theodore Roosevelt and Woodrow Wilson.

⁴⁵ My recollection is that it took a brave kid in my high school to announce that he was going to Harvard or Yale because he would get a better education there. Rather what we told him (and there was more than a modicum of truth in what we said) was that your Ivy League education might give you 'better contacts', but not a better education. Why? Because we were ever ready to point out that the professors at Harvard and Yale were largely educated at Wisconsin.

The Extension College offered a vast number of correspondence courses. And when World War II came, the Army used the Extension College to provide correspondence courses for soldiers. I recall taking two. Strangely enough they were much like courses given by tutors at Oxford or Cambridge. Every assignment carried a heavy reading load plus an essay. The essays were carefully read and commented upon. It was not an easy way to get university credit, but it proved to be a marvellous way to get close tutoring on writing and thinking.

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By the 1900 there began to be pressure to broaden the university curriculum. Some argued that more emphasis should be put on training in the sciences and less on training in the arts. Charles William Eliot, long-time President of Harvard, is credited with starting the move to erase the traditional classics as the basis of a college education and establishing in its stead a system of a few required and mostly elective courses. The idea took hold quickly, and most universities followed suit within a decade. Everyone understands the advantages of electives, but they can be expensive to teach; the virtue of required courses is economy. At Harvard, Eliot's successor, Abbott Laurence Lowell, cut back on Eliot's reforms; Lowell's influence was felt in other ways, as well. He was concerned that the dominance of English culture be preserved at the better schools; his method was to reduce drastically the number of Jews among the students and to eliminate the appointment of Jews to the faculty. Black students were a rarity. Prejudice towards Irish and Slavic Roman Catholics was also great, though there was less prejudice towards Roman Catholics coming from established English backgrounds (See *Perlman* 1998).

At Wisconsin, again as a case example, the baccalaureate degree, traditionally a baccalaureate in arts (B.A.), was extended to include a companion degree in science (B.S.). The principal differences dealt with more math, less language and social studies, and many more bench science requirements.⁴⁶ And after World War I baccalaureate degrees in commerce became commonplace; this degree was built around several points of focus: accounting, personnel management, business statistics, and commercial law and practices.

⁴⁶ One interesting Wisconsin requirement was that the candidate be able to swim 100 yards. Physical education was required of all Freshman. Of course, the option of taking Reserve Officers Training Corps courses, required under the Morrill Act, was present; indeed, as I recall it was required of all underclass males.

Some additional important points:

- Until the late 1960s most universities required very much the same kind of preliminary high school training: 4 years of English literature and writing, two years of math (including algebra and geometry), two years of history, two to four years of foreign languages (some colleges were still insisting upon Latin as late as 1941), and at least one year of a ‘bench’ science (biology, chemistry, or physics). Most students had some common knowledge of Shakespeare (*Julius Caesar*, *Macbeth*, and *Hamlet*) and at least a passing acquaintanceship with the principal Old Testament stories and the Beatitudes. This last point is important to keep in mind because it reemerges in our last chapter.
- Even as late as World War II a collegiate training was not seen as the principal avenue to business or industrial success.⁴⁷ Indeed, those who selected the college preparatory track in high school were usually in the minority. Most who sought to become school teachers eschewed college and went to Normal Schools, which were trade schools, not universities. They were often noted for their wonderful women graduates (the university faculties were largely closed to women). Only in the twentieth century has a college baccalaureate degree been requisite for admission to medical schools and law schools. Of this we will have more to say in the fourth chapter.
- Styles of life in the colleges varied. In the socially-elite schools great emphasis was put on social bearing. In many of the finer undergraduate colleges catholicity of interest was stressed. By and large those who attended the great state universities self-selected their own groups. Those coming from wealthy families often elected to join with their cultural peers in social fraternities and sororities – when membership was frequently limited to Protestants or Christians (or occasionally to Jews). Virtually every college had a daily or semi-daily student newspaper, and one could see a great deal of the quality of life reflected in that paper. College sports were often big news; but political issues also played an exciting role in some cases.
- The role of parietal rules should be stressed. At Princeton, for instance, only last term seniors were permitted to have a car on campus. Some schools forbade marriage; anyone who did get married was suspended. Dances and the like were invariably chaperoned; of course at some schools chaperoning was something of a farce, but not so at most schools.

⁴⁷ Most of the great American fortunes were built by men who lacked formal college training; in fact, it was the other way around. Men like Henry Ford were contemptuous of college training.

Couples caught co-habiting were often put on probation or even expelled. Cheating in examinations or plagiarism usually led to expulsion. Destruction of common property (library books) led to expulsion. Conviction of a felony almost always led to expulsion, and the list of misdemeanors for which a student invariably got probation was long.

- Dormitory life was very strict. Generally women were prohibited entrance into the dormitory areas of men's residential halls; the reverse was also true of women's dorms. Private rooming houses sufficed at most state universities; there, certain parietal rules tended to be observed more in the breach. Apartment living was also possible – it was largely a matter of finance.
- During the depressed 1930s a great many students worked part-time to support themselves. Tuition at the great state universities varied; the University of California was free; at Wisconsin my recollection was that it went from \$32.50/semester to \$50/semester in 1941. Rice University was so splendidly endowed that there was no tuition.⁴⁸ On the other hand at Princeton there was a university barn where some of the undergraduates could keep their polo ponies. Absent TV, more time was spent reading. And what was available for reading did not include much salacious material. Many students spent time half-listening to the radio. Comedy and drama radio shows there were, but not very many. Soap operas dominated. Dormitories were available, but not in the profusion that now exist.

7. The World War II G.I. Bill

During World War II, Representative John Rankin, a particularly reactionary congressman from Mississippi, sponsored legislation giving those who had served in the armed forces during wartime a spectrum of benefits. One set of benefits within that spectrum was known as the educational opportunity.⁴⁹ Briefly, the federal government offered to pay for tuition, books and other materials, plus a monthly stipend (depending, as I recall, on one's marital status) for a month of schooling for each month of active service. Anyone having served at least one month could get a minimum of 12 months of schooling, and the maximum for any veteran was 48 months.

⁴⁸ My wife paid about \$100/term at the University of Chicago during the late 1930s.

⁴⁹ The Act also provided for inexpensive mortgages for homes. Other legislation had provisions forcing employers to take back for 12 months anyone who had been drafted.

Bonuses to veterans had been considered to be something of a boondoggle after previous wars, and this one was often thought to be the greatest boondoggle of them all. But it did not turn out that way.

From a sociological standpoint, World War II was a pressurized melting pot. Absent the question of race (blacks were in segregated units) individuals were viewed not from the standpoint of their social class but more from the standpoint of what they could actually do. Virtually illiterate young men from the Southern Mountains adapted to Army life well, and before long some of them had incentives to become something beyond their wildest dreams.⁵⁰ Many of them took the General Education Test in lieu of having a high school diploma.

A great many veterans who had never contemplated any university education availed themselves of this opportunity. For the far greater part they were very serious young men and women. Many had seen battle; virtually all had been under a maturing nervous strain for years and the unanticipated opportunity to train themselves for better-paying careers was something they enthusiastically embraced.

The G.I. Bill was not only a passage to a higher standard of living, but it was a road to a wholly new set of social attitudes. The various landmark Supreme Court decisions pertaining to civil rights as well as the civil rights legislation of the 1950s are to my mind a clear by-product not of the War but of the G.I. Bill. The program proved particularly efficient because by giving training it prepared its trainees to hold better jobs and then pay higher taxes. It was clear by the early 1960s that the program had truly financed itself and more.

Of course many universities did their part to aid the veterans, often relaxing prerequisite standards and granting exemption from or alternatives to requirements. If the ex-soldiers did well in their courses, what they had lacked as prerequisites were often overlooked.

However, it is important to stress the discipline that these veterans brought to their course-work. Regular attendance at lectures and sections was mandatory; absences required excuses or grades were lowered or subvention

⁵⁰ To particularize an example, during my Army basic training I was in a group who were classified as Group I in terms of their purported intelligence (the AGCT). One member of the group was a hill-billy from Tennessee (as I recall) by the name of Woodrow Yontz. Yontz claimed that he had never worn shoes regularly until he was drafted. He had anticipated that he would be a small-farmer all of his life. I recall urging him to attend a performance of the Don Cossacks, a White Russian Officers Choral Group. I next met him nine years later; I discovered that he was finishing a PhD in economics at the University of Illinois (Urbana) and had been employed as an economist by my wife-to-be in a Korean War Agency.

withdrawn. Later in the fifth chapter I will turn to the role of university regulations and parietal (within the walls) rules. They were still very strong in the late 1940s, when the great mass of veterans were undergraduates. But as service veterans the students were accustomed to obedience to such things; radios were actually turned down after 9:00 p.m., and books were returned to libraries on time.

Appendix to Chapters I–III

When we look at the current picture of let us say the University of Pittsburgh it is apparent that the system has had many roots. The centerpiece of the place is the Cathedral of Learning, a medieval-type structure consciously intended to draw on the medieval gothic analog of men's eyes uplifted to the heavens where truth was believed to reside.

Another medieval aspect of the place is a tradition that one of the principal missions of the university as an institution was to train young people to think (reason) clearly and to be able to distinguish between the truth and various kinds of falsehood. However, during the middle ages there may have been more unanimity about just what was the truth than we are likely now to grant, but upon investigation we will see that even then feelings rode strong about differences on that important matter.

Perhaps the most medieval aspect of our current university is how it is organized. Who determines what, and why? That was the principal question emerging in the late Middle Ages. Principally there were two parties: The Roman Catholic Church and the developing secular governments claiming control over all mundane matters.

In the first of this series of chapters I try to summarize as best as I can the character of the medieval Roman Catholic Church. And I would draw your attention to the significance of St. Augustine, St. Bernard (the founder of the Benedictine Monastic Order), and to a variety of Roman Popes whose policies shaped the Church's mission.

I also characterized the 12th and 13th centuries as a time when self-defined secular groups sought to control specific activities. Perhaps it is best to start with the development of craft and merchant guilds. Generally a small number of individuals organized and sought a charter (usually from the secular ruler, that is the one who guaranteed civic order and protection from marauding bandits or aggressive greedy neighbors) giving them certain rights and privileges. The rights often included economic monopoly powers (balanced by promises of local social consideration) and the privileges included the right to admit or deny admission to the guild. Thus it was that the fishmongers had their own organization as did the carpenters and joiners. And so forth.

Interestingly enough, the first university as a system in Europe began with a charter issued in 1158 by one of the first German Holy Roman Emperors (Frederick Barbarossa) to a group of students to establish a self-governing institution in Bologna (Italy). In this case the students were the *universitas*. That meant they made the rules, they hired the professors, they checked on the lectures (seeing that the professors were prepared and met the classes), they policed the students, and they granted the degrees. In actual fact, the students were mature individuals who had been clerks either for the civic municipalities or for the Church. The group of teachers (called the *collegium*) were hired hands, but they were men who had established reputations for their knowledge of Roman law. There were several faculties; Law, Medicine and Philosophy. Students seeking training were enrolled in only of these faculties. As with Sherlock Holmes's *Hound of the Baskervilles* what stands out is what wasn't there, a faculty of theology. In short, the University of Bologna was about as secular as anything could be in the 12th century.

The second university was chartered about 1208. In this instance the *universitas* was the masters (that is, the teachers), and the issuing authority was the Roman Catholic Church, namely the administrator of the Archbishopric of Paris. The teachers termed their collective entity the *collegium*. As such the *collegium* was in charge. It hired the faculty, admitted the students, saw that the lectures were appropriate, governed the students' behavior, when the time came examined the students, and granted those deemed worthy university degrees. The students were grouped according to the areas from which they came; accordingly there were described as 'the nations'. At the University of Paris there were four faculties: Theology, Canon Law, Medicine, and Philosophy. It is apparent that religious authorities played a far greater role than at Bologna.

The final thrust of the first chapter was to explain that religious doctrine became a fighting issue at the University of Paris during the mid-13th century. The conservative wing of the Catholic Church sought to put down the teaching of Aristotelianism by several 'new thinkers'. Why? Because the Aristotelian 'philosophical' doctrine led to conclusions that were contrary to accepted Roman Catholic thinking. One of the Aristotelian thinkers, Siger de Brabant, said that as the two conclusions were different, he was unable to identify which was true. The other Aristotelian thinker, Thomas Aquinas, argued that if Aristotelian conclusions differed from Church doctrine, then the flaw could only be in the Aristotelian approach.

Aquinas had been trained originally at the University of Paris by another major Aristotelian, known as Albertus Magnus. In time both men were canonized (made saints). Upon graduation from the University of Paris

Aquinas went directly to Rome where he became the Pope's principal advisor regarding theology. Nonetheless at the end of his life he was summoned back to Paris where his task was to 'repair the damage' that the Aristotelianism of Siger de Brabant had wracked. That task was far from finished when shortly thereafter Aquinas died. The local Archbishop would have excommunicated Aquinas if he had the chance, but Aquinas had too powerful friends. In time (actually less than a 100 years ago) the Vatican officially accepted as Truth Aquinas's theological views.

The final theme of that chapter was the developing intellectual intolerance of the 13th and 14th centuries. We who live in a country which has made tolerance a virtue may find it hard to imagine life in a country where tolerance was seen as permitting vice and where it was not enough to remain silent, but one had to be seen as on the side of virtue. Any deviation from common practice could be noted, and if someone chose to make an issue of it there was often 'hell' to pay.

The first chapter covered events in the 100 plus years between 1158 when Frederick Barbarossa issued a charter for the University of Bologna and 1272 when Thomas Aquinas died.

Between those dates and the first quarter of the 17th century Europe had changed in many ways. For one thing the establishment of universities (particularly along the model of the University of Paris) had become common throughout western and central Europe. For another not only had Johannes Gutenberg printed his Bible with moveable type but the printing of books proliferated in previously unimaginable quantities. The easy availability of books encouraged reading habits. These habits also led to philosophic and particularly theological controversies. These controversies often added justification for what would have been otherwise mere nationalistic wars. In the second chapter I stressed at the beginning that the 14th, 15th, 16th, and 17th centuries were years of protracted wars.

This was the era of the rise of the Protestant Reformation. It was a time when new religious leaders arose, many of them not only urging reinterpretation of religious doctrine but preaching the right of the individual to read the Bible himself and make of it what he could.

In such a milieu religious traditions were attacked from both sides. Some thought that the old doctrines were too strict; others that they were too lenient.

Our interest then turned to what had been going on in Britain, generally, and at Oxford in particular. The University of Oxford was a combination of colleges, some of them having been 13th century breakaways from the University of Paris. By the early 17th century colleges with Oxford began to

pick sides – some were traditional and accepted both the Established Church of England hierarchy and the Stuart royalist cause. But others thought the Established Church to be too ‘showy’ (too much elaborate ritual) and certainly too lenient in its interpretation of standards of human conduct. This latter group was made of many sects, but there is a practice of generalizing about them, and collectively they were termed the Puritans, albeit that actually one of the sects carried that name as well. Their strict (pleasure-avoiding) interpretation of religion and life, itself, made them very critical of the Stuart cause. James I, clearly a brilliant mind, had been an overt homosexual. His successor (the second son), Charles I, had overcome incredible personal handicaps (he did not walk or talk until about five years of age), but he was dominated by his wife, a French princess, who had demanded and gotten permission not only to practice her Roman Catholic faith but also to raise the children in that faith. Charles was something of a first-class connoisseur of painting; indeed, a large portion of the Tsar’s art collection at the Hermitage in St. Petersburg was sold by the Puritan government during the Commonwealth.

Student life at Oxford during this period depended in great degree upon the religious bent of one’s college. Those in the Royalist colleges, that is those adhering to the practices of the Established Church continued the traditional education involving an appreciation of art, literature including rhetoric (how to speak persuasively), music, and occasionally some maths. Great emphasis was put on manners including holding one’s liquor, engaging in different kinds of great and small talk depending upon the company, appreciating artistic refinement, and so forth.

Those in the Puritan colleges spent more time discussing social reform, particularly as it applied to a sober, even somber, approach to the duties of the individual both to the community and to the future of one’s own soul.

The 17th century in Britain was generally characterized by two things: (1) A long struggle including Civil Wars, regicide, and eventual Restoration (of the Stuart Monarchy) and (2) the regular appearance of men of undoubted genius – philosophical giants like Hobbes and Locke and Petty scientific giants like Boyle and Halley and Newton. What was most interesting is that these giants, all university educated, did not generally do their great deeds in such a way as to enhance the reputation of either their individual colleges or universities. Rather some of them created a Royal vehicle, the Royal Academy. Membership therein served to protect them from popular criticism as they challenged ideas that had long been sanctioned by authorities.

There we have it. In Britain the great discoveries were associated with a protected vehicle, the Royal Academy located in London. The two great uni-

versities continued to focus on the teaching of young gentlemen and occasionally young gentlemen with enhanced personal and social consciences.

In the third chapter we turned to developments in the British colonies on the North American mainland. The two colonies in Massachusetts, one at Plymouth Rock and the other at Shawmut (now called Boston) were founded as Puritan experiments. The Boston colony came into being (the first foot on the soil) in 1630. By 1634 a high school had been established (Boston Latin Grammar School which exists even now), and by 1636 a college for young men was set up across the Charles River in a town subsequently named for the University of Cambridge. Shortly after its founding its name was changed to honor a local benefactor, John Harvard.

Massachusetts Colony and Harvard College were of the same culture; theocratic puritanism. In the 1630s this theocracy drove out wayward Puritans – some to Connecticut and others to Rhode Island.

The second college to be established in the British North American mainland was William and Mary in 1693. It was not theocratically oriented; rather it was in the social tradition of the Virginia planters, men of agricultural industry – wealthy but lacking true aristocratic lineage. The third college, now known as Yale, established in 1716 was less theocratic than Harvard but still a New England puritan institution. Princeton, was founded in 1746; it, too, had a theocratic core, but it was more in the Scottish tradition, namely Presbyterianism. Columbia College (then known as King's College), founded in 1754, was nominally Church of England but as the Colony of New York was culturally heterogeneous and economically very advanced Columbia tended to be more trade- and commerce-oriented than one normally associated with religion-dominated schools.

By the time of the American Revolution there were four other colleges established: Pennsylvania (1753), Brown (1764), Rutgers (1766), and Dartmouth (1769).⁵¹

In the several decades after the Revolution particular mention should be made of the founding of two colleges. One was Union College (1795) in Schenectady, New York; it was the first founded as a non-denominational institution, although Thomas Jefferson had done much to secularize the curriculum of William and Mary even before the Revolution. Another institution of significance was the United States Military Academy. Actually founded in 1802 it was reorganized by Colonel Sylvester Thayer along the lines of the French *École Polytechnique* in 1817. West Point was our first engineering school.

⁵¹ I am giving their current names. In each of the following cases the schools had other names when their charters were first given.

What stands out more than most other points is the importance of Harvard College. Why? Because the puritanish Congregational theocracy believed that education was essential to the Second Coming. Yale was more progressive than Harvard, but its efforts at modification of the curriculum tended to be experimental and short-lived. William and Mary aspired, I believe, to be like Oxford and Cambridge, but as I have noted already the Virginia squireocracy lacked the assured touch of the English nobility.

All of these schools were for men, only. They were taught languages (particularly Latin and some Greek – except that at West Point then [as likely now] French had to be mastered), some maths, certainly a good deal of literature including rhetoric, and often some science. But the purpose of the colleges was to train social leaders as much as it was to train future teachers. Accordingly, emphasis was put on the training giving the desired form of leadership. Henry Adams, who hated every moment he spent at Harvard, particularly rejected the emphasis on Bible and religious training. (It is also true that Henry Adams was never the leader that his Presidential father and grandfather had been).

One by one after the Revolutionary War individual states began to found their own public institutions. The first of these was the University of North Carolina, founded in 1795. Vermont and then Michigan and others followed.

The great change occurred after the passage of the Morrill Act during the early years of the Civil War. Representative Justin Smith Morrill of Vermont sponsored legislation giving for *collegiate* education to each state a multiple of 30,000 acres of federally-owned land for each senator and Member of the House that the State sent to Washington. These lands could then be sold, and the funds used to establish schools to teach ‘agriculture and the mechanical arts’. The act provided that these schools might offer classical and scientific subjects, as well. Also each school was required to provide military training – it having become all too evident that West Point had somehow trained as its best students young men with a loyalty to the South.

In all, there were 69 of the land-grant universities. Some states merely turned the money over to established colleges. Perhaps the best known of these land grant schools are Cornell (in New York), Ohio State in Columbus, Massachusetts Institute of Technology in Cambridge, and the University of Wisconsin in Madison. The Act forbade racial discrimination, and so Southern States had to found an ‘equivalent’ institution for young men of color.

Many of these land grant colleges developed unique ‘flavors’. Ezra Cornell, who had founded Cornell, wanted his school (including the land grant

entities) to provide a kind of training ('tuition') for any boy in any subject certainly a worthy, if unobtainable, objective. Accordingly, he hired one of the more imaginative Yale graduates, Andrew Dickson White (who had spent time in Germany) to recruit the best possible faculty.

In my third chapter I spent a great deal of time discussing my own undergraduate institution, the University of Wisconsin. There the mission was to make the 'boundaries of the campus coterminous with the boundaries of the State. The School of Agriculture undertook to reorganize farming when Wisconsin's wheat lands became sub-marginal; wheat-farming was replaced with dairy farms and cheese. The Economics Department became deeply involved in designing workman's compensation, public utility rate-making, and unemployment compensation. The University sponsored State-wide first-rate music and art programs, and so forth. Perhaps most worthy of mention were the short courses (lasting three to eight weeks) given in Madison in the winter to young farmers so that their farms would operate more efficiently and the Extension Courses which were given by mail. Thus it was that America came to lead the world in collegiate education.

During the period between the Civil War and World War I university curricula changed. First, the emphasis on agriculture and engineering, associate with the Morrill Act, played a very important part in broadening educational objectives. Second, and every bit as important, were reforms internal to the schools, themselves. Outstanding was the decision of Charles William Eliot, long-time President of Harvard, to let each student elect (within very broad constraints) his own courses. Harvard's change was mimicked almost everywhere. The result, of course, was that university administrations had to be concerned with student opinion because poor teaching led to no registration in the courses. (There was, of course, the opposite error – too easy grading let to over-registration.) The outgrowth of both of these changes increased popular interest in collegiate education, but still through the mid-1940s only a very small fraction of high school graduates aspired to a university training and degree.

All of that changed in 1946 when the GI Bill, originally perceived as a bit of boondoggle benefits to veterans, became operative. To the great amazement of everyone, a tremendous number of World War II veterans elected to go to the university. Whatever their background they seemed to be a different kind of student. They were very disciplined – service in the Armed Forces had seen to that. And because of their experiences (and often somewhat older age) they were extremely well-focused.

That what had started with the Morrill Act and the land grant collegiate program became more general with the wave of veterans going to universi-

ties. A college degree was no longer a relative rarity, and families that had never thought collegiate education necessary for their children changed their thinking.

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This chapter has been a very rough summary of the three chapters. I have given it with the hope that you will want to look at them in some detail, and to that end I am providing copies of them.

I am also giving each of you a copy of Lecture Four in the series of six. It deals with Graduate education in the United States and emphasizes the strange role of the German 19th century university on the teaching of economics, and the role of economics in reshaping the American view towards the educational process. It was the German 19th century university where academic freedom was first defined and practiced. It is one of the horrible ironies of history that it was the German imperial government which saw the importance of academic freedom (*Lehrfreiheit* – the freedom to teach, and *Lernfreiheit* – the freedom to study). It was the total collapse of the German universities in 1933 that marked the most shameful academic surrender in history.

IV. Graduate Education in the United States: Transformation of the German Tradition

At this point we step back in time in two senses. First, we consider higher degrees as they have always existed in universities. Second we then turn to the impact of 18th and 19th century German universities on the organization of graduate (truly post-graduate) instruction in American universities.

1. The General Tradition of Masters and Doctors Degrees

From the beginning, the University of Paris as well as other universities granted both masters and doctors degrees. As we noted early on, the 13th century saw the formation of many self-governing organizations of which craft guilds and universities were but two. The tradition in both was that the training process resulted in the competence associated with a recognized journeyman. Hence a baccalaureate degree was the academic equivalent of a craftsman's receiving journeyman's status. With some years of additional experience showing masterly skill, evidence of which was literally termed 'a masterpiece' (meaning that it qualified the producer to call himself a

master) and capital (more of a problem, but one often associated with marrying the widow of a deceased master-tradesman), the journeyman could set himself up as a master, take on apprentices who in time (and through underpaid apprentice service to him) would become journeymen.

The equivalent in academia was in the nature of things somewhat different. Further experience for those holding baccalaureate degrees meant more study and likely the writing of a master's essay (like the tradesman's masterpiece, something of an intellectual masterpiece). And just as the craft master-craftsmen could take on students (in his case, apprentices), so those holding university masters degrees could take on students (for the baccalaureate); in a word they were qualified 'university teachers'.

In an earlier lecture I adverted to the point that a doctor's degree was awarded when a person had created a body of recognized literary achievement. Generally but not always doctors degrees were granted to those who held baccalaureate and masters degrees.

In German universities, even today, there is a division between (1) those who have done the extra work beyond the master's degree to hold what is usually a Doctors Degree in Philosophy, that is a PhD, and (2) those who are considered to be so much a master of their discipline, that they are entitled to hold a professorship. The latter is the kind of doctorate which medieval universities granted only to scholars of renown.

Minimally this super-doctorate involves the writing and the public defense of a 'super-dissertation'. The process is termed the 'habilitation', and it permits the successful candidate to double the prefix before his name; hence Herr Dr. Dr. Hans So-and-So. With the Germanic taste for extended titles, when he gets his professorial chair our Hans goes by the splendid moniker of Herr Professor Dr. Dr. Hans So-and-So.

2. The German Tradition

Given our American tie to our own relatively classless society and our traditional English culture as well as our awareness of the horrendous historical experience of Germany under Nazism, it is understandable why we have an inherent unwillingness to credit to German cultural development the greatness of modern universities. But, that is the case! However, just as some French culture of the 17th and 18th centuries molded much of our political thinking (i. e. Montesquieu's *L'Esprit des Lois*), so developments in late 18th and 19th century German philosophy and science molded our American educational system. The idea of Academic Freedom, so dear to the hearts of American professors, is actually a logical development of German, not English nor other Continental, universities.

While Germany far transcends Prussia, the fact is that Prussia led much of what was educationally novel about Germany in the 18th and 19th centuries. In 1717 Frederick William I ordered schooling for all children, but only if schools were available. By 1763 Frederick II decreed the principle of compulsory school attendance for both boys and girls, and by 1794 the new Prussian legal code put all schools under state supervision. We who are only too well aware of what German government supervision led to before and during World War II should realize that during the Hohenzollern Monarchy and the Weimar Republic what government supervision essentially meant was that secular not religious authorities were in charge.

These schools taught a traditional classical curriculum. But after the 1806 Prussian defeat by Napoleon at Jena, Johann Gottlieb Fichte (1762–1814), an important philosopher and nationalist, wrote in 1807–08 an *Address to the German Nation* in which he proposed a program of national reconstruction, involving among other things co-education of boys with girls as well as curriculum changes designed to build pride in being a German. Fichte's appeal, as we shall see, succeeded even beyond his expectations, and Germany became the educational leader of the world.

a) *The Prestige of Immanuel Kant and the German Professoriat*

Here we must digress for but a moment. The Great Enlightenment, a 17th century intellectual movement centered in France, nonetheless had as its greatest figure, a German philosopher, Immanuel Kant (1724–1804).⁵² Coming from a Pietist background he originally entered the University of Königsberg as a theological student. Shortly afterwards he turned to mathematics and physics. Economic need forced him to withdraw from the university in 1746, and he served as a family tutor for nine years (until 1755). In 1755 he completed his degree and took a position as a *Privatdozent* (the equivalent of Lecturer – but one who collected his fees directly from the students). He held that position until 1770, when *on his third try* he managed to get a Professorship of Logic and Metaphysics. His literary output was tremendous and of the highest quality. He held this professorship until he died, although his 1793 *Religion Within the Limits of Mere Reason*, brought him into open conflict with the Prussian authorities. He was forbidden to lecture or write anything further on religious subjects.⁵³

⁵² Physically a puny and frail person, He cast a shadow many times a multiple of his actual stature. He was to philosophy what Newton was to Physics.

⁵³ Given his prestige and his power of reasoning he managed to interpret this ban as his personal pledge to the King. When Frederick Wilhelm II died in 1797, Kant considered the pledge void, and his last work was on a religious topic.

Kant's great personal prestige gave to German professorships, generally, the beginning of a status that one eminent intellectual historian, my colleague Fritz Ringer, likens to the Chinese Mandarin Class.⁵⁴

But Kant was hardly alone. It was an era when there abounded in Germany, as at different times there had abounded in Florence (Italy) and in England, many creative thinkers having interactions – particularly in the field of educational reform. Friedrich Schiller ((1759–1805), Wolfgang Goethe (1749–1852), G. W. F. Hegel (1770–1831), and Johann Paul Richter (1763–1825).

Three educators are worth special mention. I have already mentioned Fichte,⁵⁵ He became a professor at the newly founded University of Berlin, and its first Rector; there he was in the position to implement his earlier (1806) appeal for German nationalism. A second was Friedrich Schleiermacher (1768–1834), a Protestant theologian, who advocated the teaching of social history, rather than simple military or political history; he joined the faculty of the new University of Berlin in 1810. But it was Wilhelm von Humboldt (1767–1837), a civil servant as well as a philologist, who, personally supported by the King, was responsible for the actual founding of the University of Berlin. Even more significant was his great statement of principle, “No teacher or student need adhere to any particular creed or school of thought”,

But we are getting ahead of our story.

What had happened in the late 18th and early 19th centuries was that some German universities happened to have as professors several score of very imaginative thinkers, who reshaped their respective academic disciplines. With the German culture's taste for systematizing organization, the impact of their work, particularly in the sense that it attracted numerous students, led to the refocusing of efforts in these universities.

In one sense the University of Halle, once the center of Protestant reform, became a leader in renouncing the earlier religious orthodoxy, which had effectively hobbled imaginative discussion. German replaced Latin as the teaching language, and professors were given freedom (largely for the first

⁵⁴ During the Chinese Empire the highest nine grades of the Civil Service were termed Mandarins; they were supposed to be the ‘wisest of the wise’. Appointment was by examination involving considerable knowledge of Chinese culture – literature, history, philosophy, art, and music.

⁵⁵ Fichte was something of a disciple of Kant; indeed, one of his works was attributed to Kant until the latter commending it identified its true author. As a young scholar, Fichte wrote on the role that religious revelation plays in men's forming their own original ideas, a theme that I have taken up in my own work.

time) to lecture as they pleased. Halle even in the 1700s was becoming famous for its scientific objectivity, rationalism, and freedom of inquiry. Christian Wolff (1679–1754) became its professor of mathematics (at the suggestion of his teacher Gottfried Wilhelm Leibniz⁵⁶) and for 16 years (1706–1723) he taught as he pleased.⁵⁷ What he taught did not please the Protestant Pietists. He was expelled and went to the University of Marburg (1723–40). After the intervention of Frederick the Great, he returned to Halle, serving as its Chancellor (1741–54).

In the late 18th century at the University of Göttingen there was a group of poets (the *Göttinger Hain*) who were the forerunners of German Romanticism. As at the University of Halle, seven of them “*The Göttinger Sieben*”, were expelled for their political activity. Expulsion or not, their quondam presence gave the place prestige. Later at the end of the 19th century Göttingen specialized in the sciences with such mathematicians as Carl Friedrich Gauss, P. G. L. Dirichlet, Bernhard Riemann, and David Hilbert. In the early 20th century Göttingen’s faculty included the likes of Max Born, James Franck, Werner Heisenberg, and Max von Laue in its physics group.

The center piece of all this reform, as I have already noted, was the great Friedrich Wilhelm University in Berlin. Created by Wilhelm von Humboldt, by 1849 it had in excess of 1850 students and was the leader in teaching and research. Its faculty ‘boasted’ the philosophers G. W. F. Hegel, J. G. Fichte, and Arthur Schopenhauer; the historians Leopold von Ranke, Theodor Mommsen, and B. G. Niebuhr; the scientists Hermann von Helmholtz and Rudolf Virchow; the theologian Friedrich Schleiermacher; the economists Gustav von Schmoller (1838–1917) and Werner Sombart (1863–1951) and the folklorists Jacob and Wilhelm Grimm. And with such a faculty lecturing without doctrinal restraint, great things were being accomplished.

For lack of time we cannot probe the impact of intellectual freedom in the universities on the students, who were then led to expect a high rate of socioeconomic reform. But this is an interesting topic, with the reforms occurring over more than a decade. What was different about the German reforms were the popular desire to retain the monarchy but deny its divine origins. In a few words, nationalism was running strong but reformers wanted it to proceed as a constitutional monarchy.

⁵⁶ Leibniz was one of the two discoverers of the calculus (Newton was the other). The notations we use as well as the name itself are those developed by Leibniz.

⁵⁷ It also pleased the Tsar of Russia (Peter the Great) who hired him as his science advisor (1716–1725). While in St. Petersburg Wolff founded the St. Petersburg Academy of Sciences.

This was a period of great unrest in Austria, with a reconstituted post-1848 Austria large-in-scale, large-in-reputation, but weak at the end of the last battle.

One result was a mass migration of would-be reforming liberals to the United States.

*b) The Kulturkampf of the 1870s:
Its Background, and Its Aftermath*

Germany, under Prussian leadership, became economically unified in the 1860s, and as part of the Prussian victory over France the Second Reich was declared in Versailles in 1871. The architect of this consolidation was the redoubtable Otto von Bismarck.

As part of his program, designed in large part to defeat his domestic adversaries,⁵⁸ Bismarck, embarked on a series of wide-sweeping reforms. Many of them were amazingly progressive, and among these I would list his program for superannuation insurance and health insurance. And every bit as progressive was his decision to take control of almost all the universities from the churches, putting state ministries in their place.⁵⁹

Bismarck's actual target seems to have been the Roman Catholic high schools – Bismarck, a staunch Lutheran, regarded the Catholics' loyalty to the German state with deep-rooted suspicion. Using some allies in the Reichstag, he got his legislation through. That battle, termed the *Kulturkampf* (the war of cultures), served to give the universities the kind of freedom that von Humboldt had created in Berlin. Of course, not all places, particularly those with weak faculties, could take advantage of their opportunities. But what is remarkable is how many did.

Thus it was that the 'Mandarins' – to use Fritz Ringer's wonderful metaphor – came to be the source of German national pride. As Professor Ringer points out they were a class apart; they were not nobles, yet they

⁵⁸ He, a committed conservative, actually 'stole' much of the Marxian Social-Democrats' program. In so doing, he out-Disraelied Disraeli, who had dreamed of much the same thing.

⁵⁹ German universities to this day have a divided authority. The Chancellors, chosen by the Ministry of Education, head the university bureaucracies, including all the administrators, secretaries, and building and grounds employees. The Rectors, elected by the faculties, govern with deans and committees all academic matters. Generally a professor is awarded by the Chancellor a number of assistants; they are usually potential PhDs or those who already have their PhDs and who are working on their 'habilitation'. Everyone is well-paid.

had much of the prestige of nobles; they were not normal civil servants because they had far more personal freedom than civil servants enjoyed; and they certainly were neither merchants nor industrialists, many of whom might be far wealthier than the professors but whose tie to trade and industry left 'dust on their shoes'. It was for the professors a golden age; yet, entry was not without its perils – they had to be approved for their jobs by their faculty peers (who were subject to the usual set of jealousies prejudices of the times) and by the Ministry (where political pressures were occasionally felt).

Nevertheless, let me emphasize the unbounded intellectual freedom these 'Mandarin'-German professors enjoyed. Once appointed they appeared to answer to no one; they taught what they believed, and they were encouraged to write and gain fame so that students from all over the world would flock to their lectures. In brief, what German universities offered was unrestrained freedom of inquiry something really found nowhere else at the time.⁶⁰

In addition to the intellectual freedom of Bismarck's system, there were variable economic arrangements tied to every chair. Salaries were tied to the professorial grades, and to most chairs several assistantships were allocated. These assistantships were (and are) often for long periods of time – time covering the apprenticeship (where the PhD. is the goal) and going beyond not only to the point where a second book is published (the *habilitation*) but also for a period of *privatdocentship*, while the young scholar waits for a chair to open. Thus, a professor could count on the collaboration of a young colleague for ten and even 15 years.

Two points are worth to mention:

- These lectures generally appealed to students who had not only learned the material traditionally required of undergraduates but who also were interested in going beyond the traditional topics.
- And, there was a change of emphasis with ideas coming from the bench sciences beginning to be applied to the humanities and social sciences, particularly economics. In brief, the universities became pioneers in learning as well as their old role of conservators of learning.

⁶⁰ The German professors of economics easily absorbed all these goodies, but more frequently than not rejected Bismarck's militarism, and preached socialism as the desired political form of communitarianism. They were, to use their critics' phrase, "Socialists of the Chair". However some like Gustav Schmoller became strong nationalists; in his case he was the last Kaiser's political advisor.

3. The American Academic ‘Grand Tour’ of the 1870s and 1880s

In the last lecture we touched upon the opening of universities associated with the implementation of the 1862 Morrill Act. For Americans the post-Civil War period while offering many new educational institutions devoted to agriculture and engineering few seemed to have an idea of what and how these schools ought to teach. Little wonder then that a goodly number of graduates of Yale and other old-line universities, where the traditional curriculum hewed to Greek, Latin, Hebrew, and English Culture, thought to go to Germany to see what could be learned. Thus it was that a new kind of academic pilgrimage was born; almost invariably some young potential academics began to pursue something akin to the Continental Grand Tour, once beloved of English post-graduate young bloods in the 18th century. In practice these men had already completed their baccalaureate work, often had spent some time in further study, and they could find little in Britain to fascinate them because “Oxbridge” was geared to younger students.

Many who were interested in the sciences went to France, but what they generally found was a Cartesian approach to all studies – that is an approach which stressed mathematics and logic. From a political standpoint France during the 1870s and 1880s was not very interesting.

What was fascinating were the academic developments in Germany. If philosophy was ‘king’, it was central economic reform that made up the court. A great many Americans who went came back with expanded ideas of education including the unbounded role of the brilliant professor (academic freedom) and what it most offered, an opportunity to follow a creative mind wherever it chose to go. Beyond that, almost all were impressed with Bismarck’s social engineering – for industrially he was pulling Germany up by its bootstraps.

Depending upon their discipline what the Americans received varied. Many went to study philosophy and in the process picked up not only philosophy but a knowledge of German and a love for Germany literature and music. Others, going to study history, discovered the wealth of social insights not limited to military or political events. Others went to study the biological sciences, including medicine, and we will advert to their experiences later. In my own discipline of economics about a dozen young men went to see what the Germans were doing different from what was going on in America with its strong tie to the British academic tradition. And they came back with great doubts about social exploitation resulting from the industrialization process. Most of all they were impressed with what the Germans were doing to ameliorate the living conditions of workers.

Two who followed this tour became presidents of new universities where they could put their liberal ideas into practice. One was Andrew Dickson White, who became the first president of Cornell University in Ithaca, New York. The other was Daniel Coit Gilman⁶¹ who opened in 1876 the Johns Hopkins University, dedicated mostly to research training and medicine. (the undergraduate college was not founded until much later).⁶² But, before returning to Gilman's Johns Hopkins, I want to mention what happened to several specific young men who were graduated about that time.

4. The Impact of German Academic Freedom on American Universities

a) Some Interesting Types

Likely the greatest of all of these men was John Bates Clark (1847–1938). A 1872 graduate of Amherst College,⁶³ he went to Heidelberg and Zurich for further training (he never took a doctorate). Upon returning to America he could find only a lectureship at Carlton College (Minnesota).⁶⁴ Ill-health plagued him, but eventually he moved east and became a professor at Smith College (a school for women). In time he became the greatest of the American economic theorists of the 19th century. Moving from a Christian Socialist position he developed a 'scientific' theory of wages – each worker ought to be paid the value of his marginal product to the firm. This abstraction is likely the first great American contribution to economic theory. Later Clark became interested in the problems of monopoly, and after writing a screed against them tempered his views in a second book with his brilliant son, John Maurice Clark. Bates Clark was the model American academic; his knowledge was catholic (universal!), he had strong views that he modified when new evidence was presented. He wrote clearly and easily and published regularly. Invariably he had something new to say; and while he was willing, even eager, to debate he always presented a well-reasoned, nonaggressive rhetoric. In his later life he joined the faculty of Columbia University, and his interests turned to the improvement of international relations.

⁶¹ For an admiring biography of Gilman see *Abraham Flexner* (1946).

⁶² From the first Hopkins did take very serious high school students and trained them for the baccalaureate degree, but their training was more intensive than was the case elsewhere (Cf. *Flexner* [1930]).

⁶³ He had to drop out as an undergraduate to support his widowed mother and siblings. He returned in 1871.

⁶⁴ At Carlton his 'star-student' was Thorstein Veblen with whom he maintained both a warm friendship and great disagreements until Veblen's death.

Edmund Jane James (1855–1925), an Illinoisan, studied under Johannes Conrad at Halle and took a doctorate there in 1877. In 1883 he became a professor at the Wharton School (University of Pennsylvania). James’s dissertation was on tariffs, a policy of which he (and his school) approved. In Philadelphia he became a supporter of labor unions, of bimetallism, and of any program which would better the lives of workingmen.

Richard T. Ely (1854–1943), a graduate of Columbia College was given a three-year traveling fellowship to Germany. He was supposed to study philosophy but found his Common Sense Scottish philosophic background inadequate preparation for understanding Kant and Hegel and so he turned to economics.⁶⁵ He thought of Karl Knies (Heidelberg) as his mentor. He returned to the United States and took an appointment as an Associate Professor, teaching political economy at Johns Hopkins, where he lectured sympathetically on French and German Socialism. He was an indefatigable writer of tracts and books in favor of social reform legislation. He was a great admirer of the German bureaucracy, something that Andrew Dickson White (at Cornell) hold told him to tone down. At the time the Johns Hopkins department included not only political economy but history as well as government. He was competitive for a promotion to a full professorship with Herbert Baxter Adams.⁶⁶ Baxter Adams founded the American Historical Association; Ely, in order to match Baxter Adams, then founded the American Economic Association. Ely did not get his promotion; it was actively opposed by Simon Newcomb, the Hopkins professor of astronomy who had done some work in economics. Newcomb to the contrary notwithstanding, Ely populated American faculties with his students. Ely left Hopkins⁶⁷ and went to Wisconsin, where he established what became one of the great economics departments. Shortly after his arrival in Madison, the State Superintendent of Education, Herbert Wells, writing in the conservative-oriented *Nation*, accused him of teaching anarchism in the classroom. In due course hearings were held, he enjoyed the support of dozens of leading thinkers, and he was totally cleared.

⁶⁵ Thorstein Veblen thought Ely, whose classes at Hopkins he had attended, an intellectual light-weight (*Dorffman* 1334, 40). Ely’s opinion of Veblen was not much better (*ibid.*). Light-weight or not, Ely was an excellent organizer.

⁶⁶ Ely thought he and Adams had agreed to an ‘iron-bound’ – neither would take a promotion unless the other got one as well. Like many such things; the iron-bound didn’t last. Adams was promoted, and Ely wasn’t. At the end of his very long life, Ely dedicated his autobiography to Daniel Coit Gilman.

⁶⁷ When John C. French came to writing the history of Johns Hopkins University there is no mention of Ely’s tenure there (French, 1946). This omission is, I think, indicative of one aspect of Hopkins – its departments were always very small, and when the key figure left all traces of his ‘regime’ disappeared. This was still true in the 1960s and 1960s; when the very famous Machlup-Kuznets regime went, there was within four years a complete change in personnel.

The University Regents concluded their review of the case with what is the American equivalent of the Mandarin's charter:

"... We ... welcome from our teachers such discussions as shall suggest the means and prepare the way by which knowledge may be extended, present evils be removed, and others prevented. We feel that would be unworthy of the position we hold if we did not believe in progress of all departments of knowledge. In all lines of academic investigation it is of the utmost importance that the investigator should be absolutely free to follow the indications of the truth wherever they may lead. Whatever may be the limitations which trammel inquiry elsewhere we believe the great state University of Wisconsin should ever encourage that continual and fearless sifting and winnowing by which alone the truth can be found."

Henry Carter Adams (1851–1921) took his baccalaureate degree at what is now Grinnell College Iowa and then in 1878 he was awarded the first doctorate given in economics at Johns Hopkins. At loose ends, he got money to travel in Europe, spending much of his time in Germany. Andrew Dickson White then appointed him to a part-time position at Cornell. There he fell afoul of the views of the senior Trustee Hiram Sage. The story was that he gave an impromptu lecture in 1886 explaining that the Knights of Labor workers who were striking for the 8-hour day had a view that their jobs were akin to the ancient English right, namely property. Sage demanded that he be fired; he was. After some turmoil he was eventually appointed as a professor at the University of Michigan. In time, the Cornell faculty took up his cause and forced the President to offer him a regular position. Adams then refused even to consider the offer until Sage had personally apologized to him. The faculty also managed to get the apology, which was duly tendered. It was only at that point that Adams turned Cornell's offer down. In time Adams became a leader in the development of the Interstate Commerce Commission.

The President of Brown University, the Reverend E. Benjamin Andrews, was another German-trained economist. Andrews hewed more closely to the English economists' conventional utilitarian line, but deviated temporarily from his conservative American brethren when he adopted bimetallism as a policy objective. Later, however, he reversed himself and became a gold-standard advocate. But even then he took another radical position, he became a fierce anti-monopolist. The important point is that he was an independent thinker; that cost him his position at Brown.

Simon Patten (1852–1922) took his doctorate in 1878 at Halle with a dissertation in public finance. Upon returning to the United States he was unemployable and farmed for four years and then spent six more years teaching at public school. Only in 1889 did he get a university position, obtained at the Wharton School for him by his friend E. J. James. Like James he was an ardent protectionist.

Last but hardly least I should mention Edwin R. A. Seligman (1861–1939), scion of a great American merchant-banking family, of German-Jewish origin. Seligman spent several student years in Germany,⁶⁸ and upon return to America became professor of economics at Columbia in New York. His speciality was taxation, and he was a staunch advocate of the income tax.

b) The American Economic Association

In 1884 James and Patten at the Wharton School (University of Pennsylvania) began inquiries about establishing an American equivalent of the German *Verein für Sozialpolitik* – ‘Society for the Study of Social Economics’. What they wanted to attack was the prevalent notion that all economic problems would solve themselves if only the market were permitted to act freely.⁶⁹ In any event in 1885 Richard Ely (then at Hopkins and pressing for his professorship) took the lead in establishing what became the American Economic Association. Associated with him were James, Patten, Henry Carter Adams, John Bates Clark, E. Benjamin Andrews, and E. R. A. Seligman. What united them was a belief that the intervention of the state was necessary to prevent the abuses of the free market. They were joined by Francis A. Walker, a highly respected academic and also at the time President of M.I.T.

As you might expect, the old line, purely American-educated economists were aghast. By 1887 the young quondam rebels were ready to tone down their program somewhat, but it was not until 1890 that the Association gave up its endorsement of any specific legislation.⁷⁰

⁶⁸ Seligman was no radical. As a boy, his tutor was no less than Horatio Alger. But Seligman had sympathy for those who were not well off, and that element was a basic part of his personal character. He was a great moderator; a full-bearded man it is said that as he examined one side of an argument he stroked his beard to the left and when it came to the other side, he stroked it to the right. In time the beard was parted at the center.

⁶⁹ “Primarily, the Association was, as Patten later asserted, a protest against the narrow conventional English economics as well as the traditional self-satisfied political and social ideas in America (*Dorfman* 1949, 209)”.

⁷⁰ In my own time (1968–1981) as an ex-officio member of the Executive Committee that non-endorsement clause became a bone in the throats of those who wanted to condemn American military action in Viet-Nam.

5. The Johns Hopkins Medical School, Abraham Flexner, and Medical Education in America

Medical education in America has an old history, but it was not until after the mid-19th century that attention was paid to combining textbook instruction with hospital work.⁷¹ The educational changes were wrought first in Europe, particularly in Germany, where training included systematic study of anatomy, botany, and chemistry – the sciences thought to be at the heart of medical knowledge. Movement from the classroom to the hospital ward as a teaching scene was amazingly slow.

Florence Nightingale's amazing experience during the Crimean War gave the British a wholly new view of what had been transpiring. She had had training in Germany as a nurse, but it was her capacity for publicity that made her reforms possible. She understood epidemiology – for instance she compared the 'normal' rates of death by disease in British Army camps in Britain with the truly devastating rates in Turkey and during the Crimean War.⁷² The establishment of the British Medical Council in 1858 centralized the British system.

But it was not until 1893 that medical education in America had a like revolution. Johns Hopkins, a Baltimore businessman, left his considerable fortune to found a university and a hospital. We have already noted much of what Gilman did on the university side, but on the medical side he did even more. With meticulous slowness Gilman went about assembling a medical faculty. First he fastened on William Henry Welch of New York and then Philadelphia, likely the leading American pathologist. Then Gilman and Welch picked up William Osler, a Canadian medical internist also in Philadelphia; after Osler it was Howard Atwood Kelly, a gynecologist. The fourth was William Stewart Halsted, a surgeon.

The Hopkins 'Big Four.' then went about filling the faculty ranks with full-time teachers.

In 1893 Hopkins admitted its first medical class, requiring that each candidate have been a college graduate with a year's collegiate training in the natural sciences. By that time the Johns Hopkins Hospital had also been built, and the medical school combined systematic training in the lecture hall and

⁷¹ In his classic study of American medical institutions, Abraham Flexner mentions that chairs in medicine at universities were established very early, and often the person establishing the chair had a very good idea of what kind of training a would-be physician ought to have. However, when the initial professor died or retired the quality of the training fell apart (*Flexner* 1910, 5).

⁷² The Nobel Laureate, Sir Richard Stone, has written a brilliant description of her work including her invention of the 'pie-chart' (*Stone* 1997).

laboratories with a planned instructional curriculum rotation in the Hospital's wards. The superiority of this combined program was immediately noted.

About ten years later Abraham Flexner⁷³ was commissioned by the Carnegie Foundation for the Advancement of Teaching to survey the whole American medical school scene. Flexner, a man without any training as a physician but with the backing of the wealthy and influential Carnegie Foundation managed to close about 150 medical schools within a few years. His point was that medical education required laboratories, libraries, teaching rooms, and continual access to teaching hospitals. More than that, medical education required a full-time faculty.

6. Legal Education

While some lawyers had always been trained at colleges, by and large the conventional way of becoming a lawyer until well into the 20th century was the traditional route of apprenticeship. Young men 'read law', by entering a law firm as inexpensive labor. Their master, either a single lawyer or a partner in the firm, supervised such training at they got. At some point the candidate was considered ready to take the 'bar examination', that is an examination by something like a 'guild' which was recognized by the judiciary as representing those qualified to argue cases (other than involving their own persons) before the court. At its best, this approach, much like

⁷³ Flexner was born in Louisville, KY. One of his older brothers gave him enough money to go to Hopkins for two years. Flexner finished the 4-year course in those two years and then returned to Louisville where he became in order a public school teacher and then the patron of his own high school. He married wealth (a former student). In time he and his wife decided to spend some time improving his knowledge of psychology at Harvard (then part of the philosophy department) and to travel in Europe. On their return he was commissioned to investigate the state of American medical schools. He visited something like 155 of them (I think that there were only 158). He then wrote a report on each concerning:

1. Their entrance requirement in theory and in fact.
2. The size and training of the faculty.
3. The sum available from the endowment and fees and how it was spent.
4. The quality and quantity of the teaching laboratories.
5. The relationship between the school and hospitals where teaching was allowed (*Flexner* 1940).

Flexner's younger brother, Simon, had had a 'wretched' medical education in Louisville, but, influenced by Abraham, went to work in William Welch's pathology laboratory at Hopkins. Ten years later Simon became the principal at the founding of the Rockefeller Institute in New York City (now the Rockefeller University).

Abraham Flexner executed investigations of medical teaching in England and Germany. Later he investigated prostitution in Europe. His final achievement was the creation of the Institute of Advanced Study in Princeton.

the Inns at Court in London, emphasized court room skills – lawyers like doctors with their black bags had a stock of techniques designed to sway juries and judges, and these techniques were imparted along with on-the-job training about the traditional Common Law (the law of *stare decisis*). At their worst these examinations were desultory allowing persons unfit to handle the law to gain admission to the courts as advocates (On the other hand, Justice Oliver Wendell Holmes, Jr. apparently on application for his examination, was asked a few desultory questions, paid his \$5.00 fee and was admitted without any real inquiry – he came from a good home, and his social connections were impeccable).

In many places, particularly in big cities, the Bar was concerned about the ‘wrong’ kind of person being admitted. What they wanted to avoid were Celtic immigrants or Jews. Yet, these last wanted the status of lawyers in order to get ahead economically and socially. Persistence usually won.

Many lawyers were opposed to formal collegiate training. Professor Lawrence Friedman reports that a group of Philadelphia lawyers, all social ‘worthies’, in the 1830s managed to block the formation of a law department at the University of Pennsylvania (Friedman, p. 526). I infer from Friedman’s discussion that their principal motive, as were some lawyers’ everywhere, was their wont to keep out of the profession young men from impecunious and socially disadvantaged backgrounds. Schools were, by their nature, less selective. Put social snobbery in tandem with a desire for cheap apprentice labor, and you have a most appealing combination!

Friedman reports that in 1850 there were estimated to be 21,979 lawyers in the United States. By 1900 there were 114,000 (Friedman, p. 549). Changes had occurred, and they impinge on our topic. Perhaps the most important was the appointment at Harvard in 1870 Christopher Columbus Langdell as professor. Langdell toughened the entrance requirements if the student “did not have a college degree he had to show knowledge of Latin, translating from Virgil, or Cicero, or from Caesar; he was also tested on Blackstone’s *Commentaries*. Skill in French was acceptable as substitute for Latin (Friedman, p. 530–31). In time Langdell lengthened the course from two to three years, specific courses were instituted, and passage of yearly examinations were required before a student could go on to the next yearly sequence. He also threw out textbooks, substituting for them case books. (However, his casebooks dealt largely with British cases, such American ones as there were came from Massachusetts and New York.) Langdell’s ‘reforms’ were bitterly opposed, but in the end he triumphed.

Perhaps the most profound of Langdell’s changes was his insistence that law was a science, and, as such, there were principles to be learned as well as a method of how to learn them.

The great weakness of Langdell's reforms was his insistence that the Common Law was what was to be learned, and he was the prophet who interpreted it. Later Oliver Wendall Holmes, Jr., wrote his classic *The Common Law*, that gave a somewhat broader interpretation than Langdell's.

Langdell's ideas proliferated, and many state and other universities replicated his system. And in most instances, graduation from a state's law school granted automatic admission to its Bar. In time the various State Bar Associations, concerned with the proliferation of competition, stiffened their examinations. Now it is not unusual for some, even those who are graduated from leading law schools, to fail the examinations on the first try. In fact, almost all graduates take "Bar refresher courses", in order to meet the test of the formal examinations. This situation suggests that what one learns in law schools may be somewhat different from what one needs to know to enter the Bar.

At present the Harvard system seems to have been adopted, at least in part, by most law schools. Other schools focus in addition on other things. I am told that Yale's Law School focuses on the philosophy of law; Wisconsin's on the historical milieu in which law evolves. And so forth.

7. Some Conclusions

First, graduate training in universities is largely a legacy from Hohenzollern Germany. If the tradition of collegiate training focused primarily on the young college entrant; the tradition of graduate training focused primarily on the brilliant professor with a right to lecture on whatever his investigations showed. It is not a coincidence that those who brought this new attitude towards the academic role got into trouble, but the companion fact is that for the most part these troubles were surmounted.

Second, the opening of academic institutions to large numbers after the passage of the Morrill Act and even more after the implementation of the GI bill made graduate education, particularly in the sciences, a favored course of personal choice. For want of time I have not detailed the development of graduate schools of business administration, graduate schools of education, graduate schools of social work, graduate schools of public administration, or even graduate schools of nursing. But the common point for all of them can be seen in a combination of the old Prussian tradition of Academic Freedom and the Hopkins Medical School's view that a full collegiate education with special training in the sciences was prerequisite for work on the intellectual 'frontiers'.

Thus far I have eschewed any discussion of what the growth of graduate training did to the structure of universities. That is part of the topic of my next lecture.

V. The Modern American University – Its Changes in the Last 70 Years

1. The Inter-War Period

In the third chapter I noted the growing division between the objectives of the elite college, largely in the East, and the growing great state universities. Both concentrated on educating essentially immature post-adolescents. In order to continue the comparison let me focus on Harvard as typical of the Eastern elite university and Wisconsin as typical of the great state university.

Also during this period several distinguished scholars, well-aware that in America the *universitas* was virtually always a group of non-academic trustees or state regents, became interested in defining academic freedom in terms that would lead to recognition of *de facto* national collective bargaining. They were insistent that what they had in mind was nothing so vulgar as a craft union, but in fact that is what their organization became. It worked on the whole successfully to give the professoriat a voice in the matters of university administration.

a) Lowell's and Conant's Harvard

You may recall that Charles William Eliot, a professor of mathematics and chemistry, became president of Harvard in 1869, a position he held for forty years. He was an educational reformer of the quality of Andrew Dickson White of Cornell and Daniel Coit Gilman of Johns Hopkins. Eliot's reforms included greatly broadening the elective system to make it possible for undergraduate students to specialize more deeply in subjects of their choice. He also surrounded Harvard College with professional schools, thereby offering Harvard undergraduates the stimulation that Gilman's Hopkins had envisaged from the very first. Eliot also fostered increased ties with French and German universities by establishing two-way visiting professorships.

In 1909 Eliot retired and the member of the Harvard Corporation (technically the *universitas*) chose as his successor Abbot Lawrence Lowell, a Boston lawyer trained in political science. Lowell, retreating from Eliot's regime of continuous intellectual (curricular) pioneering, focused his interest on the undergraduate socializing process. He introduced the 'house system', only roughly analogous to the Oxbridge system of colleges.⁷⁴ While all first year students lived in common dormitories, starting with the

⁷⁴ The houses provided tutors, but different from Oxbridge the students were supposed to get their main training at university lectures.

second year each was assigned to one of seven ‘houses’, each of which was effectively a dormitory and an eating commons. At the same time, Lowell cut back on the ‘course-cafeteria’, that had characterized the Eliot regime.

If Eliot (and White and Gilman) were believers in intensive elective education for able, hard-working students, it is fair to argue that Lowell’s objective was to prepare the ‘natural social leadership’ to assume its responsibilities. This leadership seemed like a ‘natural’ in Boston, where old families seemed to distinguish themselves in politics or on the judiciary, generation after generation. Eliot’s Harvard had become truly a national, even international, institution, and Lowell was quite alert to the possibilities of educating the young ‘natural leaders’ from other sections of the country, or even the world. Harvard was a feeder institution to the State Department’s diplomatic corps, to senior bureaucrats in the government, to prestigious law firms, to the leading banks, and most of all to posts of academic leadership throughout the country.

What worried Lowell was that the United States was straying from the traditional paths that the ‘natural leadership’ had trodden. He was bothered by so many Jewish students of marked academic achievement applying to Harvard, for he felt that while they would get a good, solid education at Harvard, they could not be trusted to offer the traditional kind of natural leadership. As a consequence he openly advertised that there would henceforth be a *numerus clausus* for Jewish students; some would be allowed, but that number would be kept small. This policy, clearly enunciated by him just after World War I, became general among the leading elite colleges in the United States (Lemann, 1999 Ch. 2). The University of Chicago was partly an exception; because of its emphasis on scholarliness of its students applications were self-selective.

Lowell’s strictures regarding students was also applied to the selection and promotion of the Harvard faculty. In Eliot’s time Frank Taussig, from a St. Louis German Jewish family, became the principal economist at Harvard. In Lowell’s time Harvard’s policy changed; Taussig’s greatest student, Jacob Viner, went to Chicago because Harvard was not open to him. But while there were some Jews on the Chicago faculty, each was recognized virtually *san pareil*, suggesting a special test, but one that could be passed (unlike Harvard and Columbia, Yale and Princeton (see *Perlman* 1998).

In my own experience once such a policy has been established, faculty members, each wanting to get along with the administration,⁷⁵ almost in-

⁷⁵ Salaries and perks are individually negotiated with the university administrators, and it is a rare professor who wants to jeopardize that relationship with voiced disagreements.

variably vote to satisfy the administration's standards. Lowell did not have to reiterate his views; once they were known, they were self-operative.

Lowell retired in 1933 and was succeeded by James Bryant Conant, a chemist of considerable renown. Conant did not reverse the numeris clausis policy regarding students,⁷⁶ but he was very much concerned with the same problem that had attracted Lowell's attention, but with a much broader perspective. Where Conant differed from Lowell is that Conant wanted Harvard to attract the best student minds from all over the country. The query then became how does one find the best student minds. Generally there were two avenues to be pursued. One involved general intelligence testing – that is, using a test which grades minds. The other avenue was to develop a test that served as the best predictor of college achievement. These are clearly not the same things.⁷⁷

Conant came out for the college predictor test, and that is how and why the Educational Testing Service has gained the monopoly power it now enjoys. All of this is very thoughtfully analyzed in Nicholas Lehmann's recent book, *The Big Test*.

One of Conant's more interesting experiments was the creation of the Harvard Junior Fellows Program. Conant thought that if a small number of brilliant 2nd or 3rd year graduate students could be left to develop under the tutelage of the faculty they could form the nucleus of something akin to the 17th century Royal Society. Their status, itself, would preclude the necessity of following the usual course for a PhD. The program worked well, but in time it proved necessary for them to have PhDs, as well as their status as Junior Fellows.

All of the foregoing focuses on the brilliance at the margin. For the most part Harvard college students during the inter-war period were gentlemen. Lehman describes Harvard in the 1930s thus:

“Rich young men at Harvard conducted a life barely recognizable today as that of college students. At a time when a quarter of the American workforce was unemployed and desperate, they live in private apartments, attended by butlers

⁷⁶ “Paying students were in short supply during the Depression, and to be admitted not much of a feat if you had the money and the right background (unless you were Jewish, that is – all of the most prestigious private universities in America maintained informal but strict ceilings on the number of Jews they would admit, Harvard being unusual only in President Lowell's willingness to announce publicly that this was his policy” (*Lemann* 1999, 27).

⁷⁷ Einstein was a dolt in college; his achievements came much later and could have been intuited from any examination of his thought process when he was in the gymnasium. What I am saying is that Einstein was a genius; but his ‘college boards’ would not have predicted his being a brilliant college student.

and maids, in a district called the Gold Coast, went to debutante balls in Boston, did not customarily attend classes, and enrolled briefly in special tutoring schools at the end of each semester so that would be able to pass their exams". (*Lemann*, 27)

Thus the picture that I want to give of an elite New England college (and university) as a place where what was of prime importance was the concern for educating the nation's leadership. Where Lowell differed from Eliot was that Eliot was stock-of-knowledge oriented. Eliot was an educator in the sense that he loved learning, and he wanted to broaden the vistas available to students. By contrast, Lowell saw his role as taking America's hereditary leadership as clay to be molded with Harvard being something of a combination between a potter's wheel (turning out a symmetric product) and a place where a dedicated social sculptor could put on the finishing touches.

Conant accepted Lowell's interest in training American leadership, but where he differed Lowell was that Conant believed that leadership was a matter of the young man's adaptability to the university system. Conant was much more of a democrat, but then Conant's America had become more democratic. Harvard was marching with the times, but Harvard was no calling the tune.

b) Wisconsin

When earlier in the third chapter I talked about the University of Wisconsin I did not mention the name of its President, Charles Richard Van Hise (1857–1918). Van Hise was a geologist and a very early environmentalist. His own speciality was the iron fields at the western end of Lake Superior, but when he became the university's president, he devoted himself to what I referred to as the Wisconsin Idea. He worked well with first Governor and then Senator LaFollette.

But America's entry into World War I spelled the end of the hegemony of the Wisconsin Progressive Movement. Senator Robert M. LaFollette was an isolationist to the bitter end, and Van Hise and the key faculty members at the University in Madison publically repudiated him. In 1920, after the War was over, the State and the country turned to rock-ribbed Republicanism; Theodore Roosevelt and Progressivism seemed to be in the shadows of the past. Yet, in 1924 when Senator LaFollette ran for the Presidency on a third party, Progressive, ticket, he amassed over 3 million votes. And Herbert Hoover, his later reputation to the contrary notwithstanding, was likely one of the most progressive Secretaries of Commerce that the nation has ever had. Senator LaFollette died in 1925, and he was succeeded by his son, Robert Fox LaFollette, also a progressive Republican leader.

Van Hise died in 1918 and Charles McCarthy, the genius at legislative design, died in 1923. Van Hise was succeeded by an zoologist and limnologist, Edward Asahel Birge whose goal seems to have been to try to keep the place on the Van Hise road. In 1925 Wisconsin experimented with the appointment of an enterprising young editor of the *Century Magazine*, Glen Frank, as its President. His mission seems to have been to restore momentum to the University's progressivism. But for the most part his efforts failed, not the least for which was his own political ineptness in dealing with the Wisconsin electorate; he did not realize how basically conservative Wisconsin voters were, unless they were appealed to on the basis of 'moving the economy and social reform programs ahead together'.⁷⁸ McCarthy's successor was Edwin E. Witte, a Wisconsin Economics PhD, who had been a Congressional Administrative aide during the early years of the Wilson first administration. Witte joined the Wisconsin faculty in 1931.

Commons in the Economics Department did continue to press for progressive legislation – he was active in designing Milwaukee's Bureau of the Budget (the predecessor model for the organization of the same (similar, really) name in Washington. And the university enjoyed the reputation for its peculiar kind of Progressive liberalism it had built in the decade or so before the War.

But within the tradition that van Hise had established, in 1931 Wisconsin adopted an unemployment insurance system, crafted by Paul Raushenbush (the son of a prominent Christian Socialist minister) and Commons. And Edwin Witte chaired the committee that designed the Social Security Act of 1935. Wilbur Cohen, to whose name the Medicare program is credited, was a student at the University at that time.⁷⁹

⁷⁸ Frank, taking advantage of an academic freedom issue at Amherst College, its President Alexander Meiklejohn having been fired, set Meiklejohn up as the Dean of an Experimental College – one devoted to classical training in the tradition of the great German universities. Emphasis was put particularly on the study of Greek philosophy (and language, of course). The College attracted a number of students who later in life greatly distinguished themselves, but the College was both too self-consciously elitist and too isolated from the Wisconsin Idea to fit easily into the Wisconsin profile. This experience illustrates in an important sense the limitations of the University of Wisconsin.

⁷⁹ Actually Cohen majored under Selig Perlman, but as was true of all of Perlman's advisees, he took courses with Witte. Perlman was a sparkling lecturer – he knew how to use to advantage his speech defect (he stuttered) and when audience interest flagged he turned to mispronouncing something just before he dropped a verbal gem (Perlman had a pronounced Yiddish intonation, if not an accent). Witte was a very thorough lecturer; every word was written out in advance. Insofar as facts were concerned, Witte was a master.

But by 1938 the State seemed tired of Progressive legislation, and the positive role of the Wisconsin Idea was deep in decline. In 1946 Senator Joseph McCarthy defeated Senator Robert Fox LaFollette, the father's oldest son, for the Republican nomination. 1946 was a Republican year, and McCarthy entered the Senate. And thus the one who had been the national leader in Progressivism was replaced by the national leader in character assassination.⁸⁰

As I sought to indicate in the third chapter Wisconsin, characteristic of the great state universities, had few if any preconceived illusions about its educating predetermined national (or even local) leaders. Admission to the university was open to any high school senior graduated in the upper quarter of his/her class who had taken the usual college preparatory course (four years of English, at least two years of a foreign language, at least two years of mathematics, at least two years of history, and at least one year of science (biology, chemistry, or physics)).

The resulting Freshman class was voluntarily thinned every Thanksgiving Vacation which was timed to have the results of the first set of semester examination results available. In my time (the early 1940s) travel was largely by railroad, and for the convenience of the students the trains to Chicago, Minneapolis, and Milwaukee loaded at the campus – for the obvious reason they were called the ‘sore eye specials’ – many one-way tickets being used.

One final remark about the culture of the period. During the 1930s there were two Jewish full professors in the Faculty of Arts and Sciences. One was Chaim Berkowitz (professor of Spanish); the other was my father (professor of economics). Both were considered exemplar scholars. The department of history steadfastly refused to appoint any Jews. There was an associate professor of English (Ruth Wallerstein), whose fame as a scholar certainly equaled that of any full professor in the department. At the beginning of the 1940s Harold Groves and my father sought to appoint Milton Friedman to the faculty: Friedman's expertise in those days was in statistics. The result was a bitter fight within the economics department, and the dean announcing that “Wisconsin is not yet Hitler's Germany” forwarded the proposed appointment to the President. There then followed a debate in the

⁸⁰ I knew Joseph McCarthy slightly; one of his aides had been my schoolmate from kindergarten through high school. McCarthy was intentionally anti-anything British. That stance made him popular with the Wisconsin descendants of the Norwegian Lutherans (members of the Missouri Synod) as well as those of German descent. Some of the Wisconsinites of British background had fallen into the trap of referring to the other types as ‘hyphenated-Americans’, a neologism crafted by Theodore Roosevelt.

State Legislature with one Assemblyman being quoted as saying that the question was whether Friedman would be one or two too many Jews. Friedman then asked that the offer to him be rescinded; it was (cf. *Lampman*, 118–21). In a word, Lowell's legacy was virtually national in its scope.

Student life in Madison, like Harvard's, was essentially homogeneous, although some wealth differences did show; fraternities and sororities existed and were noisy. But the great bulk of the student body did not join them. As I recall there was some contempt exhibited about their snobbery, a type of reverse snobbery. What were big things in student life were state and national politics. The cross that every University of Wisconsin President had to bear while the Wisconsin Legislature was in session was the student newspaper's frequent 'exposés' about what was going on in the State Capitol, less than a mile away down State Street. At times the legislature debated whether there was too much sexual laxity – some viewed such things with alarm – the contrary view was that what went on was nobody's business but the parties involved. The debates, at least, were entertaining.

Business and other groups throughout the State took a keen interest in university life.⁸¹ There were, as I recall, repeated instances where members of the Legislature became concerned with faculty partiality to Soviet communism, and of other forms of sin. My father, for example, had established in the mid-1920 a Summer School for [Unionized] Workers⁸², and repeatedly it was a magnet drawing business criticism. The important thing was that the criticism was never enough to close it.⁸³

⁸¹ Businessmen wanted a dean of the School of Commerce to be sympathetic to their needs. Pharmacists wanted the dean of the School of Pharmacy to be retail-store, not research-oriented. And so forth.

⁸² The curriculum dealt with labor history, discussions of scientific management (Taylorism), Roberts Rules of Order, problems of unionizing workers, and the like.

⁸³ Its existence was like a bone-in-the-throat of many Wisconsin industrialists, but when they tried to close it, they discovered that they were up against a greater force. In 1947 I recall they planned to put my father on the carpet. He opened the meeting by asking them to read a letter from one of his former graduate students, by then the Papal Nuncio in Germany (and later the first American Cardinal at the Holy See), Aloysius Bishop Minch. The letter was an explicit endorsement of my father's views, noting that it was in line with the two key Papal Encyclicals, *Rerum Novarum* and *Quadragesimo Anno* and served to keep workers from rushing to radical movements. Chairman of the Regents Sensenbrenner (likely the grand-father of the current Member of the House of Representatives) read the letter, then told my father that his testimony was unnecessary, and the matter was dropped.

c) *The Nature of the Faculty 'Collegium'*

At both types of universities, however, what they had in common was the nature of leadership in the faculties. By far the dominant faculty in both schools was the Faculty of Arts and Sciences. And within this faculty, the definition of the appropriate culture was left largely to Department of English Literature.⁸⁴ These departments offered a large number of courses, but underlying them all was an agreement that the American culture was largely an outgrowth of English literature from the time of Shakespeare through the novelists and poets of the early 20th century. Both universities pointed to the same culture, and even those in the sciences and the professional schools toed that cultural line. True there were some who advocated greater stress on American contributions – for instance, Thornton Wilder, the American author and playwright, taught at Wisconsin. And as I mentioned in the third chapter the native American painter, John Steuart Curry, was on the faculty.

But for the far greater part the faculties, as a whole, were not pioneer-minded. If anything, as one looks back, there were no counterparts to the kind of outstanding educational administrators of the stamp of Eliot, White, and Gilman. And it was they, not the existing *collegia*, who had built the institutions.

d) *Who Controls the Controllers of the Universitas:
Academic Freedom and the University of Pittsburgh*

In the fourth chapter while talking about the legacy of the German Universities of the 19th century, I stressed the great intellectual freedom that professors enjoyed. I also mentioned that that sense of freedom was brought to America by a relatively small group (most of them economists) who had had some postgraduate training in Germany. In particular I noted that Richard Theodore Ely, an associate professor of political economy at Johns Hopkins, had taken the lead in organizing the American Economic Association in order to get a professorship. He failed at Hopkins but succeeded at Wisconsin. And then I told the tale of his being charged with anarchism and how the Regents of the State of Wisconsin endorsed the principle of academic freedom.

⁸⁴ As you might expect in Wisconsin before World War I the Department of German was a contender in the realm of culture. For Hohenzollern Germany for all of the foolishness of the Kaiser's Court still was the leader in progressive legislation in the fields of social welfare and popular education. But all of the German challenge disappeared by the end of 1914.

One of Ely's Hopkins students was Edward Alsworth Ross. Ross, an economist-sociologist, who had eventually taken a professorship in 1893 at the recently (1891) opened Leland Stanford, Jr. University.⁸⁵ During his tenure there, he advocated the closing of immigration to America of persons of oriental descent,⁸⁶ as well as 'free silver', the political pitch of William Jennings Bryan, the perennial Democratic candidate for President. These positions conflicted with the views of Mrs. Leland Stanford, and she asked that his appointment be terminated. It was. After a few more academic moves he located at the University of Wisconsin, where he remained until his retirement (Cf. *Ross* 1936, 53–63).

Ross was a large, immensely likable person, and his treatment at Stanford precipitated several important resignations from that faculty. In 1915 a group of professors, specifically Arthur O. Lovejoy (Johns Hopkins), and John Dewey and Edwin R. A. Seligman (both at the time professors at Columbia), who were concerned specifically with the Ross case and with institutionalizing the concept of academic freedom, organized the American Association of University Professors. In 1915 it issued a statement about Academic Freedom and Tenure:

"The term "academic freedom" has traditionally had two applications – to the freedom of the teacher and to that of the student, *Lehrfreiheit* and *Lernfreiheit*. It need scarcely be pointed out that the freedom which is the subject of this report comprises three elements: freedom of inquiry and research; freedom of teaching within the university or college; and freedom of extra-mural utterance and action. The first of these is almost everywhere so safeguarded that the dangers of its infringement are slight. It may therefore be disregarded in this report. The second and third phases of academic freedom are closely related, and are often not distinguished. The third, however, has an importance of its own, since of late it has perhaps more frequently been the occasion of difficulties and controversies than has the question of freedom of intra-academic teaching" (*AAUP Bulletin*, 1937).

In 1920 one of the Association's committees, Committee T on the Place and Function of Faculties in University Government, reported its deliberations that had resulted in a statement on the optimal faculty's role in university governance. The statement is technically mostly a wish-list, but in periods of good-feeling wishes are often granted *de facto* if not *de jure*.

⁸⁵ Ross became one of the father-figures of American sociology. Judging from his breezy autobiography (*Ross* 1936) he was a graduate of Coe College (Cedar Rapids, Iowa), he took a PhD under Ely at Hopkins in 1891. He then taught in rapid succession at Indiana and Cornell universities. Between Coe and Hopkins he spent a year teaching in Fort Dodge, Iowa and about 16 months touring Europe, mostly Germany.

⁸⁶ Ross and a great many American and British social scientists were believers in eugenics – that is they thought that positive steps should be taken to reinforce the 'genetic superiority' of Western European types.

- The faculty should have a voice in the selection of the institution's President.
- The faculty should have a voice in the decision to appoint and to promote teachers of the various ranks.
- The faculty should have a voice in the appointment of deans, whose tenure might or might not be given a specified term.
- The faculty should have a voice in matters of budgetary allocation.
- The faculty should have an institutionalized voice (possibly a senate) that held what passed for its 'prerogative' when the faculty was not in session.

There is also Committee A, one that deals with questions of breeches of academic freedom. In a vital sense, the work of Committee A should be seen as the *raison d'être* of the organization, for it is this issue which differentiates the Association for either a labor union or even a professional society.

*e) Academic Freedom at the University of Pittsburgh:
Chancellor Bowman's Reconstitution of the University*

The University of Pittsburgh stems from a 1787 Pittsburgh Academy. Between 1819 and 1904 its name was The Western University of Pennsylvania. Since then, it has held its present title. Our interest in this chapters focuses on John Gabbert Bowman (1878–1962), who was Chancellor for 24 years, 1921–1945. And because of local interest I must digress and explain the background of the academic freedom conflicts at Pitt.

The background of our story about academic freedom at Pitt involves how Chancellor Bowman set about to make Pitt into a world-class university. What stands out is that Bowman with only his wits as an asset sought to remake Pitt, and he succeeded. His plan (in our metaphor, the lever) required the Mellons as the fulcrum. What should be stressed is that before Pitt could aspire to anything world class Bowman had to become a world-class mendicant, presumably dancing to the tune called by the most moneyed family of Pittsburgh, the Mellons. Bowman saw this task as doing whatever he thought was necessary to interest the Mellons and their social group to the point that they would trust him.

Prior to his coming to Pitt, Bowman had been an extremely youthful President of Iowa State University and the first director of the American College of Surgeons.⁸⁷ What he found when he accepted the Chancellorship

⁸⁷ Alberts' history of the university describes the strange sets of pressures put on Bowman. According to Albert, Bowman's mentor, Dr. William James Mayo (of

was an institution mired in terms of its physical assets colossal debt with considerable question among its trustees whether Pittsburgh really ought to offer much more than technical training for the steel industry and its affiliated activities.⁸⁸

Bowman's plan was first to retire the debt.⁸⁹ When he mentioned the need for money, apparently R. B. Mellon stopped him in a middle of a speech, and later told him not to ask for funds but to lay out a grand plan. Thus he came to realize that in order to accomplish that objective he had to present what President Bush was later to call 'the vision thing'. That plan, worked out in less than two months after becoming Chancellor, was to build a great university replete with a world-famous campus.

Bowman apparently understood from the beginning that his big hope would succeed only if he were to involve the Mellons, principally Andrew Mellon, in his plans. Andrew Mellon was an exceedingly reserved man (in an era when the species flourished). In 1921 he was just becoming Harding's Secretary of the Treasury and was moving to Washington. Discovering that Bowman could draft letters sounding just like himself, Mellon asked Bowman to help him there as a trusted aide. To this Bowman agreed – even living part of each week in Washington), but insisted (over Mellon's objections) upon his remaining Chancellor of the University. Bowman's dealings with Andrew Mellon are far from easy to fathom. Not only was A. W. Mellon non-communicative, but Bowman, himself, was a man of a notably reserved character. Bowman was not afraid to anger Mellon, but he could do so with positive results only after the most careful planning of conversations. And the record shows that when Bowman got the pecuniary support he wanted he succeeded at great personal cost. Bowman had to bide his time to the right moment, anticipate Andrew Mellon's moods, and have ready answers to Mellon's rhetorical questions intended to cut off discussion. Eventually he persuaded Andrew Mellon to write off the University's debt. And that was but the first step.

Mayo Clinic fame), was insistent that he take the position, but Alberts does not explain why. On the other hand, the initial reception that Bowman got from most of the Pittsburgh business leaders he consulted was hardly encouraging. His opening salary, however, was a whopping \$35,000 per annum.

⁸⁸ In 1912 Andrew Carnegie, although a trustee of the University, made it clear in a letter to Chancellor McCormick that it was foolish to try to establish a traditional university in a city devoted to industry. Carnegie favored technical training (*Alberts* 1887, 68–69).

⁸⁹ A few months after his appointment, Bowman with much difficulty managed to raise the University's debt retirement topic with the Secretary, and to Mellon's own purported amazement he and his brother, Richard, agreed to have the Mellon Bank retire the outstanding debt (*ibid.* pp. 91–92).

Bowman then turned to recreating the campus. Earlier in 1908 the New York firm of Palmer and Hornbostel had won a national competition for a new Pitt Campus in Oakland – “The Acropolis Plan”, some parts of which had been built on “Cardiac Hill”. But Bowman wanted something different. To quote Bowman:

“An architect could make stones talk ... Why not record in stone what Pittsburgh, an Inland Empire, really is? Why not put up in a building which itself will tell of the spirit of Pittsburgh? Such a building, if it were to express emotion, would necessarily be high. A high building, a tower – a tower singing upward that would tell the epic story of Pittsburgh. A tower – why not a tower.” (quoted in *Alberts* 1986, 85).

And thus it was that Bowman first sought his site (14 level acres, at the time owned by the Frick Estate, in the center of Oakland abutting the Carnegie Library, the Pittsburgh Athletic Club, and the Schenley Hotel).⁹⁰ Bowman then (over the objections of certain of the key Pitt trustees) persuaded the Pittsburgh community (and the Mellons) to build a spiring, magnificent memorial to knowledge – Bowman’s phrase was a Cathedral of Learning. He got his building designed by Charles Z. Klauder, a Philadelphia architect experienced with constructing Gothic college buildings.⁹¹

In his very first year, he appealed to their sense of institutional efficiency by slashing redundancies in the Pitt budget. He also dismissed no less than 85 faculty members, some by reason of discontinuing programs; others because of their professional inadequacies. Bowman saw his success in his becoming a magnificent mendicant, presumably dancing to the tune called by the moneyed family of Pittsburgh, the Mellons and by providing an institution which stood for the kinds of things in which they believed. In order to give his management the most flexibility, he reestablished yearly contracts for professors, ignoring completely a system of academic tenure established in 1916 by Chancellor McCormick and the Pitt Trustees (*Alberts* 1986, 63).

f) The 1929 Case Involving the Expulsion of Graduate Students

We now come to Bowman’s clashes with the American Association of University Professors. The first episode occurred in 1929 when Pitt’s Liberal Club decided to stage a rally demanding the unconditional release of

⁹⁰ About the same time someone bought for Pitt land along Fifth Avenue that later became part of the medical complex.

⁹¹ Albert’s description of the Bowman’s frustrations with Kauder’s designs is a classic (*Alberts* 1986, 95–100).

two radical labor leaders, Thomas Mooney and Warren K. Billings, who had been convicted for bombing a 1916 San Francisco Preparedness Day parade when nine persons were killed and about 40 wounded. The Club's officers obtained first the consent of the Club's faculty advisors and then the right to use a room in Alumni Hall. Three days before the meeting just after publicity posters were attached the university permit to hold the meeting was withdrawn – the Club's officers were notified, but not the faculty advisors (see the Appendix to this chapter for extracts of the eventual AAUP report).

The Club's leaders not only went ahead with their plan for the rally at Alumni Hall, but finding that the eminent sociologist Harry Elmer Barnes was in town, they recruited him to address their meeting. When the meeting began it was stopped by the university police who also thwarted an attempt to move the meeting to another spot on the campus. Eventually Barnes and others spoke standing on a running board of a car just off the campus. The Club's leaders were then expelled from the University.

The University took steps to explain publicly its decision saying that the 'purpose of the club "had now degenerated to desire for propaganda and publicity (ibid. p. 580)". The gist of the University's case was that the Club had violated the University's rules.⁹²

Immediately afterwards the issue was taken up by Committee A of the American Association of University Professors. An investigation on site was held, and in the end the investigators held:

Findings: The American Association of University Professors cannot concern itself in a case of student discipline as such, even though such discipline may be unjust and excessive. There is no doubt that the Liberal Club of the University of Pittsburgh was insubordinate ..." (ibid.).

In the same vein the investigative committee decided that as Mr. Woltman was a graduate student and graduate assistant no question of tenure was involved. But the committee pointed out the absence of due process in the University's decision. Relief, it seemed, would have to occur in the courts.

Nonetheless the tone of the committee's report was critical of the judgement of the University's administrators. It noted specifically "that there exists in the faculty a wide-spread feeling of insecurity and timidity. Even

⁹² The Club's response was: "... Other student clubs, such as the Liberal Club at the University of Wisconsin, have taken a similar position in the Mooney-Billings case, and that distinguished Americans like John Dewey, Alexander Meikeljohn, E. A. Ross, John R. Commons, Jerome Davis, Stephen S. Wise, and Glenn Frank have joined in the appeal for the release of Mooney and Billings (ibid. 580)".

administrative officers admit that this feeling exists, though they regard it as not justified ... (ibid. p., 585). In the same paragraph the committee stated that this feeling does not permeate classroom instruction.

There is more to the report but one thing should be pointed out. The committee explicitly noted “that at the University of Pittsburgh ... relations are not built upon recognized rights of the faculty either as individuals or as a corporate body. As individuals, all teachers are employed on yearly contracts, instead of the presumption of permanence (ibid. p. 588).

The significance of this episode is that Bowman denied *Lernfreiheit*. Did Bowman do this to accommodate to the expressed wishes of the Mellons, or did he do this to accommodate to what he supposed were the wishes of them and their group? The bigger question is whether Bowman could have continued his great building plans had he done nothing? Was his own job in jeopardy? There are no ready answers.⁹³

*g) The 1934 Episode Involving the Dismissal
of Ralph E. Turner⁹⁴*

Ralph E. Turner, an unusually popular associate professor of history, did not receive his annual contract renewal in the Spring of 1934, when the others were sent out.⁹⁵ Turner, an outspoken liberal and political activist,

⁹³ In the late 1960s Pitt, like most great American universities, was caught in the maelstrom of the day, radical revolution involving students' rights, protest against the Vietnam War, environmentalism, civil rights, women's rights, and so forth. One explicit demand was to deny academic credit for the underclass years of the Reserve Officer Training Programs. By the last 1960s Pitt had had two chancellors since Bowman, the second of whom as we will note in footnote 25, below, passed the *Lehrfreiheit* test. Pitt was on the way to becoming a major player in the academic competition, and its Chancellor, Wesley W. Posvar, chose to accommodate the purported student demand that 'war-making' was not worthy of academic credit. Accordingly, Pitt passed the *Lernfreiheit* test. Posvar's decision is an interesting one. He was a graduate of the West Point Military Academy with grades higher than any previous student. He went from West Point as a Rhodes Scholar to Oxford, and took a doctorate in Political Science at Harvard. He organized the initial Social Sciences faculty at the Air Force Academy. Posvar's choice of *Lernfreiheit* paralleled similar choices made at other schools at the time; what was different was Posvar's background.

⁹⁴ For reasons of brevity, I have omitted any discussion of a 1932 incident when university police arrested and probably illegally held two students who were protesting the appearance on campus of Army Chief of Staff Douglas MacArthur or of a 1932 loyalty oath required by Bowman of students intending to register at Pitt (*Alberts*, 147–48).

⁹⁵ A year earlier a similar delay had occurred, but when Turner assured Steele Gow, the University's Secretary, that he was interested in scholarship, not politics, the contract appeared.

had spoken on April 24th at the Western Pennsylvania Historical Society attacking (not by name) the Mellon interests. Turner then inquired about the delay, and his contract was issued on May 9th. However, on June 30th Turner was informed that he would get the promised salary in an advance payment, but that he would not be allowed to teach. Turner had difficulty in finding out just what specific action of his had actually caused his dismissal – he had heard several rumors but he thought he could successfully defend himself against all of them. One of them, anti-religious statements to students, seems to have been the one that Bowman had had in mind.

The issue became not only a local *cause celebre*, but Turner appealed to the AAUP. In time the AAUP sent its investigators to Pitt on more than one occasion; they interviewed all of the parties, and rendered a 72-page report in February 1935. To use Alberts' words:

“The report, beautifully written and carefully reasoned (except for one paragraph)⁹⁶ was a shattering attack on Bowman and on his administrative policies and practices.” (ibid. 152)

The report proposed that Pitt be officially censured and that it be attached to a list of schools violating the basic elements of academic freedom at which no self-respecting scholar would take employment.⁹⁷ This proposal was eventually adopted by the members at an annual convention. And Pitt became a pariah amongst the universities of the day.

This Pitt paid the price for the denial of *Lehrfreiheit*. Was it a big price? Certainly there were many who thought so. Again, one has to ask, could Bowman have continued his great scheme had he done other than what he did? How long was his ‘leash’. that is to what degree could he have accommodated the AAUP? Even more than Pitt, his own reputation as an academic ‘great’, was lost, and the credit for what was to be his major achievement – the building of a great urban university was lost in his own lifetime.⁹⁸

⁹⁶ This touched on the great differences of wealth in a dirty and ugly city as well as the mentality of profit maximization found in the industrial and banking leaders. This paragraph affected Pittsburgh's public pride, and in effect gave Bowman support he would otherwise not have had.

⁹⁷ The actual terminology is strong: The ‘blacklist’ forbade its 12,000 members on pain of expulsion to accept a job at a blacklisted institution (of which at the time there were four others, including the United States Naval Academy).

⁹⁸ Bowman's successor, Rufus Henry Fitzgerald, was allowed about a decade to manage the university. In the mid-1950s he was suddenly notified that he would be replaced by a Cornell dean of the school of business administration, Edward Litchfield. Shortly after Litchfield took office he was faced with a *Lehrfreiheit* question involving a presumed Communist sympathizer, again a historian (Robert Colodny). Times had changed, Litchfield sought to have a thorough investigation of the charges, found them exaggerated, and retained Colodny. Pitt had passed the *Lehrfreit* test.

The net result, as one might expect during a period of severe economic depression, was that those Pitt faculty members who could find jobs elsewhere left and the rest suffered in silence.

h) An Addendum: Bowman's Last Years

However, what eventually seems to have brought Bowman down was not his stance on academic freedom but his belief that big-time sports (notably football) threatened to turn Pitt into an academic farce. In any event, after several bitter years, in 1939 Pitt's Trustees appointed and then accepted a strongly critical report of an investigative committee concerned with Bowman administrative practices. Among its recommendations was that Pitt set up some form of academic representation to advise the Chancellor and that Pitt adopt the tenure rules then prevailing at most American universities. Bowman fought back, but his power had been essentially eliminated. However, World War II broke out, and matters were left to simmer. Bowman finally chose to retire effective July 1, 1945. His successor, Rufus Henry Fitzgerald (who had been his deputy), adopted all of the reforms that Bowman had opposed. And Pitt's name was removed from the AAUP blacklist.

2. The Changes in the Late 1940s until the Early 1960s

What had been assumed that the GI Bill bulge would dissipate by approximately 1950 just did not happen. No small number of GI Bill students chose to go on to professional and post-graduate studies. And the idea of a college education, once foreign to most high school graduates, did not seem strange to those who finished their secondary education in the years of the GI Bill bulge. In any event, enrolments diminished only slightly.

There were, however, other important changes. I tend to tie them in part to the impact of the World War II veterans on the campus and in part to European problems during the three years after the Japanese defeat in August of 1945.

The GI veteran culture on campus was completely different from anything that had ever previously occurred. Large numbers of mature, very well-disciplined students in their early 20s became the undergraduate student body. Most of them had not been officers, and they brought to the campus somewhat rebellious attitudes towards accepting stock answers. Few professors got away with talking down to these students; even fewer managed to survive critical comments from the floor. What had been the atmosphere found only in the best graduate programs became more or less the atmosphere found in undergraduate classes.

What to do with the millions of Displaced Persons in Europe became a hot topic. General Eisenhower, taking the lead from his British advisers, decided to send the various DPs back to their 'lands of origin', irrespective of whether they would then be slaughtered by the Communist governments that had taken over or whether they would be hounded as unwanted Jews. Eisenhower's blunder had a tremendous effect on the American Jewish community, until that time generally pro-British and always unwilling to make 'scenes in public'. By 1947 the traditional German-Jewish, well-financed American Jewish leadership was being displaced; the successors were outspoken American Jews of Eastern European origins. They not only set about raising money to help Jewish DPs but they also raised even more money to help fund the Israeli Jewish community in its efforts to expel the British and to found a Jewish state. I mention the foregoing because around 1950 for the first time in recorded Jewish history Jews began to demand changes in public educational policy. There were general attacks on Jewish student quotas (by the time that Brandeis University was actually founded the prime reason for its founding was no longer particularly true).

At the University of Wisconsin in 1948 Martin Bronfenbrenner rather than Evsey Domar was appointed to the Wisconsin faculty because a personally tolerant Edwin Witte (ever willing to please the university's administrators) mistakenly thought that Bronfenbrenner was from a German (not a German-Jewish) family; Domar, he told his colleagues, was originally named Domashevski. In April 1950 the Chairman of the UCLA Economics Department offered me a job with the addendum, "No Jew has ever been happy here." I do not think that he would have dared use that phrase three years later.

Perhaps more serious was the change in the role of Departments of English. What was happening was that the aura of British culture was disappearing just as those countries printed red on the map began to change. The demise of the hegemony of British culture on the American campuses fell about the same time that it became apparent that the large number of 'countries colored red' (the British Empire) was diminishing. By 1955 even the Wisconsin Department of History, dominated by Paul Knapp (the Professor of British History), agreed to put a Jew on its list of three preferred candidates (he was, of course, third). And to the Department's amazement when the first two fell by the wayside, it had to accept George Mosse as its professor of European intellectual history.

Most serious however, was the discovery in late 1957 that the Soviets were well ahead of us in space research. The immediate federal response was to underwrite numerous, vast programs not only in science but also in improving undergraduate studies. Sputnik was for American universities

what the discovery of the germ theory of disease was to the study of medicine. Sputnik produced a revolution in the way of financing universities. Not only was money made available both to universities (in the form of grants and contracts) and to potential students (in the form of guaranteed loans) in previously unimagined amounts, but the omnipotent Government Accounting Office was not far behind.

Until this point I have said little about the American *universitas* except to mention that each institution's trustees really held all the cards. Generally they delegated them to the university's administrators (as in the case of Pitt), but even there when criticisms mounted the trustees resumed their role as the *universitas*. Quis custodiet ipsos custodes? With federal financing the trustees learned that in no small way it was the GAO that became the monitors.

3. The Multi-University

The greatest 'comer' among American universities in the post-war period was the University of California, Berkeley. It emerged as certainly among the greatest centers of learning in this country, indeed the world. Thus it seemed logical that those who commission Harvard's 'ancient' (since 1903) Godkin Lectures on the Essentials of Free Government and the Duties of the Citizens should ask the President of the University of California, Professor Clark Kerr, to deliver a series of talks. These appeared in 1963, were reissued with comments in the form of an additional chapter in 1972, and were reissued a second time with a postscript in 1982.

Clark Kerr was an economist specializing in industrial labor relations (he is now more than an octogenarian). He enjoyed a particularly strong reputation as an effective mediator and arbitrator in labor disputes. And these were the skills he brought first to the Berkeley Chancellorship in 1952 and then to the presidency in 1958.⁹⁹

Originally the Kerr presentation had three parts: (1) The Idea of a Multi-university, (2) The Realities of the Federal Grant University, and (3). The Future of the City of Intellect. There would have been a fourth but as he noted in his 1972 postscript he had been too busy trying to run the university and also mediate a national railroad strike. Thus in 1972 he appended a broad postscript taking into account the great disruptions that had occurred since the original lectures as well as some of the material he might have presented had he been less busy. Then, ten years later, he added a

⁹⁹ He was driven from the University of California Presidency in 1967 by the recently elected governor, Ronald Reagan, who had an *ad hominum* aversion to him.

second postscript in large measure reiterating the 1963 message – *plus ça change, plus c'est la même chose*.

The thrust of the first chapter was that the modern American university had no longer had a central mission. It now embraced the traditional Oxbridge goals of undergraduate education with the Hohenzollern German goals of research and some form of the “Wisconsin Idea” with advanced planning of social services. Undergraduate teaching was mixed with graduate teaching, all teaching with research, and all teaching and research with the development of social programs. This loss of a narrow mission also led to the creation of several different communities within the university structure. Previously the faculty and the students in the typical medieval university as well as at Oxbridge had a common interest – that is, educating young people. And at the University of Berlin the faculty and the students were united in developing research frontiers. Building on these legacies as well as the purely American influences like the Morrill Act, Kerr sought to describe what Berkeley (and in that sense the frontier-type American university) had become.

Kerr surveyed the expressions of numerous writers who felt that universities should allow great choice in the form of curricula or other activities and an even greater number of critics who held that universities had squandered their efforts on irrelevancies like football and student government. In this sense what Kerr was doing was considering the actual nature both of university objectives and what (or who) actually controlled the *universitas*. His conclusion was that it had become the administration which he felt was either a presidential-giant or a mediator-initiator. He argued that the days of the giants were over, and it was clear that he believed that a mediator-initiator was not simply a messenger between competing factions. Kerr’s ideal was a president that understood pluralism and could help those who competed to work our useful, organic (evolving) compromises. His first lecture concluded with a description of the life-styles of the various groups or communities within the larger university ‘city’.

Kerr’s second lecture dealt with the much greater role that scientific research played in university life since the beginning of World War II. That role not only redefined the mission-balance within universities but it also insinuated federal funding in the shaping of projects. As Kerr pointed out, for a university to refuse a professor’s federal grant was tantamount to losing the professor. Such grant-orientation increased the need for university bureaucratization – both on the administrative-leadership and on the auditing-reporting levels. In short universities became giant conglomerate potential surplus-creating firms. At the time the lectures were given Kerr was hopeful that some form of bureaucratic balance would emerge.

In Kerr's third lecture he tried to make the point that just as the Morrill Act had created universities with changed foci regarding curricula (agricultural improvement vs. knowledge of the classics), so the post-World War II legislation had created a university community comprising increasingly heterogeneous student cultures. "Pluralism in higher education matches the pluralistic American society. The multiversity, in particular is the child of middle-class pluralism; it relates to so much of the variety of the surrounding society and is thus so varied internally (*Kerr* 1982, 118).

Even in 1963 Kerr was worried about the diminishing relative quality of undergraduate instruction. He was conscious of the need to address the division between backward looking subjects – dealing with the nature of culture and the ways that humans relate it, with the forward looking subjects – dealing with objective reality as in physics (?), chemistry, and so forth. As a president of the leading university he was very concerned with a widening gap between university administrators concerned with efficiency and the interests of professors and students concerned with quality. Strange to me was Kerr's expressed belief that it was in the private, not the public universities, where solutions for these problems would likely occur.

By 1972 Kerr had been driven from office by Governor Ronald Reagan.¹⁰⁰ We will take up Kerr's 1972 and 1982 postscripts in our next lecture.

4. The 1960s – The Disintegration of the Old Order

Just how the United States got into the wars on the Asian continent is far from clear. The Korean conflict may have come about because the State Department let it be understood that Japan was the outer perimeter of our interest. And the decision to try to hold Viet-Nam after the French chose to evacuate it is even less clear. But if the Korean War became so unpopular that Truman decided not to run for reelection in 1952, the Viet-Nam war became even more unpopular by 1965–66.

Historians generally agree that the unpopularity of the Viet-Nam conflict led to the student revolt starting about 1966–67. I am inclined to cite other factors as well, including the tradition of agitation associated with the Civil Rights movement during the mid- and late 1950s, an envy that college students harbored against those who had fought in World War II and who

¹⁰⁰ Kerr, himself, has told me that after Reagan's election having polled the University of California Regents and thinking he had a supporting majority he asked for a contract extension as a vote of confidence. When the vote was taken, he was amazed to discover that he had lost. He asked several who had promised him their vote but had voted against him. He was told that they had promised Governor Reagan both their vote and their willingness to misinform Kerr.

had dominated the culture of the universities since that time, and finally sweeping changes in the voting representation on college faculties after the professional schools were expanded largely with federal funds.

In any case, at Pitt the revolt took place just after its Chancellor, Edward Litchfield, was replaced because of an emerging fiscal crisis. Litchfield's temporary successor, David Kurzman, chose to give to the Pitt faculty full authority for its own legislative program (previously, Litchfield had served as the faculty's presiding officer). Neither Kurzman nor his permanent successor, Wesley W. Posvar, were in the chair when the demands were made that Pitt disenfranchise the ROTC program, that the University formally honor Martin Luther King, Jr. by closing the establishment for a day each year; or that the university move to abolish Euro-centerism. And those who were in the chair either did not want to nor could have controlled the debate.

The result is that if anyone exercised the powers of the actual *universitas* in the 1960s, it was the radical students who seemed regularly to control the agenda. Many schools were shut down by student action; they reopened only after the students' 'non-negotiable' demands were negotiated. In the short run in any case pretty much along the line of the sought 'reforms'.

Appendix to Chapter V

The Club's executive committee met on April 12th and "projected a meeting to discuss the Mooney-Billings case, secured the approval of the faculty committee in the usual manner, and on April 18th obtained the permission of the University Registrar to use a room in Alumni Hall for a meeting to be held on the afternoon of April 22. Three days before the latter date, a printed announcement appeared on the campus listing the names of those who were to address the meeting, and specifically stating that its purpose was "To demand the unconditional release of Thomas Mooney and Warren K. Billings. On the same day, the permit to hold the meeting was withdrawn and the secretary of the club was notified to this effect. The leaders were summoned to appear in the office of the Dean of Men at the hour scheduled for the meeting and at that time they were warned that the club would probably be dissolved and some of its members expelled unless it ceased its propaganda activities. On the day of the proposed meeting, it happened that Professor Harry Elmer Barnes was lecturing in Pittsburgh and he was invited by representative of the Liberal Club to address the Mooney-Billings meeting. The faculty advisory committee promptly approved the appearance of Professor Barnes on the University campus, but had no knowledge of the fact that the Liberal Club's permit for the use of a university building had

been revoked. It appears that the administration had not notified the faculty advisers of its action, and the leaders of the Club were careful not to reveal the fact that the use of a room had been denied.

When Professor Barnes arrived to address the meeting he was notified that the permit to the Liberal Club had been revoked three days before and that the meeting could not be held on university property. When an effort was made to hold the meeting on the steps of Thaw Hall, a university officer again notified the speaker of the action of the administration, and Professor Barnes finally delivered his address from the running-board of an automobile parked in a lot near university property.

Considerable publicity followed the event, and the Liberal Club made several attempts to hold meetings to discuss its difficulties with the administration. On April 24 the club was officially dissolved by the university authorities. In a meeting held off the campus the club determined to continue its activities, and on May 2 two students who had been leaders in these event, *viz.*, William Albertson and Arthur McDowell were expelled from the University. At the same time F. E. Woltman was dismissed from his graduate assistantship and expelled from the University (*AARP Bulletin*, vol. 15 [1929], pp. 578–79).

VI. The Past and The Future

1. Introduction

The thrust of this final chapter is to integrate certain of the conclusions derived in the five previous ones and to consider the problems currently facing large research universities, the kind of thing termed by Clark Kerr as the multiversity.

2. The Principal Generalizations

What have been the underlying forces shaping Western European-American universities?

First, there is the historic role of religion. Historically most of the early universities were often founded to provide training for the clergy. In that sense the role of religion can only be seen as having a positive effect. However, from the very first differences of religious interpretation led to schism, separation, the founding of new universities, and, perhaps worst of all, the association of universities with intolerance. We saw that the Archbishop of Paris was ready to excommunicate Paris's greatest graduate, Thomas Aquinas, who was also at the same time a principal theological

advisor to the Papal Curia. We saw that the High Church-Puritanism conflict at the University of Oxford in the late 17th century resulted in the great scientific work being discussed not so much in the colleges (and the university) but at the Royal Society in London. And Harvard, for all of its pioneering, was both theocratically dominated and essentially parochial in its outlook until about 250 years after its founding, when Charles Eliot took the helm.

Second, there is the amazing dual role of the state. Not only did the state found the first university in the 12th century, but the state emerges as the principal benefactor of universities in the late 19th century. As important as the Morrill Act was to the broadening of the university's student population, it was the almost incredible impact of the Prussian Ministry of Education on changing the character of university culture from provincial (even parochial) to cosmopolitan. Prior to the Humboldt brothers universities were invariably focused on narrow doctrines, enforced generally by religious teachings. It was the University of Berlin, specifically, and later German universities, generally, that created the current academic freedoms, the freedom to teach (*Lehrfreiheit*) and the freedom to learn (*Lernfreiheit*). In Bismarck's effort to dispel the Roman Catholic and Lutheran Churches's stifling intellectual influence, he, whom one would hardly have associated with intellectual freedom, became effectively the heroic definer of intellectual freedom. But in the case of German universities, the very power that Bismarck used in his time to shape intellectual freedom became the instrument for the immediate and complete collapse of the German university's legacy of freedom in the early months of 1933, immediately after Hitler's rise to power. This collapse should best be likened to Satan's rebellion as described by Milton.

Focus then turns to developments in America, where the secular state became the principal financial source of many universities. Whatever the impact of the Morrill Act on broadening the base of student enrolment it was almost as nothing compared to the unique experience of the GI Bill on the training of the American labor force. The Morrill Act offered training to young people (mostly men) who had elected to be farmers or engineers or teachers. The impact of the GI Bill was different. Whatever the men (and women) who became GIs might have been had they not been in military service, the opportunity to go to universities for the most part had not been anticipated. Thus an undreamed of opportunity beckoned. But there was more. These young people had been disciplined by life in the services. The universities, too, had not yet undergone the abandonment of parietal (within the walls) regulations, and so attendance at class was accepted as obligatory, work was done on schedule, and so forth. Thus I would suggest that the third force making for the modern university has been the broaden-

ing of the student base. But here I must enter a caveat; the subsequent cohorts of students, inheriting the opportunities first showered on the GIs, did not for the most part have the discipline that the GIs had, and so this *third* force, true as it is, has to be seen as being somewhat different in its later impact.

A *fourth* force in the shaping of universities has been the role of technology. Perhaps the greatest technological change was the introduction of the printed book. It gave the ability to read (and to write) scope that had never before been imagined. It made large libraries possible. But with such opportunity came increased intellectual conflict. True the translation of Aristotle in Latin caused schism within the 13th century University of Paris, but that schism was no more than a tempest in a teapot compared to the violence engendered by Protestant frontal attacks on the Roman Catholic theological legacy. These I attribute mostly to the impact of the broadening of the reading public's base. It is patent that the recent universalization of internet access broadens even further the access to information.

Along this line is the development of modern bench and theoretical scientific knowledge. These scientific discoveries' impact on university training came later than one would have thought. For the truth is that the curricula of English and American universities (with the exception of engineering schools like the Military Academy at West Point) were not reshaped significantly until the Morrill Act's colleges were founded. Again one should point to the University of Berlin's impact on the curriculum as the force shaping what we would not identify as perhaps the scientific heart of the university's program, its graduate training.

A *fifth* force I would suggest has been the critical role of key educators. The von Humboldt brothers and Fichte in Germany, Andrew Dickson White and Daniel Coit Gilman in America, and without any doubt Christopher Columbus Langdell in legal education and Abraham Flexner in medical education. What was the key to the success of the Germans was their linkage to political power. But what was key to the success of the Americans were their contacts with the German experience and their sheer doggedness. White and Gilman could create university traditions *tabula rasa*, and they did remarkably well. Langdell created Harvard's legal tradition because Eliot believed in him. But Flexner is the most unusual of them all. Trained to be no more than a good high school teacher, almost single handedly he transformed medical education in America (and to a much less extent in Britain).¹⁰¹

¹⁰¹ Abraham Flexner's brother, Simon, created the Rockefeller Institute (now Rockefeller University), but Simon was a physician. It is true that Abraham went on to create the Institute for Advanced Study in Princeton which became the proto-

These five forces – the church, the state, the broadening of the student base, technological invention and innovation, and the role of heroic individuals – have been the major dynamic forces. Sometimes their influence were positive; occasionally they were disastrous.

The *sixth* force turns to be the most complicated, particularly for American universities at the opening of the 21st century. It is the force of finance. Our fifth chapter ended with a discussion of Clark Kerr's concept, the multiversity. When he first gave the 1963 Godkin Lectures at Harvard, he spoke with confidence. The multiversity was a monster that he thought he was taming. Later his doubts rose. The next section of this last chapter deals mostly with those doubts.

3. The Multiversity and Its Administrative Problems

I think that the multiversity was at the apogee of its development in 1963. Kerr was an industrial relations arbitrator, and his principal perception was that dealing with people was mostly a matter of administrative skill. To Kerr's credit, however, the criterion for good management was not simply economic-efficiency. Kerr was also a scholar, and he was clearly aware of the dynamics of organizing (and teaching) knowledge. And beyond that he had (and has) a clear streak of a form of ethical communitarianism. So that in his own mind there were underlying conflicting interests, even before he dealt with the conflicts between the parties whose questions he had to answer. Kerr, an experienced labor relations mediator, was adept at leading opposing parties to such conflict resolution, and he had faith in that kind of a process.

Kerr's multiversity was in a period of expansion, a period when relative shares of the budget (the pie) was of least importance because the whole pie was getting bigger and bigger. Generally conflict resolution is least difficult when everyone gets everything asked for and then more. The crunch begins when the total to be divided is no longer growing, or, even worse, when it is getting smaller. Then, the crunch becomes downright noisy.

Kerr correctly pointed out the growing diversity of interests within the behemoth.

- Some fancy favoring undergraduate training, but they are divided about what kind of training that ought to be. In the 1930s first at Columbia and later at Chicago that training focused on several survey courses – social sciences, the physical sciences, and the humanities. Embracing an idea stressed by a university reformer almost a century earlier, what was

typical research academy, but it was his earlier work in the field of medical education that seems to me so amazing.

sought was intellectual sophistication. The earlier proponent of this approach was John Henry Cardinal Newman (1801–1890),¹⁰² whose theme was that a university education should not be aimed at being occupationally useful but at sharpening the mind. A second of Newman's themes, largely directed at the narrowness of the curriculum at Trinity College, Dublin, was that Protestants ought not neglect earlier Roman Catholic authorities. Kerr noted that this English approach to undergraduate training stressed its elite quality – much in conflict with the broader base associated with the great state university systems developed in large part in response to the Morrill Act legislation.

- Others fancy research and particularly the research training given to graduate students. Kerr identifies this approach as of German origin, although, of course, again the Morrill Act with its emphasis on applying science to industrial and agricultural problems emphasize developmental and applied research at the expense of the more basic ('knowledge accumulated without a sense of immediate purpose') research.
- Still others felt that universities should sponsor basic research efforts if for no other reason than most scientific brilliance is seen at young ages, and the fact of much interaction between brilliant young minds can happen and usually does at universities.
- All of the foregoing does not preclude that a major purpose of mass education at the college level is to train technically large numbers of 'routine scientists', that is people who can do more than conduct routine experiments but who are not of the stuff of truly imaginative investigators. Holders of masters degrees in business administration or finance are examples of this type.

a) Money

University budgets have to cover not only salaries of the faculty, administrators, clerks, and fabric (building) personnel, but also the costs of aging fabrics (and their replacements), other operating items like litigation and contracts, libraries and computer services, athletic programs and other 'public interest' activities, and such expansionary programs as are associated with increasing endowments, periodic fund drives for scholarship and similar pay-outs.

¹⁰² Newman was an Anglican clergyman who in time (1845) converted to Roman Catholicism. In 1847 he set up a religious order, the Congregation of the Oratory. He became the Rector of the (Roman Catholic) University of Dublin in 1851–58; his famous lectures on the meaning of a university were published in 1873. He became a cardinal in 1879.

Where do the funds come from? That depends upon the institution. A great state multiversity like California depends very little on student fees; it depends much more on direct legislative appropriation, it looks to industrial firms to allocate moneys for specific research purposes, various government agencies (particularly the Departments of Defense, Health and Human Services, Energy, Commerce, and Labor) as well as other more specialized Executive Branch agencies to give grants¹⁰³ and contracts. Most universities look to alumni and other benefactors to give funds for endowments and scholarships. What may be surprising to some is how little different. in the end, the expenditure and income patterns of elite private universities like Harvard or Chicago are from the great state universities (or, in the case of Pitt, state-affiliated universities). True, the elite schools have depended far more on income from historic endowment and student tuition fees (and generally far less on direct legislative appropriation) than the great state universities, but now most science research is either funded by federal agencies or industrial enterprises. In all other senses the pictures are close to identical.¹⁰⁴

What is of growing critical importance is that in some of the professional schools as well as with graduate departments professors are increasingly told to get their own research grants. Obviously the granting agency usually has its own procedural rules, and these become every bit as dominant as the rules that the university thought had been the case. At one time it was thought that if professors did research on the university's time, the resultant patents either belonged to the university or were in the public domain. Later to encourage more research, many research universities decided to split the royalty income between the author of the patent, itself, and the university. Recently in many areas there are reasons for not patenting inventions or processes (that is, relying on secrecy), not the least of which is to 'protect' the investment of the underwriting agency. Thus *Lehrfreiheit* and *Lernfreiheit* can become conspicuous by their absence.

The rationale for this shift is instrumental. The argument is that harnessing the profit motive speeds and intensifies research discovery.

¹⁰³ Generally when the government gives grants it buys the research time of university personnel for a specified purpose. In the case of a contract the government is seeking a specific product or service without reference to buying time of university personnel. In the case of federal grants and contracts the Government Accounting Office investigates regularly to be sure that the governmental unit is getting full value.

¹⁰⁴ Some private schools are particularly fortunate with their alumni: Harvard, Yale, Princeton, Chicago, Duke, and Stanford. And from time to time state universities have been the beneficiaries of alumni largesse.

b) *Delegation*

In Kerr's multiversity the handling of personnel was largely a matter of delegation. The Regents of the University of California delegated its authority to the President, who in turn delegated this authority to the Chancellors of the various campuses, and they, in turn, delegated the authority to deans of colleges and directors of centers. At the time of the Godkin Lectures Kerr was President of the whole University of California system, one with about ten campuses. The head of the University of California, Berkeley, a Chancellor, had several staff assistants many of whom were called Vice-Chancellors who handled financial administrative, student problems, community relations, relations with the State government, research administrative problems, and the like.¹⁰⁵ Generally the Chancellor's principal delegation, that involving academic affairs like curricular and allied programmatic matters and faculty appointments, was to a Provost. Each of the Vice Chancellors has his/her own staff. And the Provost delegates much responsibility to deans of faculties and directors of programs. Each faculty usually has a number of departments, with a chairman usually serving for a specified term or at the dean's pleasure.

c) *The Composition of the Universitas*

By and large both at multiversities and at small colleges the administrators are chosen by the *universitas*, that is the holders of the charter. This group goes by such names as The Regents of the State University of Wisconsin, or the Trustees of the University of Pittsburgh, or the Members of the Harvard Corporation. At many schools those on the *universitas* are chosen because they may help swell endowment income. Some are occasionally elected by the alumni to represent alumni interests. Often in the case of institutions getting some legislative appropriation the Governor, the Speaker of the lower House, and the Majority leader of the Upper House are each allowed to name members of the *Universitas*. In a very few institutions the faculty *collegium* is permitted representation in the *universitas*. In a few more, elected faculty representatives are non-voting members of the *universitas*. A very few institutions even ask for a student representative to sit with the *universitas*. In the case of public universities meetings of the *universitas* are open, meaning that observers, particularly the press, can be present. Some state universities are obliged to publish exact salary figures;

¹⁰⁵ Legal counsels have come to play a major role in the handling of almost every aspect of university administration. Most such institutions not only have a house-counsel with large staffs but much litigation is farmed-out because it is believed to be more cost-effective.

at others only a sample like the five highest. So much for the formal organization. The important thing is that American society treats the composition of the *universitas* as though it were an English honorary board; members are selected for virtually every reason except detailed knowledge of academic disciplines.

What about the informal? Kerr refers to times when universities have had “giants” as presidents. What made them “giants?” Such a president usually had a unique program as well as the authority to develop and control it.¹⁰⁶ Such “giants”, as in other cases of greatness, come with birth (Eliot had the right connections from birth), others like Bowman achieved greatness (between his concept of a great urban university with its towering Cathedral of Learning and his willingness to kowtow to the Mellons and other sources of Pittsburgh wealth), and some have greatness thrust upon them (Abraham Flexner, not exactly a university president although he did found and head the Princeton Institute for Advanced Study, but for his really implausible effect on the training of the American medical profession).

In the case of some universities there have been at particular times real giants on the faculty. They not only achieved monumental results (often in research) but they were privately well-funded. Such a faculty giant could be a trial to a dean, to the provost, or to the president, and it is not at all rare for such a giant to switch institutions because he got into conflict with his original university’s administrators.¹⁰⁷

(1) Who Controls the *Universitas*?

In our very first chapter we likened the *universitas* to the medieval guild. In retrospect where the two differed was that those who ran the guilds, the masters, were personally experienced and once selected never retired. Universities were different. Some that were once run by theocracies had their authorities redefined either by legislative act or because secular interests first softened the theocratic rule and then abolished it.

Who were these secular influences? Some were essentially no more than business or industrial self-interested semi-professional groups, which saw in

¹⁰⁶ Many, but not all, of these giants had access to free flowing funds. Such was the case of White at Cornell, Eliot at Harvard, and certainly Jordan at Leland Stanford, Jr. University. Gilman was unusual in that what funds he had were more limited and he chose to spend on faculty, not on fabric. Had Gilman wanted to build buildings he would have had insufficient funds. Nicholas Murray Butler built Columbia University both in terms of faculty and buildings. Lowell of Harvard built buildings, not faculty.

¹⁰⁷ Jonas Salk at Pittsburgh was such a case.

the universities' educational role an opportunity for them to influence social and political developments. Often the effort was to squelch the outcropping of 'radical ideas',¹⁰⁸ thus abridging either *Lehrfreiheit* or *Lernfreiheit*.¹⁰⁹ Other times efforts were made to expand the curriculum – groups sponsoring different types of cultural studies, ranging from chairs in a specified area or even departments of religion or of various cultural studies.¹¹⁰ In most such cases the mechanism involved an endowment or a grant for a reasonably long number of years. The point is that providing pecuniary wherewithal was usually the first step.

We mentioned in passing Chancellor Bowman's ill-fated attempt at using a loyalty-oath litmus test. The fact is that he realized the stupidity of it quickly and abandoned it. Not so those in California just after World War II; its legislature enacted a loyalty oath for faculty members. Fortunately it was declared unconstitutional by the California courts, and little harm was done.

The problem of getting appropriate people on the formal *universitas* is no small one. Optimally there should be people who are informed about the variety purposes of universities, but who also have the time to inform themselves about what is going on. Nonetheless, the tendency is turn all internal matters over to the university's administrators without any regard as to monitoring the situation. True, experienced businesspeople can read auditing reports, but generally their criterion is efficiency. How can one judge the efficiency of an educational process without some idea of what the quality of the input was and to what degree or in what ways was the input successfully processed to make the output worth the cost? The College

¹⁰⁸ No set of ideas in the last 100 years has brought more controversy into university life than variant forms of political radicalism like anarchism (the bane of Richard T. Ely's life) or Marxism (which caused the problems in the late 1920s and early 1930s at the University of Pittsburgh).

¹⁰⁹ The fear of Marxian radicalism makes a certain amount of sense if one realizes that starting in 1917 and with but the exception of the years June 1941 through April 1945 the United States was actively hostile to the Soviet Union. Moreover, the freedom to learn (*Lernfreiheit*) has never been all that solid – particularly since learning is a student-thing, and by definition students are not masters of their topic. The bigger issue has been the freedom to teach (*Lehrfreiheit*), and faculty members who preach new or different doctrines often pose challenges to those technically identified as the *universitas*. In my own view, the largest part of the problem is that administrators try to please the *universitas*, and in so doing make foolish problems for themselves. The issue of equal treatment for homosexuals at the moment is a rallying point at Pitt. The formal *universitas* is opposed; it seems that the faculty-*collegium* is on the other side.

¹¹⁰ Some great universities like Stanford have made themselves foolish by trying to teach culture that is not Euro-centric with professors who lack the capacity to do anything else; they demonstrate their good intentions mostly by knocking anything smacking of Euro-centrism.

Boards, the Graduate Record Examinations, and pre-Law and pre-Medical test scores are supposed to indicate the degree of prospective success of students within the academy; it is not clear that they have much to do with later achievement. Probably the biggest problem is how to get academic input into the deliberations of the *universitas*. Some boards have professors from other institutions, a procedure that often helps. Other boards have faculty advisors for each of the board's subcommittees. But these 'solutions' are not automatic. Not infrequently faculty representatives reflect no more than a vested interest; in which instances the board is often better off without such 'help'.

I have always been bothered by the fact that few trustees (board members) have any basis for doubting what their administrators tell them. Faculty exit interviews, one way of hearing what has been happening, are virtually unknown. Trustees rarely visit any class more than once, and from a sampling standpoint that is futile. Some schools and departments have official visiting committees, but again what they have to report is usually based on the administrators' assessments – *qui custodiet ipsos custodes?*¹¹¹

(2) The Problems of the Faculty Collegium

When David Dwight Eisenhower took office early in September 1947 as President of Columbia University he called a special faculty meeting in which he took note that discipline in the faculty had flagged during Nicholas Murray Butler's final years and in the interregnum of his successor. He stipulated that the University required that its professors be available to students, that lectures be prepared and appropriately given, and that the university's many rules and regulations be enforced. Being by previous profession a general, he then asked for questions. The story is that Professor Frank Tannenbaum, something of an I. W. W. legend in his own time, asked for the floor. When recognized, Tannenbaum said that he agreed with everything that the President had said, except that it was the faculty, not the administrators, who were the university.

Tannenbaum was from a legal standpoint wrong. However, at a few universities there is a custom that grants the faculty *collegium* more than a few powers. At some universities the faculty *collegium* does set the standards for admission of students, for the granting of degrees, for the granting of tenure, and so forth. But that is because the true *universitas* has transferred those powers *de facto*. If anyone doubts that they are only a *de facto* trans-

¹¹¹ Indeed, accreditation committees and visiting committees are generally maneuvered to identify as 'wrong', what the investigated body has been unable to finance.

fer, he should look for the specification of those powers *de jure*. Such authority will generally be hard to find.

In the multiversity there are so many teaching and research units that there are difficulties in understanding how people are appointed and promoted. In recent decades the process has become seemingly more open at most places. Most American multiversities are ‘Equal Opportunity Employers’, which essentially means that administrators are made very sensitive to appropriate representation of groups formerly the subject of unfavorable discrimination. It is not unusual for a unit (department or research group) trying to hire new personnel to have to explain why a formerly-discriminated-group candidate was not hired. As selections always contain some episodic (subjective) elements, answers are often rejected.¹¹²

In smaller universities and colleges there may still be a sense of collegiality within a department or even in a faculty. Yet even there, there is a problem of personal egos. Teaching and research are highly individual occupations, and competition can easily run rife. While I prefer a collegial department, I am aware that my views are old-hat. What characterizes most faculties is a high degree of individualism. The motto is ‘hire the best scholar (or teacher) without reference to communitarian considerations’ – particularly if there is no consensus as to the legitimacy of those considerations. In brief, what seems hard to solve is often just ignored, and that leads to further fragmentation.

My field is economics, and traditionally in my field there have been many schools of thought, no small number of which are in conflict. Should a department focus exclusively on one school? If not, how many schools should be represented? Within economics there are several major intellectual methods. Should logic (mathematics) be the only one used? What about empirical studies – and there is more than one kind of empiricism. One basic question is whether economics is a positive (non-normative) science, or whether the norms are so buried that they are forgotten – is free trade desirable in a dynamic situation. For that one, there is no logical answer. Should economics consider religious norms – what is the role of theft in economic transactions, and what is theft? And so forth.

The greater problems of the faculty collegium are more subtle. Faculty self-interest often founders on conflicts between faculty groups – the tradi-

¹¹² In my time at Pitt deans, it seemed to me, often delayed making offers until they had every reason to believe that the candidate would be too disgusted to accept it when it eventually was tendered. Furthermore, the terms of the offer when it came were frequently different (in the unfavorable direction) from what had been orally discussed. These ploys must have been known by the Provost, but he may well have been part of a dean’s ploy.

tional faculty of philosophy versus various professional faculties, ranging from medicine and law to business and social work. In the past the faculty of philosophy tended to be the core faculty, and it fancied its role as the guardian of the cultural tradition as well as scholarly standards. More recently, particularly at multiversities, the faculty of philosophy is clearly a minority when it comes to counting votes. Thus faculty ‘solidarity’ is undermined to the point of non-existence. The graduate faculties generally have little interest in and less patience with undergraduate teaching issues.

Since the radical 1960s charges of elitism have served to diminish the traditional respect that lower professorial ranks had for the senior professors. The assistant and associate professors can generally outvote the full professors. And that voting process often has come to include not only those of junior professorial rank but also the staff and even representatives of various student groups.

(3) What about the Nations of Students? What Serves Their Interests?

I have said little about student problems. A millennium ago the students at Bologna were mature. Half a century ago, so were the GIs who went to the universities. But those were exceptional time, not the rule.

Disciplined students studying academic disciplines. The real problems of *Lernfreiheit* involve both parietal rules (rules within the walls) and the handling of admissions. In my mind the great success of the GI Bill was that the problem of parietal rules seemed all but non-existent. The GI veterans were accustomed to much stricter discipline than most of the then parietal rules required. The post-GI Bill students were something different. By the 1960s students seemed to be clamoring for what Dr. Spock had advised their parents; everyone should be able to do his own thing, with the only limitation being that whatever that thing was it should not seriously hurt others. This indifference to customary manners and habits is best seen when college undergraduates return home for the Christmas break and their parents discover that the normal waking hours of many of their undergraduate children are from some time shortly after noon until some time approximating four in the morning. *Lernfreiheit* used to be about challenging religious convictions; more frequently it seems to be about ignoring the usual perception of the clock. Students demand and get twenty-four hours service at the libraries and at the computer laboratories.

The current questions about *Lernfreiheit* are quite different. Students of the sciences come to the colleges with a common foundation: mathematics up to and including the calculus; a year or so of inorganic chemistry; a year or so of solid state physics, and a year or so of cellular biology. But stu-

dents entering the humanities (and in many cases the social sciences) do not have a common background in English (or American) literature – they have not been weaned on the same books, traditionally Shakespeare and the King James Version of the Bible. Training in writing papers either in the humanities or the social sciences seems apparent mostly by its absence. Those who have always been evaluated through multiple answer examinations find self-expression of simple thoughts trying, and any effort to trace through a theme of complicated thinking is well-beyond their ken. That is, until they have been taught in their college years what previously they had mastered in high school. Teaching this ‘remedial’ material in university classes is, in fact, quite hard. Previously what was taught in the grade schools and high school was a form of intellectual discipline. It was not a matter of obedience as much as a capacity to plough through vast quantities of material without slackening the pace.

The coming most major problem in my mind is that virtually all university enrolment costs dearly. For the most part immature students are not able to decide whether the expenditure is worthwhile. Parents footing the bill may grieve about their children’s insouciance, but they do not have the vaguest idea of what they can do about it.¹¹³ How long parents will can put up with this situation I cannot begin to guess. But at some point I fancy that the current costs of collegiate and professional education will price colleges and universities out of their market.

It seems possible that just as the General Education Development test became an economic substitute for a mature individual to satisfy high school certification, so at some time universities will offer sets of course examinations (at prices much less than in-class tuition) for those who want ‘external’ degrees.

4. The Current Outlook

During my lifetime there is in the American experience much that is the basis for hope. The economic stagnation of the 1930s seemed at the time to be without end. The military and naval crises of the early 1940s were quickly rectified with what in retrospect can only be seen as incredibly heroic efforts. The crisis of stagflation of the 1970s seemed at the time as without end. And the lack of productivity growth in the late 1970s and the 1980s made us think that what we had given to the Japanese we could not recapture.

¹¹³ And when the student is not blessed with rich and generous parents and must borrow money, does that make for a more serious approach – particularly if the student has never worked and learned what it takes to make money?

The research accomplishments of American universities are so obvious that one need not debate their real existence. However, what we now face is the task of recapturing our sense of cultural continuity. Few who now teach in American universities would question this need. But how to solve the problem is apparent. Yet, if one thinks about the experiences narrated in the immediately previous paragraph this problem will likely be solved, if not immediately, then soon.

Thus I end this series of talks with a balanced view. I do not see how the current trend in collegiate and university education can be maintained. But, also I do not fault the imagination of those who will have to do something about it.

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**Richard Theodore Ely, Christian solidarist,
initiator of the *American Economic Association*,
fountainhead of critical old institutionalism,
and the ‘midwife’ from Germany**

By *Helge Peukert*, Siegen

I. Introduction

Richard Ely (1854–1943) spent his youth on a small farm at Fredonia (New York).¹ He studied at Columbia University (majoring in philosophy), Heidelberg and Berlin. He received his PhD from Heidelberg. Later he taught at Johns Hopkins University from 1881–1892 and the University of Wisconsin from 1892–1922 where he became director of the new *School of Economics, Political Science and History* (Ely 1938, 177 ff.). He was one of the founders of the *American Economic Association* (AEA) in 1886, its first secretary from 1886 to 1892 and its president in the years 1900–1902. Today, Ely is called to mind by the Ely lectures at the annual meetings of the AEA (see e.g. *Stein* 1986 with explicit reference to Ely). He was one of the founders of diverse research fields in economics.²

He survived an academic freedom trial for his reformist and pro-labor attitude (*Hansen* 1998) and elaborated a theoretical program which made him a classical founder of institutionalism³ which was further developed by his most eminent student, John R. Commons.⁴ Commons and Ely influenced the progressive movement (*Diner* 1998) in Wisconsin and the New Deal under Roosevelt.⁵ Born before the Civil War he died with 89

¹ Excellent information on Ely’s biography is presented in *Rader* (1966a and 1966b), *Lowe* (1987), *Groves* (1969), and *Morehouse* (1969).

² *Howell* (1995), *Weiss* (1989), *Scherer* (1993, part 5), *Smith* (1982), *Ramsey* (2004); see also *Guéry* (2001), *Cord and Andelson* (2004) for the history of economic thought debate on Ely.

³ See his inclusion in Rutherford’s and Samuels’s classics edition (1997, 1–51).

⁴ Commons did not study in Germany.

⁵ They were most influential on land use planning, see *Barber* (1996, especially 13–14 and 76–79).

in his ancestral home at Old Lyme (Connecticut) in 1943 at the peak of World War II.⁶

He wrote on almost all major economic topics including influential textbooks on economic principles.⁷ He promoted the *American Association for Labor Legislation*, the *American Association for Agricultural Legislation*, and the *Institute for Research on Land Economics and Public Utilities* at Wisconsin (his writings on land economics and his path breaking contributions on conservation⁸ in which the ‘German model’ and Knies also play a major role cannot be discussed here).⁹ He tried to strengthen the relations between state university and state government in supporting research for progressive legal reforms. Ely’s theoretical approach coincided with the “Wisconsin Idea”, i.e. democratic control of monopolies and social legislation (McCarthy 1912, who points out that almost half of the population of Wisconsin descended from Germany, see also Ely 1938, 208–209). Among his students at Wisconsin were Veblen, Commons, D. R. Dewey, E. A. Ross, A. Small, A. Shaw, E. H. Bemis, T. N. Carver, F. C. Howe, F. J. Turner, Woodrow Wilson, and J. F. Jameson. The mostly unpublished Ely Papers (now available on Microfilm) are located at the *Wisconsin State Historical Society*. The collection consists of 300.000 items, 51 volumes with notes, speeches, pamphlets, records and more than 100.000 letters. The correspondence includes leading politicians, prominent business men, social and religious figures, and academicians of all sorts (Coats 1961a, 191, fn. 1). The obituaries show that Ely was a major theoretical and economic policy figure at his time (see e.g. Taylor 1944).

Obviously, Ely’s theoretical contributions were and are controversial. Despite the strong influence of institutionalists with a German string of the emerging economic faculties at Wisconsin and Berkeley (Cookingham 1987), and especially Columbia University (Rutherford 2004a, compare for Harvard Mason 1982), mainstream economists often dismissed his theoretical contributions. “Ely never attained great heights as a theoretical econo-

⁶ In this text we cannot deal with the economic history, and the economic policy background in detail (see Kirkland 1951, and Novak 1996). We have also to omit the religious controversies between presbyterians, unitarians, etc. (Ahlstrom 1972).

⁷ See the impressive chronological bibliography until 1937 in Ely (1938, 309–323); Rader’s list (1966b, 237–253) does not go further.

⁸ See Ely and Morehouse (1924), Ely and Wehrwein (1940), Ely (1917, on Germany especially pp. 11–17), and Ely (1938, 234 ff.).

⁹ “Land is the original source of wealth; the earth is utilized to supply us with food, clothing, shelter, recreation, and culture ... If we dare to hope for peace we must realize that we must have economic foundations of peace and this means that plans must be arrived at for the equitable distribution of food, minerals, and other raw materials among the nations of the earth” (1938, 234–235).

mist” (Everett 1982, 75). In Schumpeter’s account on early American economics (1954, 863–877), Ely is practically absent and only mentioned as “that excellent German professor in an American skin” (1954, 874, fn.). Baumol was kindly enough to tear the non-theoretical first generation of American economists explicitly to pieces, “no systematic use of history ... [no] analysis at all” (1985, 1) can be found in their writings. Ely “was a leading propounder of the unsupported statement” (1985, 4), he preferred strange anecdotal material and a non-analytical use of data. In sum, their “procedure was free swinging reliance on an amalgam of intuition, erudition and sheer opinionatedness” (1985, 11; compare *Bronfenbrenner* 1985, and Coats’s critique 1987).

II. Christian and social commitments

Ely was deeply influenced by the humanistic and progressivist Social Gospel movement (1885–1925), the activist protestant movement of the New World. Fine (1956) shows in detail in how far Ely was instrumental in effecting the transition from religious to secular reform (on Ely and the Social Gospel see also Bateman 1998). The Social Gospel combined American exceptionalism and evolutionary optimism and castigated the socially unconcerned churches. According to Ross (1991, chapter two) American thought in general and the development of the social sciences cannot be understood without the strong legacy of exceptionalism as a reaction to the successful American revolution. It led to national independence and the belief in economic progress, which forestalled mass poverty and class conflict, fostered citizen’s independence and a food production which outstripped population growth. Exceptionalism meant the final salvation of mankind, the end of history and a delicate balance between the old values of the Puritan organic community and individual self-interest. “American social science has consistently constructed models of the world that embody the values and follow the logic of the national ideology of American exceptionalism” (Ross 1991, 471).

In the Gilded Age exceptionalism faced its first crisis, demanding free inquiry against outmoded religion, linking scientific naturalism (Darwin) and the historicist upheaval. A constant trait of exceptionalism was “the tendency to conflate the ideal and the real. From the beginning, American nationalists attached to their history the values of individual liberty, political equality, social harmony, and to some variable degree, social equality as well” (Ross 1991, 476). Philosophy and historical research was tidily bound to religious doctrine for a long time, so that they could not develop independently as e.g. in Germany. The Social gospel was a critique of the self-fulfilling character of exceptionalism but also its reflec-

tion due to its belief in universal progress and salvation and the kingdom of god on earth.

Ely's father tried to make his son become a good Presbyterian. In his autobiography (1938, chapter one), Ely describes the rural, Puritan, self-sufficient New England background where money was always scarce, but religious controversies abundant, thrift and sincerity virtues and gambling a sin. The hard God of the Old Testament dominated. "I finally gave up the attempt to please my father in this particular. I always rejected the idea of a good God creating the human race and then tolerating arrangements which sent a large part of it to eternal torture. How is this compatible with the omnipotence of God and the all-embracing love that Christ taught?" (1938, 16). Without a conversion experience, Ely later joined the *Protestant Episcopal Church* at Columbia College. The father put a strong emphasis on egalitarianism and social reform. This may explain Ely's later support for equality of opportunity. On the other hand, the father also took the Calvinist theology very seriously. He once showed up in church with his farm overalls to demonstrate that both rich and poor are equals for God. In the family prayers he emphasized the obligation to improve the conditions of the fellow people. He rejected a highly needed job because it would force him to work on Sunday, a denial which also often ruined his hay crop.

The social gospel was a strong but not the major current in American Protestantism. It stood between radical socialism and religious conservative indifference to the social question. "[A]bout seven of the larger American Protestant groups, purportedly representing ten million out of thirty million Protestants, by that time had convincingly made such commitments. Admittedly, this was no small achievement. But some eleven other bodies, representing six-and-one-half million persons, would have to be classed as non-Social Gospel bodies; and nine denominations, with a membership of twelve million, were at best sharply divided" (*Hutchison* 1975, 380; the author shows that the Social Gospel also existed in Europe and was not at all confined to the US).

A characteristic trait of Ely, "perhaps the most aggressive advocate of the social gospel during the 'eighties'",¹⁰ "the prophet of religious economics" (*Everett* 1982, 75), is his multifold engagement for the Gospel movement in his endeavor to make the religious world conscious of economic problems. "During the last two decades of the century it is doubtful that any single minister had more influence than one academician, Richard T. Ely, in focus-

¹⁰ *Hopkins* (1940, 88), the book is still the best background information on the movement.

ing the attention of Protestant churches on the ethical problems emerging from the industrial and urban revolutions. Both ministers and laymen looked to him for authoritative accounts of contemporary economic problems and an outline of their obligations in the new society ... Ely's two major works on Christian sociology, *Social Aspects of Christianity and Other Essays* (1889) and *The Social Law of Service* (1896) became standard texts for Protestant social reformers (for Ely's plea to the churches and his teaching at Chautauqua, see 1938, 72–97). For more than twenty years every minister entering the Conference of the Methodist Episcopal Church was required to read *Social Aspects* as well as Ely's *An Introduction to Political Economy* (1889) ... In the 1880s and 1890s Ely spoke before religious groups throughout the country. He gave lectures, sermons before seminaries, divinity classes, and church conferences" (Rader 1966a, 61–62).¹¹

Ely's religious background made him receptive for the ethical and humanitarian historical school in Germany. "Ely, as well as J. B. Clark,¹² was most impressed with the idea of social solidarity. He felt that Knies had the truth when he informed his classes that there was no such thing as a science of political economy apart from the rest of society ... 'The starting-point as well as the object-point, of our science is man' (Knies)" (Everett 1982, 79, and 91). Laissez-faire and the profit system were only acceptable when limited by ethical demands, the struggle of life had to go upward towards a brotherhood of free men following Christ. The social view of private property (see below) was first derived by Ely from the Christian doctrine of stewardship and it coincided substantially with the property rights approach of the German historical school. Ely never studied Marx very carefully (but see 1883, 170–182) and he rejected the materialist interpretation of history. "I have always been an idealist in the philosophical sense, firm in my belief that ideas govern the world" (1938, 95). It should be underlined that even in his earliest writings Ely had some distance to political reform movements, e.g. the German social democrats, because of their gross materialistic view (1883, 232).

The common religious basis also explains why American economists with very diverging economic (policy) philosophies had nevertheless a common ground which permitted understanding and cooperation, e.g. in the AEA. "Adams, Clark, Patten, James, Seligman, Laughlin and many others disagreed with Ely's methods and conclusions, but they were never at variance with his ethical emphasis" (Everett 1982, 75).

¹¹ The importance of Christian socialism for old institutionalism in general, especially for Ely's disciple J. Commons, is highlighted in *Gonce* (1996).

¹² "the apparently odd couple" (Bateman 2004, 195).

“Although Ely in his younger years was viewed as something of a radical, if not a Christian socialist, his solution to contemporary problems seldom confronted directly the existing power structure of society” (*Rader* 1966a, 74). Rader’s remark is partially correct and opposes his thesis (*Rader* 1966b, 151–164) of the conservative U-turn in Ely’s writings after his trial. But it is correct that Ely tried to hold a more “neutral position” (see the Ely-Labadie letters in Fine 1956, here p. 18) what the membership e.g. in the *Knights of Labor* was concerned. Ely was in fact excellently informed about the socialist, anarchist and communist movements in Europe and in the US and he admitted that the “complaints of the socialists are often but too well grounded, when they criticize things as they are” (1885, 69/299). But he also talks in the early writings about the “remedy against the evils of socialism” (1885, 72/302). In opposition, for him “there are three chief agencies through which we must work for the amelioration of the laboring class, as well as of all classes of society. These are Science, the State and the Church” (1885, 72/302). In this early explicit ‘Christian phase’, Ely held a very idealist view of the state (people should regard the state as “something as holy as their duty to the church”, 1885, 73/303). The church itself was strongly attacked, because it neglected its worldly duties and forgot about the humble Nazarene. “A great deal is said in criticism of the communism of the early Christians ... but it would be well to dwell more at length on the spirit which that early communism presupposed” (1885, 74/304).

Ely’s book on the *Labor Movement in America* (1905) is also strongly Christian in perspective. Well-versed in the subject matter and writing in elegant language, he presents an affectionate and sympathetic overview. The labor movement does not only fight for more leisure and higher income, it “is a force pushing on towards the attainment of the purpose of humanity; in other words, the end of the true growth of mankind; namely, the full and harmonious development in each individual of all human faculties – the faculties of working, perceiving, knowing, loving ... it is [also] to be for the sake of their beneficent use in the service of one’s fellows in a Christian civilization” (1905, 3; Ely never abandoned this broad view, see e.g. 1938, 66–67, but see also his partial disavowal on page 72). Ely parts company with those trade-unionists which accept the existing order (private property, etc.), he rejects radical communism and anarchism. The reasons for trade-unions are manifold (chapter five): the asymmetry between capital and labor (no power to withhold), the back-bending labor supply curve, the almost unlimited control of the employer over social and political life (health conditions, iron-clad oaths), the uncertainties of existence of the working man (insurances: old age, illness, idleness, etc. with reference to Brentano, 1905, 141–142), the necessity of keeping the wage at the usual

rate in recessions,¹³ and the educational value of labor organizations in the broad meaning of German *Bildung* (1905, 120).

We will only mention in passing, that the socialist, anarchist and communist movements were a real threat in the US of the Gilded Age and a relevant force in the social sciences (Ross 1977/78, and 1991, chapter four). In his description of the beginnings of modern socialism the end of unoccupied land in the 1870/80s, a denser population, new production techniques are key characteristics, he underlined the influence of German socialist imports (Weitling, Most, Weydemeyer) and the strong German *Gymnastic Unions* which filled many companies in the Civil War on Lincoln's side. In the last chapter on remedies he is rather vague and mostly focused on moral suasion, “[m]anufacturers should cultivate the true humility of great souls” (1905, 321). The future should be shaped by the trade unions, the school, the state and the church. He does not forward concrete reforms in the book though it is implicit that he wants an encompassing social state in the modern German or central European sense (Döring 2004). Compared with his earlier article in 1885 we cannot see in how far he had become more conservative. The final chapter of the book is almost identical with the end of the earlier article.

His book on *Socialism and Social Reform* (1894) is a well-informed description and intellectual dispute with the socialists. Against the proposal to socialize the means of production he holds that “[p]rivate property is one of the main incentives to thrift and industry, and thus is beneficial to society as a whole, as well as to the individual” (1894, 307). Besides a critique, he also underlines many good aspects of socialism without sharing their main tenets. About 100 pages are dedicated to practicable reforms: A socialization of natural monopolies, a land reform, regulation according to the social theory of property, a wider distribution of property via an inheritance law and tax, labor legislation (prohibition of shop openings on Sunday and night work, public education, a broad insurance system against the contingencies of life – with Germany as the model, prohibition of the adulteration of food products, provisions for inspections of markets, payments of wages in lawful money, and even an assured minimum income are proposed. Fifty percent of the references refer to German literature. In this book, Ely was as reformist as ever but he put forward a couple of precise reforms instead of mere moral suasion.

Kloppenburger interprets Ely as one the first ‘social democrats’ in America and a member of a transcontinental movement which sought a convergence

¹³ “If there is a decreased demand, all would not find employment at reduced wages; but ... one reduction would simply give rise to another” (1905, 116).

of socialism and liberalism (1986, especially 200–211, and 224–297). Ely's work is a component in the process of an intellectual convergence and Kloppenburg shows the strong similarities with the programs of Bernstein, the Webbs, Jaurès, and the most important Social Gospel advocate in the US, Rauschenbach, who was born in Germany and studied in Germany since 1879.

Ely's effectual reform philosophy aimed at a 'golden mean'. He combined an organic view of a Christian state and society which should be directed by a natural aristocracy. This hierarchical element may also be responsible for the fact that Ely never vigorously supported the extension of civil and political rights. It should include private property and entrepreneurship, modified by e.g. an inheritance tax. Competition was considered to be prevalent in agriculture, commerce and manufactures. It should be embedded in factory regulation. He further proposed the municipalization of natural monopolies like gasworks, electric companies, waterworks, a reform of the civil service, "better court treatment of labor organizations, slum clearance and the creation of urban parks to benefit city populations morally as well as materially, savings banks to help the masses cultivate the habit of thrift, restriction of immigration, and tax relief for the lower classes" (*Schlabach* 1998, 43, with an excellent overview of the trial against Ely and his economic policy program).

It should be mentioned, however, that he changed his mind about municipal ownership in later years (1938, 251–269). He continuously held that to improve society, education in the broadest sense (including kindergartens and manual training), and reforms of the laws of inheritance were necessary (we "provide opportunities and 'give each his chance' – that is America", 1938, 282). But he changed his opinion on the abolition of monopoly he had been bitterly criticized for this change of mind. Before the establishment of e.g. the *Interstate Commerce Commission* he thought that public regulation was not promising, following E. J. James and Jevons (1938, 253). Self-critically he remarks that he thought he had discovered an economic law of public ownership (fueled by the German example), which resembled the laws of nature (1938, 255).

Interestingly, Ely expressed vividly the disenchantment of the progressive movement after WW I. "I did not understand sufficiently ... the psychology of the American people. I believed the great mass of our people would not only be interested in what was their own property and its management, but intelligently interested I thought their interest would increase if we had public ownership of things of real and vital concern to the great mass of people, like agencies of transport ... I thought that the interest would show itself in a real pride in good management, and that to secure this manage-

ment, the great mass of the people would appreciate excellence of administration” (1938, 258–259). But things did not turn out like this. The civil service in the US could not attract the best talents, Germany and its modernization from above and the small and spirited communities of western New York were only special cases. “The great mass of the people are interested in games – baseball, movies, radio, and football” (1938, 260). This comes close to J. B. Clark’s later vision of an American consumer society. In addition, the regulatory commissions had constantly improved their work.

Without recognizing Keynes, he reacted to the depression in his high seventies (Ely 1931). He put forward under-consumption (he also edited one of Hobson’s books) as a causing factor which depended on income distribution. Already in the depression of 1890 he proposed to increase mass purchasing power by the construction of public buildings. In 1931 he developed a plan to establish a peace time army to improve the common wealth (parks, forests, etc.). Roosevelt (for his contacts with Ely see 1938, 277–279) knew his idea. It coincides with the *Civilian Conservation Corps* in the New Deal (but Ely wanted all young men and women to serve for one year). Ely strongly opposed all plans to limit production (implied in the *National Industrial Recovery Act* and in the *Agricultural Adjustment Act*). But he also holds that all state activities should be executed in the confines of a balanced budget, so that the state’s income taxes had to be raised. He approved to the Fed’s expanding influence over the use of credits but he disapproved Roosevelt’s idea to reduce the gold content of the dollar.

III. The pilgrimage¹⁴ to Germany

Dunbar, who became the second professor of economics in the US in 1871 at Harvard College (Sumner and F. Walker followed in 1872 at Yale), remarked in 1876 that the US had contributed nothing to economics so far. Young people were obviously more interested in making profits but the country also produced able men and women in poetry, literature, law, etc. According to Farnam, every economic problem was discussed as a law problem due to the American tradition that the interpretation of constitutions etc. was the business of lawyers (1908, 3). Seligman points out that before the Civil War the US simply had no real economic troubles which needed theoretical elucidation (1925, 62).

The earliest practical economists like B. Franklin and Hamilton supported protective tariffs. Then, D. Raymond developed the first more scientific approach in favor of protective tariffs in the 1820s. He strongly repudiated

¹⁴ Seligman (1925, 69).

individualism, the alleged virtues of saving and A. Smith's approach in general. Economic theorizing in the US was therefore not at all and by nature laissez-faire (Farnam 1908, 30), individualist or deductive. The first contact between the Historical School and the New World was apparently List's stay in the US between 1825 and 1830 (Notz 1926). It resulted in his *Outlines of American Political Economy* in 1827, a precursor of his German book published in 1840, which was influenced by Raymond. The other two noteworthy early economists, J. Rae, and H. C. Adams, were protectionists as well. But Wayland was arguing in the classical tradition (Say and McCulloch); free markets and no state interference were his ideals (for a short overview see Barber 2003, 231–237).

Further contacts to German scientists existed via S. Ruggles who met Ernst Engel at the *International Statistical Congress* in Berlin in 1863, and some few articles were published on the state of German economics in the 1870 (in the *Fortnight Review*, *The Revue des Deux Mondes* and in Godkin's *Nation*). In 1878 Roscher's *Principles* were translated into English language with additional chapters on money, trade and protectionism in which Roscher argued that free trade is sounder for advanced nations like the US (for further detail see Dorfman 1955). In his *Principles*, Roscher further defended the classical tradition, especially Ricardo's theory of rent, Senior's abstinence theory of interest, and Malthus's doctrine of population. It is not surprising that reviewers could not find important but only slight differences to the classical school and e.g. Mill. It was also sometimes pointed out that the Historical School tried to save their country from the Marxists. The Historical School was in fact not entirely new in the US in the 1870s and 1880s (for details see Dorfman 1949, 87–98). Laveley's, R. Mayo-Smith's and C. F. Adams's (*Atlantic Monthly*) positive accounts were received with public interest.

An early returnee from Heidelberg, B. Moses, combined the reception of the Historical School with very conservative connotations (free enterprise, no social regulation, the population law, the necessary end of the 'democratic experiment', see Dorfman 1949, 96–97 on the 'odd companions'). We see that Ely's progressive-liberal reception of the School was by no means self-evident. We only mention in passing that the Historical School also had an impact on e.g. the Harvard Business School via Edwin Gay (Heaton 1952), who stayed in Germany from 1890 until 1902, a learned historical economist who was trained by Schmoller (on Schmoller's transatlantic impact see Balabkins 1988).

The American Civil war ended in 1865 and in its aftermath great wealth was concentrated at the top of society. "As at the close of all great wars, this was a period of uncertainty and change. The emerging industrial soci-

ety was taking form with the growth of large-scale business enterprise and the development of monopolistic practices, with the formation of labor unions, with a speculative stock market, and with a new economic order emerging in the South. In that industrial society the role of government was not yet set” (*Dorfman* 1949, 34). At least the layman literature on economics was now almost monopolized by laissez-faire and free-traders in the classical English economics tradition (D. Wells, Horace White, E. Atkinson, Perry, A. Walker, Bowen, later assisted by Dunbar and S. Newcomb).

But at the same time, a(n emotional) need for social reform surfaced, manifest in Bellamy’s utopia and H. George’s single tax proposal (*Progress and poverty*, 1879), a peculiar mixture of extreme individualism, free trade, the abolition of the general property tax, the Ricardian rent theory, a predilection for logical economic analysis, and social critique, in sum a combination of Jeffersonian democracy and H. Spencer. It can be asked if George was not the only deviation from orthodox doctrine which grew originally on native American soil. Ely’s description of this phase as predominantly ultra laissez-faire was no caricature (see also 1938, 124–131), he did not construct a “man of straw” (*Rader* 1966b, 42). It may be noted, however, that classical thought was not accepted in all its aspects (for a reconstruction of the debate see *Ross* 1991, 77–97). The pessimistic Malthusian doctrine of population and the Ricardian theory of rent fitted badly with the American historical circumstances of abundant free land and needed to be de-dismalized (Bastiat and his perfect harmony of interest and the impossibility of overproduction were underlined instead.)

What were the classical economists good for then? “These works unwittingly laid the foundations for the private economic empires that were built in the last quarter of the nineteenth century. It was a period of hope, and the vigorous captains of industry were the symbol of the great material advance of the nation” (*Dorfman* 1949, 82). The natural creed was unhampered laissez-faire for the ingenious dynamic entrepreneurs. The more than less *static* laws of classical economics justified the hands-off position of state and society to improve the majority’s lot by regulation. Amasa Walker (*Dorfman* 1949, 49–56) applied ‘objective economic theorizing’ and argued in the official majority report of the *Commissioners on the Hours of Labor* in 1867 that the eight hour day legislation violates the natural working out of supply and demand conditions. He militated against a minimum wage legislation and proclaimed that “[a]ll attempts to interfere with the laws of value must be ineffectual” (in *Dorfman* 1949, 51). This message was then repeated in the 1890s in a more sophisticated way by Clark who tried to prove scientifically that the level of wages is governed by the marginal productivity of labor. Walker and Clark thought to have discovered a natural law like physicists. But in practical policy in the 1880s no tariff reduc-

tion took place and with the Mc Kinley tariff bill in 1888 even an extension took place.

After 1876 the contacts between German and American economists became more intensive. The German Reich was founded after 1871 and so both countries faced similar challenges: To organize an economy on a nationwide level, both faced questions like the constitution of a central bank, tariffs, the organization of the railways, the growth of the cities, the labor question, industrialism and the concentration in industry due to large-scale production, etc. But the two countries also faced specific problems (e.g. abolitionism was no topic in Germany).

All in all, between 1820 and 1920 about nine thousand American scholars (the majority were northern-state Protestants) went to German universities as the intellectual mecca (*Herbst* 1965, 1–18),¹⁵ many of them for post-graduate education (*Myles* 1956, 91–118). The list of the German pilgrims included (year of departure, later professor at): Clark (1873, Columbia U), E. J. James (1875, Illinois U), J. F. Johnson (1875, New York U), Patten (1876, Pennsylvania U), Ely (1877, Wisconsin U), Hadley (1877, Yale U), Seligman (1879, Columbia U), Small (1879, Chicago), Taussig (1879, Harvard), Laughlin (1891), Seager (1891), F. Walker (1892), Fetter (1893), and many others (see the list in *Myles* 1956, 112–118). It is interesting that one of the most formal and non-historical economists, J. B. Clark, was the first and not one of the last of this list as could be expected (general waning of the influence of the Historical School since the 1890s, etc.). On average they studied approximately two years in Germany and a lot of them finished with a dissertation. Also some women made the trip to Germany in the 1890s like Alice Hamilton, Mary Kingsbury, and Emily Balch, later professor of economics at Wellesley and a prominent activist in the international women's networks (not until 1890 women were allowed as auditors in German universities). Some women, like Florence Kelley and Carey Thomas changed to Zurich, where women could earn a degree (*Rodgers* 1998, 85–86). “In 1885, 200 American students were enrolled at the University of Berlin, while only 30 Americans attended the Sorbonne in Paris” (*Schäfer* 2000, 12, fn. 3).

From 1873 until 1900 every year between one and nine American student economists stayed in Germany (with a maximum of five in 1879–1880 and an average of 3, between one and two from 1880–1888, and an increasing number of six on average between 1889 and 1897). This was not an avalanche but a rather small group of able, highly motivated (young) men (no

¹⁵ His main reference must be Thwing's figures which coincide with Conrad's (*Thwing* 1928, *Myles* 1956, 94–96).

women are reported). They would have an elementary impact on the future of economics in the US. The most important influence was the German Historical School, much less the Austrians. Wagner, Schmoller and Conrad are in the first category of important teachers, Roscher, Knies, Bücher, and Brentano in the second, and Menger and Böhm-Bawerk in the third (see Farnam's questionnaire 1908, 27–28, *Myles* 1956, 105–120). It is surprising that M. Weber, who also tried to bridge marginalism and historicism in an ambivalent way (*Peukert* 2004), does not seem to have attracted any American students.

The questionnaire also included some more detached comments on the historical school. Taussig reflected 20 years after his pilgrimage in the questionnaire that on “the whole I think I have been influenced no more by the Germans than by others. Latterly I have got most from Marshall & Böhm-Bawerk – less from Schmoller than I had expected” (cited in *Myles* 1956, 106). Ely's student A. Young stated that an “early bias towards German methods (especially as represented by Wagner) due to my (Wisconsin) training, has been followed in my case by a reaction in favor of the methods of the English tradition” (cited in *Myles* 1956, 111). This leads Myles to the skeptical conclusion that “[a]lmost without exception [Ely], those who obtained degrees said they received from their German training stimulation, point of view, and a methodological approach. They did not mention positive theoretical doctrine; and there seems to have been a lack of influence from this direction” (*Myles* 1956, 105).

In addition to economists the sociologists G. H. Mead, A. Small, E. Ross, and Ch. Henderson, the philosopher J. Dewey, the social workers F. Kelley, and E. Devine, the urban reformers F. Howe, and J. Brooks, the city planners B. Marsh and F. Olmsted, the civil rights campaigner W. Du Bois, the insurance reformer I. Rubinow, and political scientists (F. Goodnow, E. Freund) went to Germany as well (*Schäfer* 2004, 146, see also 2001). It should be mentioned in passing that a non-negligible number of students went to France and especially England, like Ch. Beard who went to Oxford to study Christian social economics in 1890 or Edith Abbott, who went to the new Fabian oriented *London School of Economics* in 1895 (*Rodgers* 1998, 85).

When Ely returned to the US in 1880 after three years he was an early bird in a double sense. First, because American economics was in its incipient phase. The *Quarterly Journal of Economics* (Harvard) was founded in 1886 and the *Journal of Political Economy* (Chicago) followed in 1892, the *American Social Science Association*, in a certain sense a precursor of the AEA, was founded in 1865. Second, the higher numbers of pilgrims began in 1889.

After winning a fellowship at Columbia in 1876, where the ‘poor farm boy’ lived among rich but helpful young fellow-students (1938, 36), “it was considered a matter of course that I go abroad to study, preferably to Germany” (Ely 1938, 36). Ely’s choice depended on accidental circumstances and mere private initiative. The reasons why he and others choose Germany was “the fame of the professors, the freedom and hospitality of the universities, and the new political constitution of the country” (*Farnam* 1908, 9, our translation). Dorfman adds the “sudden rise to greatness after the Franco-Prussian War” (1949, 88). Rodgers adds a very practical motive: “German universities were open, public institutions ... So cheap were their fees that in 1889 it was estimated that the cost of a year in Germany, transatlantic travel included, was fully a third less than a year’s study at Cornell, Harvard, or Johns Hopkins” (1998, 85). Apparently, it was not too difficult to obtain German degrees. Patten had only one year of undergraduate work in the US prior to his Ph.D. after two years of study in Germany. Many German students were occupied by their government exams that were much more complicated than those at university. According to Myles, students received an “unsystematic ... training in economics ... R. T. Ely was not required to submit a thesis at Heidelberg. Many of the dissertations written by students studying under Conrad were seminar papers” (*Myles* 1956, 101–102).

At Columbia, nobody knew anything exact on German universities and after some search activities Yale’s president N. Porter hinted at Ulrici at Halle who in fact already had retired. Finally, in 1877 Ely arrived in Hamburg and then stayed in Kiel where he first learned the German language in a family (this contrasts with Senn’s assertion, 1993, 42, that most American students knew German). He became familiar with *Biergärten* (beer gardens), dueling and the somewhat frightening presence of militarism. At Halle, the stronghold of the pietistic movement in Germany, Ely was perplexed that no Ulrici was lecturing. Three other American students already studying at Halle, S. Patten, E. J. Jones and J. F. Johnson, took him to Conrad who impressed him most with his practical view without dogma. But he also recalls that the Halle economists were no original thinkers. But in Halle he changed from philosophy to economics where he could also speculate and keep his “feet on the ground” (1938, 41, see the title of his autobiography).

Motivated by enthusiastic reports of American friends from Heidelberg he arrived there in April 1878 and felt more and more at home in Germany (see Morehouse 1969 who analyzed Ely’s unpublished letters from Germany). He also visited many other German towns (Wiesbaden, Mainz, Freiburg, Eisenach, Weimar (Goethe and Schiller!)). At Heidelberg university, he made acquaintance with independent scientific work and the delightful and cosmopolitan atmosphere, and to meet people from all parts of

the world: The world was not confined to the US (1938, 43)! His heroes were Bluntschli (professor of constitutional law) and K. Knies (*Eisermann* 1996). Ely calls Knies “My Master” (1938, 44), and Knies once wrote a fine letter of recommendation for Ely (*Rader* 1966b, 13, fn. 20). “[H]e was a progressive economist, with a proper respect for existing institutions, which he did not want to abolish but rather to improve by evolutionary processes ... he was very sympathetic to the aspirations of the workingman, and spoke of his privations and excessive toil in a way that would have stirred the ire of the Old Guard of the United States. Knies wished not only for Germany to have peace and prosperity ... From Knies and others I was learning a fundamentally scientific approach in which relativity and evolution played a large role” (1938, 44–45, 58). Ely also traced his interest in the conservation of natural resources to Knies (*Taylor* 1944, 133, *Ely* 1938, 191).

“If I did have any bible it would be found in the books and lectures of Professor Karl Knies” (1938, 111). He contrasts the idealistic desires of Knies and Bluntschli with those of the nationalist von Moltke. He identifies Knies as a major representative of the Historical School besides Roscher and Hildebrand. It is interesting to notice that Ely never delved into the conceptual differences of their members and took a partisan view.¹⁶ He knew about the differences but he extracted unerringly the general evolutionary and social message, and the theoretical approach without caring about the small-minded nuances. “I suppose the connection, today, between the German economists and the Americans is closer than that between the American and the English writers. I am speaking about the personal connection as much as about the connection of thought” (Ely to Marshall in 1901, in *Coats* 1961a, 192). Later, he often urged his students to read Schmoller’s *Grundfragen des Rechts und der Volkswirtschaft* (*Farnam* 1908, 29).

After finishing his doctorate’s examination with a Summa¹⁷ he went to Switzerland for five months to learn French and to have a look at the University of Geneva. He was deeply impressed by the Alps and the Black Forest on his way to Berlin. He followed the speaking in Prussian Parlia-

¹⁶ It seems that he made a difference between the socialists of the chair (Wagner, Schmoller, Brentano) and the Historical School (Knies, Roscher et al.) at least in an early book. Besides many positive remarks on the socialists we also read the exaggerated statement that they “regard the state as something sacred and divine, holding that it arises out of the essential characteristics of the human nature given us by God” (1883, 241).

¹⁷ Ely wrote an essay “The Chinese question” for Bluntschli and a 220-page treatise on “The doctrines of Turgot, Adam Smith, and John Stuart Mill in regard to the sphere and province of government form the standpoint of political economy” (*Morehouse* 1969, 12). But in a formal sense, they were not part of a dissertation.

ment, became member of the Royal Statistical Bureau where he met Engel, and listened to lectures of A. Wagner. His money ran out and he instructed students in English language and wrote a couple of paid articles on Germany in newspapers, e.g. on ‘Germany and Russia’, ‘American colleges and German universities’, (see the reprint in *Ely* 1972) and ‘Emigrations from Germany’ (see the references in *Ely* 1938, 308).

A great help was also A. W. White, President of Cornell, at the time American minister in Germany. He favored the orthodox school which Ely rejected. But he asked young Ely if he could make a study of the administration of the city of Berlin which strongly influenced his proposals for urban autonomy (*Schäfer* 2000, 84–87). As a participant observer, Ely carefully checked the budget, the administration etc. and was fascinated by the crystal clear budget plan, the excellent civil service, the tax officials, etc. For him Berlin was the model city. Ely was then asked to write a report on the purchase of the private railways. Again, Ely had access to all sources of information. The report was later influential to get him a teaching post at Johns Hopkins. In the summer of 1880 Ely left Germany and a year of fruitless search for a job began. The returnees could not easily turn in. Patten, for example, received his doctorate at Halle in 1878. He was forced to hang around at the family’s farm and then he spent six years as a school teacher before he obtained a professorship of economics at the Wharton School in 1889 thanks to the help of his Halle classmate E. J. James (*Dorfman* 1949, 182).

Back in the US, Ely experienced a culture shock and thought even to commit suicide (1938, 285). “I landed in New York on a hot and disagreeable midsummer day. As I walked through the streets of New York, my heart sank within me. The city was dirty and ill-kept, the pavements poor, and there were evidences of graft and incompetence on every hand. Is this my America? ... This was my home and I vowed to do whatever was in my power to bring about better conditions. My youthful ambitions were high” (1938, 65). From 1911–1913 Ely stayed again in Germany to finish writing his *Property and Contract* (1938, 269–270).

After the outbreak of WW I Ely also thought about the dark side of Germany in his patriotic lectures (1918). He was now an ardent nationalist and strongly criticized liberal progressives like LaFollette (*Curti and Carstensen*, II, 1949, 112–113, and 200, see his later self-criticism in 1938, 217). With great sadness he observed “that the great people as such has gone wrong” (1918, 4), it yearns for a world empire. He recalled that “my university education ... was practically altogether German ... Repeatedly I have been in Germany since I finished my university studies, and have many friends there ... I have read German newspapers and German literature ... I have written

articles on German life and German institutions” (1918, 16). He was very disappointed by the war rhetoric at German universities but he mentioned Bluntschli and Knies’ cosmopolitan idea of a world currency as exceptions (Heidelberg was located in Baden!). The brutal militaristic Prussian Hohenzollern regime was in his view responsible for the German disease. Ely presents a lot of personal experiences in Germany which demonstrate questionable German character traits (e.g. financial stinginess, the admiration of titles, etc.). In Boppard a commanding officer urged a hotel owner to change the French word ‘garage’, so that the word ‘Kraftwageneinstellraum’ was created. On the other hand, the German qualities are “respect for authority, ability to work together splendidly in cooperative undertakings, love of learning, true admiration for the artist and scholar, and such a generous provision for research as perhaps no other land knows, and the best civil service in the world” (1918, 33). A reason why some American scholars put Germany generally in a very positive light can be related to “the reformers’ attempt to legitimize an American reform agenda and to base democracy on principles other than possessive liberalism, utilitarian ethics, and market ideology that liberalism held in stock” (*Schäfer* 2000, 13).

“Yet despite the powerful German intellectual impact on American academic life ... and the influence of German models on Johns Hopkins, MIT (via the Technische Hochschule), and the early business schools, no general effort was made to replicate the German university structure and curriculum, its relationship to the state, or its elitism” in America (*Coats* 1985, 1700). It may be interesting to note in passing that no German professors (belonging to the Historical School) were imported to the US in the formative years of American economics. “By 1906 ... the estimate of German scholarship had lost some of its former reverential quality as numerous young graduates returned home with unfavorable reports of the arrogant and strident nationalism of their German preceptors” (*Coats* 1961b, 404). As Ringer points out, the synthesis which so much impressed the American students broke down.

“[A] wave of increasingly specialized research and of thoughtful “positivism” had swept away the great Idealist systems about 1830 or 1840. The very considerable achievements of specialized scholarship fascinated German scientists and the German public until around 1880 or 1890. From that point on, however, the evils of specialization led to increasing dissatisfaction” (1979, 425). The German academic elite lost its status (also in material terms, Ely was at first fascinated by Bluntschli’s beautiful house, see also his remarks on the social esteem of professors, 1938, 122).

“The real difficulty with specialization was taken to be its tendency to separate science and scholarship from a certain kind of integral philosophy.

Specialized science lacked precisely the dimension that had connected Idealist *Wissenschaft* with *Bildung* and with *Weltanschauung*. The specialist was a mere expert ... The intellectual reduced to the role of expert had no more authority than any other merely technical adviser to business tycoons and party bosses" (1979, 426). The American students before the turn of the century were the last to experience this unique synthesis they so much admired in Knies, Roscher and Conrad. "In 1896 Conrad's American students gave him recognition by electing him an honorary member of the *Academy of Social Science* at Philadelphia, and by awarding him an honorary LL.D. degree at Princeton" (*Herbst* 1965, 14). After their return, some of the first generation of professional American economists carried out this synthetic intellectual role very conscientiously. They absorbed in different degrees the historical method (Schmoller), the ethical vision (Knies), and e. g. Wagner's law of increasing state functions and to rethink the conventions of property ownership, and in general the "German university connection opened the transatlantic "moment" in American ... politics" (*Rodgers* 1998, 111, see also 102).

Ely approached this role by his idea of a 'natural aristocracy' which also prevented public identification with the working class and stipulated a natural social hierarchy which may have pleased the American Republican party. The republican "Whigs feared Jackson's demagogic executive tyranny as the peculiar corruption to which the demos was liable ... they stressed the need for the natural aristocracy of education and talents to play a special role in government. Their national leadership favored a high tariff and government promotion of economic development on the grounds that it would enlarge economic opportunities for everyone" (*Ross* 1991, 29). A certain similarity between the republican's and the Historical School's concept is obvious, e. g. a strong national state as the guardian of property rights and the stress of community. "Like the German *Kathedersozialisten*, Ely appeared to advocate a stable society in which the differences between classes would be much less, and the lowest level much higher, than existed at the time; but classes would remain" (*Ross* 1977/78, 42). The natural aristocrats had to organize this gradual transformation.

We may ask if a common heritage of the returnees from Germany existed. Many of them shared the marginal theory of value (including Ely), and Böhm-Bawerk's theory of interest. But marginalism could mean many different things: The calculus of maximization, marginal utility as the subjective theory of value, the marginal productivity theory of distribution with positive, negative or neutral normative connotations, general equilibrium, or the mathematical method (*Bronfenbrenner* 1985, 30). Some tried to generalize Ricardo's theory of rent and explain profits (like Walker), wages and even interest by his differential principle. At least in a marginalist reading

(*Hollander 1979*), “Jevons did not deviate very far from the classical tradition in his premises, logic and conclusions” (*Dorfman 1949*, 83). Some economists amalgamated the old classical and the new marginal principles and a common ground existed in early American economics in the recognition of economic history and politics. Purely theoretical books were rare. Economic history played a role for all but with differing emphases. Laughlin (who went to Germany only after his formative years) mostly dismisses it, Hadley and Fetter treat history mainly as exemplifications of theoretical statements, in Ely’s and Seligman’s textbooks it played the most important role. In economic policy no returnee supported either dogmatic laissez-faire or the high protective tariffs, most advocated moderate tariffs.

The question of government intervention was answered by most authors pragmatically though with different biases. Ely pleaded strongly in favor, the Clark after 1899 was more opposed to interventionism, and Hadley (a student of A. Wagner!) emphatically underlined the possessive freedom of the individual. Fetter starts from value theory. Seligman is closer to the Historical School, but he accepted the neo-classical school and he was also for protectionist principles, pro labor and social security, including unemployment insurance (*Dorfman 1959*, IV, 257–267). Clark and Patten strongly support a deductive and marginal utility approach, the latter combining it with an ardent protectionism. Clark (student of Knies and Roscher) legitimizes the capitalist profit system by ‘theoretical reasoning’, his first draft on marginalism goes back to 1875, he attributed his (social) effectual utility principle to Knies (*Clark 1896*). In Knies’s seminar, Böhm-Bawerk and Wieser presented their first marginalist versions in 1875–76. Patten (a student of the more liberal Conrad) was in opposition to the distributive consequences of market processes, he supported Ely’s statement for the AEA and tried (see below) to combine Ricardo’s method with the Austrian and with Jevon’s approach (*Seligman 1925*). In fact, Ely was the only returnee what wanted to put the historical-evolutionary part in the center of his work and rejected classical and marginal economics at the core of economic science.¹⁸ Fine (1956, chapter seven) strongly underlined and in our view overemphasized the similarities of the returning new schoolers somewhat.

The differences among the American economists mentioned above are especially interesting because all of them studied in Germany. They show the wide range of reactions. Not even a single American economist who became professor in the US adopted the wisdom of their German masters

¹⁸ “Perhaps the only one of the group who was not relenting in his battle was Ely. Whereas others lost the ‘crusader’ spirit ... Ely still continued to carry the standard of the historical school” (*Myles 1956*, 194).

schematically – they were not *Epigonen*. “[N]one of Ely’s cohort came back Germanophiles. Only a handful kept up lasting German politics. Rather, they came back with ideals (which occasionally, in a referential kind of shorthand, they conflated with Germany itself) and, still more, a sense of enlistment in an international movement of ideas ... what the intellectual leaders among the German-trained economists wanted was a social politics of their own” (Rodgers 1998, 98). The later theoretical and policy orientations of the Americans cannot be deduced from the orientations of their German masters and no obvious relationship existed between theoretical and practical orientation, i.e. a deductive economist is by no means more likely against state intervention or against normative judgments than an inductive economist.

Clark’s theory of distribution is a good example for this. It could be used to prove the fact of exploitation or the need for state intervention via his inappropriate utilities, i.e. positive externalities. It could be argued that for the worker not the functional but personal distribution is essential (T. N. Carver). Clark asserted to have elaborated his theory before he discovered Thünen who “viewed the action of this law as an exploitation of labor and even of capital ... In my view the apparent surplus in one man’s output over another’s is due to an excess of capital in one man’s hands and is a product of capital and not of labor” (Clark in the Ely Papers, cited in Dorfman 1949, Appendix III–IV). There seems to be a certain degree of freedom in the definition of imputative justice. Charles Tuttle, an admirer of Clark, who returned from Heidelberg with his doctorate degree in 1886, argued that the marginal principle means exploitation. When the entrepreneur receives all the surplus which earlier units of labor have created, this is unjust and labor should organize and withhold until they receive the average increment (Dorfman 1949, 303–304). Another point of radical departure could be the thesis that perfect competition does not exist in modern large-scale industry and therefore distribution had to be regulated. It could be criticized in general that some economists accepted the defects of the abstract principle but kept little attention to their integration into the logic of the model.

For *Farnam* (1908, 17–18) the above mentioned intellectual autonomy of the Americans is not surprising: What they learned in Germany was exactly this freedom of opinion¹⁹ and e.g. the thought-provoking much more positive view of the role of the state compared with the US which some

¹⁹ The rigid policy against e.g. the Social Democratic Party which was outlawed from 1878–1890 under the anti-socialist law did not influence the living conditions of foreign students. Ely at least did not especially highlight the problematic sides of rising German nationalism, colonialism, anti-Semitism, protectionism, etc. (*Winkler* 2000, 213–265).

scholars commented as excesses of state power. “Germany disturbed; that was its essence” (Rodgers 1998, 97). Further, the German Historical School was as fuzzy as any other school of economic thought. When Ely studied under Conrad and Wagner he must have recognized elementary differences, Wagner’s law contrasted essentially from Conrad’s more individualist standpoint (Conrad 1922, Diehl 1915). And some building-blocks were present in opposite political camps. The wage-fund doctrine which the progressives vividly rejected was also prominent in social democratic thinking, e.g. in the version of Lassalle’s iron law of wages (Ely 1883, 191).

Many American economists tried to synthesize subjective marginalism, historical awareness and the classical tradition (like Marshall) in original individualist ways. Often they became experts in policy advice, Seligman on progressive taxation, Adams as chief statistician of the Interstate Commerce Commission, etc. This diversity and complexity stands in contrast to the picture that Herbst draws (especially in chapter six and seven; compare Myles 1956, an earlier but much more sophisticated, excellent analysis, compare also Cherin 1933). For Herbst, the German Historical School’s program was unilateral historicism, the American ‘new economists’ “were all too ready” (1965, 130, it would be interesting to compare this in more detail with Herbst 1958) and followed suit with these “ideas [that] proved difficult to assimilate to American conditions” (1965, 232). Some of Herbst’s utterances are simply wrong, e.g. he stipulates that the Historical School rejected exact statistics (1965, 136), and “Small alone may be said to have liberated himself from the empty formulae of his German masters” (1965, 202).

In public the impression of two distinct camps (the old and the new school) might have come up because a debate took place in 1885 in the weekly journal *Science* with Seligman, E. J. James, Ely, and H. C. Adams on the one and Taussig, Newcomb, and Hadley on the other hand (later reprinted as *Science Economic Discussion*, New York, 1886; see Myles 1956, 164–171 for the different viewpoints of the discussion; on the American *Methodenstreit* see Barber 2003, 239–244, and Mongiovi 1988). Myles argues that not in specific doctrine but in the over-all social philosophy a common impact of the returnees existed (1956, chapter three on German historicism in America with many institutional details of their influence). In a very nuanced way Myles argues that the returnees had a certain common influence, at least in the sense of creating a spirit of tolerance and holding the “one common idea [which] appears to be the use of collective action for the handling of socio-economic problems ... the desire to formulate and instigate a group of social policies ... and the taking into account, as basic material, consideration of the cultural, legal and geographic environment” (1956, 211, 162, and 164). This were the relevant points behind the quarrels

on method. To a certain degree the returnees also changed mainstream economic theorizing in that the ‘old’ school eliminated first its natural theology of the concept of an established order of things and second the unqualified validity of *laissez-faire*. This was at least the impression of the first president of the AEA, F. A. Walker (1889).

Cohen’s reconstruction of the debate is also one-sided but more to the truth when she concluded that “[b]y the mid-1890s, marginalism had displaced both classical political economy and historicism as the dominant paradigm of economic science” (2002, chapters six and seven, here 190). But “[b]y and large [better: some of?] the exponents of the marginal utility economics were rather progressive in their social outlook, and were interested to some extent in, or at least not adverse to, social reform” (*Dorfman* 1949, 251; see also *Ross* 1991, chapter six).

In fact, until the 1930s, economics in the US was essentially pluralist. It had no hegemonic structure in method or content, or an authoritative figure, and institutionalism was not merely incidental: Classical economists (Tausig at Harvard), Marshallians (E. Chamberlin at Harvard), institutionalists (Commons at Wisconsin, Mitchell and J. M. Clark at Columbia),²⁰ and neo-classical economists (Fisher at Yale) existed side by side (for the pluralist argument see also Rutherford 2000). The German influence was strongest at Johns Hopkins (Adams and Ely), Columbia (Seligman and Mayo-Smith), and the Wharton School of the University of Pennsylvania (James and Patten) (*Myles* 1956, 109–110). For example, Veblen was Clark’s favorite student at Carleton College, Laughlin sustained Veblen’s appointment at Chicago and Taussig opened the pages of the *Quarterly Journal of Economics* for him. Veblen did not make a liberal readjustment (see below), he remained the only true outsider and consequently was never given permanent access to the profession. To summarize: Austrian, historical, marginalist, institutional, and neoclassical elements intermingled in the period under consideration (*Rutherford* 1997, 182). As Morgan’s and Rutherford’s analysis shows, beliefs in market solutions and in the virtues of free competition “were not generally held by American economists of the late nineteenth century” (1998, 10).

In our view, Yonay’s constructivist analysis comes close to the real situation of early American economics. He shows that a “complex network of people, ideas, cash flows, practices and artifacts” (1998, 199) intertwine in the production and construction of knowledge: Major scientific achieve-

²⁰ Further institutionalists at Wisconsin were E. E. Witte, H. Groves, M. Glaeser, and S. Perlman, at Columbia were R. Tugwell, F. C. Mills, A. R. Burns, J. Dorfman, L. Wolman, G. J. Bonbright, R. Hale, and Berle and Means (*Rutherford* 2003, 362).

ments, the views of prominent schools and scholars, concrete economic and social problems (e. g. the labor movement), economic booms and recessions, philosophical doctrines (in the negative: Marx), religious beliefs, ideological commitments, and political pressure all play a role in the competition over the definition of standards of sophistication (what is good science?). They were not given and uncontested in the constitutional phase of American economics. Early American economic thinking was not organized along the lines of monolithic, unified and homogenous Kuhnian paradigms (Ely: the new versus the old school) or a perfect and inescapable control of the invisible college of progressing normal science.

There were rather “many simultaneous changes, loose connections among individuals, liquid definitions of camps, and shifting alliances ... Boundaries are constantly challenged, contested, and redrawn. To survive, economists must attach their work to the network of governmental officials, administrators, and benefactors” (*Yonay* 1998, 216, and 220). This is not the story of a Whiggish progress in the accumulation of knowledge. Conspiracy theories (private money and interests rule the roost) also do not convey most of the dynamics because the young American returnees were not forced to abandon the more radical proposals of Ely’s AEA statement (see below). Contingencies of the external world, scientific, political (e. g. wars) and economic factors (dependency on donors) played a role. Finally, and maybe most importantly, science depended on the idiosyncratic syntheses of the individualist, beautiful minds of the first professional American economists.

Myles asks why an operative American historical school did not materialize, and he draws an interesting parallel to the later inclusion of the Keynesian revolution into the mainstream. “The result [of the infusion of concepts by the returnees], for professional economics, was a “new” economics which, like the Keynesian economics of our own day, was a relatively short-lived ‘revolution’ ... The ultimate result was a significant modification and alteration in the approach to economic problems ... after the tempest was over no one quite knew what all the shouting had been about because this approach had ... been ingested by the existing body of doctrine” (1956, 211).

Unfortunately, we cannot show here that Ely’s concept and the development of economics was similar in many ways to the developments in psychology, anthropology, sociology and political science. They all went in the direction of a more professional, evolutionary, empirical, secular, and historical line of thought (see the excellent short overview in *Ross* 1976).

IV. The emergence of old institutionalism: A new theoretical paradigm

Ely's studies in Germany and his import of ideas fell in a phase of an accelerating international flow of economic ideas in general. "Toward the end of the eighties and through the nineties, we come to a peak decade in the flow and interchange of ideas in the neoclassical period. We have the development of the marginal productivity theory of distribution, which had of course its English and German predecessors but which was now perfected, refined, and widely accepted ... [Approaches] are constructed essentially on the basis of a wide, eclectic, cosmopolitan reading of their contemporaries and immediate predecessors" (Hutchison 1955, 9). In fact, marginalism was also well known in the US due to Jevons's major contribution in 1871. Clark and Wood presented different versions of marginalism at the same meeting of the AEA in 1889 (Tobin 1985). The German returnees were well equipped with marginalist ideas (Streisler 1990). Knies himself wrote a little tract on marginalism (1855, see also Knies's lectures 2000/1886, and Yagi 2000) which was recognized by Clark (Letter to Seligman in 1906, in Dorfman 1941, 117).

It may be asked if a more historical and empirical theorizing was really warranted, did not Jevons write the *Coal Question* and Marshall *Industry and Trade* later on. It can be argued that the specificity of the American application of theoretical economics lay in the blending of deductive reasoning with the interest in historical-empirical investigations. A good example was Taussig who was not strictly or entirely orthodox or neoclassical. This being correct, does it make sense to put forward the thesis that Ely made a reasonable attempt to start off an alternative heterodox approach? Did not Ely even in the first edition of his *Outlines* in 1893 present a nascent marginal utility analysis (compare the slight extensions in Ely 1901, and 1932a)? But as Bateman points out, "the man who calculated at the margin had been an accepted part of the German and American historical schools for many, many decades ... But historical economists ... had kept the marginally calculating man in a world in which he also made decisions on other bases. The marginally calculating man of 1890 went to church, was sometimes concerned for his race and his nation ... In short, marginal thinking was only one of the ways that he thought about how to act in the world" (2004, 200). It makes a difference if marginal utility is one building-block among others or if it is the cornerstone of the entire theoretical enterprise.

In our interpretation, American institutionalists were recognized as a distinct group which deliberately choose the name around 1919 and formed a network of individuals (Veblen, Commons, Hoxie, Mitchell, Hamilton,

Tugwell, J. M. Clark, Copeland et al.) with shared core ideas and beliefs. Until the 1920s and 1930s the institutionalist critique kept the economic profession busy. “Institutionalism was one of those critical approaches that gained a great deal of influence ... in the United States. Unlike the current tendency to belittle that school, institutionalism undoubtedly constituted one of the major intellectual forces in interwar American economics. Institutionalists held key positions in academic settings and controlled two of the four leading economics departments ... (Columbia and Wisconsin).

Wesley Mitchell established the National Bureau for Economic Research, and was among the founders of the New School for Social Research. John Commons founded a new journal (*Land Economics*), trained a large group of economists who investigated various aspects of economic policy, and helped to initiate social welfare plans, first in Wisconsin,²¹ and later as part of the New Deal. These achievements were recognized by contemporary economists, who bestowed respect and rewards on their institutionalist colleagues. Mitchell and J. M. Clark gained the highest award of the American Economic Association, the Walker Medal, and served, along with several other institutionalists, as presidents of the Association” (*Yonay* 1998, 197, with abundant evidence). The weakness of the institutionalists – which was also attributed to Ely as non-theoretical thinking – was “the lack of a central organising theoretical conception, metaphor or analogy of its own” (*Rutherford* 1999, 238).

Nevertheless, the substructure of Ely’s institutionalism and his role as precursor of critical old institutionalism (*Rutherford* 2001, 176, and 2003, 364) which differentiates him and others from orthodox neoclassical, marginal and early progressive thinkers can be summarized with Rutherford in five points:²² “(i) a clear recognition of the the *central* analytical importance of institutions and institutional change, with institutions acting both as constraints on the behavior of individuals and concerns and as factors shaping beliefs, values, and preferences of individuals; (ii) a desire to base economics on a social psychology consistent with the emphasis on the role of institutions, and a related rejection of a hedonistic psychology and of the individual as a utility maximizer; (iii) the adoption of a view of correct scientific method in social science as empirical and “investigational” (including but not limited to quantitative and statistical work), and a related rejection of the highly abstract and “speculative” nature of much orthodox theory; (iv) an emphasis on the *critical* examination of the functioning of existing institutions (including issues such as bargaining power, standards

²¹ On La Follette see *Ely* (1938, 208–218), footnote added.

²² On the progressive movement in a transatlantic context see *Schäfer* (2000, and 2004), and *Rodgers* (1998, especially pp. 76–111).

of living and working conditions, corporate finance and control, market failures of various types, business cycles, unemployment, and so on), and a related belief in the need for new forms of “social control” involving greater government regulation of the market and other interventions; (v) the adoption of a pragmatic and humanistic approach to social value ... and a related rejection of the standard theories of value and of market efficiency as adequate tools for policy appraisal” (2004b, 182–183).

Rutherford excellently summarizes the institutionalist program and Ely’s creed. He was the most important precursor in that he more or less *implicitly* developed the program, and he also underlined more strongly the *religious* component compared with later institutionalists. There were no paradigmatic differences with the Historical School in the five core dimensions,²³ they only existed at the variable outer bound (e.g. Schmoller’s preference for a monarchy or his specific proposals for the German insurance institutions). As a hypothesis it can be urged that Ely was the only retiree and American economist of the first generation who shared all five paradigmatic institutionalist building blocks. Clark became foremost a marginalist (but Ely contributed to the essays in his honor, see *Ely* 1927), E. R. A. Seligman was marginalist and historicist. The same holds for Alvin Johnson (*Petr* 1998), a critical heterodox economist and later president of the *New School for Social Research*. But Ely was manifestly institutionalist. By the way, it is interesting to notice that no native typical American economic school developed at that time (for an unsuccessful search of the Americanness in American economic thought see the debate in Rutherford (ed.) 1998).

The relationship between Ely and Veblen is highlighted by *Tilman* (1987/1993, on their relation to the Historical School see pp. 154–155). Veblen took a course in economics from Ely at Baltimore, they exchanged some brief letters, and Veblen picked up Ely’s degrees of monopoly in his *Theory of Business Enterprise*. G. Jaffé wrote a chapter on Veblen for Ely to be included in a book which was never published. *Tilman* shows that Veblen’s radicalism did not conform with Ely’s more conservative reformism and that they did not have a very close and positive relationship.

In a strongly recognized landmark article (1884) Ely distinguished between the German inductive ‘new school’ and the English deductive ‘old school’ of political economy (Malthus, Ricardo, Senior, the Mills, and the Stuarts). The old school did not include the marginalists. He castigates the assumptions of natural laws like the law of diminishing returns, the ordinary

²³ See also the intricate analysis of their close relationship by *Myles* (1956, 215–346), who holds in contrast to our view that both lacked a “clear cut body of doctrine” (1956, 220).

laws of supply and demand, the lack of friction in economic models, the Ricardian theory of rent and the Malthusian doctrine of population, further the free play of natural economic forces and the invisible hand assumption. They lead to a laissez-faire and anti-governmental attitude and imply the harmony of interests between classes. In contrast, since 1833 government intervention was practiced and largely extended in most developed countries, and protective tariffs were a fixture of American trade policy since 1816. Especially the numerous epigones preferred these easy formulas and the assurance of final truth which tamed curiosity and was good for the existing powers because e.g. Malthus's law implied that nothing could be done for the lower classes. Citing Knies, he especially criticizes the materialist assumption of self-interest as the chief motive force. With many examples he tries to show that it "is impossible to separate the individual from his surroundings in state and society" (1884, 35). Ely's critique sounds very modern and well-argued (the apologia of the status quo, focused on taxonomy, ahistorical economic man, logical deductions, pure competition, economic realities like slumps are anomalies). It resembles strikingly the criticism of e.g. the post-autistic economics movement against present day neoclassical economics (see the debate in *Fullbrook* (ed.) 2003).

For Ely, the new school was launched by the German economists Hildebrand, Knies and Roscher (1884, 43). The new school has – besides the gathering of facts – as far as possible an experimental bias as in physics. It heavily leans on statistics (E. Engel, the head of the Prussian statistical bureau is once again admired), applies comparative methods and also focuses on distribution. Theories are locally bound they are products of historical developments and circumstances. No universal laws exist but Wagner's law is appreciated. For Ely, Wagner's law was a more or less self-evident macro trend in evolution and he never tried to 'proof' it. He later criticized himself for his assurance of this quasi natural law (1938, 255; see also *Ross* 1991, 113). As mentioned, Clark also thought to have found natural laws (of value and distribution). For Ely, laissez-faire as the general principle is outmoded. A socio-legal concept is considered necessary to explain e.g. the new institution of the joint stock company which cannot be grasped with a natural rights approach.

An economy is to be regarded as an organic whole. "Account is taken of time and place; historical surroundings and historical development are examined. Political economy is regarded as only one branch of social science, dealing with social phenomena from one special standpoint, the economic. It is not regarded as something fixed and unalterable, but as growth and development, changing with society" (1884, 45). The articles in Conrad's *Jahrbücher*, and Schönberg's *Handbuch* are presented as ideal examples.

By induction he understood: “We must observe in order to theorize, and theorize in order to observe. But all generalizations must be continually tested by new facts gathered from new experience” (1884, 47).²⁴ He cited Jevons’s *The state in Relation to Labor* as an example of good economics (1884, 56), but mentioned Jevons (and Walras) later in his critique of mathematical economics: It is not “more than a not very successful attempt to develop further the older abstract political economy” (1884, 60, fn.). Like Veblen he regards it as neo-classical. For Ely, the new and the old school represent different paradigms, and for him the deductive school is definitely on the wrong track.

Ely would share the view that quantification is a “technology of distance ... [it] minimizes the need for intimate knowledge and personal trust” (Porter 1995, IX). Ely’s catchword was ‘look and see’ also in the sense of participant observation and he acted upon this principle. In 1884, on their wedding trip (!) the young couple went to Pullman, Illinois, to write an evaluation of the social experiment at Pullman for *Harper’s Monthly*; they lived in the small community to get first-hand observation (1938, 166–174). In Halle, Conrad had already practiced field observation and went e.g. with his students into a prison and visited factories. “When the Night Riders took control over Kentucky and decreed that no Burley tobacco should be grown in 1908, Ely went to Kentucky to secure first hand information, see the empty tobacco sheds, and talk with the people involved. When new land problems arose with the development of irrigation he spent a summer studying irrigations in the Rocky Mountain States ...” (Taylor 1955, 147–148).

He was able to produce excellent mental pictures of the economic world (see e.g. his description of rural life before industrialization, in *Bohn and Ely* 1935, 21 ff.) and urged his students to do the same. “Professor Ely set me at work visiting the building and loan associations in Baltimore, and joining the Charity Organization Society as ‘case worker’. I made reports on these subjects to the joint history and economics seminar” (Commons 1934, 43). For clear judgment, a synthetic view and a more complete view of the entire field was regarded as necessary, and Ely described the negative impacts of standardization and specialization which furthered ‘academic unrealities’ (1938, 192–193, and 196).

In his critique of the assumption of an all-embracing self-interest Ely points out that people are also motivated by ethical standards and ‘ideas’ like monotheism, the American Constitution or the idea of evolution (*Bohn*

²⁴ “[N]o one of our teachers in Germany objected to the use of deduction in its proper place; certainly it had its place, but deduction as it was then used, was inadequate. It did not explain the world as it was” (1938, 154).

and *Ely* 1935, 13–15). But he also purports an approach of bounded rationality. In his explanation of the great depression, booms and fantastic selling prices in agriculture and city buildings were “due to the absence of knowledge” (1932b, 273) which leads to unbalanced production and bubbles. “[T] here comes a time when the last purchaser, at a fantastic price, is no longer able to sell to somebody else ... Then the collapse begins and ... prices fall rapidly” (1932b, 271). In an era of high interdependence, proper public planning is needed. Germany had to a large degree a better land planning for example (1932b, 274). Ely’s analysis and his assumption on the rationality of human behavior is close to the approaches of irrational exuberance (*Kindleberger* 2002, *Shiller* 2000).

In his *Studies* (1971/1903) Ely develops a concise first attempt of an evolutionary approach. “The evolution of industrial society signifies a continuous change, a perpetual flux of economic relations and institutions” (1971, 13). Ely discerns stages of human economic evolution (the hunting/fishing, pastoral, agricultural, handicraft, and industrial stages, the latter with the phases of competition, concentration, and integration, 1971, 26). He also mentions Bücher’s and Hildebrand’s stage theories, they are complimentary. His stages are derived from the standpoint of production. In the case of the industrial age: “The use of power manufacture, made possible by the great mechanical inventions in the latter part of the eighteenth century, brought about that far-reaching and rapid change in our industrial life which is known as the Industrial Revolution” (1971, 57).

Ely puts his approach in the context of “the idea of evolution, the general acceptance of which we must recognize as the distinguishing characteristic of nineteenth century thought ... The peculiar service of Darwin was the explanation of the method of biological development by means of the theory of natural selection” (1971, 4). He does accept Darwin’s achievement and puts his book in the context of the general reception of Darwinian ideas (*Hawkins* 1997). But at the same time he criticizes naturalistic implications and Spencer’s individualist laissez-faire interpretation. “Neither Mr. Spencer nor any one else has been able to explain the actual process of social evolution in a way that has been generally accepted” (1971, 9). He adds some anti-naturalist aspects. “Ideas distinguish man from all lower animals, and all that is significant in human history may be traced back to ideas” (1971, 3).

Like most proponents of the historical school (*Peukert* 1998, chapter two and three), he thinks in terms of human progress, “while physical conditions [may] remain as they now are, a general human retrogression is not conceivable” (1971, 11). He explicitly refers to the historical school which advanced the idea of evolution 50 years before Spencer. He mentions List, Roscher, Hildebrand and Knies, “the last-named of whom it was the au-

thor's privilege to study" (1971, 21). Ely is strongly influenced by the German historicist concepts and shares with them ambivalences between idealism and naturalism, the idea of progress and relativity, etc. It is somewhat surprising that Ely mentions Schmoller only once (1971, 438–439) and does not mention Sombart's analysis of modern capitalism at all.

The lesson of the historical school was the relativity of all human institutions and the rejection of absolutism ("meaning that one policy could be good policy for all countries") and perpetualism ("one policy could be good for all time", 1971, 22), so that an economist can be a free-trader at one time and a protectionist at another time. Relativity needs an open mind, and "our habits of thought have to be changed as we pass from one stage to another. This is irksome, and we resist it for a time" (1971, 61). In the times of free land, a laissez-faire policy and to regard men as substantially equal was adequate, but the closing of the frontier and the "concentration of production in large establishments" (1971, 63) which needs a regulation of property rights signifies that "*we pass over from unconscious social coöperation to conscious social coöperation*" (1971, 90). Public utilities are needed, the German railway system is his prime example. The increasing dependence of man upon man need and must not end in a coming slavery (Spencer's thesis), instead the increasing dependence requires "regulation, in order to preserve freedom" (1971, 98).

For Ely, Clark's theory of competition and distribution is correct and depicts its working in an ideal manner, but in the actual world many restraints are at work (1971, 150). In case of large scale production, we "must adjust ourselves to collective bargains between organized labor on the one hand, and organized capital on the other" (1971, 390). Regulation means a shaping of the environment which is man made (1971, 143), no natural survival of the fittest in an unchangeable environment exists. Further, the "larger the competitive group, the wider becomes the sphere for generosity, the larger the safe scope of pity ... competition does not stand alone. With it are associated sympathy, benevolence ..." (1971, 136). In extreme cases, "when combinations mean monopoly, either competition must be restored or, where this is impossible, the ends of competition must be secured by other methods of social control; and if these methods of social control in some cases mean public ownership and management of industries, a place must be opened for the competitive principle in the terms of admission to public employment" (1971, 145).

Ely's theory of evolution is an interesting synthesis. He accepts to a certain degree naturalist evolutionism, but combines it with a law of progress. He rejects Spencer's rugged individualism as an unnecessary consequence of Darwin and develops an alternative evolutionary path along the

lines of Kropotkin's concept of solidarity and state regulation, but in the name of old American values, to preserve competition, freedom and equality. The conservatives à la Sumner (1840–1910, from 1863–1866 he studied philology in Göttingen), who assumed natural laws of economics and favored an extreme laissez-faire evolutionism, were the radicals which supported unhampered change. Ely was the conservative who pleaded for a restoration of republican values. He follows the Christian principle of the Kingdom of God on earth but gives it a scientific twist: the professional economist exposes the future with the help of scientific objective knowledge. "American society saw its own image in the tooth-and-claw version of natural selection, and that its dominant groups were therefore able to dramatize this vision of competition as a thing good in itself. Ruthless business rivalry and unprincipled politics seemed to be justified by the survival philosophy" (Hofstadter 1955, 201). Ely's evolutionary approach was meant as a normative, scientific, and alternative vision of the good society.

Ely's *Property and Contract* (1914), Ely considered the book his *magnum opus*, was an analytical and historical analysis of two of the most important institutions of capitalism. He highlights the importance of legal arrangements for economic organization, performance and distribution (value is determined socially). Their reformation is part of the necessary transformation of the economy (see also the exchange of letters with the jurist and later member of the Supreme Court O. W. Holmes, in Rader and Rader 1966). His theory is functional, empirical and social in contrast to conventional naturalist conceptions of property. Ely constantly refers to the German economists, he owed a lot to "our teachers, I to Conrad, Wagner and above all Knies" (1914, IX, see also e.g. pp. 5, 73, 135). He often refers to other German (speaking) scientists, e.g. Ihering, Paulsen, Schmoller, Schäffle, Sinzheimer, A. Menger and others and puts German institutions in a very favorable light.

They are the model for the future (see also Ely 1902) because both countries are at the same evolutionary stage of development (1914, 297) and Germany was the institutionally more advanced country.

The classical school took the institution of property simply for granted, in Smith they were in this sense only dealt with in his *Lectures on Jurisprudence* (1914, 70–71). Ely's main tenet is to show that at any given time the underlying socio-economic order determines distribution. His book can be read as an institutionalist alternative to Clark's theory of distribution. Ely discerns five fundamental institutions: Property, inheritance, contract and its conditions, vested rights²⁵ and personal conditions (slavery, serfdom, free

²⁵ "are rights of an economic significance which it is held cannot be adversely affected without pecuniary indemnification" (1914, 54).

contract). In addition, five major forces are identified: Custom, competition, monopoly, benevolence, and (especially public) authority (1914, 55).

Ely shared Hamilton's later formulated view that "institutional economics" is "economic theory" ... [It] alone meets the demand for a generalized description of the economic order ... an explanation cannot properly be answered in formulas explaining the process through which prices emerge in a market. Its quest must go beyond sale and purchase to the peculiarities of the economic system which allow these things to take place upon particular terms and not upon others" (*Hamilton* 1919, 309, 311). A supply and demand curve diagram is at best a mere summary of these underlying institutions and forces which are themselves the result of the socio-economic legal system. The fundamentals and conditions under which private property is held essentially affect distribution. Ely gives numerous examples: By law it is not possible to exclude others from the enjoyments of walking in forests, the Vanderbilt family made a fortune in the US, in Germany the railways were managed by officers with small salaries, but in Germany Thurn and Taxis could make a fortune with post-offices whereas they were public in the US.

We cannot follow Ely here in his manifold taxonomic distinctions and elaborations (free versus economic goods, their attributes of utility and scarcity, etc.). "*The essence of property is in the relations among men arising out of their relations to things*" (1914, 96). Property always means exclusion, but not absolute exclusion because property rights are limited rights. "*Limitation is one of the more significant and essential things in the development of property rights*" (1914, 153). The main difference between Ely and modern Property Rights approaches is that Ely would consider the assumption that private non-attenuated property rights are best for economy and society is an unproven prejudice in the tradition of what he called the old school.

Next, Ely develops the social or general welfare theory of private property which "*is established and maintained for social purposes*" (1914, 165). Property finds limitation in social well-being. Regulation must be reasonable. The regulation of land in early American history is his prime example to show in an evolutionary perspective why private property was considered more beneficial than public property (free land, limited externalities, etc.). The courts have the police power to define and interpret property in every particular period of development with regard to the general welfare. "*The police power is the power of the courts to interpret the concept property, and above all private property; and to establish its metes and bounds ... by settling the question of how far social regulations may, without compensation, impose burdens on property*" (1914, 206, 220).

He quotes many Supreme Court decisions in which the reference to the general well-being is manifest and it is shown that the concept of property is a flexible one and is shaped to meet the requirements of the social situation. Ely's Slaughter House Case later became Commons important example in his *Legal Foundations* (1995/1924), which develop Ely's approach further. The state as the major player in the definition of property must be an 'ethical person' (1914, 249). But Ely is not a German philosopher who idealizes the state as a divine institution, he is aware of public choice problems (see e.g. p. 350) and states that if his "theory is true, it gives us at least a utilitarian basis for the state, because it determines in this respect what conduct is for the general welfare" (1914, 248).

Ely differentiates many kinds of property in chapter ten. He strongly justifies the existence of private property: "Ownership is a source of happiness and a stimulus to industry" (1914, 198), it also supports the development of the personality. "The proprietor ... generally takes better care of his things ... and makes better use of the instruments of production which are at his disposal" (1914, 300). But in a private property regime the absence of property means for the non-possessing individual a lack of independence and a humiliation e.g. in case of illness. The concentration of property and wealth (Ely presents some statistical data) makes the rich arrogant and oppressive, so that we cannot state in general if private property is a good or a bad thing. He also discusses substitutes for property, like the German public insurance system (1914, 333).

He develops a theory of public property and discusses the institution of inheritance and the problem in how far property, inheritance and contract impede the equality of opportunity. Ely confirms that his theory is conservative and he rejects the socialist project, in cases of necessary expropriation, compensation should be the rule. Finally he discussed in how far the management of public property can influence distribution and he gives an overview of about ten theories of the origins of private property. "We find that distribution takes place as the result of the struggle of conflicting interests on the basis of the existing order, and of this social order we have examined the main feature, namely, private and public property" (1914, 548–549).

The second half of the book deals with contract, "private property is once assumed, distribution is brought about more by contract than by any other one force. Distribution is brought about by bargaining, but on its legal side bargaining means contract" (1914, 556). "*Contracts are agreements of economic significance which are enforceable by public authority*" (1914, 562). We cannot describe his approach in detail here. He castigates the individualist theories of Spencer and Sumner. It is not surprising for Ely that the

strong in society want unregulated contracts. He depicts instead a social theory of contract with necessary limitations for reasons of different waiting powers, etc. “While free contract must be the rule, liberty demands the social regulation of many classes of contracts. Regulation of contract conditions means establishing the “rules of the game” for competition ... What is especially needed now is the development of the theoretical principles and statute laws of fair and unfair competition and through these principles and laws to build up a framework within which contracts must be kept” (1914, 731–732).

He kept the promise in his book on *Monopolies and Trusts* (1910b) in which he analyzed the causes of monopoly, gave a classification of monopolies in the age of mass production and depicts the law of monopoly price. Besides references to Adams, Patten and Hobson, he also cites Lexis and Wagner, applies his comparative method and hints at the debate in the German social-democratic party (1910b, 189–190, the socialists versus Bernstein in the concentration debate). He denied to be a socialist and argued again that in many sectors competition will prevail (agriculture, manufactures and commerce). Concentration, which should not be suppressed artificially, takes place but also small retail stores have a living. Like later institutionalists he held an approach of functional and not full competition in which potential competition plays a role. He discussed tariff, patent and tax reforms as remedies, favoritism (preferential treatment of customers) should not be allowed and a certain regulation of rates may be desirable.

A special problem are natural (national or local) monopolies with increasing returns. He presents a long list: Highways, canals, post-offices, telegraph lines, telephones, harbors, docks, ferries, bridges, gas-works, urban water-works, electric light plants, light-houses, etc. (1910b, 59). They should be public because in case of a regulatory control of private natural monopolies opposing governance principles would collide. A strong and highly trained governing class like the German civil service would be needed for public utilities. “Can we ... find a class of office-holders wise enough and good enough to manage the monopolistic businesses of modern times? About this there can be no doubt. There are men wise enough to manage these businesses” (1910b, 262). But besides the public natural monopolies “there will still be a wide field of free competition in which there can be a large and spontaneous play of social forces” (1914, 271).

The following statement foreshadows Ely’s engagement to launch the AEA. “We have done well in following the rule of the sea – women and children first – in our protective labour legislation; but experience shows cases in which men’s contracts need regulation and protection; and the state

is concerned in the well-being of men as well as of women and children” (1914, 718).

V. The foundation of the American Economic Association

The precursor of the AEA²⁶ was the *Society for the Study of National Economy* launched by E. J. James and Simon Patten in 1883–84 (the statement of the *Society* is reprinted in Ely 1938, 296–299). In 1883 J. Laurence Laughlin founded the ‘old school’ *Political Economy Club* which failed (Coats 1961c) due to the success of the AEA. Laughlin joined the AEA not earlier than 1904 (Ely 1910a, 99–100). The *Society* was conceptualized as a protest against laissez-faire orthodoxy and Manchester liberalism, consciously oriented at the *Verein für Socialpolitik* and Schmoller’s inaugural speech. Both founders studied under J. Conrad in Halle. Ely cites James who reported “I remember very distinctly Conrad’s speaking to us Americans who were in his seminary one evening, urging us to organize a similar organization in the United States upon our return” (Ely 1938, 132–164, here 134; see also Ely 1910a, here 108 and 1936). The draft strongly supported government intervention, it was four pages long and included an interesting part on conservation (Ely 1910a, 50–53). It failed because the “proposed constitution rested on too narrow a basis to enlist the sympathy of a sufficiently large group of American economists” (Ely 1938, 134).

Ely finally formulated a new and different text (1886, 6–7, 1910a, 57–58). He had already drafted a first plan as early as 1884 but waited until it was clear that Patten and James failed (Coats 1960, 556). His effort “was not a rival one” (1938, 135). The James/Patten proposal “may have exerted an influence on me ... exactly how great that was I cannot say after all these years” (1910a, 55). His proposal should be broad enough and one aim was “to secure complete freedom of discussion” (1938, 132). Already in his early report on the history of the AEA he stated “it was not proposed to form a society of advocates of any political opinion” (1886b, 5). Even in his original proposal the ‘encouragement of perfect freedom in all economic discussion’ was one of the four ‘objects’ besides economic research, publications and the bureau.

But it also “represented a protest against the system of laissez-faire, as expounded by writers of the older school of “orthodox” American economics ... There was a pugnacious element in our attitude, for we were young and had the pugnacity of youth” (1938, 132). Ely wrote (9/6/1885) to

²⁶ On its history see also Coats (1960, 1985, 1992a, 1993a, 1993b), Dorfman (1949, 205–212), and Myles (1956, 175–185).

Seligman “I am now about to organize an Economic Association of which I send you the program. Strong support has been promised ... [The program] is to be very broad. You will notice something about the *church* in it ... this Association deals with Christianity simply as a social force” (in *Dorfman* 1941, 280). According to Ely, the protest element should nevertheless not be underemphasized. In June 1885 he wrote to Seligman, “The platform can, if necessary, be changed ... It was not meant that the state should everywhere interfere ... The idea of the A.E.A. is to accomplish in America what the Verein für Socialpolitik has done in Germany – not necessarily accepting all the doctrines of the Germans ... the platform must be broad yet it must not include men of the Sumner type” (in *Dorfman* 1941, 281).

In fact, Ely’s plan was more radical than that of the founders of the German *Verein für Socialpolitik* which did not adopt a statement at its beginning. As early as 1881 and due to a lack of agreement, the voting on economic policy issues was skipped and dismantled the *Verein* as an influential force in public decision making (in 1905/06 the final statement of the head of the meetings followed suit). In 1872 Schmoller already wanted to include all persons interested without any reconsideration of their party or policy allegiances. No direct influences on public policy of the *Verein* can be reported but the *Verein* had a certain agitational impact merely by its publications including many disturbing data, particularly on the social question. The *Verein* had no clear ideological stance so that e.g. in 1879 the industrialists succeeded to implement a motion for protective tariffs (*Lin-denlaub* 1967, chapter one).

Ely’s proposal was much shorter than the James/Patten draft, and it emphasized historical and statistical studies instead of deduction. In general, it was “‘toned down’ in the direction of conservatism” (1938, 135, a middle of the road position, 1936, 144). But it retained the central message: Abandon the old dogma! Ely was supported in drafting by H. B. Adams, the founder and secretary of the *American Historical Association*. At the *Association’s* meeting in Saratoga the founders of the AEA met initially in September 1885. Important cooperation came from E. R. A. Seligman, although it was his opinion that theoretical research was not yet ripe for policy recommendations. Further, Patten was also helpful, despite the fact that he supported a deductive approach. He also found the economic policy part too timid and tuned down. This again shows that no natural link exists between deduction or induction and the degree of radicalism. In his early book Ely had shown that in German socialism with its scientific spirit (in contrast to French sentimentalism) “[n]o writer is valued so highly as Ricardo, who, in political economy, was the strictest of the strict” (1883, 157), so that A. Wagner emphatically called Rodbertus the Ricardo of socialism.

The draft was sent to ‘sympathetic minds’ after the consultation of other persons (A. Johnston, Yeager, G. Newcomb, Woodrow Wilson et al.). A call was signed by H. C. Adams,²⁷ J. B. Clark,²⁸ and Ely. At the first meeting 50 persons were present, among them practical politicians, among the 181 first members were 23 (prominent) clergymen (*Ely* 1886b, 43–46). A certain resistance was manifest against Ely’s “Germanic” (*Coats* 1985, 1704) draft. Ely explained his text in a statement right at the beginning of the meeting (1886b, 14–20). Repeating the basic ideas in strong words, a particular aspect was his reliance on practical Christianity. In a footnote it is stated that Ely’s speech only represented his personal opinion. “While some endorsed it all without reservation, others objected strongly to some of his views” (1886b, 14, fn. 1).

In Ely’s public report the following discussion on his draft is also documented. Many criticisms popped up: Adams agreed that “German political philosophy, which presents the state as the final analysis of human relations, is equally erroneous” (1886b, 21), and he found that laissez-faire was of much less exaggerated and wide-spread application by more recent economists. Gladden was pro church. White underlines the inadequacy of laissez-faire. James wanted to acknowledge the work of the orthodox school and warned that they should not be regarded as German state socialists, and that they had to make the platform broad enough. Seligman pointed out that economics had not furnished definitive results, e.g. pro or cons regulation, only marginal differences existed between modern orthodox economists and new schoolers, the AEA members should not be regarded as Katheder socialists, no impassable gulf separated Roscher and Knies from Smith and Ricardo. Clark found any platform questionable (1886b, 21–29).

In fact, Ely’s proposal was conservative and somewhat behind the curve in a double sense: On the one hand he was against the tide in that he did not accept to make science independent from religion, whereas the motive for the founding of most universities in the US was to supersede the denominational college. He wanted to root values in evolutionary scientific laws, and held the belief “that human nature and historical evolution embodied norms that science would be able to reveal or construct” (*Ross* 1991, 157). The implicit thesis was that value judgments and scientific statements are complementary and support each other. It is interesting that the early and late Clark shared this view because he thought that model building helps to understand the ethics of functional distribution and allows norma-

²⁷ Adams had to leave Cornell in 1886 upon utterances on the labor question (*Coats* 1992b).

²⁸ Clark was at that time the radical and Christian socialist of *The Nature and Progress of True Socialism* and *The Philosophy of Wealth*.

tive judgments. All economists of this first generation believed in standards of personal morality and personal knowledge (M. Polanyi) supported by their Victorian background as a substitute for the later dominant objectivist scientism (Ross 1991, chapter 10). “The aim of scientism has been to establish prediction and control of the historical world and perhaps its most conspicuous accomplishment has been a set of quantitative techniques for information gathering and analysis that are used to manipulate such things as the money supply” (Ross 1991, 472).

As seen above, many of the early founders of the AEA did not stick to strict scientism and tried various combinations of the different economic schools. They were mostly unfamiliar with mathematics, they more or less ignored the Walrasian tradition, and many of them supported ‘theory’ with an empirical orientation. Their writings had a problem oriented nature.

The exception was S. Newcomb, lay economist and professor of mathematics at Johns Hopkins who as early as 1872 recommended to read Jevons’ treatise for reasons of clarity who offered a sound study of the laws of supply and demand (Dorfman 1949, 83–87). He was an eminent and outspoken critic of Ely, the uneconomical moralist (Newcomb 1894/95). He commented on Ely’s *The Labor Movement in America* as being anarchist or socialist and that Ely was “out of place in a university chair” (in Dorfman 1949, 163; see also Ely 1938, 177–179). This attack motivated Commons to study at Johns Hopkins and become Ely’s student (on the experiences at this university see Ely 1938, 97–119, and 174–176). Newcomb was absolutely pro laissez-faire, but as major later formal economists (Samuelson, Arrow, Tobin, L. Klein) have proven, this was not necessarily related to the enthusiasm for mathematics because they were more liberal than many first generation les formal neoclassicists.²⁹

“While there were not wanting criticisms of some of the phrases [of Ely’s proposal], there was general approval of the aims” (1886b, 7). So a committee with Adams, Reverend Washington, A. Johnston, Clark and Ely was formed. It wrote a new statement for the next day. The new statement “was a compromise on behalf of catholicity” (1938, 141), but they aimed at as much members as possible and entire freedom of discussion. The draft (1886a, 35–36) should be shorter and contain more positive statements. At the end a note was inserted to make clear that the statement was not binding upon individual members. It is asserted that the statement does not represent a partisan view, but a belief in a progressive development. The conflict of labor is mentioned, statistical and historical studies are favored.

²⁹ Counterfactually, it may be asked: How would economic theorizing have developed in the US if some formal economists had been hired (e.g. Barone)?

To solve the social conflicts, the church, the state and the sciences are mentioned in conformity with Ely's first version. In general, a moderate tone prevails: The "appreciation of the work of former economists and that political economy is still in an early stage. In the first version, Ely asserted "that the doctrine of laissez-faire is unsafe in politics and unsound in morals" (1886b, 6–7). The first principle reads: "We regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress". This is still the same message as in the original, but the state as "an educational and ethical" agency was skipped. In summary, the principles represent exactly the message of the German historical school and later American institutionalism.

Ely never changed his opinion on American orthodox economists. In his last report on the history of the AEA he reaffirms that they were merely monopolistic *Epigonen* (free trade and laissez faire). He especially mentions Sumner, D. A. Wells, and S. Newcomb as bad examples (1936, 143).³⁰

For Ely, the statement was not a creed but it had a certain exclusive aim. Not every economist was asked to join but nobody was refused membership. Some were puzzled by the question, if an association could be scientific and purport a normative statement at the same time. But among those in control a feeling of righteousness prevailed and even Clark wrote that the plan was in line with his thoughts (1886b, 8). Ely strongly rejected the opinion that the AEA absorbed German ideas which were alien to American soil. "This is undoubtedly erroneous, for our association was essentially American in its origins and ideas" (1938, 145, 1886b, 23). He may have learned "the advantages of selective memory [here]. Ducking the smears of un-Americanism hurled their way, they came to insist that their social politics was a pure, native product" (Rodgers 1998, 77). Ely also aptly described in his autobiography the role of German economics as the Socratic function of the midwife to bring out the ideas which have been developed and applied under American conditions (see also 1910, 77). The importance of the ethical view (Conrad, Wagner, Knies) for American economists intellectual upbringing is strongly underlined (1938, 146).

Ely became the first secretary of the AEA (he was originally nominated by Clark, 1886b, 14). For many years he had no secretary and not even a typewriter at the beginning, he took care of printing and almost everything else. Besides Newcomb, some economists like C. F. Dunbar, the second president of the AEA who joined in 1888, resisted to join initially. Dunbar

³⁰ For similar remarks by Walker on the totalitarian atmosphere at the time see Ely (1910, 68, fn. 5), see also the even more pronounced Hadley in Ely (1910, 94–96).

was an old classical economist who did not at all believe in artificial regulation of labor or e.g. state interference to dampen the ups and downs of the business cycle. Many felt the AEA was a great thing, but it was “only the medium through which deep currents of life found expression” (1938, 158). In Ely’s view all founders of the AEA, if inductivists or deductivists, employed the ‘look and see’ method which was also apparent in the monographs published by the AEA. The first (unanimously) elected president was Francis Walker (president of the MIT, a Civil war general, head of the Indians Bureau, head of the federal Bureau of Statistics, and professor of political economy). He was “the natural president [so] that no other name was even considered” (1938, 163). He was not in the US in September 1885 but his positive views on the AEA project were known. It may be interesting to notice that Walker stayed in Germany for some time but that he, like Dunbar, did not study there. Adams, James and Clark were elected vice-presidents, Seligman became treasurer.

It is remarkable that of “the initial 6 officers of the American Economic Association in 1885, 5 had studied in Germany; of its first 26 presidents, at least 20 had done so” (*Rodgers* 1998, 86).

Seven standing committees were set up: Labor (chairman: Ely), transportation (James), trade (Canfield), public finance (Adams), exchange (Andrews), statistics (C. D. Wright), and economic theory (Clark). Probably, most members shared Adams view who remarked in a letter to Seligman in 1887 “You know how much I deprecated the ways in which the Association was given birth, but now we have it, we must for a time keep it running as it is” (*Dorfman* 1941, 271). Seligman later commented, that the AEA was practically impartial and unbiased right from the beginning (1925, 67). Adams was very close to Ely’s views, he held an “extreme theory of state control” and criticized Clark’s “mechanical reasoning”, and he was convinced that the historical method is the “one true method” (*Dorfman* 1941, 274, and 1949, 164–174). But he also spoke favorably of Jevons and thought that legislation can hardly influence the exchange value of the factors of production. As early as 1881 he replicated Jevons’s theory of value. In one of his books he argued that the concentration of modern large-scale industry necessitated countervailing unions, governmental control of natural monopolies and municipal public ownership.

Ely never formulated critical remarks on Walker. But it must be mentioned that Walker was at best a compromise candidate, especially for Ely. He was a little bit to the right of the center of the American economists (*Dorfman* 1949, 101–110). He held that sound economics must be based on the classical tradition, but he rejected the orthodox and unsophisticated laissez-faire interpretation. In reality, not free competition but imperfect

competition prevailed which necessitated historical and inductive additional research so that deductive economics could keep in touch with practical life. Therefore, limited state interference for labor (asymmetry hypothesis) and even strikes were permitted in some cases. Trade and the mobility of the factors of production should not be restrained.

Walker was well known for his critique of the wage-fund doctrine but already in the early 1880s he moved to the right implying that unions cannot better the situation of labor. “[H]e argued that the landowner, capitalist, and employer received shares from the product which were respectively determined by Ricardo’s law of rent, by the prevailing rate of interest, and by a law of business profits analogous to the law of rent [labor = residual claimant] ... Under “free” or “perfect competition”, labor would gain by “purely natural laws”, not only by increases in production resulting from their efficiency and industry, but even by gains resulting from invention” (*Dorfman* 1949, 108). Ely persistently claimed that neither Walker’s residual claimant theory of wages nor Clark’s productivity theory stood in opposition to labor legislation (*Ely* 1932a, 133). Walker’s amalgamation of Ricardian, marginal and idiosyncratic elements were typical for the early generations of American economists, but it was surely not Ely’s favorite approach in 1886.

In 1887 the statement of principles was dropped and the principle “[a]ny person interested in economic inquiry may ... be enrolled in this Association” which is still valid today was practically established (American Economic Association 1985, IX). In 1887 Clark and Walker³¹ were already for the abolition of the statement (*Coats* 1960, 559). Except Sumner, at the end of the 1880s, most American professional economists became members. In April 1887 Ely wrote to Seligman, “Those who are now members differ widely in view but we can work together harmoniously ... there was an aggressive and polemical element in the A.E.A. at first but that early character the A.E.A. has lost and on the whole I do not regret it” (*Dorfman* 1941, 281–282). Ely always painted a rosy picture of the AEA, e.g. when he claims that the statement was dropped because “they had won their battle and that the Statement had accomplished its purpose” (1932a, 125). On the one hand, he “exaggerated the spirit of rebellion felt by most of the group” (*Rader* 1966b, 37) to a certain degree. But it can also not be denied

³¹ “I fully agree with you that it is highly desirable to bring into the [American Economic] Association all classes of American economists ... The apriori economists will never again be numerous enough to dominate any catholic association ... I believe the real stumbling block to be our declaration of principles. It should never have been adopted; it should be repealed at the coming meeting” (Letter Walker to Seligman 1887?, in *Dorfman* 1941, 108–109).

that some ideas of the Historical School (the abandonment of easy policy formula, the importance of empirical data, a certain role of the state, etc.) became common coin (*Myles* 1956, 101).

In 1892 a great revirement of personnel took place. Ely resigned as secretary and Dunbar from Harvard became president “whom we all admired and liked personally ... There was not the slightest opposition” (1938, 163, 1910, 76). At this time the old guard was old duffers but for the AEA it was a *Morgendämmerung* (1938, 164). In his later survey on the history of the AEA Ely strongly underlines the impact of their German teachers, especially *Knies* and *Wagner* (1936, 145, see also 1910, 68–71) and he denies that Dunbar’s election was a swing to the right. “In 1892 Walker and I felt that the Association was thoroughly established and any doubts about its future disappeared from our minds; accordingly we relinquished our offices ... [Dunbar’s] election neither signified a swing to the left nor to the right, but catholicity” (1936, 147). A special project was translations from the German into the English language but only two or three books were translated and the Association finally dropped the project (*Dorfman* 1941, 122–123).

In 1892 Ely left the AEA for a couple of years after the dispute in 1891–1892 when Ely decided to arrange the following meeting at the Methodist summer camp site at Chautauqua (New York). It seemed to strongly offend members in terms of their scientific reputation. At the meeting Ely found himself in an absolute minority position in many questions (*Coats* 1960, 566). Ely “completely withdrew from the association in the midnineties. From 1893 to 1899 he did not attend a single convention, his name was dropped from the vice-presidency, and he even allowed his membership to lapse” (*Rader* 1966b, 120). Rader also mentions in the same paragraph that ‘Ely viewed the new conservative leadership of the association as antagonistic’, but he gives no evidence to this claim. Under the influence of Commons the *Political Science Association* was founded in 1895, to a certain degree an alternative to the AEA like the short-lived *American Institute of Christian Sociology* (founded in 1893) with Ely as president and Commons as secretary. In general, progressivism and the ethical-historicist element in it lost influence, also due to “reformers’ failure to spell out a cohesive theoretical alternative to liberalism; the conservative roots of German reform; the legal, political, and social realities of American society; and the forms of government intervention pursued by the war by the war welfare state” (*Schäfer* 2000, 221).

Rader explains Ely’s declining activities in the labor and Christian organizations after 1894 with a certain crisis of the image of the intellectual as reformer. It “was the inability ... of the middle-class intellectual to forge

an alliance with farmer-labor reformers. Almost instinctively he rebelled against close identification with lower classes. When he did attempt to bridge the gap, he found himself in the unenviable position of losing his stature and identity in the academic as well as the larger intellectual community” (1966b, 157).

Ely rejoined the AEA and became its president in the years 1900–1902 to the surprise of Hadley who nominated him as chairman of the nominating committee under the assumption that his long lasting absence would not make him a candidate (*Coats* 1960, 571). But the AEA became more and more professionalized and in 1903 the *American Political Science Association* and in 1905 the *American Sociological Society* branched off. In her detailed analysis of Ely’s behavior including his letters, Furner argues that “Ely returned to the American Economic Association he had started, eventually becoming its president. But in the events of the 1890s and in the changing expectations of academic social scientists were forces that actually restructured Ely’s perceptions of his role. Never again did he style himself as a reform leader. When Ely relinquished his claim to activism, he exchanged advocacy for acceptability” (1975, 162).

In our view, Rader’s and Furner’s interpretations are exaggerated. As mentioned, the labor movement was viewed with suspicion by dominant groups throughout this period, and in 1894 Ely was severely attacked. The accusation was that he justified strikes and boycotts, that he was a more or less hidden socialist and that he held contacts with union organizers. The trial made him a national figure and had a long lasting effect on him (1938, 218–233). But Ely did not only continue writing on labor and reform, he also continued his engagement in organizations to favor better working conditions and he did not stop with these activities in the new century. Main ILO-standards were already set on the agenda in Ely’s *Social Aspects of Christianity* (1889, see the summary in 1938, 88–91). He reminded the reader of the Jubilee and other market taming arrangements of Mosaic laws (see also the document on the social creed of the churches in 1938, 295). It is correct that he later he changed the predominantly Christian contextualization.

“At a meeting of the [American] Economic Association at Baltimore, in 1906, there was formed, upon the inspiration of Professor Ely, the American Association for Labor Legislation. Farnam [who studied in Germany and wrote a dissertation in the field of labor] was made president and I was made secretary, with headquarters at Madison” (*Commons* 1934, 138). The Association was the American branch of an International Association which was founded in 1900 in Paris with an office in Basle. It was the precursor of the *International Labor Organization* (ILO). Ely held the inaugural

speech on economic theory, labor legislation and general humanitarian welfare without any conservative connotations or reserves.

He highlights the humanism of the classics (especially *Smith's*, 1932a, 126–128). But he castigates the ossified dogmatism of the epigons, based on “the Malthusian theory of population, the wages-fund theory, the Ricardian theory of rent, and Mill’s theory of a minimum of profits, constituting the framework of accepted economic theory ... [it] limited very effectively the hope of improvement by labor legislation” (1932a, 138). Ely argues that substantial liberty necessitates a regulation of working hours, sanitary conditions, etc. Uniformity of these conditions are needed, because as “competition extends its scope and becomes intense, justice to employers requires that they should be placed under similar conditions, so far as protective labor legislation is concerned; so that success or failure of the employing capitalist may be determined by efficiency and not by varying degrees of oppression” (1932a, 150–151). Ely was a permanent and unconditional promoter of international social standards in theory and practice.

VI. The last years and outlook

In 1937 the rewritten 6th edition of Ely’s *Outlines* was published in cooperation with R. H. Hess; earlier collaborators were Ely’s students M. O. Lorenz (Lorenz curve), T. S. Adams (later at Yale), and A. Young (later Harvard). The last two had already passed away in 1937 (*Dorfman* 1959, IV, 211–235). “Revised seven times during the next fifty years under a new title *Outlines of Economics* [formerly *An Introduction* ...] it became the largest selling economics textbook in the United States [350.000 sales until 1953] ... the book ... continued to present a blend of ethics and economics” (*Rader* 1966b, 69; see also *Ross* 1991, 192–193; *Peukert*, 2006). The more than 1000 pages textbook covered all fields of economics: Production, exchange, value theory, distribution, growth, money and banking, business cycles, public finance, etc. The book contains almost no references to German speaking authors and German literature.

In the first chapter on the nature and scope of economics Ely sticks to his institutional-evolutionary approach. Economics “traverses the entire field of social activities and institutions arising from man’s effort to satisfy his material and cultural needs” (1937, 3). The introduction is open-minded in that it states that in economics there is ample space for historians’ gifts, the legal mind, the mathematically-inclined (statistics), the man with practical political interests, etc. Besides truth generation, the function of economics is also to abolish material poverty and the dangerous illiteracy of the majority of the population. Especially after Einstein’s revolution, the demarcation be-

tween the natural and the social sciences is less pronounced, but in the social sciences “we find that the material undergoes constant change before our eyes” (1937, 6). The evolutionary character and the complexity of economic phenomena require temperate statements and humility. Ely does not intend a confrontational American *Methodenstreit* because debates on method are always surface phenomena hiding something else (1938, 153). Instead, he holds that “[e]ven those laws or uniformities which the science prizes as the finest products of its research are but statements of approximations and probabilities – declarations of what is most likely to occur for the mass of men in the long run under specified circumstances” (1937, 9).

Therefore, no economic theory applies to all times and places because economic institutions are in a constant state of flux. Economics “deals with human relations arising out of the collective actions of man ... [and] with the individual as he is, and not with an artificially simplified “economic man” ... ethical, legal and economic elements are inseparably combined” (1937, 10–11). He explicitly states that “[m]odern economics is institutional in character, and all economic activity is carried on within the legal, customary and institutional framework of society” (1937, 12). He then briefly enumerates the main institutions: (The large domain of) private enterprise and (increasing) state activity, the (slowly evolving and increasingly limited) right of private property, contract, the division of labor, freedom, competition (fair play), cooperation, etc.

Ely does not follow his early ethical Christian style of writing but he again does not hold back his point of view. “Legal restrictions may actually be the means of increasing positive freedom ... Involuntary servitude has been abolished ... yet men are often compelled to work by the threat of economic distress, quite as effectively as by means of the slave-driver’s whip” (1937, 17). Basically, economics “*is above all a science of human relations*” (1937, 22). In the references, books of Cassel, Clark, Knight, Marshall, Robbins, but also Veblen, the Webbs, and Ely’s *Property and Contract* are mentioned. In summary, Ely reiterates his ‘new school’ program of the 1880s but without references to the Historical School which may not be surprising in an Anglo-Saxon textbook.

Consequently evolutionary, the next chapters deal with the economic stages of development and the specific American economic history. After the first 100 pages, part two deals with production, utilization, and exchange. It is an interesting attempt to combine marginal and especially Marshallian economics with an institutional-evolutionary view. He first defines essential notions like economic and free goods and their characteristics, capital, income, the factors of production, etc., including contributions of Fetter, Taussig and E. Cannan. He always tries to give logical and

historical examples and statistical data, to highlight interesting questions of public debate (is advertisement productive?) and to give it a dynamic twist (see on the entrepreneur, 1937, 113–114). In the introduction he promises to present in this chapter the fundamental principles and the theoretical structure of economics. As we will see, the problem is that he is driven by the implicit logic of some of these building blocks to conclusions that he in principle wanted to attack and overcome. In the part on the law of diminishing returns he argues: “Assuming free competition for the services of laborers, there will be an inevitable tendency among employers to bid for laborers until the average wage for labor roughly approximates the estimated value of the product increase per added laborer” (1937, 114). This is Clark’s distributional thesis with no need for trade unions and legal reform.

Before presenting the marginal value theory he placed a chapter on empirical trends in consumption and related policy questions (e.g. the menace of under-consumption), ending up with a Marshallian supply and demand diagram. The basic conceptual problem of this synthesis becomes especially pronounced in the two pages on the free competitive market. To analyze the underlying forces at work in a regime of perfect competition we have to abstract from frictions, policy authority, monopoly, custom, peculiar pricing strategies, etc. These are disturbing factors or intervening forces to competition from outside which influence supply and demand. But this concept is contrary to the basic tenets of institutionalism which holds that ‘natural’ conditions of pure competition do not exist outside of specific legal-institutional arrangements which influence supply and demand in particular ways.

Institutionalists would hardly accept the concept of disturbing forces. Otherwise, the only difference between institutionalist and mainstream economists would consist in the holding or relaxing of the *ceteris paribus* clause: Institutionalists focus on the external structures (Eucken’s *Datenkranz*), the mainstream on the theoretical core of the structure and dynamics of the economy. It does not help to relativize this conceptual problem by stating that these “conditions are ideal only, and are seldom, if ever, satisfied” (1937, 163). The text is somewhat ambiguous in adding that besides custom, regulation, etc., in real modern economies “the dominant factor is still the force of free competition in the market” (1937, 162).

In the references Ely cites Commons’s *Legal Foundations*, but his presentation coincides with Commons’s earlier work *The Distribution of Wealth* (1893) which also tried to combine institutional and marginalist thinking in exactly the same way – and failed likewise (Peukert 1998, 333–340). Commons’s *Legal Foundations* were exactly the take off to supersede the earlier approach (see especially Commons 1990/1934, 251–389; Samuels and

Schmid 1997). But Ely did not recognize it. Maybe his advanced age is an explanation of his exclusion of newer trends in institutionalist thought to overcome this neoinstitutional-neoclassical synthesis.

After long chapters on money, finance and foreign trade the part on distribution follows, based on the marginal products of capital and land. Chapter 21 on the wages of labor comes back to the conceptual question raised above. It is stated that wages are paid for a particular kind of service and that they fall under the general laws of supply and demand. To save a bargaining corridor it is now argued that marginal productivity is indeed a determinant in labor's value, but "in the sense of fixing a maximum limit to its share" (1937, 424). This is the upper bound, the lower bound being "the subsistence income necessary to maintain the labor force at the level of numbers, efficiency, and morale required by the productive system" (1937, 424). In this model trade unions and social reform make sense: They can try to push the subsistence income to the upper bound of marginal productivity.

But the text also immediately offers the counter argument: "If entrepreneurs wish to make money, as they do, and if they compete for the services of efficient laborers, as they do, then how is it possible that wages shall do other than approximate the present worth of the imputed marginal product of labor?" The text does not solve the conceptual problem and goes on to describe specific demands of labor at given times and under particular circumstances (increase of the population, etc.). "The team that produced the *Outlines* was not one in which the members completely agreed. There were differences among them on the treatment of monopoly, rent, wages, and labor problems. The textbook reflects some of these differences" (*Dorfman* 1959, IV, 235).

Besides chapters on railway rates, transport, monopolies, agriculture and insurance, the chapter on government is interesting. Ely tries to demonstrate that "in so far as the *laissez-faire* fiction of uncontrolled competition is concerned, there has been an unbroken evolution of effective business controls covering a period of 100 years" (1937, 581).³² His long list in the progress of government regulation, including the *Sherman Anti-Trust Law*, the *Federal Trade Commission Act*, is indeed impressive.

Ely rejects to view large-scale corporations as simply "predatory" (Veblen). In his analysis "the fact remains, that the profit mechanism incorpo-

³² But on the next page we read: "Laissez Faire in principle always has been a doctrine of free and fair competition, a policy of self-respecting and tolerant individualism and of reasonable governmental promotion and guidance of business" (1937, 582).

rated in the modern business corporation is the most potent agency in the production of physical goods and material human satisfactions ever devised” (1937, 593). Real competition is not restricted to a system of full competition. But it needs regulation and supervision. “Unfortunately, during the Civil War and in the years immediately following, the potentialities of the corporate form of business organization to make profits for its managers without rendering a proportionate output of goods and services for public consumption were discovered” (1937, 593).

50 pages are devoted to labor problems (chapter 34), Ely is less enthusiastic than in his early writings but in no way opposed to labor organizations. Interesting are the three pages on the economic justification of labor organizations. If wages depend on marginal productivity, why are troublesome unions necessary? “The answer is in part that economic laws work themselves out through men and through organizations – they are not self-enforcing” (1937, 780). This does not seem to be a strong argument because organizations can here be understood to merely execute the economic laws (instead of exercising Böhm-Bawerk’s economic power). The standard of living argument is repeated and Ely stipulates, that if “a great horde of unorganized wage earners are continually bidding against one another in the labor market, each individual endeavoring to get a little more work by offering to take a little less pay, the standard of living will be subtly undermined” (1937, 780). But the question from above remains: Why do employers leave workers unemployed in the case of wages below their marginal product? His assertion that “[m]ore bargaining, therefore, despite the operation of more fundamental economic forces,[!] is still exceedingly important” (1937, 781) is not convincing and the labor chapter is hanging somewhat in the air.

The part on socialism is a bit tuned down, its weaknesses are highlighted: Socialists underestimate the efficiency of the present system and the importance of individual responsibility. A residual claimant has its favors, and the present evils may be remedied in the confines of the existing institutions. ‘Totalitarian fascism’ in Germany and Italy is analyzed and the authors confess, “we believe in social reform, in the evolution of democratic capitalism as found in the United States and England” (1937, 994). The good German model had disappeared for a second time.

The brief last part deals with the development of economic thought. Rau and Thünen get a very positive reception as economists before the Historical School ascended. Thünen developed a “balanced marginal productivity analysis of interest and wages” (1937, 1014). The German Historical School gets a much less favorable description. “German political economy of the last half of the nineteenth century was impregnated with a striking nationalistic spirit which separated it even further from the cosmopolitanism of

English writers ... it was a creature of its own time and its own environment” (1937, 1020). Instead, the “Austrians have been a leading force in producing what is not inaptly termed a renaissance in theory ... [they] had a profound influence upon economic writing in the United States and especially upon the work of John Bates Clark” (1937, 1021).

Even if we take into consideration that textbooks are more conservative for tactical reasons this is a new emphasis. Ely even utters that he, the “senior author, like other economists, in his earliest [!] writings laid emphasis upon these fundamental institutions as well as upon custom and habits of men reflecting the economic life. Also he emphasized [past tense] constant evolution and relativity” (1937, 1032). Indeed, a certain change took place compared with the early Ely of the Social Gospel. In a very instructive and well-informed article, Ross analyzes the intellectual history of Clark, Ely, and Adams. For all three, the boundary between socialism and liberalism was not easy to draw. Their evangelical moralism led them very close to socialist criticism at a time, when socialism had a chance in the US. Their ambivalence (Ely supported private property and the eight hour day, *and* the socialization of many natural monopolies and in some writings ‘voluntary cooperation’ for all competitive pursuits, i.e. voluntary producers’, credit and consumer co-operatives) was more and more toned down towards liberal reformism, while in Britain their counterparts moved towards Fabian socialism.

A description of Ely’s intellectual development would be incomplete if external aspects and pressure were not taken into consideration. “What finally sorted out the American mixed breeds of the mid-eighties and forced them to return firmly to the liberal camp were the tumultuous events of 1886 and 1887: the rapid growth of the Knights of Labor and their strike against the Gould railroad system; the spread of strikes on the part of the Knights and other labor organizations; the nationwide labor demonstration on behalf of an eight-hour day; the anarchist agitation and bombing at the Haymarket demonstration in Chicago on May 4; the Haymarket trials and the rapid spread of anxiety, reaction, and reprisals against unions which followed in the wake of the bomb. The combination of labor violence and reaction heightened the public pressures against socialism and forced the economists to retreat” (Ross 1977/78, 45, Ely 1938, 69–71).

The middle-class students who wanted to get the patristic status of professor and move up the social ladder (many of them like Ely were farm boys descending from small middle-class families) had to adapt to respectable opinions and calm down their moral idealism in favor of implicit professional standards because they had to fear to alienate their employers; as objective scientists they had to give up their political advocacy.

The “American universities were more directly beholden to capitalist philanthropy than [e.g.] the English, and they proved far more sensitive to conservative opinion and wealth than the reform-minded academics had initially hoped. Adam’s failure at Cornell was the first, and Ely’s trial at Wisconsin the most conspicuous (*Curti and Carstensen* 1949, I, 508–527), of a series of academic freedom cases in the eighties and nineties which established the limits of permissible dissent in academia as excluding socialism. The academics themselves, not merely university administrators, trustees, and benefactors, exerted considerable influence on their colleagues toward more centrist political positions” (1977/78, 62). Some intellectuals of the first generation experienced “what many generations of left-liberals would experience thereafter” (1977/78, 79) like Veblen, Commons, Thomas, Watson, E. A. Ross, Beard et al. “Sympathy with the labor movement was tantamount to subversion; support for public ownership of gasworks or streetcar lines attacked the interests of the private capitalists who owned them and the politicians who dispensed the franchises” (Furner 1975, 165; the book analyzes the academic freedom trials in detail).

The development of American economics was not only an open market of ideas (as e.g. most founders of the AEA understood their organization) by which the inevitable growth of knowledge took place. It was also a struggle over resources and hegemony. The first great donors like Stanford did not like the criticism of circumstances which made them rich like unlimited immigration, unimpeded free enterprise and unorganized labor, so that Ross faced the critique of Mrs. Leland Stanford. At the end of the 19th century, it was risky to insult the state in Germany in the US it was the insult of private property. “They bit the hands that fed them ... *Conceptual variation*, the process that most attracts the attention of historians of economics, occurs when new ideas are generated by scientific innovators. But then a second process, *intellectual selection*, occurs when some of the variations survive but others do not. It is in the latter process that the patrons of economics play a part” (*Goodwin* 1998, 55, and 79, our emphasis, see also *Veblen* 1918, and *Mirowski* 2002). Goodwin points out that after the founding of the universities, later on the private Brookings, Ford, Carnegie, Sloan, Rockefeller, and Russell Sage foundations and institutions had to a certain degree the same selection effect. Many of the American heretics, e.g. Bellamy, George or List remained outside the profession. Science reacted in narrowing the ideological spectrum permitted, retreated in the name of specialization or of scientific standards, and ended up in scientism (*Ross* 1991, chapter 10).

But alas, and surprisingly, the last chapter of *Outlines* has a second part which in our view demonstrates the duality and inner conflict of Ely and his *Outlines* and is a characteristic stage of American institutionalism on its

way to a genuine paradigm. The allegation, “[t]his is a brief summary of the preceding section” (1937, 1022, fn. 2) is incorrect. This part has Ely’s personal handwriting, starting with the Christian ideal of universal love. Smith formulated economics as we know it today (the critique of the ‘old school’ is not pronounced), but “[n]o one can understand modern economics who does not know something about the German Historical School” (1937, 1025). The positive tenets are repeated (evolution, humanitarianism, empiricism, etc.), only a remark on the Historical School’s nationalism is added. The motives for the foundation of the German *Verein für Socialpolitik* are related to the founding of the AEA and the original aim to make this a better world. Statistical facts now allow the factual analysis and prevent generalizations. Ely puts an emphasis on the Institutional School (Veblen, Commons) and relates them to “our German teachers and especially ... [to] Karl Knies” (1937, 1032). A slight criticism of Veblen (destructive elements) is contrasted with Commons more constructive attitude. “He illustrates perhaps better than anyone else the fact that Institutional Economics as taught by him and men like Professor J. M. Clark of Columbia is simply an evolution of the old German historical school” (1937, 1033).

In the new Germany the “expression of the freedom of teaching and learning which so characterized the Germany of the nineteenth century has disappeared” (1937, 1034). Ely’s sadness can be felt in these lines. But the thread has not totally been torn up. “In the United States there are now many of the outstanding German economists who have been exiled from Germany or have left voluntarily to find a freer atmosphere. In some cases they found refuge in the New School for Social Research in New York city – the “University in Exile”. ... Probably in this New School one can find the best expression of German economics of today” (1937, 1035).

In the preface of his autobiography in 1938 Ely testifies that the old enthusiasm had not vanished, the “burning desire to set the world right. I have been guided in my efforts by the philosophy that “the beginning and end of all is man [Knies]”. In my youth I was branded a “radical” for saying things which are today commonly accepted ... [But] the conflicts raging today are essentially the same conflicts: between labor and capital, between government and industry; but they are being fought on a different plane. Technological advances have brought into view the possibility of abundance for all. Therefore the battle rages between those who have and those who have not” (1938, VII).

He reiterates his early vision that the growing factual interdependence of human beings due to technological interdependencies might further cultural and moral progress, “a society in which men shall work together for com-

mon purposes, and in which this wholesome co-operation shall take place largely through government, but through a government which has become less repressive and has developed its positive side” (1938, VII). In the last instance, Ely did not betray his early dreams, in later years he mainly dropped the prophetic language of his early writings. Like a couple of other American students who studied in Germany, he laid the ground for the social sciences in the 20th century. Especially with *Property and Contract* he was the founder of critical institutionalism, developed by Commons’s into a paradigmatic legal-institutional approach (*Commons* 1995/1924, and 1990/1934).

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An American Transformation. John Bates Clark's 'Pure Theory' of 'Natural' Wages and Interest

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I.

‘It is the purpose of this work to show that the distribution of the income of society is controlled by a natural [!] law, and that this law, if it worked without friction, would give to every agent of production the amount of wealth which that agent creates.’

This is the first sentence of the preface to John Bates Clark's *The Distribution of Wealth – A Theory of Wages, Interest and Profits* (New York/London, Macmillan 1899; henceforth quoted as: *B. Clark* 1899). The author goes on to say: ‘However wages may be adjusted by bargains freely made between individual men, the rates of pay ... tend ... to equal that part of the product of industry which is traceable to the labor itself ... The right of property ... so far as it is not obstructed ... assigns to every one what he has specifically produced’ (*B. Clark* 1899, v). Thus, according to Clark, institutional arrangements, social power and the legal framework – apart from the right of property – barely count.

John Bates Clark (26/01/1847–23/03/1938) graduated from Amherst College at the age of 25 – his studies having been delayed by his involvement in the family's business. For his graduate studies he went to Germany and Switzerland for three years, chiefly studying with Karl Knies in Heidelberg, just before both Boehm-Bawerk and Wieser went to study with the same Knies (in 1875/76). Back in the USA, ‘Clark was one of three young ‘Germans’ (the other two being Richard Ely and Henry Carter Adams) who, at a meeting of the American Historical Society at Saratoga in 1885, issued the call that led to the formation of the American Economic Association’ (*Dewey* 1987, 429).

Clark's German intellectual background is clear and prominent. It is certainly worthwhile to inquire into his work in a symposium dedicated to German influences on economics in America and American influences on German economics: For he is the very first American economist of note whose ‘German connection’ was generally pointed out and referred to (*Niehans* 1990, 267).

What were the alleged German influences on Clark? The varied literature on Clark is extremely equivocal on this point. And is he, indeed, a *major* author in the international literature of economic thought, and not only a figure of mainly local importance? John Maurice Clark, the son of our author, calls his father ‘the leading creative economic theorist active in America during the period when Alfred Marshall and the great Austrian marginalists were active abroad’ (*M. Clark* 1968, 504). Certainly the ‘leading ... economic theorist’, but in how far was Clark *père* also fundamentally ‘creative’?

First, a personal note: I studied John Bates Clark’s *The Distribution of Wealth*, 1899, in 1957 for my thesis of habilitation and was quite impressed by the book. Didactically speaking, it is an excellent presentation of its subject for untutored minds. (I was and still am a lawyer and trained statistician, never having properly studied economics). 47 years later, I now think that Jürg Niehans (1990) is more or less correct in giving Clark not even a subchapter in his *History of Economic Theory*, but only six brief mentions. There is, to my mind, one and only one important theoretical point in Clark’s book, which seemed to me more important in 1957 than it does now, but which Niehans nevertheless underestimates somewhat: The juxtaposition of a *double* diagram with its attached analysis on p. 201,¹ titled ‘wages and interest determined both directly and residually’ shows, on the one hand, wages as given for a fixed amount of labour with interest as the variable result of more and more capital added to this amount of labour, till the total amount of capital for this situation is reached; and on the other hand, the alternative derivation of interest for this fixed amount of capital with wages as paid to a variable additional amount of labour added to the capital till the total amount of labour in the given situation is reached. Thus, remuneration of each factor according to its marginal product exhausts the total product. Niehans (1990, 205) points out that one *single* such diagram appears in Jevons 1871;² but it is the double diagram which makes the full – mainly didactically conclusive – point. It provides the full, but historically somewhat late completion of the marginal productivity argument.

Apart from this demonstration of marginal productivity theory Clark’s *Distribution of Wealth* is said to provide *two* conflicting points of view *both*

¹ Niehans 1990, 252, merely says: ‘For the benefit of innumerable undergraduates [and only that!] he ... invented the suggestive pair of diagrams’. I confess to have been, more or less, such an ‘undergraduate’, though already in the stage of autodidactic habilitation.

² Jevons 1871, fig. XIII, p. 244. Jevons’ diagram is subtly different, however, and mainly tries to show what happens to the share of labour if capital changes.

derived from the German tradition: ‘A social-ethical perspective’ (*M. Clark* 1968, 504) plus a critique of ‘Ricardianism’ on the one hand, and on the other hand the main marginal productivity line of argument, which was already there when Clark studied in Germany, though as yet rudimentary, but also in a more general framework (not limited to the competitive case). Clark must have absorbed this marginal productivity analysis as a student in Germany; but later he *developed* it by studying authors who mainly wrote or became more generally known after his sojourn there. Knowing the extensive German literature on the subject it is simply unbelievable that Clark should have ‘independently discovered the marginal productivity principle’ (*Niehans* 1990, 252), as he later thought. To these two notions characterized above, Clark added a further, strongly *ideological* point, appropriate to the USA of his time and clearly in opposition to both Henry George and Karl Marx: the idea that marginal productivity distribution represents a ‘natural’ law.

In part II I shall make the contribution of Clark more explicit by referring to various authors in the History of Economic Thought. Part III will show that this literature underestimates the amount of pure economic theory Clark will have got from Knies, somewhat embryonic though that was, judging from the thought of the next generation. Part IV will present Clark’s main distributional points more fully. Part V will then present two important subsidiary ideas which Clark also developed in his *Distribution of Wealth*. Part VI will contain criticism and will show that Clark’s main analysis is, in fact, much weaker than even Niehans or the other critical reviewers thought.

II.

(1) In the history of 20th century economic thought John Bates Clark is an amorphous character: Most authors seem to be sure that he is important, but rather unsure why.

George J. Stigler, as a Nobel laureate the star pupil of Clark’s own star pupil Frank Knight, added a chapter on Clark to his monumental dissertation *Production and Distribution Theories – The Formative Period* only as an afterthought.³ Stigler says: ‘The increasing participation in economic theorizing [of American economists] – was led by John Bates Clark in the field of distribution’.

³ *George J. Stigler* 1949, v: ‘This work was first completed in 1937 as a doctoral dissertation, which was submitted early in 1938 to the University of Chicago. It has since been revised and a chapter on John Bates Clark has been added.’ This is Chapter XI, pp. 296–319.

True so far, but then Stigler adds the rather dubious claim: ‘Clark independently discovered both the marginal utility and the marginal productivity theories’. Much more appropriate is Stigler’s own critical evaluation: ‘His chief task, indeed, was that of popularization – a task that was fulfilled with appropriate detail, emphasis and lucidity’ (*Stigler* 1949, 296 and 297).

(2) Clark’s claim that he ‘discovered’ marginal utility and marginal productivity ‘independently’ is surely an exaggeration. He must have learned the basics of both theories during his studies in Germany, probably not appreciating their importance at the time. Later, as happens frequently, he probably subjectively ‘rediscovered’, out of his submerged memory, what he had once learned, and then, it is true, considerably *developed* what he had once assimilated in a nutshell. For marginal productivity theory had been treated extensively in Germany since Rau 1826 and Hermann 1832, elaborated by Schüz 1843 and was (since 1854) fully incorporated for the case of all three classical factors of production, and particularly clearly for the case of labor, in Roscher’s textbook (see *Streissler* 1990). In his monumental history of economic thought Pribram says that Clark was ‘influenced by his German teachers Wilhelm Roscher and Karl Knies’ (*Pribram* 1983, 352). I have not found any other source stating that Clark actually studied with Roscher; but, even so, Knies revered Roscher,⁴ and Roscher’s dominant text-book must have been well known to Knies’s students. As to marginal utility theory, Knies himself in one of his best-known articles (*Knies* 1855) was the second German author on that subject after Hildebrand (1848), long before Menger (1871). Thünen (1850/63), of course, who fully developed the marginal productivity theory, may have remained unknown to Clark until – once again – a later rediscovery, as he was little known at the time among German professors (with the exception of Hermann), not being a professor himself.

(3) Stigler proceeds by castigating Clark: ‘Clark performed one function for which economics has less cause for gratitude. In all [!!] of his major works ... he introduced what has been called a ‘naive productivity ethics’ – his marginal productivity theory contained a prescription as well as an analysis ... Clark’s exposition ... affords some grounds for the popular and superficial allegation that neoclassical economics was essentially an apologetic for the existing economic order’ (*Stigler* 1949, 357). This is certainly true and it has to be stressed that it was exactly this tendency to be ‘apologetic for the existing economic order’ which was characteristic of Clark’s marginal productivity theory.

⁴ *Karl Knies* 1882, iv, with a long lament about not being taken notice of by Roscher sufficiently in spite of Knies’s dedication of the first edition to Roscher.

The German Historical School was replete with value judgments; though much more so in the later tradition of G. Schmoller and his followers than in the earlier one of Knies and Roscher. But, to use Clark's own terms, the German tradition evaluated 'dynamic' change – comparing one historical situation to another, while Clark's value judgments were about the justification of social 'statics'. These value judgments were important to Clark because they provided the basis for his dismissing the critique of 'capitalism' both of Henry George and of Karl Marx. In the boldest and simplest words, one might say that Marx thought workers have the 'right' to the *average* product of labour, while Clark tried to prove that they have a 'right' only to their much lower *marginal* products. Therefore, as *Stigler* (1949, 300) says, 'the law of diminishing returns is accorded the status almost of an axiom' by Clark. Stigler adds (p. 301): 'The law is not defined carefully; sometimes it is expressed in incremental form (pp. 48, 50, 189, 374), and at other times in terms of averages (pp. 165, 192, 208, 280, 300–1). The problem of determination of the scale of plant is not faced.'

The last quotation attests to the *repetitiveness* of Clark's treatment, which, I think, could easily have been presented on 37 or 38 pages instead of a full 387 pages. Stigler ends by saying (p. 314): 'Clark's theory of capital is fundamentally sound ... [but] the treatment is not complete'. One understands why originally the Nobel laureate had not included J. B. Clark among the authors he thought had advanced *Production and Distribution Theories*.

Stigler (born 1911) thus provided a rather tongue-in-cheek appreciation of J. B. Clark as a kind of obligatory after-thought to his historical analysis of important distribution theories. Clark was accorded a much more balanced treatment by Karl Pribram (born 1877, a generation before Stigler) in his posthumously published *A History of Economic Reasoning*, 1983. Pribram was a member of the Austrian School, taught by Friedrich von Wieser in Prague, and, when himself a university teacher in Vienna, a substitute and stand-in for the same Wieser in the latter's university courses when Wieser served as Minister of Trade in the 1917–1918 governments.

Pribram's rather short chapter 22, pp. 352–355, on 'The American Approach to Marginalism' deals nearly exclusively with Clark and culminates in the judgment (p. 355): 'His [Clark's] conspicuous merit consisted in inaugurating the active participation of American economists in the elaboration of marginalist doctrines'.

Let us look closely at this sentence: (1) Clark is praised less for his own contribution to the body of economic thought than for '*inaugurating* active participation of American economists', i. e. more for his pathbreaking *didactic* influence. (2) He is praised not so much for central innovations as for '*elaborating*' doctrines. (3) Finally, he is lauded not so much for his mar-

ginal productivity theory alone, but more generally for his ‘*marginalist*’ doctrines.

Consequently, Pribram starts out his chapter 22 on American Marginalism by writing: ‘A new and promising era of American economics was ushered in by John Bates Clark, who used an original version of marginal utility [!] analysis to establish a consistent and comprehensive body of economic thought’ (p. 352). To the Old Austrian Pribram, Clark’s utility theory must have appeared very old-fashioned and exaggerated, in particular after the criticisms of cardinal utility notions by Pareto, admittedly in the decade after the publication of Clark’s *magnum opus* of 1899: ‘As William Stanley Jevons had done before him [in 1871], Clark regarded utilities as measurable magnitudes, and conceived of economic behavior as a continuous process of balancing against each other all kinds of want satisfactions (pleasures) and sacrifices (pains). His hedonistic interpretation of economic behavior was quite evident’ (p. 355). Again, to the Old Austrian it would have seemed a wild exaggeration that Clark used ‘a sort of ‘social Darwinism’, which implied that the survival of the fittest was assured by the outcome of the economic struggle’ (p. 355). In Vienna around 1900 one had to guard oneself against the use of either a ‘hedonistic’ utility notion or the accusation of ‘Social Darwinism’; both were thought to be primitive notions of the intellectual underdog – or perhaps lapses of a less precise earlier generation.

(4) Apart from that somewhat crass utilitarianism in Clark, what appeared most doubtful to Pribram was the *methodology* chosen: In a very un-Mengerian mood ‘the element of time was eliminated from the functioning of the Clarkian equilibrium economy’. Thus ‘there was no room in that model for differences between the expected effects of economic plans and their realization’ (both quotes p. 353). Curiously, Clark thought ‘that the actual form of a highly developed society hovered relatively near its static mode’ and ‘visualized economic progress as a process in which the economy proceeded from one equilibrium position to another’ (p. 355). Being steeped, as I am, in the Austrian tradition, I think these criticisms more than justified.

Pribram links the central tenets in Clark’s thought, which were in contrast to the German Historical School, to Clark’s later turning more and more to British economic traditions: ‘Like Marshall, Clark endeavored to preserve as far as possible the general lines of the Ricardian approach ... Clark contributed toward maintaining the tradition of refined hypothetical reasoning against strong attempts to propagate methodological principles similar to those proclaimed by the German historical school’ (p. 352). What, on the other hand, Clark assimilated from the German Historical School, was an *organismic notion* of ‘social capital’ and ‘social labor’, society in some

holistic sense evaluating them both: ‘He applied the idea of marginal productivity to a concept of ‘social’ capital that had its origin in organismic views. The main source of the concept of ‘social capital’ was perhaps the capital theory of Karl Knies [!], Clark’s German teacher ... The concept of ‘social capital’ had its counterpart in the concept of ‘social labor’” (p. 354). We shall have to return to this ‘Austrian’ accusation because it is, indeed, the source and root of Clark’s constantly confusing average and marginal magnitudes, so drastically pointed out by Stigler.

(5) Clark’s analysis is thus a complicated and often ambivalent mixture of seemingly contrary elements. No wonder therefore that his evaluators in short history-of-thought articles more or less gave up characterizing him or even simply admitted their confusion. Kruse (1959) has to be included among those rather confused, saying about Clark: ‘Seine im Jahre 1885 veröffentlichte “Philosophy of Wealth”, in der er seine Unzufriedenheit [!] mit der überkommenen Theorie, dem ‘Ricardianismus’, zum Ausdruck brachte, zeigt deutlich den Einfluß seines Heidelberger Lehrers Karl Knies. Seine vom Historismus beeinflusste Kritik wandte sich gegen die beiden Voraussetzungen: homo oeconomicus und Wettbewerb’ (p. 522). Exactly these two assumptions, economic man and perfect competition, would become the central postulates of *The Distribution of Wealth*: how confusing! Kruse goes on to remark (p. 523) that *The Distribution of Wealth* ‘[stand] in striktem Widerspruch zu seiner ‘Philosophy of Wealth’’. Actually, the ‘contradiction’ is not so obvious if one considers the value judgments in the first part of the latter book. On this, Kruse adds (p. 523): ‘Dieses Werk wurde grundlegend für die *Rezeption der klassischen Lehre* in den USA, ja für die Neoklassik überhaupt’, a somewhat curious use of the concept of ‘classical’ economic thought.

The evaluation by John Maurice Clark (1986), John Bates’ son, has already been quoted. It may be worthwhile to add the son’s statement on the father: ‘From his exposure to the German Historical School he absorbed chiefly what fitted his predisposition toward a social-ethical perspective’ (p. 504), which makes it clear that Knies had much more to offer, including quite a bit of theory, and it was the particular *selection* of the pupil which made out of Knies a mere moralizer. The father’s book is ‘probably best construed as an emphatic rebuttal to the exploitation theories of Henry George and Karl Marx’ (p. 506), a rather extreme interpretation which cannot account for J. B. Clark’s undeniable strong influence on *theoretical* economic thought. Dewey (1987), also already quoted, thought the influence of Knies on Clark’s development of much more dubious value: ‘He was much influenced by ... Karl Knies. Whether the influence was for good or ill is not clear. It probably slowed his development as a theorist’ (p. 429).

(6) The latest important tract on the history of economic thought in general, that of Jürg Niehans (1990), treats Clark only tangentially – in six brief references (pp. 175, 205, 241, 247, 252 and 267). Niehans sees Clark largely in ideological terms: ‘Marxists have often denounced the body of ‘neoclassical’ theory that emerged toward the end of the nineteenth century as being an ideology in defense of capitalism ... In the case of John Bates Clark, there is some truth in this charge’ (p. 247). Theoretically Clark was defective: ‘His main argument was that any nonfactor income would tend to be washed away by competition. While this was plausible, it fell short of proof’ (p. 252).

Thus, the contours of J. B. Clark’s intellectual contribution fade away more and more as time passes. By now, certain American authors seem almost ashamed of him. Is there anything left of the notion that he had been ‘the leading creative economic *theorist* active in America’, as his son had written (*J. M. Clark* 1968, 504)? Surely none of the American Nobel laureates of the second half of the twentieth century were in any way influenced by his ideas.

A slightly different notion of Clark’s merits is expounded by Paul A. Samuelson (1972). While on p. 239 he speaks only of the “simplest J. B. Clark parable of a single homogeneous capital”, he says on p. 653*seq.*: “A history of economic thought written prior to the modern age would certainly include John Bates Clark as a leading theorist ... Clark had two claims to fame: as an independent discoverer of the theory of marginal utility and as the first discoverer of the marginal productivity theory of distribution. Posterity can honour only the last claim ... Without discounting Clark’s claim for originality, we must recognize that Wicksell, Wicks-teed, Barone, and Walras rediscovered very soon after Clark his marginal productivity notion. And the modern world has gone well beyond it”. This statement is disingenuous, for two reasons. Less importantly, at least Wicksteed’s (1894) fully developed theory and the review by Flux *predate* Clark’s *Theory of Distribution* by five and four years respectively; but more importantly, Samuelson does not seem to know the work of the later Thünen (1850 or edition of 1863) with the already fully developed marginal productivity theory presented at length; nor, evidently, is he familiar with the more or less fully developed notions of the German proto-neoclassical tradition from Rau and Hermann to Roscher, again about half a century earlier, including the fact that Clark studied in Germany for an extended period.

(7) But what was it then that fascinated so much in Clark’s work nearly a century earlier, at the beginning of the twentieth century? Even then there were serious doubts. Knut Wicksell presented a very negative

review of the *Distribution of Wealth* in 1902⁵ – which, however, as it is written in Swedish, I cannot fully appreciate.

His review of the next year, written in German, above all corrects the later evaluation by Samuelson: “Erst später hat Clark entdeckt, daß ihm in dieser Gedankenreihe schon ... v. Thünen zuvorgekommen war; daß dieselbe schon längst als Gemeingut [!!] der modernen Theorie gelten kann und in den Schriften von Walras, Pareto, Marshall und vielen anderen sich vorfindet, scheint er noch nicht zu wissen. Seine Priorität gegen v. Thünen aber will er eigentümlicherweise darauf begründen, daß er jenem rein mechanischen Nivellierungsprinzip eine gewisse *moralische* Berechtigung zu vindizieren sucht; ... ich glaube nicht, daß v. Thünen ihn gelten lassen würde” (p. 819). Wicksell goes on to criticize Clark’s capital theory in detail, in particular in the light of Boehm-Bawerk’s concepts.

The review by Thorstein Veblen is even more scathing. This treatise of 59 pages is mainly a review of a later work of J. B. Clark, *The Essentials of Economic Theory*, New York 1907 (Macmillan), but in its middle parts it touches extensively on the earlier. Veblen starts out harmlessly enough by stating (p. 148): “Mr. Clark’s position among this generation of economists is a notable and commanding one”. But then he soon turns nasty, accusing Clark of being quite behind his time with “a hedonism as simple, unaffected, and uncritical as that of Jevons and James [!!] Mill”. And even nastier on pp. 161 *seq.* with his criticism of the constantly shifting concepts of capital used by Clark, accusing him of muddled inconsistency: “his law of ‘natural’ distribution” (p. 167), explicitly of the 1899 book, mixes copious *a priori* value judgements with theoretical analysis: “It does not conduce to intelligibility to say that the wages of labor are just and fair because they are all that is paid to labor as wages.” The final dig is the invidious comparison of Clark to a theologian by quoting Thomas Aquinas’ familiar lines from the sacramental hymn “Pange Linguam” (p. 172): “Et si sensus deficit/ad firmandum cor sincerum/sola fides sufficit”.

But in order to see what contemporaries positively appreciated in Clark’s work, there is no better way than to turn to the article written by a then 23 years old graduate participant of Boehm-Bawerk’s famous seminar in Vienna, Dr. Joseph Schumpeter, “Professor Clarks Verteilungstheorie” (1906), probably the young man’s first economic publication. Schumpeter first points out that it is most desirable that Clark’s ideas should be widely known (“Bekanntwerden ... in weiteren Kreisen lebhaft zu wünschen”, 325), because his school or approach can now be called dominant in the

⁵ I owe the reference to Harald Hagemann and the references to Samuelson above and to Veblen below to Kurt Dopfer.

United States; and he enumerates as closely related the authors Hobson, Carver, Seligman, Fetter and Seager, a not inconsiderable group. Apart from *The Distribution of Wealth* Schumpeter mentions another book by Clark, characteristically misquoting it as “Philosophy of *value*” (p. 325). According to Schumpeter, Clark’s basic principle is: “Rückhaltlose Anerkennung der ‘Naturgesetzlichkeit’ der wirtschaftlichen Erscheinungen” (p. 325). The ideological content of this notion is duly remarked upon. Schumpeter then does not proceed to state Clark’s distributional conclusions, but rather discusses his *methodology*. First Clark’s distinction between “static” and “dynamic” analysis is sketched and it is noted that for him statics is “der Gleichgewichtszustand, nach dem ... die dynamische Volkswirtschaft tendiert”. Then Clark’s concept of capital, “die eigentümliche Unterscheidung zwischen Kapital und Kapitalgütern” (p. 326) is presented and its consequence derived: “So ist nach Clark das Kapital gleichsam unsterblich” (p. 327), an idea, of course, very strange to a member of Boehm-Bawerk’s seminar, the differences in conception being briefly noted. In no less than two pages out of nine the main conclusions centered exactly around the double diagrams (on Clark’s p. 201) are analysed. How is the product divided up between factors? “Nach welchem Schlüssel? Nach der Grenzproduktivität. Der Gedankengang Clarks basiert also hier auf einem uns [!!] seit Thünens Zeit und länger [!!] – oft [!!] dargestellten Momente, verwertet dasselbe aber in ganz origineller Weise”. For the young Schumpeter, marginal productivity theory is thus (more than) “an old hat”; only its application by Clark and the consequences thereby derived are new: The theory of ground rent is extended to the whole of capital and then in the same way to labor. Thus it follows that “jeder Faktor empfängt sein Produkt und kann weder mehr noch weniger erhalten” (p. 331). Clark derives “nicht weniger, als eine auf *einem* Prinzip beruhende Lohn-, Zins- und Grundrententheorie” (p. 331). To Schumpeter, Clark’s analysis is therefore *not a new theory*, but a *tour de force* as he tries to show what can be derived from the marginal productivity theory under extreme assumptions. In other words, it is a *limiting case*. And, before finally going on to Clark’s utility concepts, the (implausible) assumptions for this *tour de force* are explicitly noted by Schumpeter, above all the following *three* conditions: (1) Two durable and indestructible “sources of productive power” are postulated, of which (2) each particle receives exactly the same remuneration and (3) is subject to the law of diminishing returns. We recall that Menger (1888) had already criticized an as yet unnamed Boehm-Bawerk in a preview article for assuming that the own rates of return on capital would be equalized in all productions; and, of course, neither the durability and indestructibility of all capital nor a ubiquitous law of diminishing returns were ever assumed even by Boehm-Bawerk. Thus, to Schumpeter, Clark basically takes a reshaped

analysis of Boehm-Bawerk to extremes (just as Boehm-Bawerk had taken a reshaped analysis of Menger to extremes).

Schumpeter would have known that Clark and Boehm-Bawerk had corresponded with each other, and it is more than likely that Boehm-Bawerk recommended the publication of these first fruits of the very young Schumpeter.

III.

We have seen that later American authors tended to attribute whatever they thought dubious in Clark's treatment to the influence of his main German teacher, Karl Knies, who 'probably slowed [Clark's] development' (Dewey 1987, 429). Evidently, Knies remains the vaguest of figures for present-day American scholars, suffering from the all-too-common identification of the important figures of the so-called 'Older' Historical School in Germany with the theoretical vagueness of Schmoller and his 'Younger' Historical School.

Now it is true that Knies, who had done concentrated work on questions of marginalism was not busy with them when Clark studied with him in 1872 to 1875. For at that time he was publishing his monumental treatise *Geld und Credit* (part I *Das Geld*, Berlin 1873, and part II/1,2 *Der Credit*, Berlin 1876/1879). And here we are faced with the first astonishing fact: While the German textbooks on the 'fundamentals' of economics contained an extensive treatment of *monetary questions*, often linked to a discussion of business cycle problems – one certainly finds that in Rau (1826 ff.) and Roscher (1854 ff.) and, of course, particularly in Menger (1871) – and while Knies's three-volume treatise is the *locus classicus* of the treatment of monetary problems, there is *no mention* of either monetary or business cycle problems whatsoever in Clark (1899). In that respect he had learned nothing from Knies and followed rather the British non-monetary approach of Jevons (1871) or Marshall (1890 ff.).

It is good to look closer into Knies (1873): The full title of his book is: *Das Geld – Darlegung der Grundlehren von dem Gelde – mit einer Vor-erörterung über das Kapital und die Uebertragung der Nutzungen*. The first 56 pages deal with *capital theory*! After a long discussion, treating nearly every relevant author, though neither Thünen nor Ricardo (and, of course, neither Jevons nor Menger, who had published their books only very shortly before), Knies comes out with the definition of capital (p. 47): 'der für eine Wirtschaft vorhandene Bestand von ... Gütern, welcher zur Befriedigung des Bedarfs in der Zukunft verwendbar ist', the stock of goods usable for future satisfaction, very close to Boehm-Bawerk's later concept of capital ('produzierte Produktionsmittel').

Once more, Clark does *not follow* Knies: ‘Capital ... is a permanent fund [!] of productive wealth’ (B. Clark 1899, 157). ‘There are ... two permanent entities combined in the industry of the world. The one is capital, or the wealth [!] that continues forever by casting off and renewing material bodies – capital goods. The other is labor ... Both of these permanent [!] agents of production have an unlimited power of bodily transmutation: they are changing their embodiment every year and every day’ (ibid., 159 f.). It is also difficult to see that Clark had taken a particular and precise ‘organismic’ notion of ‘social capital’ (or ‘social labor’) from his teacher Knies. The latter does indeed speak of the ‘*Organismus der Gemeinschaft*’ (Knies 1873, 2), but this is immediately explained to be nothing other than the Smithian division of labor. And when Knies says on p. 3 that economic goods ‘[warden] nicht bloß von einem Individuum, sondern von der Gesellschaft als wirtschaftliche Güter anerkannt’, he explains that as a consequence of *different individual valuations* leading to exchange. What German – and later Austrian – economists were not familiar with was the Marshallian figure of the ‘representative’ individual; but that made German and Austrian economic theory more, not less individualistic. To Knies, society is not unitary. Once more we realize that in this respect the later Schmoller was conflated with the earlier Knies or Roscher. But Schmoller had not yet even taken up his teaching in Berlin when J. B. Clark was in Germany.

To sum up: Knies is completely innocent of Clark’s notions of both ‘capital’ and ‘social capital’. In capital theory – a speciality of Knies – Clark had learned nothing from him.

What, on the other hand, Clark probably did assimilate from many German authors other than Knies, was the general notion of marginal productivity remuneration. It was stated by many German authors from 1826 onwards – not only by Thünen, who elaborated it; but probably Clark did not pay attention to those early authors. The usual German treatment is brief, it is true, as stating a well-established fact not to be expounded upon at length; and I do not wish to be repetitive on this point.⁶ What Clark certainly did gather from Knies, were the central notions of declining marginal utility valuation, which Knies had elaborated in a well-known article of 1855 (especially pp. 44 f., 49). Knies’ marginal utility notions are not much remarked upon in the literature, apart from Schumpeter, of course. But they fill a chapter in B. Clark 1899, viz. Ch. XXIV, pp. 373–398. Knies was a well-known early author with whom to discuss marginal utility notions. Were it otherwise, why would the young friends Boehm-Bawerk and Wieser have presented their incipient new marginal utility ideas exactly in

⁶ For some examples see Streissler 1990, 41–46; for marginal productivity theory pp. 45 f.

the seminar of Knies in 1875/76, a year after Clark had left? Did Clark hear about the pair early on from his former teacher Knies? Anyhow, they are numbers four and five among the authors quoted by him (*B. Clark* 1899, viii).⁷

IV.

(1) Let us now analyse more closely what Clark actually wrote. *The Distribution of Wealth* starts out with a set of undiluted value judgments which fill the first four chapters of altogether twenty-six, 51 pages of the total of 442, in other words about one ninth of the book. The first chapter has the title ‘Issues that depend on distribution’. Clark thinks that ‘ethical issues ... are settled [!!] by a study of the incomes connected with different functions’ (p. xiii). ‘Human welfare depends on incomes, which are fixed by contract, but are really [!!] controlled by a natural [!!] law ... Whether labor gets its product or not is a question of fact; but if it does not, the laborer is *robbed*’ (p. xiii; emphasis added). ‘The right [!!] of society to exist in its present form, and the probability that it will continue to exist, are at stake. These facts [??] lend to this problem of distribution its *measureless importance*’ (p. 3; emphasis added). ‘If [the laboring classes] create a small amount of wealth and get the whole of it, they may not seek to *revolutionize* society’ (emphasis added). Otherwise ‘many of them would become revolutionists, and all would have the right to do so’. ‘The indictment that hangs over society is that of *exploiting labor*’ (emphasis added). ‘Workmen’ it is said ‘are regularly robbed of what they produce. This is done within the forms of law, and by the natural working of competition’. If this charge were proved, every right-minded man should [??] become a socialist’ (p. 4). ‘The *right* of the present social system to exist at all depends on its honesty [??]; but the *expediency* of letting it develop in its own way depends entirely on its beneficence’ (p. 5). ‘We have undertaken to solve a test problem ... to ascertain whether the division of the social income ... is, in principle, honest’ (p. 10).

At least three aspects are noteworthy about these passages. One: We would not think of the United States of America as a country where a large and vigorous socialist movement developed. But New York was, of course, the particular gateway for Europeans and European ideas and Clark was teaching in New York, at Columbia University. Two: How could ‘workmen’ judge whether they receive their ‘actual product’ (as Clark says they do) or not? This is a highly abstract and complicated problem, even under the

⁷ In succession these are Thünen (p. vii.), Henry George, Menger, Wieser (p. viii) and ‘Ex-minister von Boehm-Bawerk’ (p. ix), followed by Marshall and Americans.

vastly simplifying assumptions Clark makes. Does he imply that it is the duty of every thoughtful ‘workman’ to take a thorough course in distributional economics under J. B. Clark at Columbia University? Three: The very idea of the ‘honesty’ of society [!!] is most evidently an organismic concept.

(2) Happily, Clark could depend for all this on Natural Laws. While with Adam Smith the copiously used epithet ‘natural’ referred to *society-specific* circumstances, with Clark it means, without his actually ever saying so, simply *just*. ‘Wages ... adjusted by bargain ... may seem to depend on the comparative power and the adroitness of the parties to the contract’ (p. 2). But, because there is ‘a market rate of wages’, set within ‘narrow limits’ we can conclude: ‘Where natural laws have their way, the share of income that attaches to any productive function is gauged by the actual product of it’ (p. 3). ‘Prices are at their natural level when labor and capital in one industry produce as much and get as much as they do in any other. Normal prices mean equalized wages and interest’ (p. 16). With Clark, the terms ‘natural’ and ‘normal’ are interchangeable.

All this is independent of historical circumstances and social organization. (Surely, Clark cannot have learned that from Knies!) ‘The essential relation of man to nature unchanged by social organization’ is a caption in *The Distribution of Wealth* (p. 12).

Clark is well known for a specific dichotomization of ‘statics’ and ‘dynamics’ (see next section). And it is important to note that for him static theory is to reinforce the concept of the ‘natural’; in fact, we are told ‘the term natural, as used by classical economists ... was unconsciously [!!] employed as an equivalent of the term ‘static’ (p. vi). “‘Natural’ values, wages, interest and profits equivalent to static rates’, reads another caption (p. 29): ‘Reduce society to a stationary state, let industry go on with entire freedom, make labor and capital absolutely mobile – as free to move from employment to employment as they are supposed to be in the theoretical world that figures in Ricardo’s studies – and you will have a regime of natural values. These are the values about which rates are forever fluctuating in the shops of commercial cities’ (p. 29). ‘As we have shown, the terms ‘natural’ and ‘normal’, as used [??] in economic literature, are other names for static’ (p. 78). Would Adam Smith have agreed? Or is his work not ‘economic literature’? On the other hand, Clark calls ‘dynamic changes the cause of friction’ (p. 72).

(3) Turning now to the – perhaps only slightly more – theoretical part of the treatise in question, this is, as the preface already tells us, based on the ‘*principle of final productivity*’ (p. ix; emphasis added), ‘which, as the work claims, is at the basis of the law of wages and interest’. ‘This work ... will offer a pure theory of what may be called natural wages and interest’ (p. 36),

a rather curious definition of the word ‘pure’, which usually implies ‘value-free’. ‘*The specific productivity of labor fixes wages*’ (p. 47; emphasis added). And then we are introduced to the – later often repeated – fact (??) that ‘the law of diminishing returns of labor [is] general’ (p. 49) and ‘the law of the diminishing returns of capital universal’ (p. 50).

This seemingly value-free theory tells us somehow that ‘incomes apparently paid by employers [are] really wrested from nature, as in primitive life’ (p. 53). Can you beat the ideological beauty of this image, the employer wresting all income from ‘nature’, which, however, can hardly be ‘natural’ (in the sense of Clark, where it also means static)? The employer always seems a heroic entrepreneur, and we remember that it was J. B. Clark who awarded an honorary doctorate from Columbia to his reviewer, Joseph A. Schumpeter at the unusually early age of thirty-one. Even Schumpeter’s term ‘Führer’ is prefigured by Clark (and not only by Wieser): ‘It is the leaders in the adoption of fruitful methods of creating goods that get the profits’ (p. 437).

In passing, Clark then suggests the term ‘catallactics’, later cherished by L. v. Mises, and also the figure of Robinson ‘Crusoe’ (both p. 52): ‘The general laws of the wealth-creating and the consuming process are the same in all economies; and it is this persistence in civilized conditions of the laws that govern primitive life which makes it worthwhile to study that life at all’ (p. 52). Possibly anthropologists might not agree. And it might be good to remember the time-honored question: When Adam delved and Eve span, who was then the gentleman? And who was the wage earner? Clark cannot have learned the above, totally ahistorical, statement from any variant of the German Historical School.

(4) From the remarks of Schumpeter we have already seen that the ubiquitous nature of diminishing returns to the only two factors postulated in ‘statics’ or the ‘natural state’, is an unproven axiom with Clark. The ‘employers’ or ‘entrepreneurs’ drop out. And it is the methodological purpose of Clark’s ‘statics’ to make them drop out. For in ‘disequilibrium’, and only there, ‘*entrepreneurs* [are] the movers of labor and capital’, ‘and it is competition that makes them do it’ (p. 289). ‘Profits [are] a subject of economic dynamics’ (p. 410).

As to the static case, *repetitio est mater studiorum* (though Clark might not have put it in Latin). In the static world ‘*incomes are fixed by the final productivity of labor and of capital, as permanent agents of production*’ (p. 160). ‘There are ... two permanent entities combined in the industry of the world. The one is capital ... The other is labor’ (p. 158 f.). Capital is to be understood as ‘a permanent fund of productive wealth’, just as ‘labor also is a permanent force – a fund of human energy that never ceases to

exist and to act' (p. 156). '*The pay of labor in each industry tends to conform to the marginal product of social labor employed in connection with a fixed amount of social capital, as such*' (p. 116). '*Capital ... earns interest, but what the concrete instruments themselves earn is not interest, but rent*' (p. 123). '*The power of capital to create the product is ... the basis of interest*' (p. 135).

(Let us note in passing that J. B. Clark shows both his inability to understand what he reads and his mathematical ineptitude in the discussion of Boehm-Bawerk's 'period of production' [!!]; for he misinterprets this on p. 128 as a period of *use* of capital and does not understand, 137, that a *quantity-weighted* infinite series of periods may have finite value.)

'Final productivity [is] the regulator of both wages and interest' (p. 173). 'As real as gravitation is the force that draws the actual pay of men *toward* a standard that is set by the final productivity law. *Final productivity governs wages*' (p. 180). I am not sure whether the original author on gravitation, Sir Isaac Newton, would have agreed fully; nor whether his greatest *economic* achievement, the introduction of the gold standard in Great Britain (in consequence of his expertise as Master of the Mint) in 1717⁸ was fully remunerated according to its final productivity (in 1914?) by his, admittedly, quite substantial salary as Master of the Mint. (As to the word 'final' above: *Clark* (p. 180) uses '*final, marginal or last unit of labor*' interchangeably.)

(5) With his usual amount of ample repetitiveness, it takes Clark a full twenty pages to derive his most original idea that 'wages and interest [are] determined both directly and residually' (p. 201). 'The principle of final productivity ... acts in two ways, affording a theory of wages and of interest' (p. 187). After deriving (p. 182) a curve which 'measures the effective productivity of any unit of labor in the series and fixes the general rate of pay', Clark says: 'We may reverse the application of this law, and by doing so get a law of interest. Let the labor be the element that is unchanged in amount, and let capital be the one that is supplied in a succession of increments' (p. 182; nearly verbatim the same also on p. 199). The double diagrams juxtaposed are found on p. 201 with the statement: 'These amounts [of wages and interest] together make up the whole static income of society'. No proof is given. Whether Clark is correct will be examined in the final section of this paper.

(6) I shall be very brief on the rather conventional marginal utility side of Clark's analysis. 'One law acting in consumption and in production controls gains, both subjective and objective' (p. 209). 'Doses of consumers' goods ... have less and less utility per dose' (p. 208). It is an interesting

⁸ See *T. S. Ashton* 1955, ed. 1966, pp. 167–177, especially p. 171.

notion of Clark's that 'goods [are] improved in quality as consumption increases' (p. 214). 'Capital increases in the same way' (p. 217). 'The several increments of consumers' wealth ... consist rather of elements in goods than of goods in their entirety' (p. 218). The idea that we should capture the qualitative changes in goods and not only the changes in quantities was taken up by Kelvin Lancaster when he subdivided commodities into 'characteristics' in his 'new theory of consumption' (Lancaster 1971). Whether such qualitative changes of capital can be used as the argument in a quantitative derivation is another matter, of course.

Curiously, Clark comes down for a *labor theory of value in terms of the utility of commodities*:

'The effective utilities of goods produced by like amounts of labor [are] equal' (p. 385). Here the organismic concept becomes a serious impediment to clear thinking: Possibly the above sentence might be defensible for the *marginal* consumer for each commodity, but it certainly is not for the *infra-marginal* or for the *average* consumer. Even more dubious are the statements: 'Virtually unaided labor is the only kind that can measure value' (p. 381) and: 'The pain suffered by society as a whole [??] in the final period of daily labor ... is *the ultimate unit of value*'. If I continued in this vein, it would certainly increase 'the pain suffered by the Dogmenhistorische Ausschuß as a whole' – however we measure it –. Therefore I desist.

V.

(1) There are at least two important side issues treated in the *Distribution of Wealth*: the inception of the methodological distinction of *static and dynamic analysis* and the prefiguration of the consequences of international 'imperialism', the so-called '*Imperialismus-These*', later made famous by Lenin and Rosa Luxemburg.

'This volume ... aims to show to what rates ... the wages of labor and the interest on capital would conform, if the changes that are going on in the shape of the industrial world were to cease. It tries completely to isolate the static forces that act in distribution from the dynamic forces. Actual society is always dynamic ... In the midst of all changes there are at work forces that fix rates to which, at any moment, wages and interest tend to conform ... There are ... static standards with which, in the most turbulent markets, actual values, wages and interest tend to coincide' (p. vi).

'A state can be imagined in which the social organism [!!] should keep its shape intact ... Changeless in its population, its wealth, its local abodes, its modes of production and the forms of its wealth, such a society would

live, indeed, but it would show no change in its organic [??] form. Having life, but not growth, it would be what we identify as a static society. This is an imaginary state, but it reveals facts of real life. There is, it is true, no society that is thus static ... Why, then, do we wish to know the laws of an imaginary state? Because the forces that act in such a state continue to act in a dynamic one ... The study of the unreal static state is a heroic but indispensable use of the isolating method of study' (p. 59 f.).

Perhaps Clark's statics is best defined in contrast to the 'five generic changes' which he takes to be 'dynamic': '1. Population is increasing. 2. Capital is increasing. 3. Methods of production are improving. 4. The forms of industrial establishments are changing ... 5. The wants of consumers are multiplying' (p. 56). To this we might add insufficient 'competition', otherwise assumed by Clark.

(2) There are at least four questions which Clark's dichotomy raises. (1) Is the concept of statics that is used not *too broad*? We have seen, e.g., that within his 'static' framework Clark discusses qualitative changes of capital and labor, which most present-day authors would not regard as static. (2) Is it, on the other hand, not *too narrow*? As a mode of analysis of the topic in question, most present-day authors would favor an *equilibrium moving over time*, in which both population and capital would grow in constant proportions so that all relevant *relative* magnitudes would remain constant. (3) Implicitly, Clark *assumes convergence* to a 'static' condition. This takes for granted that relevant changes are *rare* and convergence to static equilibrium is *rapid*. What, however, if changes are very frequent and convergence is slow? We would then study a possible equilibrium situation without any tendency of movement towards it, perhaps even an *unstable* equilibrium. In such a disequilibrium world profits would, of course, be permanent. (4) Possibly there does *not even exist any macroeconomic equilibrium*.

This might be typical of a credit using capitalist economy, as the Nobel laureate F. A. Hayek thought: 'Die entscheidende Ursache der Konjunkturschwankungen ist ... daß ... der Zins, den die Banken fordern, nicht notwendig immer der Gleichgewichtszins ist ... Es steht gar nicht in [unserer] Macht, die Ursachen der Konjunkturschwankungen zu beseitigen, weil diese nicht erst in [unserer] Politik, sondern schon in der modernen Kreditorganisation begründet sind' (Hayek 1929, 103 and p. 111). Publishing thirty years later than Clark, Hayek thinks that exactly the rate of interest that Clark wished to explain will nearly *always* be a *disequilibrium* rate; or, in the terms of Wicksell, that the market rate will normally not be the 'natural' rate of interest (Wicksell uses still another definition of 'natural', referring to a price in conformity with macroeconomic equilibrium).

(3) Clark contrasts '*personal distribution and functional distribution*'. As far as I know this is the first use of that distinction. Of course, he only analyses functional distribution in its simplest shape, the division between wages and interest.

(4) One of the most interesting features of economics is that its basic theoretical propositions can be filled with hardly any alteration with just about any value connotation and are in that sense value-free. And it is interesting to point this out in relation to J. B. Clark, one of the authors most rife with value judgments.

To give a characteristic first example: John Locke (1692) used the labor theory of value creation originally exactly as a justification of private property, long before it became an attack on its justification. A second case is provided by J. B. Clark's discussion of what was to be called 'imperialism'.

'Not till labor and capital are distributed over the whole world in such a way that there is nowhere any reason for migrating – not till methods of production are, in a way, unified on a world-wide scale, and not till consumers' wants are normal, can the rate of pay for laboring humanity as a whole be natural ... The rate of wages that is realized in the one country differs by a certain interval from the ultimate standard' (p. 433). 'We have tacitly assumed that competition extends through [the world] and that such an influence as a mechanical invention originating in any part of this organism [??] will produce effects in every other part' (p. 433). 'Europe, America and whatever other continents and islands are in close connection with them constitute [the] center ... This central society trades with the outer zone, and it sends labor and capital thither. For business purposes it is ... assimilating belt after belt of the outer zone to itself ... Ultimately all will have been absorbed' (p. 435). 'The wages that are thus made generally to rule in the civilized heart of the business world contain an element that we may designate as quasi-profit. In this there is something akin to ... *entrepreneurs*' gains' (p. 436). 'This premium which appears in the pay of laborers of Europe and America, as compared with that of men of Asia and Africa, ... is a gain from a dynamic source only partially diffused. Friction prevents the men of the outer world from sharing it now, although in the remote future static forces, acting throughout the world, will give it to them' (p. 437). 'It is the leaders in the adoption of fruitful methods of creating goods who get profits ... Wealth is to abide with the swifter runners' (p. 437).

Thus Clark can be said to be the originator of the *center-periphery* notion, the latter being termed by him 'the outer world'. He suggests an optimistic theory of *convergence*. There is no exploitation, only *beneficial diffusion*. The advanced countries simply provide the temporary 'entrepreneurs'. All is smooth development. Perhaps it is here that we notice most

that Clark has *no theory of human capital*, but that labor is essentially, in all employments and all countries, everywhere the same. Obviously, the arguments of R. Lucas (1988 and 1990) were as yet unknown to him.

VI.

Finally, we come to the evaluation of Clark's main point in *The Distribution of Wealth*: 'The question was whether wages, rent, and interest, if each factor is paid according to its marginal product, exhaust the total product. John Bates Clark, who had independently discovered [??] the marginal productivity principle, asserted that they do' (Niehans 1990, 252). Merely asserted, and never even attempted to prove what is, of course, unprovable and – in general and in particular for the modern world – wrong. The self-evidently rising marginal cost curve was perhaps A. Marshall's main *ideological* contribution to economics; for as a mathematician he knew that he could not prove an equilibrium for – nor even the existence of – a perfectly competitive economy otherwise.⁹ Every Sraffian will know how weak this point is (see *Sraffa* 1926). And it is one of the most curious passages of Niehans's generally fascinating *History of Economic Theory* that he seems to consider Ph. Wicksteed's proof (completed by the critique of A. W. Flux) of the exhaustion of total product by marginal productivity remunerations a generally true statement (Niehans 1990, 252f.) and not only the analysis of a very specific case. Clark's analysis, of course, *excludes economies of scale*.

The most prevalent cost situation in theory and practice seems to be one of constant marginal cost together with a considerable level of fixed cost, popularized for the case of foreign trade analysis by *Helpman* and *Krugman* (1985). But even falling marginal cost situations are frequent; and of particular actuality is fixed cost with zero marginal cost. The value added in retail trade is typically only a fixed cost item and so is most of teaching with cost independent of the number of pupils. Passenger transport by train, bus or aeroplane is a purely fixed cost operation – to be exact, in the case of plane travel only nearly so, as fuel cost is not entirely independent of the weight of the passengers transported. The vast field of research is a purely fixed cost activity – relative to final product; and both advertising and finance have strongly declining marginal costs. Declining marginal cost can be seen even in government finance, the USA so far issuing bonds at a

⁹ More exactly, profitable, or even zero profit competition, i.e. an equilibrium at marginal cost equal to price, can only exist with rising marginal cost and not too high fixed cost, or, at best, though with undefined firm size with constant marginal cost, but no fixed cost.

cheaper rate than Germany, Germany formerly having issued at a cheaper rate than Austria (until doubts arose about her solvency) and the Republic of Austria at a cheaper rate than her individual agencies, e. g. Asfinag, her roads building agency.

As the Euler Theorem will tell you, in case of economies of scale marginal product remuneration will *more than exhaust* the product. Even in material production, scale elasticities seem to hover around 1.05 or 1.1 (*Streissler* 1969), which would imply that marginal productivity remuneration of all factors would be by something like five or ten per cent, possibly even by more, larger than the whole 'cake' to be distributed. So Clark's two diagrams on his p. 201 would have to be *different from each other* and would not correspond to the total product. Some factor or factors have to receive less than their marginal product.

In a globally integrated economy the price of (financial) capital is set internationally. But the question is whether actual returns do not substantially surpass this supply price. At least, this might be the case for *expected* returns, while actual returns are on average astonishingly modest in many countries and in many periods: Businesses are not immediately wound up in case of very low profits or, in the case of many new internet firms, it is thought a great success if any profits result *eventually*. In addition we have to reckon with a substantial amount of total business failures, lowering realized returns. How does one introduce bankruptcies into marginal productivity analysis? On the other hand, in the developed modern world wages are contractually fixed for at least a year, in many cases even for two. But at present, business conditions vary more frequently. *Bailey* (1974) has argued that wages are therefore set below the (average over the period) marginal productivity of labor, because a risk premium for variable business conditions has to be subtracted, workers receiving basically both a labor contract and an insurance contract.

If we look at historical development we see that in the developed world near riskless capital has been available at a nearly constant rate of return of about three to four, at most five, per cent and this at least since the beginning of the 18th century, in the Low Countries or Italy possibly since the 15th century. Can this be the result of an autonomously and secularly constant marginal productivity of capital? That would be highly implausible. More likely the rate of return was more or less *conventionally* fixed and business conditions adjusted to that *predetermined* given. And the firms were capital-rationed for reasons of imperfect information on their prospects.

Basically, it is therefore more than dubious what one can deduce for actual distribution from a perfectly competitive case with rising marginal

cost curves all round and a linear homogenous macroeconomic production function; and all that in the never-never-land of the eternal present moment. Equally, it is uncertain what relevant propositions can be derived from Clark's 'statics'. But not only Clark's contribution to economic analysis is dubious. It is just as unclear what Clark actually took from the German economics of his days of studies there. Clearly, he assimilated a concept of 'organism' and 'organismic', which he largely misunderstood. He uses that, however, mainly as a figure of speech. Probably it was the same with his utility notions, which play hardly a significant role in his work and are mixed up with marginal productivity notions in an original but most questionable way; and possibly he took from Germany the notions of 'social' capital and 'social' labor which make him mix up average and marginal entities. Clark certainly took much more from English economics, from *Jevons* (1871) and *Marshall* (1890 ff.), including some basically untenable ideas.

Perhaps we can therefore summarize: *The Distribution of Wealth* is a collection of certain German mistakes mixed up with much more serious English blunders and a liberal helping of home-grown American value judgments. Der Rest sei Schweigen.¹⁰

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¹⁰ For once, I prefer the German version of Hamlet's last words for rhetorical reasons: While the predicate in the English version 'The rest is silence' is in the indicative, the German translation (call it poetic or call it incorrect) puts the predicate in the optative mood.

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American Students in Germany, 1871–1914. A Retrospective View

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For the average American, the unique experiment in the transfer of German economics and culture to the U.S. in the second half of the 19th century is ancient history now. The same is true for the average German today. This is perhaps not surprising. For Joseph A. Schumpeter, German economics of that period was also nothing but “unendliche Geschichte” (endless history). I would like to reject that dismissal of German economics in the second half of the 19th century.

As reported by Professor *Joseph Dorfman* (1955, 31), the professional science of economics did not exist in the United States before the 1880s or even 1890s. Prior to that time, economics, as a rule, was taught in the philosophy or social science departments of colleges and universities. In fact, during the first one hundred years of America’s existence, economics as an independent discipline was a rather wilted flower. In an essay written in America’s centennial year, 1876, Charles F. Dunbar said Americans had contributed virtually nothing to the development of economic theory. Furthermore, before the Civil War, there was no need for professional economists for two reasons. First, the major economic and social issues were left to state legislatures run by politicians who knew nothing about economics and did not care to know. Second, making money was magic to ambitious and intelligent young men, and, for this reason, it was difficult to attract able minds to social sciences in general and to economics in particular.¹

Another reason for the relative backwardness of the economics profession prior to 1861 was the fact that the great majority of the population was engaged in farming, and the urban population constituted only 20 percent of the total population. Also, as *Farnam* (1908, 4) writes, the prevailing public opinion of the country held that “every decent human being could occupy almost any government office of the land”. The widely accepted “spoils system” of government appointments meant that there was no demand for a well-trained professional class. Furthermore, there prevailed a certain disdain by the practical businessman for poorly paid university

¹ *Farnam* (1908, 3).

professors or scientists. Only the “dumb” taught; all bright folks made money. Finally, the relative poverty of American universities of the time meant that economic subjects were usually taught together with philosophy by the president of a university, who, as a rule, was a successful businessman himself. He had little time to specialize in economics and no incentive to write books or papers. He was too busy making money. His mind was geared to solving economic problems and making money, and he did not wish to waste time on “armchair economics”. Prior to the Civil War, the American Political Economy did not exist.

I. The Early American Economists

The first American economist of considerable standing was Benjamin Franklin (1706–1790), but the man who unquestionably put American economics on the map was Alexander Hamilton (1755–1804), the first Secretary of the Treasury. Hamilton’s *Report on Manufacturers*, submitted to Congress on December 5, 1791, is one of the “great American state papers and in a sense may be the first American treatise on political economy”.² Having surveyed the newly-founded nation and its industrial future, economic progress and well-being, Hamilton rejected the laissez-faire wisdom of Adam Smith for the U.S. Instead, he advocated nurturing “infant industries” through protective tariffs, an idea that found eager ears in the country and was “repeated for a century and a half after he put them forward”.³

What Adam Smith preached in the form of the powerful doctrine of individualism, self-incentive, and private profit, Hamilton qualified and partly rejected. What may have been true for England in 1776 was not necessarily valid, applicable and transplantable to the United States around 1800. Hamilton rejected Smith’s dictum of the benevolence of laissez-faire, and proposed the use of selective government stimulation and encouragement to establish manufacturing industries. He knew from experience what awesome competitive pressures British merchants could bring to bear. Without protection, the new American industries stood no chance. Hamilton also knew that British mercantile interests were ably supported by the British navy.

Another American, not an economist by training but a relatively idle lawyer of Baltimore, Daniel Raymond, published in 1820 his *Thoughts on Political Economy*.⁴ Raymond was a sharp critic of the laissez-faire doc-

² Mitchell/Louise (1947, 263).

³ Mitchell (1976, 217). See also, Mitchell (1987, 342). For a fuller treatment of the subject, see Mitchell (1962).

⁴ Petrella (1987).

trine. As an American, a citizen of a sovereign but undeveloped and agricultural country, he argued that the aim of political economy should be the promulgation of rules, laws and regulations to maximize the well-being of Americans. He energetically supported the use of protective tariffs to aid American industry.

Even though Raymond's book never had much influence on the academic economists, it probably had considerable influence on the relations between American and German economists. It is entirely possible, for example, that Friedrich List, a German immigrant living in Pennsylvania, was influenced by Raymond's work. In fact, at the end of the 19th century, Charles P. Neill (1897), in his essay on Raymond, tried to draw parallels between List's basic ideas and a new 1823 work by Raymond. It was List who made the first contacts between American and German economists. List and Henry C. Carey of Philadelphia contradicted Smith's dictum that private enterprise, self-interest, competition and division of labor were applicable everywhere in the world. Nations are in different stages of development, the Americans argued, and for this reason require different policy measures. Laissez-faire might have suited Britain in the late 18th century, but "let alone" economic policies were useless for the United States and Germany. To catch up with Britain, Hamilton, List, Raymond and Carey called for positive encouragement by government authorities. An industry must be protected in order to be established.

Around the middle of the 19th century, Carey also helped promote intellectual ties between the U.S. and Germany. Carey had not studied in Germany, but he had visited the country, liked it, and developed an enormous respect for things German. In his *Principles of Social Science* he wrote that "Germany stands first in Europe in point of intellectual development and in advancing the physical and moral condition of the people with a rapidity exceeding that of any other portion of the eastern hemisphere."⁵

II. Germany: The Magic for Young American Students

In the 19th century, Prussia and the other German states underwent rapid industrialization. Railroad building and the growth of the iron-making and iron-working, chemical, and machine-building industries changed the landscape profoundly. The inevitable decline of the rural population, the swelling numbers of the urban population, the spreading materialism and greater egalitarianism, and the emergence of a superb system of higher education and empirical research, well-funded and directed from Berlin, became

⁵ 1867 edition, vol. 2, p. 146.

magic to many foreigners, including Americans. They flocked to Germany in great numbers after the unification of the German Reich in 1871. America's future engineers, chemists, and physicists were attracted to Germany by its excellent research institutes and famous academics. America's future economists were drawn to Germany by the writings of Bruno Hildebrand, Karl Knies, Wilhelm Roscher, Adolph Wagner, Gustav Schmoller, and Johannes Conrad, who proposed new and radical ways of "doing economics". These economists were great innovators who had no use for the former wisdom of *Kameralwissenschaft*, spiced with the spreading messages of Adam Smith.⁶ They also pooh-pooed the "Armchair Economics" of German university professors. These German academic innovators promulgated and demanded hands-on research on the pressing social and economic issues of Germany.⁷ Taking an epistemologically broad-based approach, the new economists conducted solid empirical work of considerable merit, even from the perspective of the 1960s.⁸ Alas, among English-speaking economists, these German economists never attained meaningful standing, but were dismissed as "German Economic Historians".

In the 19th century, well-to-do young Americans were sent on the "Grand Tour of Europe" to round out their education. Such tours usually started in Great Britain and continued through Germany and France and on to Italy and Greece. Some even went to the Holy Land. Because graduate schools hardly existed in America until the late 19th century, young Americans wanting to complete their professional education had to look abroad. They were particularly drawn to Germany because of the quality and reputation of its magnificent universities. These Americans were serious students, not academic dilettanti.⁹ They were generally of two types: future scientists, primarily chemists, such as Caldwell, Chandler, and Nicholas; and men of letters, such as Bancroft, Everett, and Longfellow. English universities at that time had the reputation of being outdated. Furthermore, Cambridge and Oxford still "required students to acknowledge the thirty-nine articles of the Anglican Church. This was anathema to the American young men and went against the grain of other non-Anglican Protestants."¹⁰ In contrast, German universities had been reformed along the lines suggested by Humboldt in the early 19th century. They had transformed science "into a status approaching that of a professional career and into a bureaucratic, organized activity".¹¹

⁶ Stieda (1906).

⁷ For an excellent volume, see *Grimmer-Solem* (2003).

⁸ *Obershall* (1965, 76–92).

⁹ *Buchloh/Rix* (1976, 11).

¹⁰ *Ibid.*, p. 14.

¹¹ *Ben-David* (1971, 108).

This transformation made research a necessary qualification for a university career, and an indispensable function of a university professor. For these reasons, an estimated 9,000 Americans went to Germany to study¹² between 1820 and 1920. The University of Göttingen, my Alma Mater, [since 1866] one of the most dynamic of Prussian universities, was particularly attractive to Americans.

The overall impact of such restructured German universities was that some German universities became the center of world-wide scientific communities in their respective fields. By sheer concentration of efforts, German scientists had an edge over everyone else in the world. Mindful of that edge, American youngsters flocked by the thousands to the Universities of Berlin, Heidelberg, Göttingen, and Leipzig. In addition to becoming the world's leader in the natural sciences and mathematics, German universities also gained prominence in social sciences, such as sociology, history, economics and experimental psychology. German economists, like Wilhelm Roscher, Bruno Hildebrand, Karl Knies, Gustav Schmoller, Adolph Wagner, Lujo Brentano, have popularly – and, in this writer's mind, mistakenly – been dubbed members of the German Historical School of Economics. To this writer, these economists could have been more aptly called capitalist Welfare-oriented economists or, following the suggestion by Johannes Conrad (1923, 509), advocates of policy-making economics.¹³

III. The Marxist Threat in Germany

Germany's rapid industrialization, the swelling ranks of the city dwellers, working-class squalor and shoddy tenement houses led to the emergence of serious class tensions, to put it mildly. In 1844, Germany had been shocked to the core by the massive Weber-Revolte (Weaver's Revolt) in Silesia. And in 1848, the *Communist Manifesto* was another powerful indictment of the social conditions of the factory workers. In the dominant ideology of the British "laissez-faire", the non-stated social policy was "don't get sick", "don't have an accident in the factory", and above all, "don't get old!" Marxists preached open class warfare and minced no words about their desire to overthrow the existing social order and replace it with the "dictatorship of the proletarians". Alas, the doctrine of laissez-faire had gained considerable currency in the German industrial community, in some government circles, and in a number of universities. By mid-19th century, German economists like Wilhelm Roscher, Bruno Hildebrand and Karl Knies had

¹² *Herbst* (1965, 1–2).

¹³ See also, *Diehl* (1915, 737 and 753), where one finds the names of Conrad's American students of economics.

not only rejected the universal validity of classical economics, but insisted that it was inadequate to deal with the social consequences of rapid industrialization. They sought to avoid the social fiasco of laissez-fairist England of the first half of the 19th century.

These German economists were bent on preventing Marxist-inspired socialists from revamping Germany into a dictatorship of the proletariat, from eliminating the private ownership of the means of production in agriculture and industry, and from abolishing the market economy. In 1872, they formed the *Verein für Sozialpolitik*, in hopes of mitigating the unrestricted interaction of unequal private interests in the market place. To them, the common welfare was more important than narrow private interests. The members of the *Verein* were united in their opposition, on moral grounds, to the natural-law doctrines of classical economics, and they believed governments must protect the economically weak from the economically strong and greedy by promulgating indispensable welfare legislation.¹⁴ These German academics condemned the actions of anarchists, terrorists, and bomb-throwing nihilists. The *Verein* members also stressed “the indispensability of historical study for the development of legislation”, designed to improve the social and material lot of the industrial masses of Germany.¹⁵ Under Bismarck’s forceful leadership in 1883, Germany passed the *Sickness Insurance Law*. The *Accident Insurance Law* followed in 1884, and, in 1889 came the *Old Age and Disability Insurance Law*.

Once the trickle of young Americans going to German universities became a stream, a unique and today almost forgotten transfer of knowledge got under way. From Germany to America in endless flows streamed machinery, technology, inventions, scientific know-how, and German-trained American brainpower.¹⁶ Many social scientists among these German-educated young men contributed substantially to the renaissance of America’s intellectual life in the 1870s and 1880s.¹⁷ Apart from their native American English, they became very much at home in German, and some even in French. They were not the contemporary “English only” type scholars! They returned to America with the idea that an economist must be able to link book knowledge and practical experience. German universities were largely designed to train men for the civil service in its various branches. They resembled what West Point and Annapolis were to the American

¹⁴ *Herbst* (1965, 144–145).

¹⁵ *Ibid.*, p. 148.

¹⁶ See for instance, *The Greatest of Expositions Completely Illustrated* (n.a., 1904), pp. 24, 64, and 84 for German exhibits.

¹⁷ *Commager* (1950, 227–246 and 310–335). See also, *Dorfman* (1955, 17).

army and navy, wrote one former American student in Germany.¹⁸ Many of these men later were founders of the *American Economic Association* in 1885.

The transfer of German culture continued up to the outbreak of World War I. It diminished rapidly in the 1920s, and with the onset of the Nazi persecution of the Jews in the 1930s, things German became viewed as barbaric. Most Americans today are virtually unaware of the half a century of intense intellectual links that existed between Germany and the United States prior to World War I.

IV. American Economics Majors in Germany

In 1906, Professor Henry W. Farnam of Yale University sent out 126 questionnaires to former social science students in Europe; 116 replied. Of them, one-half had studied in Germany. According to this survey, John B. Clark was the first to go to Germany in 1873 after the Civil War. He remained there for two years and studied under Wilhelm Roscher and Karl Knies. Eventually, he became a professor at Columbia University. In 1875, he was followed by Henry W. Farnam, Edmund J. James (later President of the University of Illinois), and Joseph French Johnson, later a professor at New York University. In 1876, Simon N. Patten, later professor of economics at the University of Pennsylvania, and, in 1877, Richard T. Ely, who later taught at Johns Hopkins University and the University of Wisconsin, followed suit. Arthur T. Hadley, later president of Yale University, went to Germany in 1877, and Frank W. Taussig, later at Harvard University, spent a winter at the University of Berlin, studying Roman law and political economy. Later in life, Taussig often acknowledged the influence of Adolph Wagner.¹⁹ Also in 1879, E. R. A. Seligman, later at Columbia University, and Albion W. Small, later professor of sociology at the University of Chicago, followed. Many others followed in the 1880s, even though their names are almost forgotten today.²⁰

In 1890, Edwin R. Gay, later at Harvard University, went to Germany and stayed for more than a decade.²¹ J. Laurence Laughlin, later of the University of Chicago, sailed for Germany in 1891 and Francis Walker went in 1892. Many, many others followed.²² Approximately one third of all American so-

¹⁸ Ely (1938, 187).

¹⁹ Schumpeter (1951, 195).

²⁰ Dorfman (1969, 87–98 and 160–205).

²¹ Heaton (1952, 30).

²² The above data was taken from Farnam (1908, 25–27).

cial science and economics students returned with German degrees. What is important to keep in mind is that, as *Farnam* (1908, 27) confessed, his years in Germany had opened up for him an entirely new world.

Young American would-be economists and would-be historians were favorably impressed with the way in which social sciences were taught in Germany. In addition to the above-mentioned scope of German academic freedom, history and economics enjoyed considerably more public attention there than in America. Furthermore, the study of history and economics commanded considerable popular respect as well.²³

V. The Example of Richard T. Ely

For the influence of German economic thought on American economics the education of Richard T. Ely is particularly instructive in understanding the transfer of the new German economics spearheaded by Gustav Schmoller, Bruno Hildebrand, Wilhelm Roscher, Karl Knies, Adolph Wagner, and Johannes Conrad, to mention a few names. In the Anglo-Saxon economics literature, these folks had been doing nothing but economic history. However, today we know that these scholars were competent statisticians, who carefully collected material on the “Social Question” of rapidly industrializing Germany. The spreading class warfare and Marxist agitation called for revolution. These scholars wanted to do something about it. History, per se, was of little interest to them. They needed a solid empirical foundation to solve a variety of practical social and economic problems.²⁴

Ely sailed for Germany in May of 1877.²⁵ Upon arrival, he spent a summer learning the German language in Kiel, and then proceeded to the University of Halle, where he met a fellow American, Simon N. Patten, the future professor of economics at the University of Pennsylvania in Philadelphia, as well as Edmund J. James and Joseph French Johnson, who went on to become prominent American academics.

In Halle, the young Ely met and worked under Professor Johannes Conrad, who was chiefly interested in problems of agrarian policy and agricultural statistics.²⁶ Conrad was the well-known author of a textbook in economics, *Grundriss der politischen Ökonomie*, which in 1923 was in its 11th edition. In the spring of 1878, Ely went to the University of Heidelberg, where he became a student of Karl Knies and Johann K. Bluntschli. Knies

²³ *Barkin* (1970).

²⁴ *Grimmer-Solem* (2003, 78).

²⁵ *Ely* (1938, 37).

²⁶ *Ibid.*, p. 40.

became Ely's "Master", and Knies' idea that economics belongs "neither to the natural nor to the mental sciences, but to the group of historical disciplines which have for their object the study of man in society in terms of its historical growth" left an indelible impression on Ely.²⁷

As a student of Conrad and Knies, Ely became convinced that history, institutional knowledge, experience in data gathering, and statistical methods were indispensable tools of economic inquiry.²⁸ He acquired a strong dislike for the absolutism of classical economic theory, and he cast aside all *a priori* doctrines of Smith, Ricardo, the two Mills, and Senior. The classical "mainstream economics" of that time consisted of the following components: the natural law of self-interest and division of labor; the law of diminishing returns; the Malthusian law of population growth; the iron law of wages; the law of rent; the law of capital accumulation; the law of comparative advantage; the law of value; and Say's law of markets. These laws were supposed to be valid regardless of time, place, existing institutions, or the size of a country. These laws were believed to operate in the same way as do all physical laws and were just as immutable.

Ely took his Ph.D. in economics *summa cum laude* in 1879.²⁹ Upon graduation, he went to Berlin, where he worked with the Director of the Prussian Statistical Bureau, Dr. Ernst Engel, and with Professor Adolph Wagner. Ely's return to New York 1880 was quite difficult for him. After three years in Germany, the transplantation back home to the unrestrained laissez-faire type America was traumatic; he even considered returning to Germany.³⁰ Soon enough, Ely joined the faculty of Johns Hopkins University in Baltimore as a lecturer in political economy; there, in 1887, he was promoted to the rank of associate professor.

At Johns Hopkins, Ely quickly became a leader of "action-packed new economics", something that he had brought across the Atlantic from Germany. Ely was hostile to the classical highly deductive school of economics. The ten laws of Classical Economics were of alluring simplicity, but were not useful as a guide in real life. "Laissez-faire" was a social fiasco, as it was for Gustav Schmoller, and Ely was afraid of American socialists. Ely, for instance, was aware of the great influence of Edward Bellamy's book, *Looking Backward*, published in 1887. It was a fanciful vision of a technologically advanced and socially just society in America. It had an enormous influence in this country and abroad. In fact, the American histo-

²⁷ *Ibid.*, p. 44.

²⁸ *Ely* (1884, 43–45).

²⁹ *Schlabach* (1973, 248–251).

³⁰ *Rader* (1966, 1).

rian Charles Austin Beard and philosopher John Dewey ranked this work second only in importance to Karl Marx's *Capital*.³¹

Ely's teacher at the University of Halle, Johannes Conrad, had urged the American students attending his seminar to set up an American counterpart of the *Verein für Sozialpolitik* in the United States to influence practical politics.³² Conrad felt that Americans must take a new attitude toward the whole subject of social legislation. The young Americans were thus imbued with a legislative zeal designed to cope with the excesses of unfettered laissez-faire: exploitative, monopolistic practices, absence of meaningful collective bargaining in the industrial sector, the lack of labor unions, slum-clearance programs, social security of any kind, maternity leaves, and health or accident insurance at workplaces. All of the above legislation had been passed in Germany in the decade of the 1880s. Germany had retained a viable market economy and parliamentary democracy, and Germans had retained private ownership of the means of production in industry and agriculture.

VI. The American Economic Association in 1885

With such ideas in mind, and, united in their rejection of laissez-faire economics, the young American Turks – Adams, Clark, Patten, Seligman, and Ely – founded the American Economic Association in 1885.³³ The creation of the Association was a stormy affair, to say the least, as Professor A. W. Coats (1985) has noted. These German-educated economists were rebels within the ranks of the American economics profession. They did not like the sterility of the British classical economics which was being taught at American colleges at that time.³⁴ Ely (1938, 133) also wrote in his memoirs that he and the other young American Turks had tried to set up an organization which would have borne the name of the *Society for the Study of National Economy*, sponsored by Simon N. Patten and Edmund J. James. It would have been almost a replica of the German *Verein für Sozialpolitik* established in 1872. Alas, the conservatives within the profession, generously supported by “money bags” sitting on the boards of trustees of American Ivy-League universities, slowly, brutally, and mercilessly brought this group of German-educated heretics to their knees.

Who were the most representative of these German-bred American social scientists? Dorfman, in his short article of 1955, singled out five: John B.

³¹ Senn (2003, 315).

³² Ely (1938, 134).

³³ Ibid., p. 121.

³⁴ Ibid., p. 132.

Clark, Edmund J. James, Richard T. Ely, Henry C. Adams, and Edwin R. A. Seligman.³⁵ One could easily add a few more individuals who played an important role in the eventual evolution of the American Institutional School of Economics around the turn of the 20th century.

One was Simon Nelson Patten, who met Ely at the University of Halle, and who taught at the University of Pennsylvania from 1888 until his retirement in 1916.³⁶ German-educated, Patten's brand of economics was heresy in America at that time. But he persisted, and published his first book, *The Premises of Political Economy*, in 1885. In the course of his thirty years at the University of Pennsylvania, Patten published 20 books and more than 100 articles and essays. His *New Basis for Civilization*, published between 1907 and 1921, was his most popular work. He was a much admired and inspiring teacher.³⁷ Patten was not a classroom economist, because he often suggested that the "place of the economist is on the firing line of civilization".³⁸ His economics, in essence, was a revolt against classical economic theories. He favored social legislation along the lines of the early German capitalist welfare economists. His best known disciple was Rexford Tugwell, who became influential under President Roosevelt in the 1930s, and who exerted considerable legislative influence under the New Deal.³⁹ Patten heralded the economic and social developments of the New Deal, something he clearly picked up in Bismarck's Germany of the 1880s.

Another German-trained American economist was Edwin F. Gay (1867–1946).⁴⁰ In 1890, he sailed for Europe where he spent twelve and a half years studying history and social sciences at various universities, learning languages, and doing research.⁴¹ In 1891, Gay went to Berlin, and in 1893, he turned to the serious study of political economy and took courses with Adolph Wagner and Gustav Schmoller. Wagner impressed the young Gay with a number of important ideas and concepts. He denounced the doctrine of "untrammled individualism" as often being unethical. He said government should protect the economically weak, poorly paid, and disadvantaged segments of society. And he called on economists to use their influence to persuade legislators to pass wise and good laws – laws to regulate natural monopolies, for instance, and laws to allow the operation of public enter-

³⁵ *Dorfman* (1955, 23–27).

³⁶ *Meyerson/Winegard* (1978), especially chapter 12, called Simon Nelson Patten: Economics and Social Thought in the Wharton School, pp. 145–155.

³⁷ *Nearing* (1946).

³⁸ *Meyerson/Winegard* (1978, 148).

³⁹ *Ibid.*, p. 153.

⁴⁰ *Hamilton* (1974).

⁴¹ *Heaton* (1952, 30).

prises in certain sectors of the economy. Gay admitted that he was very much attracted to this interventionist creed of Wagner.⁴² But it was Schmoller who really fired up Gay and touched off his interest and enthusiasm for the “new” German economics. Schmoller taught Gay that “economics could be brought into close interrelation with psychology, ethics, history, and political science to produce a real science of society”. That is, in economics, one explores not only the relationships between man and material goods, but also the relationships among men. Furthermore, economic phenomena are an inextricable part of social life and must be always evaluated from an ethical point of view.

The second reason for Gay’s attraction to Schmoller’s work was Schmoller’s concern for the social betterment of the masses and his desire to create “a science of economics which would serve as a sure guide for policies of social betterment”.⁴³ Schmoller disdained the speculative assumptions of the classical economists. He turned to the study of history, the study of institutions and their evolution, and the study of social statistics to make economics an inductive science that was realistic and factual. During his lifetime, Schmoller insisted that economists must learn history in order to have a solid ground under their feet. Once they have it, general principles are likely to emerge, and economists can effectively lobby legislators, government officials, etc. Economics for Schmoller was not a science for the classroom only. Gay found Schmoller in his seminar to be “calm, judicial, slow of speech, methodically proceeding step by step, convincing by the completeness of his treatment, yet tolerant and humble”.⁴⁴

Gay wrote his dissertation under Schmoller on the English enclosure movement and earned his doctorate in 1902 with highest honors from the University of Berlin.⁴⁵ Gay’s biographer wrote later that his long years in Europe “had permitted his scholarship to become wide and deep”.⁴⁶

Alas, Earl J. Hamilton, in his biographical sketch of Gay, wrote that the “chief weakness of Gay’s German training was the lack of rigorous instruction in economic analysis – squeezed out of German universities in his day by historicism – as a result of which he never fully understood the self-regulating functions of a free market economy”.⁴⁷ Gay taught at Harvard from 1902 to 1917 and from 1924 to 1936, when he retired. In 1919, he

⁴² Ibid., p. 38.

⁴³ Ibid., p. 39.

⁴⁴ Ibid., p. 39.

⁴⁵ Ibid., pp. 56–57.

⁴⁶ Ibid., p. 57.

⁴⁷ See the *Dictionary of American Biography* (1974, 321).

was a founder of the *National Bureau of Economic Research* and served as its first president. In 1929, he served as president of the *American Economic Association*, and in 1940 he was the first president of the *Economic History Association*.

VII. German-Educated Social Scientists Receive a Hostile Reception in America

A search of the *Dictionary of American Biography* turns up many more German-trained social scientists, including Arthur Twining Hadley (1856–1930), Charles William Macfarlane (1850–1931), Henry Rogers Seager (1870–1930), Frank William Taussig (1859–1940), Frank Albert Fetter (1863–1949), Charles Richmond Henderson (1848–1915), Abram Piatt Andrew (1873–1936), Winthrop More Daniels (1867–1944), and Roland Post Falkner (1866–1940). These and many others made contributions to American scholarship in the fields of history, sociology, economics, and theology. Out of this broad-based German economics tradition eventually emerged the Institutional School of Economics.

When they returned to America, many of the German-trained and educated young scholars experienced considerable difficulty in readjusting. There were a number of reasons for this. For one, in Germany they had gotten used to the idea that in the States they would enjoy academic freedom comparable to the *Lehrfreiheit and Lernfreiheit* (freedom of research and instruction) they had known in Germany. Alas, they were taught an unpleasant, severe lesson soon enough. Richard T. Ely, for instance, was, in the eyes of J. Franklin Jameson, a German-trained American, “infatuated with the German Historical School of Economics”.⁴⁸ In no time at all, Ely’s view of what the Federal government should do brought him into conflict with his university, the American business community, and the mass media. In his celebrated *Outlines of Economics*, he entitled part VI, “The Relation of the State to Industry”,⁴⁹ and offered a long list of the government’s duties. His suggestions resembled those of Schmoller and the *Verein für Sozialpolitik*. In 1894, after his move to the University of Wisconsin in Madison, Ely was put on trial on the basis of trumped-up charges of “economic heresy”.⁵⁰ He was accused by Oliver E. Wells, Wisconsin’s superintendent of public instruction, of having propagated socialist principles, even though

⁴⁸ Rader (1966, 20).

⁴⁹ See also his “Certain Psychological Phases of Industrial Evolution”, *Ely* (1906).

⁵⁰ n. a. (1894a).

he had masked them as something else. In an article in the widely read periodical, *Nation*, Wells said, Ely was “guilty of teaching and practicing heretical economic doctrines”.⁵¹ Wells accused the professor of advocating utopian, pernicious doctrines that supposedly justified attacks on life and property. Besides being a bleeding-heart who took the cause of the poor people, Ely was an organizer of labor unions, Wells said.⁵² Ely was completely vindicated at his trial and it was established once and for all that he was not a dangerous Marxist socialist. This must have been small comfort to the professor. After all, he was the most widely read economist in the United States up to 1893, according to Rader. Ely was indeed an advocate of a humanized and softer “market economy” with privately owned means of production. He abhorred and feared Marxist-type socialism.⁵³ From today’s perspective, he was an advocate of Germany-style welfare legislation of the 1880s. He wanted to introduce some measure of protection for the little man by way of medical insurance, accident insurance and social security.⁵⁴ Ely retained his post at the University of Wisconsin and he achieved complete vindication.⁵⁵

Others were not so lucky. Many unorthodox economics professors were simply fired from their posts. John R. Commons was so dismissed and so was Edward H. Bemis from the University of Chicago.⁵⁶ Being an economic heretic or even an apostate in an environment of laissez-faire, where businessmen controlled the boards of trustees of private universities, was not easy in those days.

But the very idea of social legislation to improve the lot of industrial workers, to permit the formation of labor unions, to legitimize their work and to prescribe work rules, health codes, health, accident, and maternity insurance, and unemployment compensation, was a near-heresy in America of 1890. Laissez-faire was still the order of the day in the economic arrangements in this country.⁵⁷ Ideas of social control and suggestions for welfare legislation for industrial workers were repulsive, both to the American public and to many tune-calling social scientists. All German-trained and educated social scientists – historians, economists, and political scien-

⁵¹ Rader (1966, 130).

⁵² Ely (1938, 219–221).

⁵³ Reheis (1991, 445).

⁵⁴ Balabkins (1993–94: 38).

⁵⁵ n. a. (1894b). See also, Ely (1938, 232).

⁵⁶ *Public Opinion*, vol. 19, 1895, pp. 296–297 contains many excerpts from numerous newspapers, which castigated the ‘money power’ and the necessity of freedom of research in American universities.

⁵⁷ Higgs (1987, 4, 22, and 77–105).

tists – had to learn the hard way that German welfare legislation of the 1880s may have been acceptable in Germany, but was considered socialistic or anarchistic in the United States.

The specific and lasting contribution of the intensive interaction between America and Germany prior to World War I was in the field of American higher education. Up to the mid-1850s, graduate schools did not exist in this country, which was one reason so many young Americans went to Europe. In the 1870s, America launched a vigorous reform of higher education and German-style graduate schools emerged.⁵⁸ The German university, with its *Lehrfreiheit and Lernfreiheit*, became a mold for American reformers, who proceeded to incorporate many German features into American higher education.⁵⁹

Surely, the most tangible influence of Wilhelm Roscher, Bruno Hildebrand, Karl Knies, Gustav Schmoller, Johannes Conrad and other German academics was on the American Institutional School of Economics. The contributions of Thorstein Veblen, John R. Commons, Wesley C. Mitchell, John M. Clark, Rexford G. Tugwell, Gardiner C. Means, Clarence E. Ayres, John Kenneth Galbraith and others are well-known.⁶⁰ Their work was primarily concerned with the German intellectual departures in economic thought that led to the assault on *laissez-faire*. The German economists wanted to retain private ownership of the means of production in industry and agriculture, while introducing the measures known today as a “welfare net”: unemployment compensation, health and accident insurance, and other employment benefits.

Thousands of Americans had earned their degrees in Germany prior to World War I, including hundreds in the social sciences and economics. But their impact on U.S. economic thought, in Schmoller’s view, was *mixed*. Writing in 1911, he felt that two major schools of economics had emerged in the United States: a theoretical one, linking up with the former English classical school and incorporating elements of the Austrian School of Economics; and the realistic school, which was influenced by German economists. Schmoller felt that the high intellectual level of the New England states favored abstract modes of thinking, but that such a manner of thinking would produce “unrealistic, purely abstract literature”. The main representatives of this school of thought were John B. Clark, Simon Patten, Frank Fetter, Irving Fisher, Edwin Seligman and John Commons, among many others. Clark, the leader of this group, was a first-class scientist, but,

⁵⁸ Ely (1972).

⁵⁹ Veysey (1965, 125–133 and 263–268).

⁶⁰ n. a. (1963).

in Schmoller's view, his work was "Ivory Towerish" (*weltabgewandt*).⁶¹ Schmoller went on to say that there was little agreement among abstract American economic theorists. As he put it, there was almost "infinite amount of sagacity, plenty of good ideas, speculation, but also a confusing diversity".⁶² The theorists, Schmoller said, were engaging in "wholesome intellectual gymnastics" but sooner or later they would have to make a realistic examination of their "unrealistic premises".⁶³

The second American school of economics, Schmoller felt, was realistic and sober, and kept a proper distance from all socialistic ideas, thanks to the influence of German training.

Schmoller was particularly happy about the emergence of the American statistical tradition, which, he felt, would eventually overshadow the purely speculative branch of American economics.⁶⁴

Alas, Schmoller was wrong in this prediction. The Ivy-League universities of the American Northeast continue to practice extreme mathematization of economics even today. Of course, there are voices who urge the economics profession to return to the broad-based tradition of Gustav Schmoller.

The late Harry Johnson of Chicago once wrote that in order to carry out an intellectual revolution in economics, one must propound a doctrine with three features. First, it must be summarized in a single sentence. In the case of the *Verein für Sozialpolitik*, that sentence would be "The fear and dread of Marxist socialism in Germany". Second, an intellectual revolution in economics must provide young economists with an excuse for ignoring the work of their elders. Third, revolutionary economists must tell young economists how to further that revolution. The *Verein für Sozialpolitik* furthered their revolution by providing the necessary material for the social welfare legislation in the 1880s. But, as the saying goes, "Rome was not built in a day". Not until the 1930s, during the years of the Great Depression, did the U.S. Congress under F.D.R. pass many of the laws that German economists of the "Second German Reich" had put on the books in the 1880s. It took fifty extra years to transfer the rudiments of the German capitalist welfare state to America.

⁶¹ *Schmoller* (1911, 453).

⁶² *Ibid.*, right isle, p. 453.

⁶³ *Ibid.*, p. 453.

⁶⁴ *Ibid.*, p. 454.

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The Austrian Economists and the New Deal, 1933–1935*

By Hansjörg Klausinger, Vienna

I. Introduction

On June 9th, 1933, readers of the *Neues Wiener Tagblatt*, a daily Viennese newspaper second in reputation only to the famous *Neue Freie Presse*, found a leading article pointing to (and warning of) the powers held by the American president, Franklin D. Roosevelt:

There is none whose power equaled, even just approximately, his – Roosevelt's. Comparing him with Hitler, Stalin, and Mussolini turns out as misguided, if the outreach of his power is considered. Stalin has power over the heads of a number of his subjects. By actions of his government he can still deteriorate the standard of living of the masses of the population to some degree. But nothing more. Mussolini rules a nation of forty million people. Furthermore, he has great influence on European foreign policy. Hitler can rouse a race of sixty million to a fresh start (or, in another opinion, to economic decay); he can also cause certain political or military evolutions beyond the borders of his empire. Yet none can do what Roosevelt is capable of: he can – when using the powers conferred on him – bring economic ruin to the whole of America and the whole of Europe.¹

The author of this anonymously published article was Fritz Machlup (*[Machlup]* 1933, June 9),² and to a large extent it is representative of how

* This paper has been presented to the 2005 session of the *Dogmenhistorischer Ausschuss* in Berlin. It has much profited from the discussion in the session, specific revisions due to the discussion have been indicated in the footnotes. For their helpful comments I am grateful to all the participants. Furthermore, I thank Hans Willgerodt for identifying the source of *Röpke* (1934b) and for providing a copy of the original article. For permissions to quote from unpublished correspondence I am very grateful to Duke University for the papers of Oskar Morgenstern; to the Hoover Institution Archives for the papers of Fritz Machlup (copyright by Stanford University); to Helmut F. Furth for the papers of Gottfried Haberler, and to the Mises Estate and Bettina Bien Greaves for the papers of Ludwig Mises.

¹ In the following contributions to daily and weekly newspapers are cited by their date of publication, while all other references are cited as usual by the year of publication. When the author of an anonymous contribution has been identified, this is indicated by putting the author's name between brackets. If not indicated otherwise, all translations from German-language sources are my own.

the economists of the Austrian school perceived of the American economic policy associated with Roosevelt and the New Deal.

Other Austrian economists voiced similar concerns:³

I am certain that the United States will face even more severe crises than Europe. I regard Roosevelt's policy no less dangerous and ruinous than H[itler]'s. (Mises to Machlup, 11 Sep 1934, FMP 53/27).

Or with regard to Roosevelt's monetary policy:

... a not inconsiderable part of [his] economic policy defies an explanation in terms of economics, which must be replaced by psycho-pathology. (*Morgenstern* 1934a, 10).⁴

In the following we will focus on the crucial elements of the Austrian view of the New Deal that gave rise to such rash judgments. The Austrian economists mainly considered will be Ludwig Mises, Friedrich August Hayek, Fritz Machlup, Gottfried Haberler, and Wilhelm Röpke.⁵ Moreover, because of constraints of time and space this study will cover only the period of the so-called First New Deal, roughly from Roosevelt's inauguration to the Supreme Court's repeal of vital parts of the New Deal legislation in 1935.

As the Austrian economists (with the possible exception of Mises) typically were cautious in spelling out their political views in scientific writings, e.g., in journal articles or monographs, these sources have to be supplemented by taking into account anonymously published and unpublished sources. It is thereby that this paper hopes to contribute to the historiography of Austrian economics of this period. Anonymously published articles are mostly to be found in newspapers. In particular, from January

² For proof of Machlup's authorship cf. the bibliography in the Fritz Machlup Papers, box 1, folder 8 (= FMP 1/8).

³ We skip Joseph Schumpeter's notoriously hostile position towards Roosevelt; cf. for example Swedberg (1994, xiii–xiv).

⁴ This contribution also appeared anonymously, for Morgenstern's authorship cf. Oskar Morgenstern Papers (= OMP) 1. – In correspondence Morgenstern characterized Roosevelt as “lunatic in a purely medical sense” (Morgenstern to Haberler, 12 Aug 1934, Gottfried Haberler Papers = GHP 65) (“im rein medizinischen Sinne verrückt”).

⁵ Röpke (but not Schumpeter) has been included as a member of the Austrian school mainly for the proximity of his views to the Austrian business cycle theory; accordingly in *Haberler* (1937, 33) he was listed with Hayek, Machlup, Mises, Robbins, and Strigl among the adherents to the monetary over-investment theories of the cycle. Yet, as was pointed out in the discussion, such an association of authors with “schools” is always open to criticism. For the existence of two distinct strands within the Austrian school deriving from Wieser and Böhm-Bawerk see *Streissler* (1988).

1932 to April 1934 up to 200 articles, columns and contributions appeared in the Austrian daily, *Neues Wiener Tagblatt*, most of them authored by Machlup, some by Morgenstern and others, and some still unidentified.⁶ Moreover, Morgenstern worked for a year (in 1934) as the (anonymous) editor and main contributor to a monthly review, the *Wirtschaftliche Rundschau*, published by the Viennese businessman Julius Meinl, a fervent supporter of the liberal cause. Some articles, signed by their authors, in *Der Oesterreichische Volkswirt* and in the *Mitteilungen des Verbandes österreichischer Banken und Bankiers*, two economic-policy oriented journals, are also relevant to our topic. With regard to unpublished material we make some use of the papers and correspondence in the Fritz Machlup, Gottfried Haberler, and Oskar Morgenstern Papers.

In the end, it will turn out that our results are in some sort of contradiction to the title of this conference, which highlights the *influence* of American on German (or Austrian) economic thought, for – without revealing too much of the eventual outcome – the reception of the New Deal by Austrian economists was just characterized by the *lack* of influence of those ideas. However, re-examining the Austrian responses may still prove useful: For example, it will put some puzzles before us, as regards the order of importance the Austrians attached (or emphasized in public) to different aspects of the New Deal, and it will perhaps sharpen our eyes for the existence and the extent of diverging views within the Austrian school.

Then, the rest of the paper is composed of four parts. The next one (section II.) sketches a short history of the First New Deal, where following *Barber* (1996) we will distinguish between a regulatory and a reflationist agenda.⁷ According to this distinction, the next two sections elaborate on the specific Austrian reactions to these two agendas, the first centering on inflationism and the second on the problem of “planning”. By way of a conclusion we will finally discuss some of the lessons to be learned from this episode for our understanding of the Austrian school of economics in the 1930s.

⁶ A selection of these articles has been reprinted in *Machlup et al.* (2005); for simplicity, in the references the chapter numbers of the reprint edition are added in brackets. For the circumstances that gave rise to this journalistic activity see *Klausinger* (2005).

⁷ *Barber* (1996) denoted the respective agendas as “structuralist” and “monetarist”. However, to avoid any confusion by the use of such anachronistic terms in the following we will speak of “regulators” and “reflationists”. (I owe this clarification to suggestions made in the discussion).

II. The First New Deal, 1933–35

During the presidential campaign and the following interregnum between the presidencies of Herbert Hoover and Franklin D. Roosevelt the US economy already in depression experienced another sharp decline: In 1932 GNP fell by 13.8 percent, the price level went down by 11.1 percent, and the quantity of money (M2) had decreased since 1929 by 26 percent.⁸ This was compounded in March 1933 by the onset of the most severe of the banking crises that had beset the US economy. These circumstances made up the base for the activism in economic policy to which Roosevelt turned soon after his inauguration.

The experimental and radical character of Roosevelt's New Deal policy was not what would have been expected, given the quite orthodox lines along which he had campaigned against Hoover. Then and still in his Inauguration Address he had elaborated on the need for a drastic reduction in the costs of government, the desirability of providing a "sound currency", and the thriving of confidence on "the sacredness of obligations" – yet there were, in contrast, also references to "national planning" (with regard to transportation and other utilities), to "efforts to raise the values of agricultural products", and to the priority of "a sound national economy" over the restoration of international trade relations.⁹ As the events unfolded, with the Congress endowing Roosevelt with executive power unprecedented in peace times, actual policy-making had to face not only the tension between the promised adherence to orthodoxy and the radical nature of some of the New Deal experiments but also between the conflicting agendas within Roosevelt's "Brain Trust." Economic historians of this epoch have classified Roosevelt's policy advisors as falling into many diverse (five or more) groups,¹⁰ yet, we will emphasize the distinction between "regulators" and "reflationists".¹¹

Regulators, such as the Columbia professors Rexford G. Tugwell, Raymond Moley, and Adolf Berle,¹² took as a point of departure the (to them) apparent changes in the American economy that rendered the usual theories and recipes no more applicable. The most visible aspect of these changes

⁸ All numbers are from *Balke and Gordon* (1986); of course, this type of data was not readily available to contemporary observers.

⁹ All quotations are from the Inauguration Address (*Roosevelt* 1933).

¹⁰ *Kindleberger* (1986, 198) distinguishes between the orthodox, monetary manipulators, trustbusters, adherents to government ownership, and planners; for distinct classifications see e.g. *Bernstein* (1987, 187) or *Meltzer* (2003, 419–21).

¹¹ The following sections are based on *Barber* (1996, chs. 2–5).

¹² Moley and Berle were, by the way, not economists but law scholars.

had been the advent of “administered pricing”, primarily in the manufacturing sector, which made prices insensitive to demand conditions, contrasting sharply with the flexibility of commodity prices, with agriculture the most important example.¹³ The rigidity of manufacturing prices was held responsible for exacerbating the severity of the ongoing depression by having created an imbalance between manufacturing and agriculture, which had to be corrected as a prerequisite of recovery. Moreover, within the camp of regulators in the early phase of the New Deal, “technocrats” – in their belief in the technical superiority of big corporations – prevailed over “trust busters”, thus “concentration and control” was to replace “competition and conflict” (*Barber* 1996, 10). Consequently, they advocated the balancing of relative prices by means of supply-side measures (cooperation, that is, cartelization, restrictions of production and so on), and a more thorough regulation of industries, including labor relations.

Legislation most relevant for the regulatory agenda was the enactment of the Agricultural Adjustment Act (AAA) and the National Industrial Recovery Act (NRA). The former’s main purpose was the provision of farm relief and the restoration of farmers’ purchasing power by raising commodity prices by all available means, yet mainly by measures to restrict supply. The legislation of the AAA also had an important side effect in that the deliberations in Congress produced the Thomas amendment, on which more below. Yet, it was the NRA that became a sort of symbol for the First New Deal. A crucial element was the component of “industrial self-government” that it introduced into the economic system.¹⁴ It was based on “codes of fair behavior” to be submitted by trade and industrial associations, which when approved by the NRA administration made the trade practices agreed upon exempt from antitrust prosecution. Furthermore, the codes entailed regulations on minimum wages, limitations of working hours, and made collective bargaining mandatory.¹⁵ In addition, public works were introduced mainly as a relief effort. Without going into details, for the two following years the evolution of the NRA administration might be described as one of the rise and fall of diverse administrative bodies and the people governing them, as the NRA got into “interagency crossfire” (*Barber* 1996, 56). In May 1935 the NRA, and with it the idea of comprehensive planning at the industry level, was eventually laid to rest through its abolishment by the Supreme Court.

¹³ An early exposition is *Berle and Means* (1932).

¹⁴ The similarity to a corporativist economic system (like that realized in fascist Italy) did not go unnoticed by some commentators, neither in America nor in Italy (see *Schivelbusch* 2005, 23–36).

¹⁵ See for more details *Barber* (1996, 29).

For the period of the First New Deal a fragile coalition had existed between regulators and reflationists, united by the common goal of raising the price level (or specific prices) to and then stabilizing it at the pre-depression value. The reflationist argument was put forward among the members of the brain trust by George F. Warren and F. A. Pearson, both agricultural economists at Cornell, and by Irving Fisher, who offered his advice on his own initiative. From the different points of view, reflation was on the one hand considered a means to bring into balance the more flexible commodity prices with the bulk of administered prices, and on the other hand as a cure for depression by eliminating the burden of over-indebtedness.¹⁶ Yet, reservations on each side of the camp were severe: Regulators were mainly “sound money men” and abhorred inflationism, whereas reflationists criticized that supply-side measures attempted to raise prices by restricting (instead of expanding) production (see *Barber* 1996, 49–52).

In the first phase, the monetary management of the Roosevelt administration consisted of emergency measures directed at the banking crisis.¹⁷ In order to cope with the ensuing gold drain the domestic holding of monetary gold was prohibited and by refusing to issue the required licenses for exporting gold, the dollar became inconvertible and the United States in effect went off gold on April 18th, 1933. In consequence, the dollar price of gold began to rise, meaning a depreciation of the dollar, validated by the abrogation of the gold clause in June. Meanwhile, the Thomas amendment to the AAA paved the way towards monetary expansion. It authorized the Fed to purchase securities from the Treasury, or alternatively the president to issue currency, up to \$3 billion, it permitted a devaluation of the dollar up to 50 percent, and furthermore silver purchases of up to \$200 million. Bowing to some extent to the threat of more inflationist legislation by the Congress, the Fed hesitatingly started open-market purchases in March, yet when the internal resistance increased after Congress had adjourned, purchases petered out and the Fed remained totally inactive from November 1933 onwards.

The World Economic Conference in London with its prime purpose to reorganize international monetary relations, that is, a stabilization of exchange rates after the United States and Great Britain both had left the gold standard, soon forced American policy to choose between the pursuit of internal and external objectives. As Roosevelt’s famous “bombshell message” (July 3rd) made clear, he opted against stable exchange rates (and the

¹⁶ This argument was based on the debt-deflation theory of *Fisher* (1933).

¹⁷ The rest of this section draws on *Meltzer* (2003, 415–63); see also *Barber* (1996, ch. 3).

implied danger of deflation) and for recovery by means of monetary expansion and devaluation.¹⁸

Consequently, in the face of the Fed's inactivity, Roosevelt turned to "gold policy" as part of his goal of a currency managed so as to bring about reflation.¹⁹ In August the private market for newly mined gold was eliminated in the United States and hence the gold price was determined by the Treasury. In October the gold buying program, then executed by the RFC, was extended, covering now domestic and foreign gold, and the purchase price was fixed daily under the president's supervision. From the parity price of \$20.67 per ounce gold had climbed to \$29.62 in summer and following the purchase program to \$34 in November. Yet, due to the limited amounts spent, the program did not succeed in pulling the world market price of gold to the price fixed by American purchases. Thus, the effect on monetary expansion was limited, too, and the express purpose of this policy, namely to raise commodity prices, was missed.

The decisive step towards expansion came in January 1934. The Gold Reserve Act fixed a new gold parity of the dollar, amounting to a gold price of \$35, that is, a devaluation of close to 60 percent, transactions of gold were restricted to governments and central banks, and most importantly the gold reserves were transferred from the Fed to the Treasury. The Treasury also acquired the profits from the revaluation of the gold reserves and used them for building up the Exchange Stabilization Fund. Given the huge amount of these funds and the continuing inactivity of the Fed, in effect monetary and credit policy had thereby been shifted to the Treasury.²⁰ The long-term effect of devaluation was a monetary expansion, fuelled not only by gold flows induced by the now higher gold price in the United States but also by political instability in Europe, and in its amount comparable with and compensating the Great Contraction.²¹

¹⁸ See *Meltzer* (2003, 443), who sums up that "Roosevelt's decision ... was correct in the circumstances" (*ibid.*, 450).

¹⁹ This was the message of Roosevelt's October 22nd Fireside Chat. It should, however, be noted that this turn towards what was widely regarded as "inflation" did not go without causing some collateral damage among the administration's staff of economic policy advisors. The most prominent victim was Oliver Sprague, who quit from his position as advisor to the Treasury.

²⁰ *Meltzer* (2003) comments this move favorably: "The Federal Reserve paid for its inactivity by losing control of monetary policy" (459). And concerning the gold policy earlier on: "Unlike Hoover, Roosevelt did not intend to be the victim of Federal Reserve inaction." (*ibid.*, 441).

²¹ On monetary expansion as the driving force behind the recovery in the second half of the 1930s see *Romer* (1992) vs. *Steindl* (2004).

Summarizing the macroeconomic results of New Deal monetary policy, they were by and large considered disappointing at the end of 1933. A temporary burst of activity, signified both by a rise in the price level and in industrial production in the second and third quarter, broke down in the fourth, when industrial production fell back to its former level, whereas prices continued rising. Contemporary orthodoxy (including, as we will shortly see, the Austrians) saw this as proof that all inflationist policy had achieved was a transitory sham prosperity. Modern monetarists put the blame for this apparent failure on the Fed, which stopped monetary expansion in summer 1933 just when it would have begun to bear fruit. Accordingly, Roosevelt's gold policy is seen as a roundabout method for generating a monetary expansion (because of the lack of open-market policies) and it, too, failed in the first instance because of the limited amounts devoted to gold purchases. Only when devaluation meant an unlimited demand for gold at the new parity price, monetary expansion became sufficient for bringing about a sustainable recovery in 1934.²² Finally, the fact that prices continued to rise in 1933 when production declined can be interpreted in terms of a negative shock to aggregate supply, stemming from the introduction of the NRA. In this view, rising costs and the newly created incentives for collusion added up to a restriction of output that counteracted the expansionist policies and rendered them futile.²³

III. The Austrian View on the New Deal and Reflation

As we shall see, in their writings on the New Deal the Austrian economists gave more room to the danger emanating from inflationism than from planning and the drift towards a corporatist economic system. Therefore, their view on reflation will be dealt with first.

The Austrian theory of the business cycle and, in particular, of its depression phase is well known and need not be recapitulated here in detail. According to the consensus version of this theory, due to the writings of Mises and Hayek, inflation²⁴ by redistributing purchasing power generates a temporary upswing characterized by over- or malinvestment. Yet, inflation and overinvestment are also the cause of crisis and depression, as event-

²² Thus, *Meltzer* (2003, 463) summarizes, "disappointment at what appeared to be a failed policy produced a change that achieved the desired end of higher commodity prices and economic expansion that the administration sought".

²³ See, for example, *Weinstein* (1981) and more recently *Cole* and *Ohanian* (2004).

²⁴ Note that the Austrians defined inflation and deflation (in contrast with its present-day use) as increases and decreases in the supply of money.

ally the newly created structure of production cannot be sustained due to a lack of true (or voluntary) saving. The function of the depression is then to readapt the structure of production to the supply of saving, on the one hand by liquidating excessively roundabout production processes and on the other hand by changing the income distribution in favor of saving. Just as the upswing is caused by inflation, the depression phase as a rule will be accompanied by shrinkage of credit, that is, deflation. Consequently, this theory provided a formidable argument for the rejection of any kind of inflation, be it as the cause of an upswing necessarily ending up in crisis or as interfering with the cleansing process of the depression.²⁵ However, in a later development, some adherents to the Austrian theory, most prominently Haberler and Röpke, diverged from the consensus version and the policy conclusions derived from it insofar as the depression part was concerned.²⁶ They held that when the economy had entered a phase of secondary depression – a self-induced process without any economic function, expansionist policy, e. g., by combining monetary expansion with public spending, might be appropriate.

From the Austrian point of view, therefore, the main criterion for the choice of a monetary system was the extent to which it guaranteed the absence of inflation (or deflation). For many reasons, informational requirements impossible to fulfill prominent among them, the first-best solution of perfectly “neutral” money cannot be realized. Then, the gold standard constitutes the best system among those practically feasible. It is the very dependence, in a well-functioning gold standard, of the value of money on the vagaries of gold production, which is moreover only a small share of overall gold stocks, that makes it more inflation-proof than any other conceivable system.²⁷ It also compares favorably with the proposed alternative of a system aiming at a stable price level, an “index currency” as the Austrians called it, thereby emphasizing the need to define an index for measuring price stability. The weaknesses of an index currency just mirror the strengths of the gold standard:²⁸ First, it is prone to discretion-

²⁵ With respect to the American situation [*Machlup*] (1933, June 9) depicted the consequences of inflation most graphically: “Investitionstaumel”, “Konsumorgien”, “Kapitalaufzehrung”, “Armut” (“investment frenzy”, “orgies of consumption”, “destruction of capital”, “poverty”). Obviously, Machlup’s description was shaped by his experiences with hyperinflation in the 1920s.

²⁶ For a more thorough study of these divergences see *Klausinger* (2006a, sec. 3.2).

²⁷ See e. g. *Mises* (1924, 221–23), [*Machlup*] (1934, Jan 21), *Röpke* (1935, 159), and *Hayek* (1937, 255 [1999, 169]); this view was also shared by *Morgenstern* (1936c).

²⁸ See *Machlup* (1933b, c, 1934, 145–50).

ary influence by politics, e. g., with regard to the choice or manipulation of the relevant index. Second, a stable price level will as a rule lead to fluctuating exchange rates, thereby inhibiting international trade – whereas, in case of a sound currency, “movements in the price level are always irrelevant and harmless” (*Machlup* 1934, Feb 4). Third, in a growing economy the price level can only be stabilized by accepting an increase in the quantity of money – yet, this (relative) inflation had been identified (e. g., by *Hayek* 1932a [1999, 160]) as the ultimate cause of the breakdown of the American economy in 1929. In the end, this criticism of the index currency had a direct bearing on the Austrians’ judgment on New Deal policies, as the goal of reflation implied the transition to a “manipulated currency,” whose main criterion for control was a price index. When the proposal of an eventual stabilization of such an index was already regarded harmful, preceding it by a period of rising prices was destined to meet even harsher criticism.

Turning now specifically to American events, Austrian warnings about the advent of inflationism did not start with Roosevelt’s presidency, but were already directed at the Hoover administration. The enactment of the Glass-Steagall Act in February 1932, which made government securities eligible for backing the money supply, and the episode of expansionist open-market purchases in the first half of 1932 were singled out in this regard (see *Braun* 1932, Mar 2; *Hayek* 1932, Aug 21).

It should be stressed, on this occasion, that the Austrians opposed expansionist policy even in a depression and amidst an ongoing contraction in the money supply, not because they were not aware of the facts, but because deflation was in their view the natural response to the inflationary increase in money and credit during the upswing. Thus, *Machlup* spoke in 1933 of the “deflation hysteria” that pervaded economic opinion in the United States, whereas in truth “deflation is only the necessary consequence of the preceding credit inflation” (*Machlup* 1933d, 317).²⁹ In addition, he referred to the Federal Reserve Bulletin for proof that the decline in banking deposits from October 1929 to December 1932 was of comparable amount to the increase from 1922 to 1928, namely \$13.5 billion.³⁰ This constitutes incontrovertible proof, if it were ever needed, that the Austrian explanation of the depression is directly opposed to the monetarist one, as put forward by *Friedman* and *Schwartz* (1963) or *Meltzer* (2003).

Thus, evidently the Austrians sharply opposed any proposal of reflation. In their response they took care in dealing with the different reasons that

²⁹ Similarly *Mises* (1934, 276).

³⁰ These data on US banking deposits were regularly published in the *Mitteilungen* (cf. *Knoblich* 1933, 143; 1935, 217).

were (or might have been) given as a justification for that policy.³¹ The first reason derived from the thesis of administered pricing. Accordingly reflation ought to bring flexible and administered prices into balance, that is, close the “price scissors” between agriculture and manufacturing that had evolved in the course of the depression. This problem became the more urgent due to the political clout exercised by the organized interests of farmers. Yet, the Austrians doubted that in this regard reflation would be successful even when judged on its own terms. For it would not only raise farm prices but also the prices of those products that farmers use as inputs; furthermore, the way money is injected into the economy may even favor industry – or put shortly: It cannot be gauged in advance who will be helped by inflation (*Machlup* [Sep 1933?]). In any case, the recovery from depression would by itself lead to an increase in flexible (relative to administered) prices so that a specific policy of reflation (instead of merely re-expansion) was neither necessary nor desirable (*Röpke* 1934, 66–67). Whereas this justification for reflation was propagated among Roosevelt’s advisors by Warren and Pearson, another one was based on Fisher’s debt-deflation theory: Reflation was needed in order to reverse the real appreciation of nominally fixed debt, which exacerbated the depression by the (fear of) bankruptcies which it caused. Again the Austrians – because of the costs associated with inflation – preferred the alternative solution of liquidating bankrupt firms (*Machlup* 1933d, 316).

A third possible justification for inflation (or reflation), ascribed by the Austrians to Keynes and his followers, is its effect of lowering excessive real wages due to the stickiness of money wages. Here, the Austrian view acknowledged that by this mechanism (and if money wages can indeed be kept constant) inflation may work – as it had in Great Britain – as a temporary expedient for combating the depression, nevertheless they rejected it for its deleterious long-run effects. The proper alternative was, of course, not to raise prices with given money wages, but the other way round to cut money wages – the “natural healing method” for depressions (*Machlup* 1933a, 781).³² However, in the American debate, this argument for reflation was conspicuous by its absence. *Machlup* (1933d, 316) attributed this to the reliance of the proponents of New Deal policy upon the obsolete purchasing power thesis, according to which the depression could be overcome by fueling aggregate demand by means of higher wages. Thus, the very regulation of minimum wages and maximum hours, which were part of the NRA

³¹ See *Machlup* (1933d, 315–16) for a thorough discussion of the problems allegedly to be solved by reflation.

³² See also [*Machlup*] (1933, Apr 2); [*Morgenstern*] (1934b, 14) seconds that “it has always been clear scientifically” that cost cutting is the only correct method while inflation is “no method at all”.

codes, precluded the mechanism by which the Austrians perceived that reflation might lead to recovery, even if only a short-lived one. In this regard, the Austrians – like many other contemporary observers – took exception to Roosevelt’s description of his program, in particular of the NRA, as “a connected and logical whole.”³³ Rather, it was criticized to consist of measures that contradicted each other – e. g., raising prices by inflationary methods and simultaneously decreeing wage increases. Thus “in the recipes for the American economy concocted by President Roosevelt’s brain trust we find a delicate mixture of poison and antidote” (*Machlup* 1933, Aug 13), with uncertain effect.

The Austrians’ main criticism of a policy of reflation stressed the long-run damage done by inflation and the impossibility of “controlled inflation” (“dosierte Inflation”), that is, of containing inflation once under way to a moderate pace or even to stop it eventually. The first part of the argument was a simple application of Austrian business cycle theory: If inflation – even without rising prices – had in the end been responsible for the crisis of 1929, repeating the inflationist experiment in the depression would only lead to even more disastrous consequences. Indeed, a recovery may result from inflation, yet “as soon as ... monetary expansion is slowed down or stopped, the crisis would break out anew and to an even more catastrophic extent, because the injections of credit have caused new malinvestments ...” (*Machlup* 1933e, 386).³⁴ How could an expansion of credit be the solution if the existing economic distress had been brought about by the indebtedness resulting from excessive credit in the preceding boom? (*Machlup* 1933, Oct 1) The second part of the argument centered on the thesis that not only even moderate inflation will be harmful in the long run,³⁵ but also that inflation cannot be kept moderate for long because only an ongoing or accelerating inflation will sustain temporary prosperity. One might call this the slippery-slope thesis of inflation: The moment the danger of inflation is perceived by the public, it will “enter that stage of acceleration where control will no longer be possible” (*Machlup* 1933d, 318). Similarly, Röpke argued that inflation when coupled with depreciation, as in the United States, will only become effective after it has reached “pathological dimensions” (*Röpke* 1935, 161).³⁶ In any case, the events during Roosevelt’s first

³³ In his Third Fireside Chat of July 24th, 1933.

³⁴ See also *Hayek* (1932a [1999, 165]) for a similar statement on the Fed’s expansionist policy before 1933.

³⁵ “Earnest scientists state that any increase of money – even in a small dose – may do harm.” (*Machlup* 1933, July 9b); this statement was echoed almost by word in *Knoblich* (1935, 222). Probably, the earnest scientists referred to relative inflation.

³⁶ Although this quotation referred to the United States, Austrians were usually keen to observe the differences in the awareness of the dangers of inflation in the

hundred days were interpreted as opening up the possibility of inflation in dimensions never experienced before. Machlup calculated that fully using the authority warranted by the Thomas amendment might cause an increase in the quantity of money of up to \$72 billion, that is, five times the increase during the credit boom of the 1920s, and correspondingly raise the specter of a crisis five times as severe as the present one.³⁷ The drastic consequences to be expected from such an enormous bout of inflation provided the justification for ascribing to Roosevelt more power than possessed by any of his contemporaries, as in the quotation that opened this paper. Similarly, Roosevelt's acceptance of the idea of a "manipulated currency" was taken as signaling his readiness to embark on a "program of inflation" with the Exchange Stabilization Fund as the appropriate "apparatus" ([*Machlup*] 1933, Nov 5). In any case, from their point of view, the Austrians had sufficient reason for rejecting any program of reflation.

The Austrians not only rejected the goal of reflation, they were also critical of the means by which this goal was pursued, that is, of Roosevelt's gold policy. A first set of criticisms pertained to the technique of monetary control. Open-market policy was considered as effective for bringing about inflation (see *Machlup* 1933d, 318), yet they remained doubtful of the success of the gold purchasing program. This was especially the case for gold purchases before the definitive devaluation of the dollar. Under these circumstances, the link from higher gold prices to monetary expansion and a higher price level in the United States was conceived as depending primarily on the reaction of the current account: A higher dollar price of gold meant a depreciation of the dollar, an increase of net exports and thereby of gold flows into the United States – repercussions transmitted by the capital account were disregarded except for the possibility of compensating outflows of gold due to the fear of inflation (see Haberler 1933, Nov 4; [*Machlup*] 1934, Jan 4). Yet, these two Austrian commentators differed to some extent on the effectiveness of the gold policy: Whereas Haberler (*ibid.*) criticized gold purchases only as "a highly inexpedient means", Machlup (*ibid.*; see also *Machlup* 1933d, 317–18) denied any considerable effect of the gold price on the price level, based on the irrelevance of foreign trade for a large economy like the United States.³⁸ From the discussion

Anglo-Saxon countries as compared to continental Europe with its experience of past hyperinflations (see e.g. *Machlup* 1933d, 314).

³⁷ The quantity of money (currency plus bank deposits) according to Machlup's own calculations amounted to roughly \$45 billion in 1933. His assumption of a money multiplier of 24 was obviously quite extreme, recent estimates for the 1930s put it into the range of 7 to 8 (*Meltzer* 2003, 496).

³⁸ *Röpke* (1934a, 69) also doubted that changes in the exchange rate could on their own move the price level.

between Haberler and Machlup it appears as if both had not taken sufficiently into account whether the higher gold price was supported by a limited amount of purchases or (as was the case after the formal devaluation) by an unlimited obligation to buy. For although Machlup is correct in pointing out that in 1933 even purchasing the world production of gold would have increased the money supply only by 2 percent (*Machlup* 1933d, 317), it is more doubtful if his distinction between large and small countries still has force when applied to the case of a country that decreed to pay a higher own currency price for gold and foreign exchange (as in Machlup to Haberler, 23 Jan 1934, GHP 65).³⁹ Denying the link between devaluation and the price level for a large country even in this case would have been equivalent to a rejection of purchasing power parity.

In addition, besides the question of technique, the gold policy was seen as creating instability in the international monetary system and was condemned for this reason by the Austrian economists. First, fluctuating exchange rates, and in particular the uncertainty as to the future of the dollar, had detrimental effects on foreign trade because of increasing exchange risk in international transactions (see [*Machlup*] 1933, June 18). This problem was amplified by the prevailing protectionist sentiment and the disposition to react to current account deficits by introducing exchange controls and trade restrictions. Accordingly, the Austrians were among the sharpest critics of Roosevelt after the failure of the London Conference aimed at a stabilization of exchange rates.⁴⁰ The second aspect concerned the repercussions of the depreciated dollar on the gold standard, that is, the survival of the gold bloc.⁴¹ Although the depreciation of the dollar exerted a deflationary pressure on the gold bloc, most Austrian economists favored the preservation of the gold parity even under these circumstances. In particular, Machlup argued that it is never inflationism abroad (in the United States) that might endanger the gold parity, but only inflationism at home, which had to be resisted ([*Machlup*] 1933, July 5). When the gold bloc eventually broke down in 1936, *Morgenstern* (1937b, 160) blamed political reasons inside these countries for their ultimate surrender. *Hayek* (1937, 267

³⁹ In this source Machlup referred to a disagreement with Haberler on the link between the exchange rate and the price level. Obviously, Haberler was convinced that this link was tighter than Machlup believed. (Haberler's part of the correspondence has not been preserved.)

⁴⁰ Typically the criticism put emphasis on the apparent contrast between the unanimous advice offered by "economic reason" and the incapability of politics to follow the economists' expertise (see, e. g., [*Machlup*] 1933, July 9a; *Morgenstern* 1933, July 25).

⁴¹ In 1933 the gold bloc consisted of Belgium, France, Italy, the Netherlands, and Switzerland.

[1999, 180]) also reiterated his conviction that the breakdown could have been prevented, had the United States and Great Britain revalued their currency in time (and thereby exposed themselves to the danger of deflation): “An enormous amount of economic damage and social turbulence would thereby have been averted.” (ibid.).⁴² The only skeptic among the Austrians was Haberler: He had predicted the disintegration of the gold bloc early on (Haberler to Machlup, summer 1934, FMP 41/4) and, in a case of such a breakdown, at least with regard to his native Austria he had advised to peg the Schilling to a depreciated currency (like the French franc after 1936),⁴³ possibly because he held then a less optimistic (and more realistic) view on the economic effects of deflation.

This specific example indicates that the response to the New Deal policies, and indeed the position towards expansionist policies, was not wholly homogenous among Austrian economists. It is true that Mises, Hayek, and Machlup were in almost complete agreement with regard to the practical matters of crisis policy. Yet with Röpke, Haberler, and Morgenstern the case is more difficult.

It is well known that based on the distinction between a primary and a secondary phase of deflation (or depression) Röpke (1933a, 428–31) had associated himself with what he called “the expansionist school” in contrast to the “restrictionists”, like e. g. Mises, Hayek, and Machlup.⁴⁴ In Germany the expansionists had vehemently opposed Brüning’s deflationist policy and Röpke considered his policy proposals as even more applicable to the United States. In the latter case he had favored “effective expansion”, that is, public expenditure financed by monetary expansion, combined with policies of deregulation designed to further the flexibility of prices and wages (“Auflockerung”) (Röpke 1934a, 71). Yet, it was crucial that expansion be achieved within the framework of the gold standard. Ideally, the London conference should have ended with the creditor countries agreeing on a simultaneous program of expansion without any need to take recourse to currency experi-

⁴² It is noteworthy that both Hayek and Morgenstern in 1937 saw the “gold problem” in a surplus of gold and suggested revaluation as the remedy (Hayek 1937, 267–68 [1999, 180–81]); Morgenstern (1937b, 159) noted as an additional justification for revaluation the “fear of an excessive boom”.

⁴³ For evidence see Haberler’s correspondence with Morgenstern (17 Jul 1934, OMP 5), the Austrian minister of finance, Ludwig Draxler (19 Nov 1936), and the president of the Austrian National Bank, Viktor Kienböck (12 Dec 1936, both in GHP 67).

⁴⁴ The contrast is highly visible in Röpke’s review (Röpke 1933b) of Mises (1931). For a more detailed examination of Röpke’s position in the middle ground between the Austrians and the proto-Keynesians see Klausinger (1999), on Röpke in general see Schefold (2002a) and Peukert (2002).

ments (*ibid.*, 70). However, after the conference's failure, if any country, the United States would have been the one able "to execute a strong expansionist policy without abandoning the gold standard" (*ibid.*, 77). Monetary expansion in the United States with a fixed exchange rate also would have generated outflows of gold beneficial to the gold bloc, just the opposite to the deflationary pressure actually exercised by a depreciating dollar (*Röpke* 1935, 162–63; see also 1936, 166–67). Röpke's diagnosis of the United States provides an example for his general belief that in any country there is some scope for expansionist policy within the gold standard (*Röpke* 1935, 163–64; see also 1936, 170). Yet, policies under the New Deal differed sharply from what Röpke would have recommended. To him they appeared to pursue the wrong goals with the wrong means: reflation instead of re-expansion, that is, emphasis on raising the price level (or individual prices) instead of expanding production; a policy of minimum wages, regulation, and cartelization instead of the breaking up of rigidities; and finally monetary experiments and depreciation instead of the defense of the gold currency (see *Röpke* 1934a, 64).⁴⁵ In the end the ambiguous experience with business cycle policies led Röpke to caution: "Expansionist policy is a dangerous instrument to be put only into skilful and considerate hands" (*Röpke* 1934a, 73; see also 1936, 204). In this regard, he contrasted the expansionist policies, involving devaluation, as executed in England and Sweden, of which he generally approved, to those in the United States and Germany, which he considered to be more of a curse than a blessing. In the latter – but not in the former – cases even to passively wait and see might have been superior to the clumsy policies followed (*Röpke* 1934, Aug 1, 8).⁴⁶ This more skeptical position also foreshadowed his later reaction to Keynesianism, which he accused of turning what may be appropriate in a special situation into a general rule, pointing out that in this respect his views were in parallel with Haberler's (Röpke to Hans Munz, 14 Mar 1942, in *Röpke* 1976, 58).⁴⁷

⁴⁵ Of course, Röpke's optimism about the compatibility of expansionist policy with the defense of the gold standard is highly questionable – as pointed out, e.g., by *Robertson* (1936, 477) in his review of *Röpke* (1936) – and it also ran counter to the Austrians' argument that there is a trade-off between exchange rate stability and price level stability, a conflict that must be solved in favor of the former. For today's mainstream view that getting rid of the "gold standard mentality" was a precondition for the success of crisis policy see *Eichengreen* and *Temin* (2000); yet, recently *Bordo*, *Choudhri*, and *Eichengreen* (2002) found the gold standard constraint to expansionist monetary policy in the US not binding.

⁴⁶ Thus, when Röpke was quoted in the *Wirtschaftliche Rundschau*, then edited by Morgenstern, this quotation (*Röpke* 1934b) gave a distorted picture of his position as if he had deduced from the American and German experience the failure of expansionist policies in general.

⁴⁷ See also *Röpke* (1946, 364–65).

Haberler had already early on been mentioned by Röpke (1933a, 434n) as a member of the expansionist school, yet as one whose views were mainly contained in unpublished writings (Röpke 1936, 133n). And indeed Haberler's dissent from the orthodox Austrian position primarily emerged during his preparatory work for the League-of-Nations study on prosperity and depression (Haberler 1934, 1937).⁴⁸ Again the situation of the United States played a special role in his judgment of the room for maneuver available for expansionist policy. Haberler was aware (more than Röpke) of the different prospects of success of such policies when pursued in small (or single) in contrast to big countries (or the world as a whole). Thus, already in 1932 he was not altogether hostile to a reflationist policy in the United States: "World deflation must be combated from here" (Haberler to Morgenstern, n.d. [Feb 1932?], OMP 5).⁴⁹ Later on, going further than Röpke, he argued for policies to counteract deflation even immediately after the crisis has set in, and he concluded:

I lean increasingly towards a favorable view on expansionist policy. The experiences that have been made in Germany, Sweden, and England are rather good. That Germany pursues destructive ends and produces weapons instead of useful things is beyond the economic point of view. And that the US has tackled the thing quite silly does not speak against a reasonable policy of expansion. (Haberler to Morgenstern, 13 Nov 1935, OMP 5).

So Haberler kept to his dissenting position even in the face of the New Deal experiments, although far from ever becoming a Keynesian in any useful meaning of this term he supplemented his principal advocacy of an activist business cycle policy with numerous qualifications and reservations.

Morgenstern, too, must be dealt with separately.⁵⁰ Although he did not publish any original work on monetary and business cycle theory, he became in the 1930s an ever more explicit critic of the Austrian approach. He was skeptical on methodological grounds, because of the neglect of the elements of time and market power, he considered crucial concepts (like the period of production, neutral money, and the natural rate of interest) as useless, and he rejected general rules (or norms) for monetary policy in turn for a case-by-case approach.⁵¹ Yet, with regard to policy Morgenstern was one of the staunchest adherents to the gold standard mentality that made

⁴⁸ For the development of Haberler's thought in this regard cf. *Boianovsky and Trautwein* (2006) and *Klausinger* (2006a, sec. 3.2).

⁴⁹ Yet, at the same time Haberler refused to sign a petition of economists urging a more expansionist (open-market) policy in the United States (see on this *Davis* 1971, ch. 5).

⁵⁰ On Morgenstern's position within the Austrian school see *Leonard* (2004).

⁵¹ See, for example, *Morgenstern* (1934, 79–83, 91–97 and 128 [1937a, 88–92, 101–8 and 140]).

him support policies of sound finance, sound money, and a hard currency (only in some rare instances mitigated by the pragmatism necessitated by his role as a policy advisor to government or business).⁵²

In this connection the Austrians' judgment on American economists in general, and their role as advisors to the Roosevelt administration in particular, might also be of interest. Although they did not hold American economics in high esteem,⁵³ the Austrians persistently emphasized that the members of Roosevelt's brain trust did in no way represent mainstream economics but were mostly outsiders to the profession. In this regard, Morgenstern warned of putting the blame for such ill-guided advice on economists, because no member of the brain trust was "an economist of any repute" (1934, 131 [1937a, 146]).⁵⁴ Conversely, the mounting criticism of orthodox American economists, especially after the introduction of Roosevelt's gold policy, was paid due attention – highlighting, for example, the resignation of Sprague as an economic adviser to the Treasury, or the activities of Edwin Kemmerer and Benjamin Beckhart (see *Machlup* [Dec 1933?]).

Yet, tellingly the Austrians were in opposition not only to the "heterodox" members of the brain trust, but also to representatives of the Old Chicago School like Jacob Viner and Henry Simons. Neither the former's cautious advocacy of expansionist policy – favoring public expenditures financed by monetary expansion – nor the latter's proposals for monetary and financial reform⁵⁵ were appreciated by Austrian observers. In particular, the Austrians rejected Simons's endorsement of the Chicago plan of 100 percent money. This is illuminating insofar as the Austrians attributed the anticipation of this idea to the theoretical writings of Mises, Hayek, or Machlup,⁵⁶ respectively, yet concurred in the view that any attempt at practical application was illusory and "unbelievably naïve" (Hayek to Haberler, 9 Sep 1934, GHP 66). Similarly, Simons's proposal to have all bank money backed by government securities was opposed as a "nationalization of checking accounts".⁵⁷ So the

⁵² See his advocacy of a fixed parity for the Schilling in the face of the devaluation of the gold bloc currencies in 1936 (*Morgenstern* 1936b).

⁵³ Mises expressed his opinion that the "awful economic policy" in the United States was the "necessary consequence of the recent American so-called economic literature" (Mises to Machlup, 23 Mar 1934, FMP 53/27).

⁵⁴ Already earlier *Morgenstern* (1933, July 29, 934) had qualified the members of the brain trust as just "third-rate economists".

⁵⁵ See for example *Viner* (1933) and *Simons* (1934).

⁵⁶ See, respectively, Hayek to Machlup, Jan 1935, FMP 43/15; Hayek to Haberler, 9 Sep 1934, GHP 66; and Machlup to Hayek, 11 Mar 1935, FMP 43/15.

⁵⁷ See, e.g., Haberler to Machlup, [summer 1934], and Machlup to Haberler, 25 Sep 1934, FMP 41/4.

Austrians denounced as ill-advised not only the proposals of heterodox American economists but also of those who are presently considered the respectable forerunners of today's liberal mainstream.

Thus, as a preliminary conclusion we can sum up that the dominant aspect of the Austrians' view on the New Deal policies was their concern with inflationism. It was this danger that in their eyes made Roosevelt not only the most powerful politician but also the one to be most feared. This fear was even overriding the other one, of a drift towards a system of regulation and planning:

Compared with the danger of inflation the importance of all other interventions falls into the background. What change will the attempts to influence the labor market or to support cartelization mean to the results of a progressing inflation? (*Machlup* 1933d, 318)

IV. The Austrian View on the New Deal and Regulation

The Austrians dealt with the New Deal's regulatory agenda before the background of the economic calculation debate and Mises' general critique of planning and interventionism. Accordingly, interventionism is doomed to failure due to its inevitable drift towards socialism, and socialism proper is unfeasible because it cannot solve the problem of economic calculation.⁵⁸ However, in comparison to the Austrian view on reflation as reviewed above, the critique of this aspect of New Deal policies remained on a more general level and rarely dealt with the American situation specifically. In particular, the aspect of industrial self-government, with its distant relationship to corporatist ideas, appears often to have been downplayed.

First of all, the Austrians perceived the New Deal era (and contemporaneous events in Great Britain) as another confirmation for the existing tendency to turn away from classical liberalism – for example, this is the gist of the argument of Hayek's *Road to Serfdom* (see e.g. *Hayek* 2007, 66 [1944, 15]). In the eyes of many critics of the old liberalism the evolution of the economic system as pushed by technical progress and the trend towards big enterprise and mass production necessitated the introduction of some form of "organization" going beyond the competitive model. Regulation by state intervention, self-organization and coordination within industries by means of cartelization or in the ways furthered by the NRA codes, if not outright planning, were the solutions called for.⁵⁹ In an atmosphere

⁵⁸ For an overview of the socialist calculation debate see *Lavoie* (1985).

⁵⁹ In Austria a positive evaluation of the NRA along these lines was put forward e.g. by *Karl Polanyi* (1935, 274–75), the future author of *The Great Transformation*.

dominated by the notion of the “inevitability of planning” of some sort the Austrians’ insistence on the virtues of classical liberalism had eventually become a minority position.

On the roots of this shift away from the old liberalism to a system of planning (at least at the industry level) opinions diverged: Mises saw them in a kind of “sociological Marxism”, others in fascism, or simply in the endeavor to cope with the emergency situation created by the depression coupled with an atmosphere in general friendly to all types of planning. *Machlup* (1933d, 314–15) identified as the ideological foundation of this movement towards planning not socialism of a Marxist type, but a kind of “socialism of the chair” (“Kathedersozialismus”), combined with a quest for security and stability in total contradiction to the dynamics and mobility hitherto thought typical for American society. Yet, similar to Mises’ thesis of interventionism of necessity leading to a fully planned economy (see e.g. *Mises* 1933, 183 [1960, 196]), among the Austrian critics the deviation from the rules of the liberal framework created the fear of a complete destruction of the old order. Because of the uncertain and at best transitory benefits to be gained by interventions an ever growing dose of such measures would be necessary in order to even temporarily cover up the failure of the whole approach. Thus adherents to planning were likened to “morphinists” (*Morgenstern* 1934c, 50).⁶⁰ And, of course, withdrawal would become more and more difficult the longer the economy had become accustomed to interventions. Once having gone astray, the moral strength needed to abide to the old-honored rules would remain damaged for long and make a return much more difficult.⁶¹

The Austrian critique included both economic and political aspects. With regard to the economic aspect, among the Austrians *Morgenstern* seems to have been unique in explicitly referring to the theory of administered prices. The rigidity of administered prices figured prominently in American discourse as a proof of a fundamental change in economic structure and, indeed, this rigidity was perpetuated by the introduction of the NRA codes. In *Morgenstern*’s writings from this period the effects of the price stickiness of goods produced by monopolies or cartelized industries was also an ever present topic. In the context of the business cycle sticky prices ex-

⁶⁰ The metaphor of morphinism was quite familiar in economic discourse these days and often used with regard to the sham prosperity created by inflation, even outside the liberal camp, see e.g. *Kerschagl* (1933, 19). Richard Kerschagl was a conservative economist, close to the ideas of a corporate state and Italian fascism; *Ellis* (1934, 88) called him “a minor satellite of the Austrian analysis”.

⁶¹ See [*Machlup*] (1934, Feb 25) for an analogous argument concerning the return to gold.

erted an unfavorable influence on “the duration and intensity of the cyclical depression” (*Morgenstern* 1931/32, 62),⁶² and thus such rigidities should be broken up, primarily by abolishing tariffs that shelter the industries in question from foreign competition (*ibid.*, 68). Thereby, Morgenstern joined the general position of the Austrian economists, who saw rigid prices as a friction to the market system to be eliminated, and indeed during the 1930s he consistently campaigned for a policy of “Auflockerung” to this effect. Yet, remarkably, he also considered the taking into account of such monopolistic elements as signifying “how far removed modern theory is from classical theory”, and thereby also from the kind of “scientific liberalism” (*Morgenstern* 1934, 92 [1937a, 102]) he attributed to Mises.

The American proponents of New Deal regulation, often labeled as “technocrats” or “engineers”, drew the opposite conclusion – big enterprises, despite the market power that enabled them to keep prices rigid, should be promoted for their technological efficiency instead of being fought by trust-busters.⁶³ Yet, as Machlup put it, the introduction of planning at the industrial level amounted to “monopoly capitalism” under the name of a “planned economy”, which might however prove only the first step towards wholesale planning (*[Machlup]* 1933, Aug 6).⁶⁴ Similarly, *Hayek* (1935a, 101) concluded, the hope of “engineers” to “‘rationalize’ the so-called chaos of free competition” would be in vain and just further a tendency to maximize monopoly profits and restrict output. Finally, Morgenstern, who was emphatic in his denouncement of the NRA, predicted that the destructions brought about by this system of control might even exceed those by the war in Central Europe (*[Morgenstern]* 1934a, 10), and he also discovered similarities between the NRA and the policies pursued in Italy, in Germany, and even in Russia (*[Morgenstern]* 1934c).

A related debate centered on how to best deal with technical progress or “rationalization”. Again the adherents to planning put forward the notion that these decisions must not be left to the market and the profit motive but that some control of technical progress with regard to the introduction of technical innovations is necessary, e.g., in order to protect the capital al-

⁶² See also *Morgenstern* (1936a, 14). As is well known, *Schumpeter* (1942, 92–96) inclined more towards the opposite conclusion.

⁶³ See *Bernstein* (1987, 189) for the conflict between “technocrats” and “progressives” within the New Deal, which in the early phase was settled in the formers’ favor. In the Austrian debate *Polanyi* (1935, 277) imputed to the anti-trust activities a “technologically reactionary effect”.

⁶⁴ Similarly, he characterized the outcome of a corporatist economic system as forced cartelization with closed entry (*Machlup* 1934, 207–8).

ready invested in existing plants.⁶⁵ In the 1930s a crucial example of the difficult choices to be made between different techniques was the transportation problem, that is, the competition between railroads and automobiles, especially with regard to freight traffic. In the United States the New Deal introduced a regulatory solution to this transportation problem, which an Austrian commentator characterized as “authoritarian” (Anon., 1933, Dec 31). When discussing the economics of rationalization Hayek (1935a, 103–5) asserted that in principle competition will give rise to first-best solutions whereas the “effects of planning in order to preserve capital values are ... harmful”, in particular “when retarding the introduction of new inventions” (ibid., 104). Specifically turning to transportation policy, which was also a vital issue in Austrian politics,⁶⁶ Hayek (1984, 171 [1936, 17]) stated that a policy oriented towards the maintenance of capital values “impoverishes a nation”, and *Morgenstern* (1936a, 19) flatly rejected the argument of protecting capital values as “scientifically wrong”. However, in contrast to Hayek, Morgenstern was ready to take account of factors like “external economies” that should be reckoned in a comparison of alternatives and could justify some regulatory intervention.⁶⁷

In these writings directed at the New Deal regulations we find also the now familiar reference to dispersed knowledge.⁶⁸ Morgenstern reiterated it in his criticism of the attempts at central control by government agencies like the NRA, the AAA, and others, “which tried to be more clever than the millions of people who earn their living” (*[Morgenstern]* 1934c, 50; see also 1934a, 10). And when with regard to rationalization Hayek stated that – theoretically – free competition and an intelligent economic dictator should end up with the same results (Hayek 1984, 170 [1936, 15]), he left no doubt that there was no ground on which to impute the required knowledge to a central planning board (ibid., 165 [11]). Thus, the Austrians in their critique of the New Deal made consistent use of this crucial argument against planning.

Turning to the political aspect of the New Deal experience, it must be noted that in these times, the first half of the 1930s, it was preeminently Mises and Morgenstern among the Austrians who were concerned with

⁶⁵ Obviously, the market could also err on the other side, in bringing about technical progress which is “too slow” instead of “too rapid” – yet, this was not the main concern in these days.

⁶⁶ It should be remembered that the crucial debate in the Austrian parliament that preceded its dissolution in March 1933 was on the Austrian railroad system.

⁶⁷ In these days Morgenstern worked as an adviser to the Austrian government on transportation policy, which like most other sectors was indeed heavily regulated.

⁶⁸ The argument had already been present in *Mises* (1920) and was taken up again in *Hayek* (1935b).

these political aspects whereas the others (including Hayek)⁶⁹ laid more emphasis on economic effects.

As already pointed out above, many observers considered the New Deal as a shrewd combination of an extreme form of economic interventionism, organized according to corporatist principles, with political democracy. In economic matters Roosevelt's system was often described as "economic dictatorship" (Anon. 1933, Dec 31).⁷⁰ Therefore our point of departure will be the compatibility of democracy and a liberal and (as in the New Deal) an interventionist (or corporatist) economic order, respectively.⁷¹ Although, it constitutes a pillar of liberal thought that, in principle, a free market capitalist economic order ought to be complemented by democracy (see e.g. *Mises* 1927, 37 [1978a, 42]),⁷² in the presence of special interest groups the Austrians discerned an unfortunate two-way causality between democracy and interventionism. On the one hand, in the latter form of democracy, with political parties in the pursuit of special interests, public opinion will support measures incompatible with the spirit of liberalism for the promise of short-run benefit at a long-run cost, as is the case with inflationism or planning. In the United States, diagnosed *Machlup* (1933d, 318), "if public opinion were followed, inflation would be inevitable". Under such conditions, in the long run capital consumption cannot be avoided in a democratic society (see *Hayek* 1932b, 107 [1984, 155]).⁷³ Yet, on the other hand, interventionism generates by itself a majority supporting it. "In a country [like the United States] where a large percentage share of the population lives on money from the state democratic methods will lead to ruin." (*Machlup* to *Mises*, 8 Apr 1935, FMP 53/27).⁷⁴

Thus, given that in the 1930s enlightened democracies to the Austrians' taste were few and far between, the democratic system appeared as doomed

⁶⁹ For the evolution of Hayek's thought on socialism from a purely economic to a more comprehensive critique see *Caldwell* (1997, 37–47).

⁷⁰ In the Austrian debate, in the period between the dissolution of parliament and the era of the corporate state, the economic dictatorship as introduced by New Deal legislation was considered a paradigm for Austria's new authoritarian constitution (see e.g. *Loebell* 1933, 12). Wilhelm Lobell was a high public servant – *Sektionschef* – in the Austrian administration. *Polanyi* (1933a, 173) also spoke of the US as a kind of dictatorship, and of the Brain Trust as "the general staff of a fascist planned economy" (1933b, 182).

⁷¹ The Austrian position is more fully discussed in *Klausinger* (2006b, sec. 3).

⁷² This is essentially true when enlightened by liberal thought democracy imposes self-restraint on the power of the state, yet this will not be the case for a democracy dominated by special interests (see *Mises* 1927, 149 [1978a, 170–71]).

⁷³ According to *Mises* (1927, 8 [1978a, 9]): "Antiliberal policy is a policy of capital consumption."

⁷⁴ *Machlup* added: "Yet, other methods will lead to the same result." (*ibid.*).

for failure when facing the hard choices necessary for coping with the depression. Yet, would more authoritarian regimes – like outright dictatorship or a corporate state – have a better chance of success? Apparently, Morgenstern was the only one of the Austrians to answer in the affirmative rather unreservedly. Advocating the idea of a “strong state” capable of overcoming the power of special interests, he drew the conclusion that this could be only accomplished by an autocratic type of government whereas parliamentary democracy would prove helpless in such a situation (see *Morgenstern* 1934, 129–30 [1937a, 143–44]).⁷⁵ Thus, an authoritarian regime might even be more conducive to a liberal economic policy (ibid., 58–59 [62–63]), and, speaking of Italian fascism but obviously meant *pro domo*, Morgenstern maintained that a “planned economy” need not be “the result of a corporate state” (*[Morgenstern]* 1934c, 49). In contrast, for Mises the crucial factor was public opinion because governing against the majority of the population would not be feasible for long irrespective of the type of the political system. Thus, replacing parliamentary democracy by dictatorship or a corporate state could not solve the problem when a liberal economic order is rejected by the public (see *Mises* 1927, 151–52 [1978a, 172–74]).⁷⁶

From this excursus we may conclude that although the Austrians rejected a corporatist organization of the economy – which they likened to monopoly capitalism – they entertained a more neutral position towards the corporate state as a political system. In their home country, in Austria, corporatism ruled in both the economic and the political sphere from 1934 to 1938 whereas – if some terrible simplification is allowed – in the United States an attempt of introducing a corporatist-like economic organization was combined with maintaining democracy. The Austrians’ – as I see it – rather tame criticism of the corporatist elements of the New Deal may thus be explained by their deference to the domestic political situation. In the following we will attempt to provide some evidence for this conjecture.

To begin with, although during the period in question many Austrian economists were going to leave Austria, temporarily or – as it turned out – permanently,⁷⁷ they tried as much as possible to maintain the ties to their home country. Morgenstern, the only of the prominent Austrians to remain in Austria until 1938, played an important role in advising the Austrian

⁷⁵ Notably, the formulation of this statement is considerably weakened in the 1937 translation of the 1934 edition, and Morgenstern more or less recanted it after his emigration to the United States in 1938.

⁷⁶ Yet, in a notorious aside, *Mises* (1927, 45 [1978a, 51]) conceded “that Fascism ... has, for the moment, saved European civilization”.

⁷⁷ In 1934 Hayek held a chair at the LSE (since 1931), Haberler worked at the League of Nations, Machlup spent a Rockefeller fellowship abroad, and Mises was to leave for a professorship in Geneva.

government and as the director of the Institute for Business Cycle Research. Mises even after he had formally quit his job worked as a consultant for the Chamber of Commerce, and the other Austrians were present, too, at least by contributing to Austrian papers and journals and by giving lectures in Vienna. In this vein, it is clear that they did not stop being interested and involved in Austria's fate, economically and politically. Politically, the main threat conceived was the *Anschluss* to Hitler Germany. Faced with this danger, the Austrians lent their support to all means by which it might be averted: to the *Ständestaat* despite its openly anti-liberal stance, to its close ties with Italian fascism for the sake of the protection offered,⁷⁸ even to the faint chance of restoring the Habsburg monarchy.⁷⁹ Yet, such support implied a certain restraint when it came to analyze (or criticize) the economic model of the corporate state. Therefore, it was not only expedient to lay the focus of criticism outside Austria, e.g. on the United States, but also on those offenses – like inflationism – which Austria was innocent of committing.⁸⁰ Conversely, it was probably not opportune to delve too deeply into the parallels between corporativism, Austrian vs. American style. Furthermore, at least when publishing in Austria, not all of this restraint was voluntary. On the one hand, with the introduction of censorship in March 1933 it became increasingly difficult to discuss sensitive topics; indeed, this was one of the reasons why Machlup in 1934 abandoned his weekly column in the *Tagblatt*.⁸¹ On the other hand, because of the interest in keeping good relations to the Austrian authorities censorship was complemented by self-restraint.⁸² There is some indirect proof for the alleged self-censorship by looking at the Austrians' characterization of the corporate model after 1938, when the need for prudence in this regard had become obsolete. Then, *Mises* (1978b, 136) described the Austrian corporate state as a mere vehicle “for complete party rule”, and *Morgenstern* (1939, 39) – possibly also disappointed by his failed campaign for a less rigid industrial policy in Austria – castigated its economic policy as “pathological” – an outburst of criticism that may be counted as evidence for the (self-)imposed restraint before.

⁷⁸ See, e.g., Mises' recollections of the so-called Suvich affair (*Mises* 1978b, 140). In any case, this book, already written in 1940, just before Mises' emigration from Geneva to the US, gives a highly idiosyncratic account of the interwar period.

⁷⁹ See *Machlup* (n.d. [1938?]).

⁸⁰ For some praise for Austria's money and financial policy during the *Ständestaat* era see Hayek to Haberler (3 June 1936, GHP 67).

⁸¹ For more examples of censorship see *Klausinger* (2005).

⁸² For example, Machlup (in a letter to Haberler, 18 Nov 1933, GHP 65) regretted his criticism of corporativism, offered in *Machlup* (1934, 205–9), after he got notice of Austria's imminent transition to a corporate system.

Thus, returning to the Austrian view on the New Deal's regulatory agenda the tameness of the criticism, in particular when addressing its corporatist elements, may be explained to a great degree by externalist factors, and not by the fact that the Austrians found much intrinsic value in these elements.

V. Concluding Comments

In conclusion two lessons from the above enterprise shall be emphasized. First, what can be learned from the responses to the New Deal about the homogeneity of, or diversity within, the Austrian school in the 1930s? And second, what can be learned about the importance of externalist factors in shaping the Austrian critique?

For the question of diversity of opinions within the Austrian school the above study reveals some dissent with regard to the reflationist agenda. There was, on the one hand, a group consisting of Mises, Hayek, and Machlup that consistently held to a consensus view on business cycle policy according to which expansionist, that is inflationist, policies had to be rejected under any circumstances – even that of an ongoing deflation, that is, shrinkage in the money supply. On the other hand, Haberler and Röpke, although they took Austrian business cycle theory as their point of departure, opted for a mild form of expansionism, as a remedy for the special case of deep (secondary) depressions. Interestingly, the American experience had a somewhat different influence on their prior beliefs: Whereas Röpke became more skeptical of expansionism, afraid that such a powerful instrument like monetary expansion might be misused, Haberler despite his criticism of Roosevelt's gold policy maintained his distinct position and later on, in *Haberler* (1937), might even be seen as moving to a kind of "middle ground". Finally, among the Austrians Morgenstern was the odd man out. He had evolved into a consistent critic of Austrian theory – he objected to the Austrian explanation of the business cycle, to Mises' defense of liberalism, and to the importance attributed to the concept of free competition. Yet, despite his disagreements in theory, he managed to concur with most of the Austrians' policy recommendations. He was certainly a "sound money man", and at least in his quest for a policy of "Auflockerung" a (pragmatic) liberal with regard to the regulatory agenda, too. Thus, our picture of the Austrian school cannot be that of a monolithic bloc (if it ever was) but one of (limited) diversity, where the dissent in theory did not always parallel dissent in policy.

For the puzzle of the disproportionate weight attached to the debate of reflation in comparison with regulation we propose to seek the solution in

externalist factors. Besides the traumatic experience of Austria's big inflation in the early 1920s, which led the Austrians to consider inflation not as one among many, but as the supreme economic evil, we attribute a prime role to the coincidence of the introduction of the New Deal policies in America with Austria's transition from parliamentary democracy to an authoritarian corporate state. Accordingly, for many reasons discussed above the Austrians attempted to damp down their criticism of those elements of the New Deal to which there was a counterpart in contemporary Austria, as most visibly in the corporatist elements present in both systems. Conversely, they emphasized that aspect where they considered Austrian policy superior, namely in its adherence to the principle of sound money.

Thus, although this study has somewhat fallen short of pointing out American influences on Austrian economic thought, the New Deal policies at least had the function of an intellectual catalyst in bringing out some (hopefully, new and interesting) insights with regard to the state of the Austrian school in the 1930s.

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Emigrierte deutschsprachige Wirtschaftswissenschaftler in den USA nach 1933

Von *Harald Hagemann*, Stuttgart-Hohenheim

*Hitler is my best friend.
He shakes the tree and I collect the apples.*
(Walter Cook, Director of the New York Institute of Fine Art)

I. Einleitung

Wie in den meisten anderen Wissenschaftsdisziplinen ist auch die Mehrheit der Ökonomen in die USA als endgültigem Aufnahmeland emigriert, entweder direkt oder indirekt, vor allem nach Zwischenaufhalten in Großbritannien oder einigen lateinamerikanischen Ländern. So verblieben von über einhundert nach Großbritannien emigrierten Wirtschaftswissenschaftlern nur 35 im Vereinigten Königreich als endgültigem Zufluchtsland.¹ Damit steht Großbritannien aber immer noch eindeutig an zweiter Stelle nach den USA. Während Frankreich vor allem bis Ausbruch des Zweiten Weltkriegs das bedeutendste Zufluchtsland vertriebener Schriftsteller und Künstler wurde, spielte es bei der Emigration von Ökonomen wie in den meisten anderen Wissenschaftsdisziplinen kaum eine nennenswerte Rolle.

Entscheidende Unterstützung in den USA als bedeutendstem Aufnahmeland der „Refugee Scholars“² kam vom Emergency Committee in Aid of Displaced Foreign Scholars sowie von der Rockefeller Foundation in den finanziell extrem angespannten Zeiten in den Jahren nach der Weltwirtschaftskrise. Zur zentralen aufnehmenden Institution der emigrierten deutschen Wirtschafts- und Sozialwissenschaftler wurde die unter Federführung von Alvin Johnson gegründete *University in Exile* an der New School for Social Research in New York, die im Herbst 1933 ihren Lehrbetrieb aufnahm.³ Hier

¹ Vgl. *Hagemann* (2007, insbes. 353–356).

² Vgl. *Coser* (1984). Zur wissenschaftlichen und künstlerischen Emigration in die USA siehe auch *Fermi* (1972) und *Heilbut* (1984), zu einer Gesamtübersicht *Röder* und *Strauss* (1980, 1983) sowie *Krohn et al.* (1998).

³ Vgl. ausführlich *Krohn* (1987), *Rutkoff* und *Scott* (1986), *Mongioli* (1997) und die Autobiographie von *Johnson* (1952), insbes. Kap. XXXI.

fanden sich auch viele der früheren Heidelberger und Kieler Wirtschafts- und Sozialwissenschaftler wieder, wie Emil Lederer, Gerhard Colm und Alfred Kähler, oder später auch Jacob Marschak⁴, Adolph Lowe und Hans Neisser.⁵ Bei Marschak und Lowe promovierte auch 1944 der aus dem faschistischen Italien emigrierte Franco Modigliani, der 1985 den Nobelpreis in den Wirtschaftswissenschaften erhalten sollte. Lederer wurde 1933 bis zu seinem Tode 1939 Gründungsdekan der ‚University in Exile‘, der heutigen Graduate Faculty of Political and Social Science. Zugleich war er treibende Kraft bei der Gründung der ab 1934 von der Graduate Faculty herausgegebenen neuen Zeitschrift *Social Research*, die als legitime Nachfolgerin des kurz zuvor eingestellten *Archiv für Sozialwissenschaft und Sozialpolitik* das hohe Niveau und die interdisziplinäre Orientierung ebenso fortsetzte wie das wöchentliche Seminar der Graduate Faculty, zu deren Mayflower Generation neben Lederer und Colm auch der Agrarökonom Karl Brandt, der Politikwissenschaftler Arnold Brecht, der liberale Ökonom Arthur Feiler, der Sozialist Eduard Heilmann, der Soziologe Hans Speier, der führende preußische Beamte Hans Staudinger, der Gestaltpsychologe Max Wertheimer sowie die Arbeitsmarkt- und Sozialökonomin Frieda Wunderlich gehörten. An der New School, zu deren Professorinnen später auch Hannah Arendt zählen sollte, wurden von Lederer, Staudinger u. a. bereits vor Ausbruch des Zweiten Weltkriegs einige der bedeutendsten Studien zum Faschismus und Totalitarismus erstellt (z. B. Lederer 1940).

Zu den herausragenden Ökonomen, die im Frühjahr 1933 nach Großbritannien emigriert waren und 1939 bzw. 1940 in die USA weiterzogen, gehörten auch Adolph Lowe (1893–1995) und Jacob Marschak (1898–1977).⁶ Beide wurden vom Academic Assistance Council bzw. der Society for the Protection of Science and Learning sowie der Rockefeller Foundation, bei der sie als „A-1, both scientifically and from the point of view of character“⁷ klassifiziert wurden, regelmäßig konsultiert, um die Qualifikation hilfesuchender deutscher Wirtschafts- und Sozialwissenschaftler zu beurteilen. Marschak, der 1919 aus der Sowjetunion nach Deutschland emigrierte, war 1922 bzw. 1930 bei Lederer in Heidelberg promoviert bzw. habilitiert worden, wo er von den Nazis im Frühjahr 1933 als Privatdozent entlassen wurde. Er emigrierte kurz darauf nach England, wo er 1935 Gründungsdirektor des Oxford Institute of Statistics wurde, das er schnell zu internationalem Renommee führte. Bei

⁴ Vgl. Hagemann (1997b).

⁵ Vgl. hierzu auch den von Blomert, Esslinger und Giovannini 1997 herausgegebenen Band bzw. Hagemann (1997c).

⁶ Vgl. ausführlich Hagemann (2007).

⁷ John von Sickle (Paris) an die Zentrale in New York, 10. Mai 1933. Rockefeller Archive Center, Record Group 1.1, 200/109/539. Zur Rolle der Rockefeller Foundation vgl. auch Craver (1986).

Kriegsausbruch weilte Marschak als Rockefeller Foundation Fellow in den USA, wo er im Herbst 1939 an der New School die Nachfolge auf dem Lehrstuhl von Colm antrat, der in die Roosevelt-Administration nach Washington gewechselt war. Löwe war 1933 über die Schweiz nach England emigriert, wo er von Herbst 1933 bis Sommer 1940 als Rockefeller Foundation Fellow und Special Honorary Lecturer in Economics and Political Philosophy an der Universität Manchester tätig war. Zwar wurde Lowe im Sommer 1940 nicht wie die meisten anderen Emigranten auf der Isle of Man interniert, da er am 2. September 1939 naturalisiert worden war (aus Löwe wurde Lowe), jedoch führte die Andeutung der Universität Manchester, dass sein Vertrag nicht verlängert würde, dazu, dass er die seit 1933 existierende Einladung auf eine Professur an der New School nunmehr annahm und im Sommer 1940 in die USA übersiedelte. Dabei entging die Familie der Torpedierung durch ein deutsches U-Boot nur knapp. Emigrationsbedingt hatte Lowe im britischen Exil den Rahmen der Wirtschaftstheorie und insbesondere der Konjunkturforschung verlassen und war zum Propagator der Zivilgesellschaft geworden. Dies kommt exemplarisch in seinem Essay *The Price of Liberty. A German on Contemporary Britain* (Lowe 1937) zum Ausdruck, in dem er den Schlüsselbegriff der „spontanen Konformität“ entwickelte. „Spontaneous conformity is the only mode of life through which a large-scale society can reconcile the conflict between freedom and order“ (Lowe 1937, 6). Im Gegensatz zu Deutschland hat der Liberalismus in England eine gemeinsame Alltagsethik geprägt, die trotz größerer wirtschaftlicher Ungleichheit dazu geführt habe, dass die englischen politischen Institutionen bei weitem die freiheitlichsten waren. Allerdings habe die politische Freiheit einen Preis: die Selbstbeschränkung des Individuums. Interessanterweise wurden Teile des Loweschen Essays nach 1945 von den britischen Militärbehörden in ihrem Besatzungsgebiet als Schrift unter dem Titel „Freiheit ist nicht umsonst zu haben“ im Prozess der demokratischen Reedukation der Deutschen eingesetzt.

Weniger bekannt ist, dass die 1945 mit Unterstützung von Albert Einstein, Albert Schweizer, Thomas Mann und Eleanor Roosevelt gegründete Roosevelt University⁸ in Chicago für zahlreiche emigrierte deutsche und österreichische Wirtschafts- und Sozialwissenschaftler zur neuen akademischen Heimat wurde. Sie übte damit ab 1945 im mittleren Westen eine vergleichbare Funktion aus wie die New School for Social Research in New York und ist bis heute in ähnlicher Weise offen für heterodoxe Ansätze. Bezeichnenderweise wechselte z. B. der aus Bessarabien stammende, häufig

⁸ Die zunächst als Thomas Jefferson College gegründete Institution wurde unmittelbar nach dem Tod des Präsidenten im April 1945 in Roosevelt College umbenannt. Sie war zunächst von 68 Professoren von Chicagos YMCA College gegründet worden, die gegen Rassenquoten für Bewerber protestierten. 1954 zur Universität geworden, wurde sie 1959 in Eleanor und Franklin D. Roosevelt umbenannt.

auch als der „Milton Friedman der Linken“ bezeichnete Abba Lerner (1903–1982) 1947 von der New School an die Roosevelt University. In den fünf Jahren in New York hatte er seinen einflussreichen Aufsatz zur Begründung der „functional finance“ (Lerner 1943) und sein opus magnum *The Economics of Control* (Lerner 1944) publiziert. Auch der gebürtige Ungar Albert Bela Halasi, ein enger Freund von Emil Lederer, der 1933 zunächst aus Deutschland nach Belgien emigrierte und von 1940–42 Lecturer an der New School war, wechselte nach einer vierjährigen Tätigkeit bei der American Labor Conference on International Affairs 1946 auf eine Professur an der Roosevelt University. Hier war von 1955–1960 auch Adolf Sturmthal, der 1925 bei Hans Mayer mit einer Arbeit über den Konjunkturzyklus von der Wiener Universität promoviert worden war, Professor für Internationale Arbeitsangelegenheiten.

Den stärksten langfristigen Einfluss an der Roosevelt University hatten jedoch Walter A. Weisskopf (1904–1991) und Rolf Alfred Weil.⁹ Der gebürtige Wiener Walter Weisskopf, Bruder des bedeutenden Quanten-, Kern- und Elementarteilchenphysikers Victor Weisskopf und Onkel von Thomas Weisskopf¹⁰ (später langjähriger Professor an der University of Michigan in Ann Arbor und führender Vertreter der Union for Radical Political Economics URPE), war ab 1945 Professor und bis 1965 erster Dekan des Department of Economics und damit in hohem Maße für die Berufungspolitik verantwortlich. Der 1921 in Pforzheim geborene und 1936 emigrierte Weil war u. a. zwei Jahre Forschungsassistent bei der Cowles Commission gewesen und kam wenige Zeit später an die Roosevelt University, wo er zunächst eine wissenschaftliche Karriere machte, bevor er 1957 Dekan des Walter Heller College of Business Administration und von 1964 bis 1988 Präsident der Roosevelt University wurde.

Im Nachfolgenden gehe ich zunächst auf die wichtigsten Forschungsbeiträge der in die USA emigrierten Wirtschaftswissenschaftler ein, die die internationale Entwicklung ihrer Fachgebiete nach dem Zweiten Weltkrieg stärker beeinflusst haben. Im anschließenden Abschnitt 3 diskutiere ich die Wirkungen in den USA bevor im letzten Teil kurz auf einige Rückwirkungen auf die ökonomische Entwicklung und die Entwicklung der Volkswirtschaftslehre in der frühen Bundesrepublik Deutschland eingegangen wird. Angesichts der Vielzahl und Bedeutung der Emigranten und der Verästelungen der Fachgebiete können einige Ausführungen nur skizzenhaft erfolgen.

⁹ Zu Halasi, Sturmthal, Weil und Weisskopf siehe auch die Beiträge in Hagemann und Krohn (1999).

¹⁰ „Wir nannten ihn [unseren Sohn] Thomas, wegen unserer Verehrung für Thomas Mann, den die Nazis ausgebürgert hatten.“ (Weisskopf 1991, 130).

II. Wichtige Beiträge emigrierter Ökonomen zur internationalen Entwicklung ihrer Fachgebiete

Die vertriebenen und emigrierten Wirtschaftswissenschaftler haben vielfach nicht nur die Entwicklung ihrer Fachgebiete in den Aufnahmeländern befruchtet, sondern den internationalen Forschungsstandard maßgeblich mitgeprägt. Die Entwicklung vom Deutschen oder Österreicher zum Europäer und zum Weltbürger, die sich im wissenschaftlichen Selbstverständnis der Emigranten mal schneller und mal langsamer sowie in unterschiedlichem Ausmaß vollzog, spielt hierbei eine entscheidende Rolle. Dabei stehen Fragen der Akkulturation, Innovation und Integration in den ausländischen Wissenschaftsbetrieb im Blickpunkt. Was bedeutete die Erfahrung der Emigration für die Ökonomen? Inwiefern fanden emigrationsbedingte Wechsel der Forschungsschwerpunkte statt? Kam es zur Übernahme neuer Ansätze und Methoden bzw. zur Weiterentwicklung früherer Ansätze und Methoden in der Emigration? Aus umgekehrter Perspektive ist zu fragen, welche Bedeutung emigrierte Wirtschaftswissenschaftler für die Aufnahmeländer¹¹ bzw. für die internationale Entwicklung ihres Fachgebietes¹² erlangt haben. Welcher Wandel von Forschungsprogrammen, Methoden und dahinter liegenden Wertvorstellungen hat stattgefunden unter den Bedingungen einer anfänglichen Entwurzelung und einer nachfolgenden Anpassung an eine neue wissenschaftliche und kulturelle Umwelt? Für nicht wenige Wissenschaftler, wie z.B. Marschak, war dabei der Schock einer doppelten Emigration, zunächst aus der Sowjetunion und dann aus dem nationalsozialistischen Deutschland, zu verarbeiten. Entlassung, Vertreibung und Emigration bedeutete zunächst Ausgrenzung. Andererseits hat dieses Schicksal bei vielen Emigranten, wie von *Streeten* (1986) u. a. beschrieben, zur Bildung von „Luftwurzeln“ und einer Entwicklung zum Weltbürger geführt, die im Prozess zunehmender Internationalisierung nach dem Zweiten Weltkrieg und im Zeitalter der Entgrenzungen viele Emigranten geradezu prädestinierte, eine wichtige Rolle zu spielen.

Während die Entwicklungsökonomik primär in Großbritannien entstand, nahmen die meisten anderen bedeutenden neuen Entwicklungen in den USA ihren Ursprung, deren Führungsrolle nach 1945 unübersehbar wird, so dass der Prozess stark zunehmender Internationalisierung nach dem Zweiten Weltkrieg weithin auch als „Amerikanisierung“ der Wirtschaftswissenschaft wahrgenommen wird. Dabei sollte jedoch nicht übersehen werden, dass zum triumphalen Aufstieg der amerikanischen Wirtschaftswissenschaft vor allem

¹¹ Für die USA vgl. auch *Craver* (1986a), *Craver und Leijonhufvud* (1987), *Hagemann* (2005) und *Scherer* (2000).

¹² Vgl. auch *Tribe* (2001).

in den ersten zwei Jahrzehnten viele Ökonomen maßgeblich beitrugen, die den totalitären Diktaturen in Europa entflohen waren. Dies sei an einigen wichtigen Beispielen diskutiert.

Eines der bedeutendsten und einflussreichsten Werke ist die Begründung der modernen *Spieltheorie* durch Oskar Morgenstern (1902–77), der als Nachfolger Hayeks von 1931 bis 1938 das Österreichische Institut für Konjunkturforschung in Wien geleitet hatte und unmittelbar nach dem ‚Anschluß‘ emigrierte, und dem aus Budapest stammenden Mathematiker John von Neumann (1903–57), der 1927 an der Berliner mathematischen Fakultät habilitiert wurde. Erst in den Jahren 1939–43 kam am Institute for Advanced Study in Princeton die lang ersehnte enge Zusammenarbeit zustande, die in dem gemeinsamen Werk *Theory of Games and Economic Behavior* (1944) kulminierte, mit dem die Spieltheorie als Analyse strategischen Verhaltens in Situationen der Unsicherheit, in denen sich handelnde Wirtschaftssubjekte der Interdependenzen bewusst sind, in die moderne Wirtschaftswissenschaft eingeführt wurde. Die komparativen Vorteile der beiden Autoren, die ein gemeinsames starkes Interesse an der Analyse strategischer Interaktionen zwischen unterschiedlichen Akteuren besaßen, ergänzten sich in hervorragender Weise. Während der Aufbau der Spieltheorie auf einer soliden axiomatischen Grundlage weitgehend das Verdienst John von Neumanns war, stellte Morgenstern die Brücke zu den ökonomischen Problemen her, die er bereits in seiner Wiener Habilitationsschrift zur Wirtschaftsprognose (1928) und seinem wohl bekanntesten Aufsatz „Vollkommene Voraussicht und wirtschaftliches Gleichgewicht“ (1935) untersucht hatte. In diesem bedeutenden Beitrag zur Analyse interdependenter Entscheidungsbildung gelangte Morgenstern zum Ergebnis, dass unbeschränkte Voraussicht und wirtschaftliches Gleichgewicht miteinander unvereinbar seien, wenn diese Voraussicht die Voraussicht der Handlungen anderer Wirtschaftssubjekte beinhalten muss, die ihrerseits annahmegemäß vollkommene Voraussicht haben. Morgenstern zog hieraus ein vernichtendes Urteil über die Theorie des allgemeinen Gleichgewichts. Das dem *Morgenstern-Paradoxon* zugrundeliegende Problem bildete einen der Ausgangspunkte für die Entwicklung der Spieltheorie als Analyse rationalen strategischen Verhaltens in Situationen der Unsicherheit. Morgenstern hatte dieses Problem bereits 1928 anhand des Sherlock Holmes-Moriarty-Falls aus den Detektivgeschichten von Sir Arthur Conan Doyle illustriert, das seine präzise mathematische Formulierung in Form einer Auszahlungs- (Nutzen-)Matrix jedoch erst durch die Zusammenarbeit mit John von Neumann erhielt.¹³ Dieser hatte in seinem Aufsatz „Zur Theorie der Gesellschaftsspiele“ (1928) unter

¹³ Zur Kooperation von Morgenstern und von Neumann sowie der Entwicklung der Spieltheorie vgl. ausführlich *Leonard* (1995, 2010).

Nutzung eines Fixpunkt-Theorems bereits das für Nullsummenspiele zwischen zwei Personen fundamentale Minimax-Theorem bewiesen. In *Theory of Games and Economic Behavior* wird das Minimax-Theorem auf Spiele mit unvollkommener Information und mit mehr als zwei Spielern erweitert, und das Nutzenkonzept tritt an die Stelle monetärer Größen in der Auszahlungsmatrix.

Es ist eine zentrale These von Michael Bernsteins Werk (2001) zur Entwicklung der ökonomischen Profession in den USA im 20. Jahrhundert, dass die Erfahrungen während des Zweiten Weltkriegs die anschließende Entwicklung der Wirtschaftswissenschaft maßgeblich geprägt haben. Bernstein leitet seine Ausführungen zur Mobilisierung von Ressourcen und zur nationalen Sicherheit ein mit einem Zitat von Paul Samuelson: „[T]he last war was the chemist’s war ... this one is the physicist’s. It might equally be said that this is the economist’s war.“¹⁴ Von Neumann und Morgenstern sind ein exzellentes Beispiel um Samuelsons These zu illustrieren. So war von Neumann seit 1943 führender Mathematiker im „Manhattan Project“, der entscheidende mathematische Modelle und Berechnungen beim Bau der ersten Atombomben vornahm, und nach Kriegsende zusammen mit Edward Teller am Bau der Wasserstoffbombe beteiligt. Zudem wurde er u. a. Mitglied des einflussreichen Komitees zur Beratung der US-Atomenergiekommission und Konsulent des CIA. Morgenstern seinerseits war seit 1950 Berater der Rand Corporation und zeitweilig strategischer Berater des Weißen Hauses ebenso wie der US-Atomenergiekommission. In der Zeit des Kalten Krieges trug er maßgeblich zur Konzipierung der Polaris-U-Boot-Strategie bei, die er in seinem Buch *The Question of National Defense* (1959) ausführlich begründete.

Von ähnlich großer Bedeutung für die langfristige Entwicklung der Wirtschaftswissenschaft nach dem Zweiten Weltkrieg wie die Begründung der Spieltheorie durch von Neumann und Morgenstern sind die Arbeiten der *Cowles Commission* an der Universität Chicago unter der Leitung von Jacob Marschak und seines Stellvertreters und Nachfolgers Tjalling Koopmans im Zeitraum 1943–55. Die Arbeiten der Cowles Commission, aus deren Umfeld später viele Nobelpreisträger stammen sollten, trugen entscheidend zur Mathematisierung der Wirtschaftswissenschaft und dem Siegeszug der Ökonometrie bei.¹⁵ Marschak, der bereits in New York ein Forschungsseminar

¹⁴ Bernstein (2001, 73). Paul A. Samuelson, A Warning to the Washington Expert, 11. September 1944, S. 298; zitiert nach Katz (1989, S. 103).

¹⁵ Zu detaillierten Darstellungen der Geschichte der Cowles Commission sowie kritischen Würdigungen ihrer wissenschaftlichen Leistungen vgl. Christ (1952, 1994), Hildreth (1986) sowie Malinvaud (1988).

Zu Marschak vgl. auch ausführlich Hagemann (1997b).

zur Ökonometrie und mathematischen Wirtschaftsforschung für das National Bureau of Economic Research durchgeführt hatte, das unter ihrem Gründungsdirektor Wesley C. Mitchell dort ansässig war, wechselte im Januar 1943 auf maßgebliches Betreiben von Oskar Lange als Professor und Forschungsdirektor der Cowles Commission an die Universität Chicago. Zur Förderung der ökonometrischen Forschung in den USA hatte der Geschäftsmann Alfred Cowles aus Colorado Springs 1932 auf Anregung von Irving Fisher, dem ersten Präsidenten der 1930 gegründeten Econometric Society, die später nach ihm benannte Kommission finanziert. In enger Zusammenarbeit mit der Econometric Society wurde auch die neue Zeitschrift *Econometrica* herausgegeben, deren erste Ausgabe im Januar 1933 mit einem Editorial von Ragnar Frisch und einem Einführungsartikel von Joseph Schumpeter erschien. Lange, der auch die Verlagerung der Cowles Commission von Colorado nach Chicago im Spätsommer 1939 initiiert hatte, war selbst in den beiden letzten Kriegsjahren auch Herausgeber von *Econometrica*.

Die herausragenden Vertreter des neu aufgekommenen Fachgebiets der Ökonometrie in dieser Anfangsphase waren der Norweger Frisch und der Niederländer Jan Tinbergen, die 1969 gemeinsam „für die Entwicklung und Anwendung dynamischer Modelle zur Analyse von Wirtschaftsprozessen“ erste Preisträger des von der Schwedischen Reichsbank anlässlich ihres 300jährigen Jubiläums gestifteten Preises für Wirtschaftswissenschaften zu Alfred Nobels Gedächtnis wurden. Beide verblieben in ihren Heimatländern, die in der Zeit des Zweiten Weltkriegs vom nationalsozialistischen Deutschland besetzt wurden. Ihre herausragenden Schüler Koopmans bzw. Trygve Haavelmo (der 1947 nach Norwegen zurückkehrte) waren jedoch maßgeblich an der ökonometrischen Revolution beteiligt. Haavelmos frühe Arbeiten aus den Jahren 1943–44 zur Modellierung eines simultanen Gleichgewichtssystems und zum wahrscheinlichkeitstheoretischen Ansatz in der Ökonometrie legten Fundamente für die beiden Säulen, die zum Markenzeichen der Cowles Commission wurden.

Marschak selbst wurde 1944–45 zum Vizepräsidenten und 1946–47 zum Präsidenten der Econometric Society gewählt.¹⁶ Obwohl er in dieser Zeit stark mit administrativen Aufgaben belastet war, gelangen ihm gleichwohl herausragende wissenschaftliche Beiträge, so z. B. der gemeinsam mit Andrews verfasste Aufsatz zur Schätzung simultaner Gleichungssysteme

¹⁶ Vor allem auf Initiative von Kenneth Arrow wurde Marschak später zum Präsidenten der American Economic Association gewählt, verstarb aber im Juli 1977 kurz vor Beginn seiner Amtszeit. Auch hier wurde Koopmans, der 1950 Präsident der Econometric Society war und 1975 zusammen mit Kantorovich den Nobelpreis erhielt, sein Nachfolger.

(1944), der für nachfolgende Studien der Cowles Commission bedeutsam war, oder der bahnbrechende Aufsatz, der die Konsequenzen der modernen axiomatischen Begründung des Nutzens für zahlreiche Wissenschaften aufzeigte (*Marschak* 1950) und noch Jahrzehnte später von keinem Geringeren als *Paul Samuelson* (1988, 323) hochgelobt wurde: „For my money Marschak’s axioms on expected utility are the definitive ones, preferable to those of von Neumann and of Ramsey – no mean accomplishment.“

Neben Koopmans und Haavelmo sollten später viele Wissenschaftler den Preis für Wirtschaftswissenschaften zu Alfred Nobels Gedächtnis erhalten, die als jüngere Ökonomen eine Zeitlang bei der Cowles Commission tätig waren. Hierzu gehören die Amerikaner Kenneth J. Arrow, Lawrence Klein, Harry Markowitz und Herbert Simon, aber auch der gebürtige Italiener Franco Modigliani (neben Don Patinkin Marschaks bekanntester Doktorand) und der aus Frankreich stammende Gerard Debreu. Am Fall der Cowles Commission zeigt sich besonders deutlich, dass die Internationalisierung nach dem Zweiten Weltkrieg, die zu intensiven und kontroversen Debatten über die „Amerikanisierung“ der Wirtschaftswissenschaften geführt hat¹⁷, in erheblichem Maße auch auf den wissenschaftlichen Leistungen beruht, die von Emigranten aus Europa erreicht wurden. Wie das Beispiel von Marschak zeigt, kamen diese nicht nur aus dem Einflusbereich des nationalsozialistischen Deutschlands, sondern auch aus dem der Sowjetunion.

Die bahnbrechenden Arbeiten der Cowles Commission¹⁸ führten zur wahrscheinlichkeitstheoretischen Revolution in der Ökonometrie und trugen zur Institutionalisierung eines neuen, langfristig bedeutsam werdenden Fachgebietes bei. Über Forschungsaufenthalte vielversprechender europäischer Nachwuchsökonominnen kam es zur Transformation dieser modernen Entwicklungen in der Wirtschaftswissenschaft nach Europa. Für Deutschland kann beispielhaft Wilhelm Krelle genannt werden, der lange Zeit den Sonderforschungsbereich 21 der DFG zur Ökonometrie und der mathematischen Wirtschaftstheorie an der Universität Bonn leitete. Nachdem Marschak im Anschluß an den Holocaust wie viele andere emigrierte Wissenschaftler auch lange Zeit nicht nach Deutschland zurückgekehrt war, akzeptierte er 1968 die Ehrendoktorwürde, die ihm die Universität Bonn zu ihrem hundertfünfzigsten Geburtstag auf Initiative von Wilhelm Krelle verlieh. Die Universität Heidelberg schloß sich zum 50jährigen Jubiläum seiner

¹⁷ Zur Rolle europäischer Emigranten vgl. *Hagemann* (2011), zur detaillierten Analyse der Amerikanisierung der Wirtschaftswissenschaften in Westdeutschland nach 1945 *Hesse* (2010, 2012) und zu persönlichen Erinnerungen *Schumann* (1995).

¹⁸ Mit der Übernahme der Forschungsleitung durch James Tobin siedelte die nunmehr als Cowles Foundation umbenannte Institution von Chicago an die Yale University in New Haven, CT, über.

Doktorprüfung am 6. Juli 1972 an. 1973–74 war Marschak als Preisträger der Alexander von Humboldt-Stiftung und Gastwissenschaftler an der Universität Bonn tätig.

Während Marschak bereits mit 19 Jahren von März bis Juli 1918 als linker Menschewist Arbeitsminister der kurzlebigen Terek-Sowjetrepublik im nördlichen Kaukasus wurde und er noch in der Weimarer Zeit als aktiver Sozialdemokrat, Redakteur der liberalen Frankfurter Zeitung 1924–26 und Referent in der Forschungsstelle für Wirtschaftspolitik des Allgemeinen Deutschen Gewerkschaftsbundes von 1926–28 in Berlin war, der das Kaufkraftargument in der Lohnpolitik vertrat, ist unübersehbar, dass der Schock der zweiten Emigration Marschak wissenschaftsmethodisch stark in Richtung auf Max Webers Wertfreiheitspostulat geführt hat. Dies kommt sehr gut in der abschließenden Feststellung und Episode von Earlene Craver und Axel Leijonhufvuds Reflektionen zu dem kontinentaleuropäischen Einfluß auf die Entwicklung der Wirtschaftswissenschaft in den USA zum Ausdruck. Sie heben dort zwei verwandte Hypothesen zur prominenten Rolle der europäischen Emigranten bei der Mathematisierung und Ökonometrisierung der Wirtschaftswissenschaft hervor:

First, it appears that those Europeans may have been readier than those Americans to take the physical sciences as the epistemological model for a ‚scientific‘ economics. Second, some of them at least saw the combination of mathematical specification and statistical confirmation as a bulwark against the intrusion of political ideologies into the social sciences. For the immigrants who had lived through the interwar period in Europe – and some, like Marschak, had fled first Lenin and then Hitler – this hope of building a *wertfrei* social science, immune to propaganda of every kind, gave motivating force to the econometric movement.

One of us (A. L.) remembers standing with Jacob Marschak on the fringes of a UCLA anti-Vietnam demonstration, watching as the police tried none-too-gently to break it up. „I, too, feel like them that this war is terrible“, said Jascha, „but, you know, I still think it is important that we strive always to keep value judgments separate from our work.“ We might not be able fully to achieve it, he added, but Wertfreiheit remains an ideal. (Craver und Leijonhufvud 1987, 181f.)

Ganz anders verlief die Akkulturation bei Richard Abel Musgrave (1910–2007), der im Mai 1933 sein Studium der Volkswirtschaftslehre an der Universität Heidelberg mit dem Diplom abschloss, wo er im Wintersemester 1931/32 an einem Seminar des Privatdozenten Marschak über die Keynesche Treatise teilgenommen hatte (Musgrave 1997, S. 64). Musgrave, durch den die moderne *Finanzwissenschaft* entscheidende Impulse erhielt, emigrierte noch im Herbst 1933 in die USA, wo er 1937 an der Harvard University promoviert wurde, wohin er nach Stationen in der Forschungsabteilung der Federal Reserve sowie Professuren an der University of Michigan in Ann Arbor, der Johns Hopkins University und Princeton von 1965 bis zu seiner Emeritierung 1981 als Professor zurückkehrte.

Ebenso wie sein Freund und Schumpeter-Schüler Wolfgang F. Stolper (1912–2002) oder der Entwicklungsökonom Hans W. Singer (1910–2006) gehört Musgrave zur Altersgruppe der emigrierten Ökonomen, die nach einem gerade abgeschlossenen Studium in Deutschland im Zufluchtsland ihr Promotionsstudium fortsetzten, so dass sie gleich zu Beginn ihrer akademischen Karriere mit unterschiedlichen, z.T. gegensätzlichen Forschungstraditionen konfrontiert wurden. Trotz aller anfänglichen Widrigkeiten des Exils sieht Musgrave sich in seinen autobiographisch geprägten Reflektionen¹⁹ als „Emigrationsgewinner“, da er aufgrund seiner doppelten Ausbildung in einer Zeit, in der nationale Stile und Traditionen ökonomischer Forschung noch signifikante Unterschiede aufwiesen, eine fruchtbare „crossing of traditions“ der rein theoretisch ausgerichteten angelsächsischen *Public Finance* mit der kontinentaleuropäisch/deutschen Tradition der *Finanzwissenschaft* und ihrer stärkeren Betonung auch historischer, juristischer und sozialwissenschaftlicher Aspekte vornehmen konnte. Hinzu kommt die Renaissance der Finanzwissenschaft in Deutschland während der Weimarer Republik, die einerseits die große Tradition von den 1860er bis zu den 1890er Jahren – mit dem „Dreigestirn“ Lorenz von Stein, Albert Schäffle und Adolph Wagner (Musgrave 1996, S. 152) wieder aufnahm und fortführte, andererseits sich den drängenden finanzpolitischen Problemen nach dem Ersten Weltkrieg stellen mußte.²⁰ In den USA wurde Musgrave vor allem durch das Fiscal Policy Seminar von Alvin Hansen beeinflusst, das sich in Harvard zum zentralen Diskussionsforum entwickelte²¹, aber auch durch Kommilitonen, allen voran Paul Samuelson. Mit Gottfried Haberler, Wassily Leontief, Joseph A. Schumpeter und Hans Staehle gehörten dort zuvor an deutschen oder österreichischen Universitäten tätige Ökonomen ebenso zu seinen Lehrern wie Emigranten wie Walter Stettner, Wolfgang Stolper, Henry Wallich und Herbert Zassenhaus zu seinen Kommilitonen. Stettner, der bei Hansen über Theorien der öffentlichen Verschuldung in Großbritannien und Deutschland im 19. Jahrhundert, darunter die nun in die Zeit passenden Gedanken von Carl Dietzel (1855), promovierte, nutzte dabei ebenfalls sein Emigrationsgepäck.²²

In seiner ersten bedeutsamen Publikation „The Voluntary Exchange Theory of Public Economy“ nutzte Musgrave (1939) ebenfalls seine komparativen Vorteile der Kenntnisse deutschsprachiger, im angelsächsischen Raum

¹⁹ Vgl. Musgrave (1996, 1997).

²⁰ Zur Konjunktur der deutschen Finanzwissenschaft in den Jahren 1918 bis 1933 vgl. ausführlich Scheer (1994).

²¹ Vgl. Musgrave (1997, 66f.).

²² Zu Stettner, der von 1958–62 als Senior Economist in Public Finance im wissenschaftlichen Stab des Council of Economic Advisers arbeitete, vgl. den Beitrag von Musgrave in Hagemann/Krohn (1999).

damals noch weitgehend unbekannter Arbeiten von *Sax* (1887), *Wicksell* (1896) und *Lindahl* (1919) bei der Rückführung der Nachfrage nach öffentlichen Gütern auf die Präferenzen individueller Konsumenten, die andererseits in Deutschland wegen des Konflikts mit der organischen Staatsauffassung der Historischen Schule lange Zeit nur eine geringe Wirkung entfaltet hatten. Aus einer Vielzahl weiterer exzellenter Aufsätze ragt der gemeinsam mit Evsey Domar verfasste Artikel „Proportional Income Taxation and Risk Taking“ (1944) heraus, der sich mit den Wirkungen der Besteuerung auseinandersetzt und in der theoretischen Steuerwirkungslehre bahnbrechend war. Samuelsons Beitrag (1954) über die reine Theorie öffentlicher Ausgaben – seinerseits durch Musgraves frühen Beitrag stimuliert –, in dem Effizienzbedingungen für das Angebot öffentlicher, durch Nicht-Rivalität gekennzeichneter Güter und eine pareto-optimale Bereitstellung von privaten und öffentlichen Gütern in einem allgemeinen Gleichgewichtsmodell formuliert werden, inspirierte nun seinerseits Musgrave zur Entwicklung seiner berühmten multiplen Theorie des öffentlichen Haushalts. Sein 1959 erschienenes Lehrbuch *The Theory of Public Finance* wurde in viele Sprachen übersetzt und für mehr als zwei Jahrzehnte zum internationalen Standardwerk der Finanzwissenschaft. Es machte den Verfasser zum führenden Vertreter seines Faches. Generationen von Volkswirtschaftsstudenten lernten die Dreispaltung des staatlichen Budgets in eine Allokations-, Distributions- und Stabilisierungsabteilung. Während die erstere die Aufgabe hat Kollektivgüter bereitzustellen, gemäß der wicksellianischen Lehre unter Vermeidung verteilungsbedingter Verzerrungen, hat die zweite Abteilung über ein ausgebautes und integriertes Steuer- und Transfersystem dafür zu sorgen, dass eine Einkommensverteilung realisiert wird, die bestimmten Gerechtigkeitsvorstellungen entspricht. Letztere Frage wirft ebenso Probleme auf wie die Eingriffe in die Konsumentensouveränität bei der Bereitstellung sogenannter meritorischer Güter. Ganz in der Tradition von Wicksell hat Musgrave hierbei zurecht wiederholt auf die Bedeutung demokratischer Entscheidungsprozesse für die Bereitstellung öffentlicher Güter oder die Ausgestaltung des Steuersystems hingewiesen. Schließlich hat die Stabilisierungsabteilung die Aufgabe, die gesamtwirtschaftlichen Ziele wie Vollbeschäftigung, Preisniveaustabilität und ein stetiges und hohes Wirtschaftswachstum durch entsprechenden Einsatz von Staatsausgaben, Steuern und Kreditaufnahme zu erreichen. Die Abstimmung der drei Abteilungen wirft schwierige Koordinationsprobleme auf, die nur im Zuge eines simultanen Budgetprozesses zu realisieren sind. Musgraves multiple Theorie des öffentlichen Haushalts, die mit ihrer Systematik auch Spurenelemente des für deutsche Finanzwissenschaftler charakteristischen Hangs zur Klassifikation beinhaltet, hat den finanzwissenschaftlichen Debatten über Jahrzehnte zentrale Impulse gegeben und in entscheidendem Maße zur Entstehung einer

international einheitlichen modernen Finanzwissenschaft beigetragen. Zuletzt hebt *Scheer* (1994, 111) jedoch hervor, dass „ohne die Prägung durch die deutsche Diskussion der „Gemeinschaftsbedürfnisse“ in den 20er Jahren ... das Musgravesche Konzept der merit wants²³ kaum denkbar“ gewesen wäre.

Weniger akademischer als wirtschafts- und finanzpolitischer Natur waren die Wirkungen von Gerhard Colm (1897–1968) in den USA. Mit seiner Kieler Habilitationsschrift *Volkswirtschaftliche Theorie der Staatsausgaben* (1927) gehört Colm zu den Pionieren in der Analyse der makroökonomischen Wirkungen der Fiskalpolitik, die in der Weltwirtschaftskrise stark an Bedeutung gewann. So war es dann nur folgerichtig, dass Colm nach sechsjähriger Lehr- und Forschungstätigkeit an der New School, in der er dem amerikanischen Publikum seine Grundüberlegungen zur Höhe, Verwendung und Effizienz der Staatsausgaben z. B. im Aufsatz „The Theory of Public Expenditures“ (*Colm* 1936), in konzentrierter Form vermittelte, im Spätsommer 1939 in die New Deal-Administration von Präsident Roosevelt nach Washington wechselte, wo er von 1940–46 in führender Position im Bureau of the Budget und von 1946–52 als Senior Economist und Konjunkturexperte im neu geschaffenen Council of Economic Advisers tätig war. Colm war maßgeblich an der Formulierung des Employment Act von 1946 beteiligt gewesen, mit der dieses Beratungsgremium des amerikanischen Präsidenten ebenso wie das Joint Committee on the Economic Report von Senat und Repräsentantenhaus geschaffen und die amerikanische Regierung verpflichtet wurde „to promote maximum employment, production, and purchasing power“.²⁴ Die volle Bedeutung vieler innovativer Ansätze, die sich in Colms *Volkswirtschaftliche Theorie der Staatsausgaben* finden, ist erst viel später, vor allem nach Entfaltung der „keynesianischen Revolution“, erkannt worden. So enthält das Werk z. B. zentrale Gesichtspunkte des später von Abba Lerner (der selbst als Nachfolger von Marschak Ende 1942 indirekter Nachfolger auf Colms Professur an der New School wurde) entwickelten Konzepts der „Functional Finance“, wonach die Finanzpolitik als systematisches Instrument der Konjunkturpolitik eingesetzt wird. Allerdings reduziert Colm die Finanzpolitik weder auf eine ausschließlich konjunkturpolitische Funktion noch redet er einer reaktiven diskretionären Politik das Wort. In einer Systematik der verschiedenen öffentlichen Leistungsarten unterscheidet Colm zwischen den Verwaltungsleistungen, deren Kosten er in Personal- und Sachausgaben aufteilt, und den Geldleistungen, zu denen er

²³ Siehe hierzu auch *Musgrave* (1987).

²⁴ Zum zehnjährigen Bestehen des amerikanischen Beschäftigungsgesetzes ehrte die National Planning Association in Washington ihren Chefökonom (seit 1952) Gerhard Colm mit einer Festschrift (*Colm* 1956). Zu Leben und Werk Colms vgl. ausführlich *Hoppenstedt* (1997).

z. B. Unterstützungen, Subventionen und Tributleistungen an das Ausland rechnet.²⁵ Zusammen mit Pigou (1928) war Colm damit der Wegbereiter der für die Analyse der gesamtwirtschaftlichen Wirkungen der öffentlichen Ausgaben wichtigen Unterscheidung der Staatsausgaben für Güter und Dienstleistungen, die der Staat direkt in Anspruch nimmt, und Transferausgaben (Sozialausgaben an private Haushalte, Subventionen an Unternehmen), bei denen eine Umverteilung der Kaufkraft von den Steuerzahlern auf die Empfänger von Transferleistungen erfolgt, aber kein zusätzliches Einkommen geschaffen wird. Darüber hinaus diskutiert Colm differenziert die investive (produktive) bzw. konsumtive Verwendung öffentlicher Kredite, die damit verbundenen Zinszahlungen und die intertemporalen Belastungswirkungen (interner) öffentlicher Verschuldung sowie die ökonomische Funktion der Arbeitslosenversicherung, alles Themen, die in den nachfolgenden beschäftigungspolitischen Debatten seit der Weltwirtschaftskrise relevant werden sollten.

Colms enger Weggefährte Hans Neisser (1895–1975), der seit März 1930 stellvertretender Leiter der Konjunkturabteilung des Kieler Weltwirtschaftsinstituts gewesen war, erhielt 1933 zunächst eine Professur für Geldtheorie an der Wharton School of Finance in Philadelphia. Von 1941–43 war er als Principal Economist in der Forschungsabteilung des Office of Price Administration in Washington unter ihrem Leiter Galbraith tätig, das die US-Regierung zur Inflationskontrolle in Kriegszeiten eingerichtet hatte. 1943 wechselte Neisser auf die nach dem Tode von Feiler freigewordene Professur an der New School, wo er bis zu seiner Emeritierung 1965 blieb. Neissers Produktivität blieb durch die Emigration ungebrochen, was durch seine zahlreichen Publikationen in führenden amerikanischen Fachzeitschriften belegt wird, wie z. B. durch seine heute noch aktuelle Auseinandersetzung mit der Gefahr einer technologischen Arbeitslosigkeit (Neisser 1942). Neisser war neben Marschak auch einer der Pioniere auf dem Gebiet der Ökonometrie, die dafür verantwortlich zeichneten, dass die New School an der Ostküste die erste akademische Institution war, an der sich dieses neue Fachgebiet etablierte. Die Econometric Society verlieh Neisser, der in den 1940er und 1950er Jahren zahlreiche Aufsätze in ihrer Zeitschrift *Econometrica* publizierte, in Anerkennung seiner Verdienste den Ehrentitel eines Fellow.

Die theoretischen und empirischen Arbeiten zur Konjunkturforschung aus Kieler Zeiten fanden u. a. in einer ausführlichen Studie zur internationalen Transmission von Konjunkturzyklen ihrer Fortsetzung, in der Neisser (1936) aufzeigt, unter welchen Bedingungen konjunkturelle Arbeitslosigkeit in den wirtschaftlichen Zentren in Unterbeschäftigung an der

²⁵ Vgl. Colm (1927, 34 ff.).

Peripherie umgewandelt wird. Diese Studie findet ihre Fortsetzung in dem gemeinsam mit Franco Modigliani Ende der 1940er Jahre erstellten Werk *National Incomes and International Trade* an dem von Lowe an der New School geleiteten Institute of World Affairs. Diese von Neisser und Modigliani (1953) durchgeführte quantitative Analyse der am Welthandel zwischen 1925 und 1937 beteiligten Länder (unter Ausschluß der Sowjetunion) war die umfassendste ökonomische Untersuchung weltwirtschaftlicher Zusammenhänge, die bis dahin durchgeführt worden war. Mit ihrem komplexen System von 36 simultanen Gleichungen für sechs Länder bzw. Ländergruppen²⁶ besaß die Studie Pioniercharakter, die zugleich den Einfluss von Marschak und der Cowles Commission offenbart. „The overall philosophy of the model was that of a simultaneous system. It was the first example of a model in which the behavior functions of the individual variables and individual countries were formalized with econometric methods“ (Modigliani 2001, 50).

Während die New School-Ökonomen zu den aktivsten Unterstützern von Roosevelts New Deal-Politik gehörten, war die große Mehrheit der Vertreter der Österreichischen Schule unter den vehementesten Kritikern zu finden.²⁷ Bekanntermaßen war der quantitative Anteil wie das qualitative Gewicht der österreichischen Wirtschaftswissenschaftler unter den Emigranten aus dem deutschsprachigen Raum besonders hoch.²⁸ Von 221 emigrierten Ökonomen²⁹ waren 51 von einer österreichischen Universität promoviert worden, darunter allein 50 von der Universität Wien. Die „Österreichische“ Schule war also eigentlich eine Wiener Schule. Diese von Carl Menger begründete liberal-marktwirtschaftlich und theorieorientierte Schule der Nationalökonomie war in relevanter Form, bis auf einige Rudimente beim Epigonen und Wieser-Schüler Mayer, unter den Professoren der Wiener Fakultät nicht mehr vertreten gewesen, nachdem die drei zentralen wirtschaftswissenschaftlichen Lehrstühle zwischen 1919 und 1926 mit Othmar Spann, Hans Mayer und Ferdinand Degenfeld-Schonburg neu besetzt worden waren. Bezeichnenderweise wurden dabei die im besten Berufungsalter stehenden Ludwig von Mises (geb. 1881) und Joseph A. Schumpeter (1883) übergangen.

Während sich die Universität Wien damit weitgehend von der Entwicklung in der modernen Wirtschaftswissenschaft abgekoppelt hatte, fand der

²⁶ USA, Großbritannien, Frankreich und Deutschland, eine Ländergruppe, die primär Industrieerzeugnisse und eine Ländergruppe, die primär Rohstoffe und Agrarprodukte exportierte.

²⁷ Vgl. hierzu den Beitrag von *Hansjörg Klausinger* in diesem Band.

²⁸ Zur Emigration der Österreichischen Schule der Nationalökonomie in die USA vgl. auch *Craver* (1986a), *Krohn* (1988) sowie weitere Beiträge in Band II von *Stadler* (1988), *Fleck* (1996), *Feichtinger* (2001) und *Klausinger* (2006).

²⁹ Vgl. *Hagemann* und *Krohn* (1999).

theoretische Diskurs in außeruniversitären Institutionen statt wie von 1920 bis 1934 in dem Privatseminar von Mises, dem von Friedrich August Hayek und Josef Herbert Fürth 1921 gegründeten Geist-Kreis, der 1926 gegründeten Nationalökonomischen Gesellschaft sowie dem 1927 gegründeten Österreichischen Institut für Konjunkturforschung. Ein Großteil der Teilnehmer sollte Österreich in den 1930er Jahren verlassen, viele davon bereits vor dem ‚Anschluss‘ im März 1938. Fast Alle standen in der Tradition der Österreichischen Schule, als deren konstituierende Elemente einer ihrer führenden Vertreter der vierten Generation die folgenden hervorhebt: methodologischer Individualismus, Theorie des subjektiven Werts, die Bedeutung von Präferenzen, das Konzept der Opportunitätskosten, das marginalistische Prinzip, die Hervorhebung der Zeitpräferenz und der zeitlichen Struktur der Produktion.³⁰

Die Fehlbesetzungen an der zentralen Wiener Fakultät sowie die geringe Zahl an Lehrstühlen im verarmten Nachkriegsösterreich führten dazu, dass aufstrebende theorieorientierte Nachwuchsökonominnen nach anderen Optionen Ausschau hielten. Hierbei kam ihnen zugute, dass die Rockefeller Foundation seit Mitte der 1920er Jahre im Rahmen ihres wirtschafts- und sozialwissenschaftlichen Forschungsprogramms die Möglichkeit gut ausgestatteter Stipendien für einen zweijährigen Forschungsaufenthalt an US-amerikanischen Universitäten bot. Dies galt insbesondere für die in der Zwischenkriegszeit im Vordergrund stehende Konjunkturforschung, die durch die Gründungen des Harvard Economic Service 1917 sowie des National Bureau of Economic Research 1920 unter Leitung von Wesley C. Mitchell wesentliche Impulse erhalten hatte, die international ausstrahlten. So wurde in Deutschland 1925 das Deutsche Institut für Konjunkturforschung in Berlin unter Leitung von Ernst Wagemann gegründet. Im April des nachfolgenden Jahres nahm die neu eingerichtete Abteilung für Statistische Weltwirtschaftskunde und Internationale Konjunkturforschung am Kieler Institut für Weltwirtschaft und Seeverkehr unter Leitung von Adolf Löwe ihre Tätigkeit auf. Kurz danach wurde auf Initiative des Bankiers und Geldtheoretikers L. Albert Hahn die Frankfurter Gesellschaft für Konjunkturforschung unter Leitung von Eugen Altschul gegründet, der nach seiner Emigration in die USA von Ende 1933 bis 1939 am NBER in New York tätig war.³¹

³⁰ Vgl. *Machlup* (1982). *Ira Kirzner* (1994, I: XIX), seit einem halben Jahrhundert führender Austroamerikanischer Ökonom, kritisiert, dass in Machlups Auflistung die Bedeutung von Märkten und Wettbewerb als *Prozesse* des Lernens und unternehmerischer Entdeckungen in einer Welt fehlen, die durch fundamentale Unsicherheit im Sinne von Frank Knight gekennzeichnet sei.

³¹ Zu den Anfängen der institutionalisierten Konjunkturforschung in Deutschland vgl. auch *Krengel* (1986), *Kulla* (1996) und *Beckmann* (2000).

Die Konjunkturforschung war auch das zentrale Lebensthema von Schumpeter, der mit Beginn des neuen akademischen Jahres im Spätsommer 1932 nach siebenjähriger Tätigkeit an der Universität Bonn auf eine Professur an der Harvard University wechselte. Hier hatte er bereits im Januar 1914 die Grundgedanken seiner Theorie der wirtschaftlichen Entwicklung (1911) über die Wellenförmigkeit als entscheidendes Charakteristikum der Dynamik kapitalistischer Wachstumsprozesse vorgestellt (*Schumpeter* 1914–15) und sich mit Frank Taussig angefreundet. Dessen Schwiegersohn Redvers Opie übersetzt Schumpeters frühes opus magnum, das nach mehr als zwei Jahrzehnten 1934 erstmals in englischer Sprache erscheint. Das Thema absorbiert einen Großteil von Schumpeters Energien in den ersten sieben Harvard-Jahren bis zum Erscheinen seines zweibändigen, mehr als 1000 Seiten umfassenden Werks *Business Cycles*, dessen Vorwort mit der Aussage beginnt: „Analyzing business cycles means neither more nor less than analyzing the economic process of the capitalist era. ... Cycles are not, like tonsils, separable things that might be treated by themselves, but are, like the beat of the heart, of the essence of the organism that displays them“. (*Schumpeter* 1939, V). Hier wird klar, dass für Schumpeter Wachstum und Konjunktur eine Einheit bilden und nicht künstlich zu trennen sind. Es ist eine Kernhypothese von Schumpeter, dass der Technische Fortschritt die zentrale Determinante des Konjunkturzyklus, aber zugleich auch der wesentliche Bestimmungsgrund des langfristigen Trends ist. Diese Sichtweise von Trend und Zyklus als eines einheitlichen Phänomens steht im Gegensatz zu vielen nachfolgenden Ansätzen insbesondere in der neoklassischen Theorie wie z.B. der lange Zeit durch das Grundmodell von Solow geprägten neoklassischen Wachstumstheorie. Schumpeters *Business Cycles* sind maßgeblich durch die vom Gründungsdirektor des russischen Konjunkturforschungsinstituts Nikolai Kondratieff Mitte der 1920er Jahre entdeckten „langen Wellen“ der Konjunktur beeinflusst worden, die in Schumpeters Ausprägung durch grundlegende technologische Innovationen hervorgerufen werden und eine Länge von etwa 55 Jahren umfassen. Diese Kondratieff-Zyklen überlagern sich mit den klassischen Juglar-Zyklen (ca. 9–10 Jahre) und den kurzfristigen Kitchin-Zyklen (ca. 40 Monate).

Trotz der in den Konjunkturzyklen steckenden gewaltigen Arbeitsleistung fällt die Resonanz auf Schumpeters theoretische, historische und statistische Analyse des kapitalistischen Prozesses nur gering aus. Dies liegt nicht nur daran, dass der Verfasser, der 1940–41 zum Präsidenten der Econometric Society gewählt wurde, die großen Fortschritte in den statistisch-ökonomischen Methoden in der Zwischenkriegszeit selbst kaum anwendet, wie ihm Kuznets (1940) in seinem Rezensionssatz im einflussreichen *American Economic Review* zurecht vorwirft, sondern auch am schlechten ‚Timing‘: dem einsetzenden Zweiten Weltkrieg und vor allem auch an Keynes’

drei Jahre zuvor erschienener *The General Theory of Employment, Interest and Money* (1936), das international – zustimmend wie kritisch – innerhalb kürzester Zeit zum einflussreichsten ökonomischen Werk wurde. Dies galt unter dem prägenden Einfluss von Alvin Hansen gerade auch unter den Doktoranden und Studierenden in Harvard.

Das Blatt sollte sich allerdings alsbald wenden, mit dem mitten im Zweiten Weltkrieg erscheinenden *Capitalism, Socialism and Democracy* (Schumpeter 1942), das zu Schumpeters größtem Verkaufserfolg werden sollte, und der posthum publizierten *History of Economic Analysis* (Schumpeter 1954), bis heute ein Standard setzendes Werk in der Theoriegeschichte. Kapitalismus, Sozialismus und Demokratie ist mittlerweile nicht nur ein Klassiker der Sozialwissenschaften, sondern traf unmittelbar den Zeitgeist mit der zentralen Frage, ob der Kapitalismus weiterleben kann. Obwohl Schumpeter unter rein ökonomischen Gesichtspunkten wie der Generierung von Innovationen diese Frage eher bejaht, gelangt er doch insgesamt zu einer pessimistischen Prognose. Zu den Gründen gehören die Erosion der Unternehmerfunktion aufgrund von Bürokratisierung und Automatisierung sowie die Zerstörung der den Kapitalismus schützenden Schichten und Institutionen wie insbesondere auch die feindselige Haltung der Intellektuellen. Schumpeters Soziologie der Intellektuellen nimmt in gewisser Weise die Studentenbewegung von 1968 vorweg.

Paul Samuelson (2002, S. 54) hat darauf hingewiesen „that more refugees from Hitler were landed in U.S. professional chairs by Schumpeter than probably by any other single person“. Schumpeters Aktivitäten beginnen unmittelbar nach dem von den Nationalsozialisten am 7. April 1933 verabschiedeten Gesetz zur Wiederherstellung des Berufsbeamtentums, das die Grundlage bildete um unliebsame Beamte aus rassistischen (§ 3) und/oder politischen (§ 4) Gründen aus dem Staatsdienst zu entfernen. Dies zeigt exemplarisch sein Brief an Wesley C. Mitchell vom 19. April 1933, der in Kopie auch an die Rockefeller Foundation geht, in dem er sich für verfolgte „Hebrew colleagues in Germany“ einsetzt. Schumpeters Liste enthält neben dem erstplatzierten Freund Gustav Stolper die folgenden acht Namen: Jacob Marschak, Hans Neisser, Karl Mannheim, Emil Lederer, Adolph Loewe, Gerhard Colm, Karl Pribram und Eugen Altschul. Die Diktion ist unverkennbar eine „Schumpetersche“: arrogant und urteilssicher in der Einschätzung der wissenschaftlichen Leistungen und Fähigkeiten. „The men listed may all of them be described as „more than competent“. I did on purpose not include any distinctly weak brothers“.³²

Gottfried Haberler (1900–1995) war von der Wiener Universität 1928 mit einer Arbeit über Indexzahlen habilitiert und zwei Jahre später zum außer-

³² *Schumpeter* (2000, 246–8).

ordentlichen Professor für Volkswirtschaft und Statistik ernannt worden. Im Jahr 1931/32 war er Gastprofessor an der Harvard University, die ihn im Sommer 1936 zum Full Professor ernannte. Zu dieser Zeit hatte Haberler mit seinen Arbeiten zur Theorie des internationalen Handels³³ sowie der kurz zuvor für den Völkerbund in Genf abgeschlossenen Studie zum Stand der Konjunkturtheorie *Prosperity and Depression* (Haberler 1937) bereits internationales Renommee erlangt. Mit seinem ausgeglichenen Temperament war Haberler eher zur Synthese oder einem ‚eklektischen Ansatz‘ bereit als Hayek oder gar Mises.³⁴ Seine Kritik an Keynes fiel nicht nur moderater aus, indem er z. B. bei tiefen Depressionen auch für expansive geld- und fiskalpolitische Maßnahmen eintrat, sondern Haberler entwickelte auch theoretische Innovationen. So enthält bereits die erste Auflage von *Prosperity and Depression* (Haberler 1937, 298–299) den später so genannten (Haberler-)Pigou-Effekt – der von Patinkin zum Realkasseneffekt erweitert wurde – wonach sinkende Löhne und Preise ihre ‚heilsame‘ Wirkung dadurch entfalten können, dass sie die Konsumgüternachfrage stimulieren. Wie die meisten Wiener Ökonomen war Haberler, der bis zu seiner Emeritierung 1971 in Harvard blieb, für eine Rückkehr zum Goldstandard und dem damit verbundenen System fester Wechselkurse, entwickelte sich jedoch nach dem Zweiten Weltkrieg sukzessive zu einem Kritiker des Bretton Woods-Systems und Befürworter flexibler Wechselkurse.

Dies galt in noch stärkerem Maße für Fritz Machlup (1902–83), der zwar von der Universität Wien 1923 mit einer von Mises betreuten Arbeit über Probleme der Goldkernwährung promoviert worden war, dem die reaktionäre Fakultät unter Mayer, Spann und Degenfeld-Schonburg im Gegensatz zu den Nichtjuden Hayek, Haberler und Morgenstern die Habilitation aber verweigerte.³⁵ Ohne Hoffnung auf eine akademische Karriere in Österreich ging Machlup 1933 mit einem zweijährigen Stipendium der Rockefeller Foundation in die USA, an dessen Ende ihm die State University of New York at Buffalo zum Professor ernannte, wo er bis 1947 blieb, bevor seine glanzvolle Karriere mit der Berufung an die John Hopkins University und 1960 als Nachfolger Jacob Viners in Princeton begann. Bezeichnenderweise mußte ein so herausragender Ökonometriker wie Gerhard Tintner (1907–83), der frühzeitig eine Vielzahl von Publikationen in erstklassigen Fachzeitschriften aufweisen konnte und 1936 ebenfalls mit einem Stipendium der Rockefeller Foundation von Wien an die Cowles Commission gekommen war, von 1937 bis 1962 gar mit einer Professur am Iowa State College in

³³ Wie *Samuelson* (1996) in seinem Nachruf betont, hätte Haberler für seine innovativen Konzepte wie die ‚Produktionsmöglichkeitsgrenze‘ oder Transformationskurve den Nobelpreis verdient gehabt.

³⁴ Vgl. hierzu auch *Klausinger* (2006, 633).

³⁵ Vgl. *Craver* (1986a, 23–24).

Ames vorlieb nehmen. Antisemitismus war bis zum Zweiten Weltkrieg und der Sichtbarwerdung des vollen Ausmaßes des Holocaust insbesondere auch an den Ivy League-Universitäten der USA weit verbreitet. Bekanntermaßen verweigerte die Harvard University ihrem ‚best-ever‘-Doktoranden in den Wirtschaftswissenschaften Paul Samuelson eine Tenure-Position, der dann später jenseits der Straße am MIT eine lange Zeit überlegene Fakultät aufbaute. Wie sehr dieser Tatbestand Samuelson noch mehr als ein halbes Jahrhundert später aufrührt, zeigt sein Beitrag für die Festschrift für Mark Perlman, in dem er den damals in Harvard³⁶ und anderen Universitäten vorherrschenden Antisemitismus (mit der rühmlichen Ausnahme der Universität Chicago, die z. B. einen Jacob Viner, der als Schüler Taussigs 1922 von Harvard promoviert worden war, bereits 1925 zum Full Professor ernannt hatte) präzise und faktenreich betont, „strongly correlated with it factually will be found to be anti-Black, anti-female, anti-Catholic, anti-homosexual, anti-radical and even anti-class attitudes“ (*Samuelson* 2002, S. 47).

Hansjörg Klausinger (2006) hat am Beispiel ihrer vier führenden Vertreter Haberler, Machlup, Mises und Hayek³⁷ genau analysiert wie die Emigration einen Dehomogenisierungsprozess der Österreichischen Schule hervorgerufen hat, der die volle Bandbreite von individuellen Erfolgsgeschichten perfekter Akkulturation und Karriere bis hin zu weitgehender Isolation und einer Nischenkultur umfasst, die zugleich zu einer Auflösung der ursprünglichen Wiener Schule führte. Hierzu trug neben unterschiedlich verlaufenden Akkulturationsprozessen im Aufnahmeland bei, dass „the Austrians drew on a specific tradition that was rather alien to Anglo-Saxon economists“ (*Klausinger* 2006, 627). Für die Nischenkultur steht prototypisch Ludwig von Mises, der weder in Österreich noch in den USA, wohin er im Sommer 1940 emigrierte, nachdem er seit dem Frühjahr 1934 eine Professur am Institut Universitaire des Hautes Etudes Internationales in Genf inne hatte, einen Lehrstuhl erhielt. In der Diskussion darüber, inwieweit sein Judentum, seine libertäre Wirtschaftsgesinnung und/oder seine schwierige Persönlichkeit³⁸ dazu beitrugen, sollte jedoch beachtet werden, dass er bei Ankunft in den USA bereits 59 Jahre alt war und damit nicht mehr im seinerzeit nor-

³⁶ Vgl. hierzu auch die Autobiographie von *John Kenneth Galbraith* (1981, Kap. 4 ff.).

³⁷ Hayek kam erst 1950 von der London School of Economics an die Universität Chicago, wo er nicht an der wirtschaftswissenschaftlichen Fakultät lehrte, sondern bis zu seinem Wechsel nach Freiburg 1962 eine Forschungsprofessur für Social and Moral Science inne hatte. Als Summe seiner Jahre in den USA muss seine Wiederbelebung des klassischen britischen Liberalismus für moderne Gesellschaften *The Constitution of Liberty* (Hayek 1960) gelten.

³⁸ So räumt selbst der Mises-Schüler Machlup in einem Brief an Professor Spahr von der New York University vom 24. Oktober 1940, in dem er Mises für eine Stelle anpreist, ein: „He is a man unwilling to make compromises, even if such

malen Berufungsalter stand. Mises' Außenseitertum gegenüber dem Mainstream der US-amerikanischen Entwicklung der Wirtschaftswissenschaft nach dem Zweiten Weltkrieg, die durch eine starke Mathematisierung und Ökonometrisierung gekennzeichnet ist, zeichnet sich jedoch frühzeitig am Ende seiner Wiener Zeit ab. So schreibt er bereits am 19. Januar 1934 in einem Brief an Machlup, dass die letzten beiden Hefte der neuen Zeitschrift *Econometrica* „mehr und verhängnisvollere Irrtümer enthalten als 20 Bände des Schmoller'schen Jahrbuchs“³⁹.

Andererseits ist es gerade der Außenseiter Mises, der die meisten einsetzenden modernen Entwicklungen in der Wirtschaftswissenschaft in den „Years of High Theory“ (Shackle) ablehnt, der nicht nur unbeirrt von 1945 bis 1969 im Stile seines Wiener Privatseminars ein Seminar als Gastprofessor an der New York University (NYU) durchführt, sondern zugleich als Einziger eine eigene Schule prägt: die neo-österreichische Schule in Amerika.⁴⁰ Diese bildet seit einigen Jahrzehnten einen wesentlichen Teil heterodoxer Ansätze in den Wirtschaftswissenschaften in den USA, der mit den meisten anderen, politisch eher linken Heterodoxien die gemeinsame Abneigung gegen die Dominanz von mathematischen Modellen und ökonometrischen Methoden teilt. Institutionell bildete das Austrian Economics Seminar an der New York University den Ausgangspunkt der Entwicklung von ‚Austrian Economics in America‘, die mittlerweile Schwerpunkte auch am Center for the Study of Market Processes an der George Mason University in Virginia vor den Toren Washingtons und am Ludwig von Mises Institute an der Auburn University in Alabama hat, das auch einen Austrian Economics Newsletter und das *Quarterly Journal of Austrian Economics* herausgibt. Seit 1987 erscheint das *Review of Austrian Economics*, und 1996 wurde die Society for the Development of Austrian Economics gegründet, deren Zielsetzung darin besteht „to advance the ideas of Menger, Mises, and Hayek and other economists of the Austrian school“ und ihren Schwerpunkt eher in den konservativen Südstaaten hat.

Die große Bandbreite unter den Austroamerikanern verkörpern beispielhaft Mises' zwei prominenteste Schüler. Ira Kirzner, der in seinen eigenen Arbeiten vor allem Märkte als unternehmerische Entdeckungsprozesse ver-

compromises might be to his material advantage. He will stick stubbornly to his convictions. Though I feel this is really a merit it sometimes antagonizes people.“

³⁹ Fritz Machlup Papers, Box 53, Folder 27, Hoover Institution Archives, Stanford University.

⁴⁰ Siehe hierzu auch *Vaughn* (1994) und die von *Stephen Littlechild* (1990) zusammengestellte Kollektion, die elf Beiträge von Israel M. Kirzner, sechs von Murray N. Rothbard, fünf von Lawrence H. White, vier von Mario Rizzo und drei von Roger W. Garrison enthält, womit die wichtigsten austro-amerikanischen Ökonomen aufgeführt sind, wozu unter den Jüngeren z. B. auch Peter Boettke gehört.

steht und dabei Mises' Unternehmerverständnis mit Hayeks Analysen zu Wissen und Informationen verbindet, hat sich in seiner langjährigen Tätigkeit als Professor an der NYU stets um den wissenschaftlichen Diskurs mit dem modernen Mainstream und anderen Richtungen in der Wirtschaftswissenschaft bemüht.⁴¹ Im Gegensatz dazu haben der wesentlich radikalere Murray Rothbard und das in seiner Tradition stehende Ludwig von Mises Institute, das auch der Tea-Party-Bewegung nahesteht, eine stärker ideologisch geprägte Richtung eingeschlagen, die von einer wertfreien Wissenschaft, etwa im Sinne Max Webers oder Schumpeters, um Lichtjahre entfernt ist. Hier erscheint dann beispielsweise ein Keynes als wilder Linker und Antisemit.

III. Wirkungen in den USA

Mit Ausnahme von Mises und den Ökonomen an der New School for Social Research, die ihren größten Einfluss in der Zeit von Roosevelts New Deal und unmittelbar nach Ende des Zweiten Weltkriegs hatten, gilt insgesamt, dass „those immigrants who tried to maintain their distinctly European scholarly identity appear to have been less influential on the development of the profession in America“ (Craver und Leijonhufvud 1987, 175). Es waren vor allem diejenigen emigrierten Ökonomen, die zu einer schnellen Assimilierung in den amerikanischen Wissenschaftsbetrieb bereit waren, die eine erfolgreiche Karriere machten.⁴² Insbesondere die jüngeren Emigranten waren offen für die Stimulierung durch die neue Umgebung im Aufnahmeland und für neue Ideen und Methoden. Zugleich zeigt sich am Beispiel von Musgrave in der Finanzwissenschaft oder besonders der am Ende des Zweiten Weltkriegs neu aufkommenden Teildisziplin der Entwicklungsökonomik mit einem auffällig hohen Anteil von emigrierten Wirtschaftswissenschaftlern aus dem deutschsprachigen Raum in der Pioniergeneration eine fruchtbare Symbiose unterschiedlicher Denktraditionen.⁴³ Während die langfristige, stufenweise Entwicklung kapitalistischer Volkswirtschaften sowohl bei

⁴¹ Hiervon konnte sich der Verfasser in seiner Zeit als Theodor Heuss Professor an der New School for Social Research 1999/2000 als Vortragender und Teilnehmer im Austrian Economics Seminar selbst überzeugen. Die Liberalität und Offenheit der Seminardiskussionen waren vorbildlich.

⁴² Für eine insgesamt erfolgreiche Integration spricht auch die geringe Rückkehrerquote nach 1945. Vgl. hierzu Hagemann (2010).

⁴³ So liegt der Anteil deutschsprachiger Emigranten unter den bei Meier und Seers (1984) aufgeführten Pionieren der Entwicklungsökonomik bei 30 Prozent, darunter Alexander Gerschenkron, Albert O. Hirschman, Paul Rosenstein-Rodan, Hans W. Singer, Paul Streeten u. a. Entstand die Entwicklungsökonomik zunächst überwiegend in Großbritannien, so eröffneten die Vereinten Nationen mit ihren zahlreichen Unterorganisationen alsbald vielfältige Beschäftigungsmöglichkeiten.

List und der Historischen Schule als auch bei Marx und dann vor allem bei Schumpeter stets im Zentrum der Analyse stand, kamen nun im angelsächsischen Raum die Impulse der Keynes'schen Revolution und die Auseinandersetzung mit dem Phänomen der Massenarbeitslosigkeit hinzu. Diese fruchtbare Symbiose macht es ausgesprochen schwierig, wenn nicht unmöglich, im Sinne Robert Fogels kontrafaktisch zu ermitteln, wie Stand und Entwicklung der amerikanischen Wirtschaftswissenschaft ohne die Beiträge und Impulse der Emigranten aus dem faschistisch (und stalinistisch) beherrschten Europa ausgefallen wäre.

Kein Zweifel kann jedoch darüber bestehen, dass „the triumphant rise of American economics after 1940 was enormously accelerated by importation of scholars from Hitlerian Europe“ (*Samuelson* 1988, 319). Im selben Zusammenhang weist Samuelson jedoch darauf hin, dass ökonomisches Wissen die Eigenschaften eines öffentlichen Guts habe: „free trade in ideas is a powerful substitute for free trade in the productive factor called professors“. Dieser Tatbestand erschwert eine exakte Messung der Wirkungen deutschsprachiger Wirtschaftswissenschaftler in den USA. Der Transfer von Wissen erfolgt in größerem Ausmaß häufig aber auch auf lokaler Ebene bzw. durch direkten persönlichen Kontakt. So hebt z. B. *AnnaLee Saxenian* (2006) die große Bedeutung hervor, die die Ausbildung im Silicon Valley für den Wissenstransfer von Chinesen und Indern im Bereich moderner Informations- und Kommunikationstechnologien für den Aufholprozess in ihren Heimatländern hatte. Professoren wirken nicht nur über ihre Veröffentlichungen, sondern in entscheidendem Maße auch als akademische Lehrer. Dies gilt umso mehr, wenn sie an führenden Universitäten unterrichten und über ein größeres Charisma verfügen. So hat Schumpeter an der Harvard University in knapp zwei Jahrzehnten eine beeindruckende Liste von Ökonomen beeinflusst, zu denen u. a. Richard Goodwin, Hyman Minsky, Paul A. Samuelson und James Tobin gehören, aber auch Paul Sweezy, dessen Theorie kapitalistischer Entwicklung (*Sweezy* 1942) der einzige relevante Beitrag aus den USA zur Marxistischen Wirtschaftstheorie im selben Jahr erscheint wie Schumpeters Kapitalismus, Sozialismus und Demokratie. Über Shigeto Tsuru bzw. Paolo Sylos-Labini hat Schumpeter nach dem Zweiten Weltkrieg auch einen großen Einfluss in Ländern wie Japan oder Italien ausgeübt. Die große Rolle europäischer Emigranten und die Bedeutung der Cowles Commission ist bereits ebenso hervorgehoben worden wie Mises' Seminar an der NYU als Geburtsstätte der ‚Österreichischen Schule‘ in den USA. Bekanntermaßen war auch Fritz Machlup ein lebendiger und erfolgreicher Lehrer, zu dessen zahlreichen Doktoranden an der Johns Hopkins University in Baltimore in den 1950er Jahren u. a. John Chipman, Basil Moore oder Edith Penrose gehören. Machlup hatte sich bereits seit den 1930er Jahren intensiv mit der Produktion und Distribution von Wissen und der Rolle von Patenten

befasst, aus denen später die umfassende Studie *The Production and Distribution of Knowledge in the United States* (Machlup 1962) hervorging. Penrose verfasste, angeregt durch Machlup, ihre Doktorarbeit *The Economics of the International Patent System* (1951) und einige Jahre später ihre bahnbrechende Studie *The Theory of the Growth of the Firm* (Penrose 1959). Zu Morgensterns Schülern und Mitarbeitern am Institute for Advanced Studies in Princeton gehörten u. a. Martin Shubik, Herbert Scarf und Clive Granger.

Durch die Emigranten wurde auch die Transmission bedeutender wirtschaftstheoretischer Ideen und Ansätze aus dem deutschen Sprachraum in die USA beschleunigt, die mangels Sprachkenntnissen und englischer Übersetzungen wesentlich erschwert gewesen wäre. Die deutsche Sprache hatte schon im Ersten Weltkrieg unmittelbar nach der Torpedierung der *Lusitania* am 7. Mai 1915 sowie dem Kriegseintritt der USA nach Erklärung des uneingeschränkten U-Boot-Krieges Anfang 1917 in den USA einen schweren Rückschlag erlitten, der durch die Nazizeit zu einem irreversiblen Bedeutungsverlust führte. Hatte es bei Schumpeters *Theorie der wirtschaftlichen Entwicklung* mehr als zwei Jahrzehnte und bei Wicksells *Geldzins und Güterpreise* (1898) fast vier Jahrzehnte bis zur Publikation einer englischen Übersetzung gedauert, so sind Wicksells *Finanztheoretische Untersuchungen*⁴⁴ (1896) und Lindahls *Gerechtigkeit der Besteuerung* (1919), die die spätere Theorie der öffentlichen Güter durch Musgrave, Samuelson und Vickrey ebenso stark beeinflusst haben wie James Buchanan und den Public Choice-Ansatz⁴⁵, bis heute nicht vollständig ins Englische übersetzt.

Ein wesentlicher Transmissionskanal in der Forschung sind wissenschaftliche Zeitschriften. Auch in diesem Bereich führten die Jahre 1933 bzw. 1938 zu einem erheblichen Einschnitt. Mit der Ausnahme von *Schmollers Jahrbuch*, bei dem Arthur Spiethoff der Herausgeber blieb, wechselten die anderen führenden wirtschaftswissenschaftlichen Zeitschriften zu Beginn der Nazizeit ihren Herausgeber, um ihr Überleben zu sichern.⁴⁶ Nur eine Zeitschrift, das *Archiv für Sozialwissenschaft und Sozialpolitik*, musste ihr Erscheinen einstellen. Dieses war jedoch die führende wirtschafts- und sozialwissenschaftliche Zeitschrift gewesen, seitdem Max Weber, Werner Sombart und Edgar Jaffé 1904 die Herausgeberschaft übernommen hatten. Mit Emil Lederer als Schriftleiter, seit 1922 als Herausgeber mit den beiden Mitherausgebern Joseph Schumpeter und Alfred Weber, erschienen hier in der Weimarer Republik noch aus heutiger Sicht relevante Artikel wie z. B.

⁴⁴ Eine verkürzte englische Übersetzung des wesentlichen theoretischen Teils ‚A New Principle of Just Taxation‘ durch Buchanan ist enthalten in *Musgrave und Peacock* (1958, S. 72–118).

⁴⁵ Vgl. hierzu auch *Buchanan und Musgrave* (1999).

⁴⁶ Vgl. ausführlich *Hagemann* (1991).

Mises' ‚Die Wirtschaftsrechnung im sozialistischen Gemeinwesen‘ (1920), Kondratieffs ‚Die langen Wellen der Konjunktur‘ (1926) oder Leontieffs Berliner Dissertation ‚Die Wirtschaft als Kreislauf‘ (1928). In einem einzigen durchaus repräsentativen Jahr wie 1927 sind nicht nur Haberler, Hayek, Lederer, Oppenheimer, Röpke und Schumpeter, sondern mit Pigou und Wicksell auch herausragende ausländische Ökonomen oder mit Karl Mannheim, Robert Michels und Ferdinand Tömines führende Sozialwissenschaftler unter den Autoren vertreten. Der herausragende Ruf des Archivs wurde nach 1933 von keiner deutschen wirtschaftswissenschaftlichen Zeitschrift mehr erreicht.⁴⁷ Bereits im nachfolgenden Jahr 1934 erscheint an der ‚University in Exile‘ die erste Ausgabe der neuen Zeitschrift *Social Research*, nicht nur thematisch wie methodisch, sondern auch von den Autoren ein legitimer Nachfolger des Archivs. So gehören Lederer, Colm und Neisser ebenso wie Mark Mitnitzky, Albert Salomon und Hans Speier zu den Verfassern von Beiträgen des ersten Jahrgangs von *Social Research* wie der letzten beiden Jahrgänge des Archivs.

Kein Zweifel kann darüber bestehen, dass unter der Herausgeberschaft von Hans Mayer, aber vor allem der Schriftleitung von Morgenstern (bis 1934 in Kooperation mit seinem bereits 1931 nach London gegangenen Freund Rosenstein-Rodan), die in Wien erscheinende *Zeitschrift für Nationalökonomie* von 1930 bis 1938 nicht nur das führende wirtschaftswissenschaftliche Journal im deutschsprachigen Raum, sondern eine der weltweit besten Zeitschriften war. Dies gilt insbesondere für die in dieser Zeit im Zentrum stehenden Probleme der Konjunktur- und Kapitaltheorie und der Allgemeinen Gleichgewichtstheorie. Unter den Autoren sind nicht nur die herausragenden österreichischen und deutschen Theoretiker zu finden, sondern auch fast alle führenden Ökonomen aus anderen europäischen Ländern und den USA, wie z.B. Albert Aftalion, Ragnar Frisch, Roy Harrod, John Hicks, Frank Knight, Arthur Marget, Gunnar Myrdal, Bertil Ohlin, Umberto Ricci, Joan Robinson, Jan Tinbergen, Jacob Viner und Frederik Zeuthen.⁴⁸ Nach dem ‚Anschluß‘ Österreichs an Nazi-Deutschland im März 1938 und dem Weggang Morgensterns nach Princeton stürzt die Qualität der Zeitschrift schlagartig ab. Sie verliert ebenso wie zuvor bereits die deutschen Zeitschriften nicht nur einen Großteil ihrer heimischen Autoren, sondern die meisten bedeutenden internationalen Wirtschaftswissenschaftler hören nun auf, in deutschsprachigen Zeitschriften zu publizieren.

⁴⁷ Bezeichnenderweise entschied sich Heinz Sauer mann nach dem Zweiten Weltkrieg erst dann die (Mit-)Herausgeberschaft der Zeitschrift für die gesamte Staatswissenschaft zu übernehmen, als er überzeugt war, dass aus verlagsrechtlichen Problemen ein Wiedererscheinen des Archiv für Sozialwissenschaft und Sozialpolitik unmöglich war. Vgl. *Sauer mann* (1978, 9).

⁴⁸ Zur Zeitschrift für Nationalökonomie vgl. auch *Rothschild* (2004).

Umgekehrt gilt, dass nach 1933 die Zahl der Beiträge von aus dem deutschen Sprachraum stammenden Autoren in den führenden Fachzeitschriften der USA rapide ansteigt. Dies gilt nicht nur für das *American Economic Review* oder die neue Zeitschrift *Econometrica*. Allein in den anderen beiden führenden wirtschaftswissenschaftlichen Zeitschriften, dem in Harvard herausgegebenen *Quarterly Journal of Economics* und dem in Chicago erscheinenden *Journal of Political Economy*, werden zwischen 1933 und 1949 ca. 100 Aufsätze von emigrierten Ökonomen publiziert, während vor 1933 nur eine sehr geringe Zahl von Beiträgen deutschsprachiger Ökonomen veröffentlicht wurde.

F. M. Scherer (2000) hat auf der Grundlage und nach der Methode des Social Sciences Citation Index (SSCI) eine sorgfältige Zitationsanalyse der 328 im Biographischen Handbuch der deutschsprachigen wirtschaftswissenschaftlichen Emigration nach 1933 (Hagemann und Krohn 1999) erfassten Personen durchgeführt. Er hat sich dabei für den Zeitraum 1966–1970 entschieden, um auch die Zweite Generation einzuschließen, die als Kinder oder Jugendliche, d. h. vor dem ersten akademischen Abschluß, Deutschland oder Österreich verlassen mussten. Zu dieser Gruppe gehören unter den von Scherer (2000, 622) aufgeführten zwanzig Meistzitierten der topplatzierte Amitai Etzioni, der 1929 als Werner Falk in Köln geboren wurde,⁴⁹ der 1927 in Ulm geborene Otto Eckstein (Platz 7), seit 1963 Full Professor in Harvard, von 1964–66 Mitglied des Council of Economic Advisers und ab 1969 erfolgreicher Präsident von Data Resources Incorporated, und der 1925 in Berlin geborene Frank Hahn (Platz 13). Der 1930 in Frankfurt am Main geborene Spieltheoretiker Robert Aumann, der nach seiner Promotion 1955 am MIT an die Hebräische Universität in Jerusalem ging und 2005 den Nobelpreis erhielt, ist noch nicht unter den zwanzig Erstplatzierten zu finden, die insgesamt gut fünfzig Prozent aller 10 974 Zitate auf sich vereinen. Von diesen entfallen 10 645 Zitate auf Publikationen, die seit 1934 erschienen sind. Bemerkenswert ist auch, dass die nach Nordamerika emigrierten Ökonomen durchschnittlich 2,72 mal mehr zitiert wurden als die übrigen von den Nationalsozialisten entlassenen und vertriebenen Wirtschaftswissenschaftler. „Whether this difference reflects the bias in SSCI toward English-language journals whose authors cite foreign-language contributions relatively infrequently, richer opportunity for and stimulus to research and publication in North American universities, or the endogenous lure of the largest ‚market‘ to the most ambitious scholars, is unclear“ (Scherer 2000, 622).

⁴⁹ Etzioni war später enger Berater von Präsident Jimmy Carter und gründete 1989 die International Society for the Advancement of Socio-Economics, deren erster Präsident er wurde.

Scherer setzt seine Ergebnisse in Beziehung zu der wesentlich umfassenderen Studie, die Laband (1985) für die führenden 50 wirtschaftswissenschaftlichen Fakultäten in den USA, ebenfalls auf Grundlage der SSCI-Daten, für den Zeitraum 1971–1983 durchgeführt hat, in dem auch zahlreiche neue wirtschaftswissenschaftliche Zeitschriften hinzugekommen sind. Der empirische Befund ist eindeutig: „the contribution of the emigré scholars was substantial indeed“ (Ibid.). Das relative Gewicht der emigrierten deutschsprachigen Ökonomen entspricht der Summe der Zitatsanteile von Harvard (1), MIT (2) und der University of Illinois (19) bzw. der Anteilsumme der bei Laband auf den Rängen 7 bis 11 platzierten Fakultäten (Berkeley, Columbia, Wisconsin, UCLA und NYU).

Das große Gewicht und die hohe Wertschätzung emigrierter deutschsprachiger Wirtschaftswissenschaftler in den USA kommt auch darin zum Ausdruck, dass Schumpeter (1948), Haberler (1963), Machlup (1966), William Fellner (1969), der 1929 von der Universität Berlin mit einer Arbeit über die ökonomischen Wirkungen der Prohibition promoviert worden war und 1938 aus Ungarn emigrierte, sowie Marschak (1978, vor Amtsantritt verstorben) zu Präsidenten der American Economic Association AEA gewählt wurden. Mit Simon Kuznets (1954), Wassily Leontief (1970), Franco Modigliani (1976) und Zvi Griliches (1993) wurden weitere emigrierte Wirtschaftswissenschaftler aus Europa Präsidenten der AEA. Noch stärker fällt der Anteil der emigrierten deutschsprachigen Wirtschaftswissenschaftler unter den Distinguished Fellows nach der erst 1965 neu geschaffenen Anerkennung aus. Mit Machlup, Marschak (1967), Alexander Gerschenkron, Mises (1969), Fellner (1970), Leontief (1971), Morgenstern (1976), Musgrave (1978), Albert Hirschman (1984) und Rosenstein-Rodan (1985) beträgt der Anteil in den ersten beiden Jahrzehnten knapp zwanzig Prozent.

Joseph Schumpeter stellte in seiner posthum erschienenen *History of Economic Analysis* noch fest, dass sich die Wirtschaftswissenschaften in den USA im Zeitraum zwischen 1870 und 1914 zwar zunehmend professionalisierten, jedoch, „starting from near zero at 1870, these developments went on at such a rate of acceleration that the growth of fully competent personnel lagged behind the opportunities that were opened up. Many of the men who entered the new profession were practically untrained; and they approached their professional activities with their minds full of preconceived ideas that they were not prepared to put through any analytic mill ... For a considerable stretch of time, there were no recognized professional standards, and competent teaching was not always guaranteed“ (Schumpeter 1954, S. 854). Trotz der von Schumpeter, der Irving Fisher als Amerikas größten Ökonomen in der ersten Hälfte des 20. Jahrhunderts ansah, identifizierten Lichtblicke und deutlichen Verbesserungen, fiel das Urteil vieler deutschsprachiger Emigranten, allen voran der Österreicher wie Fritz Mach-

lup, über den Zustand des Faches in den USA in den 1930er Jahren zunächst noch recht negativ aus.

Dies sollte sich jedoch alsbald ändern, nicht zuletzt aufgrund der Emigranten aus Europa. Der triumphale Aufstieg der amerikanischen Wirtschaftswissenschaft nach dem Zweiten Weltkrieg ist nicht nur die Folge der ökonomischen und politischen Führungsrolle der USA, sondern auch eines nationalen Stils ökonomischer Forschung, der durch ein hohes Maß an theoretischer Spezialisierung und empirischer Wirtschaftsforschung gekennzeichnet ist. So sieht Harry Johnson (1973, 1977) in der sich schnell entwickelnden Graduiertenausbildung an den führenden Universitäten, die den Studierenden die erforderlichen mathematischen und ökonometrischen Methoden vermittelte, den entscheidenden Faktor für die sich rasant herausbildende internationalen Führungsrolle der amerikanischen Wirtschaftswissenschaft und zugleich als wesentliches Charakteristikum der modernen Ökonomik an. Dies gelte auch im Vergleich zu den führenden britischen Universitäten wie Cambridge und Oxford, die stärker auf die Ausbildung von Politikern und Beamten als von Wissenschaftlern abzielten. Der auch quantitativ bedeutsame Zustrom von emigrierten Wissenschaftlern aus Europa half nicht nur beim schnellen Aufbau exzellenter Graduiertenprogramme, sondern entscheidend auch bei der Bewältigung der nach Kriegsende gewaltigen Expansion in der Lehre. So verdreifachte sich an vielen Universitäten der USA zwischen 1945 und 1948 die Zahl der Studierenden. Diese Entwicklung war im Wesentlichen die Folge der im Juni 1944 verabschiedeten ‚GI Bill‘, die den im Zweiten Weltkrieg dienenden Soldaten die Wiedereingliederung in das Berufsleben erleichtern sollte. Eine wichtige Komponente war der Verzicht auf Studiengebühren für jeden Kriegsteilnehmer. Dieser freie Universitätszugang erschloss ein Bildungspotential aus sozialen Schichten, die sich zuvor oder auch später ein Universitätsstudium nicht leisten konnten.

Auffällig ist auch der hohe Anteil emigrierter Wirtschafts- und Sozialwissenschaftler in wichtigen Kriegsämtern in Washington und im anschließenden Kalten Krieg. Dies galt neben dem Office of Price Administration auch für das Office of War Information und dem Bureau of Economic Warfare auch für den von Präsident Roosevelt erst im Zweiten Weltkrieg gegründeten militärischen Geheimdienst, das Office of Strategic Services OSS, dem Vorläufer des heutigen CIA und der 1948 vom US-Verteidigungsministerium gegründeten RAND Corporation in Kalifornien, deren Aufgabe es war eine Vielzahl von Methoden und Instrumenten zu entwickeln und anzuwenden, um die wirtschaftlichen, politischen und strategischen Probleme des Kalten Krieges zu analysieren.

Dies lag einerseits an der zentralen Rolle des Harvard-Ökonomen und Experten für Industrielle Organisation Edward S. Mason für die Rekrutierung

rungspolitik⁵⁰, andererseits aber auch daran, dass die aus dem Einflussbereich von Nazi-Deutschland und der Sowjetunion stammenden Emigranten natürliche Experten waren. Neben den bereits erwähnten Aktivitäten von Morgenstern und von Neumann ist dabei auffällig, dass darunter – heute kaum noch vorstellbar – auch viele Sozialisten und selbst Marxisten waren, wie der aus der Ukraine stammende Paul Baran, der Anfang 1933 von der Berliner Universität bei Emil Lederer promoviert worden war. Ledererschüler war auch der Soziologe Hans Speier (1905–1990), der von 1933–42 Professor an der New School war, bevor er Propaganda-Berater beim Office of War Information, stv. Leiter der Occupied Areas Division beim State Department war und von 1948–60 eine führende Rolle bei der RAND Corporation spielen sollte.⁵¹ Der eher konservative Herbert Block (1903–1988), der 1926 bei Karl Diehl mit einer Arbeit über die Marxsche Geldtheorie von der Universität Freiburg promoviert worden war, wechselte 1944 von der New School nach Washington, wo er bald darauf zum Leiter der Abteilung für die Sowjetunion beim OSS avancierte. Von dort ging er in das State Department, wo er bis zu seiner Pensionierung 1973 eine führende Position in der Osteuropaabteilung einnahm.

IV. Rückwirkungen auf die frühe Bundesrepublik Deutschland

Emigrierte Wirtschaftswissenschaftler spielten auch in der frühen Nachkriegszeit eine wichtige Rolle beim wirtschaftlichen Wiederaufbau und der Entwicklung der Wirtschaftswissenschaft in der Bundesrepublik Deutschland. Paul Baran und der nach Großbritannien emigrierte Jürgen Kuczynski, der später zum führenden Wirtschaftshistoriker der DDR wurde, waren an der von Galbraith geleiteten Forschungsgruppe beteiligt, die seit Ende Juli 1944 die Auswirkungen der alliierten Luftangriffe auf die deutsche Kriegswirtschaft untersuchten (United States Strategic Bombing Survey 1945). Am wichtigsten war aber zweifellos die Rolle von Gerhard Colm, der im März 1946 nach 13 Jahren erstmals wieder nach Deutschland kam, um mit Raymond W. Goldsmith, den er bereits seit seiner Zeit beim Statistischen Reichsamt gut kannte, gemeinsam mit dem Detroiter Bankier Joseph M. Dodge, dem Finanzberater von General Lucius D. Clay, im Auftrag der amerikanischen Militärregierung innerhalb von drei Monaten einen fundierten Plan zur Währungsreform zu erarbeiten (vgl. Hoppenstedt 1997, S. 155–264), der sich für den wirtschaftlichen Wiederaufbau Westdeutschlands nach dem Zweiten Weltkrieg als von entscheidender Bedeutung erweisen sollte.

⁵⁰ Vgl. hierzu *Bernstein* (2001).

⁵¹ Vgl. ausführlich *Bessner* (2013).

Bereits am 20. Mai 1946 wurde General Clay die endgültige Fassung vom *Plan für die Liquidation der Kriegsfinanzierung und die finanzielle Rehabilitierung Deutschlands* vorgelegt. Obwohl das auf seiner Basis von den Amerikanern im August 1946 vorgeschlagene Währungsreformprojekt im Alliierten Kontrollrat aufgrund der Verzögerungstaktik der Sowjetunion sowie britischer und französischer Opposition in Detailfragen zunächst blockiert wurde, prägte der ‚Colm-Dodge-Goldsmith-Plan‘ (CDG-Plan) nicht nur die amerikanische Position und die erste von drei Diskussionsphasen zur westdeutschen Währungsreform, sondern bildete in wesentlichen Punkten auch die Grundlage für die am 20. Juni 1948 tatsächlich durchgeführte Währungsreform. Dies gilt insbesondere für die Lösung des zentralen Problems eines Abbaus des enormen Geldüberhangs, der sich in der NS-Zeit aufgrund der Verschuldungspolitik der Reichsregierung zur Finanzierung der Aufrüstung und Kriegskosten aufgestaut und nach Kriegsende zur Engpassökonomie und zur zurückgestauten Inflation geführt hatte, in der für Unternehmen und Haushalte kaum noch Anreize bestanden zu verkaufen bzw. zu arbeiten, so daß sich in stärkerem Maße eine unproduktive Tauschökonomie entwickelte. Zur Beseitigung der Überliquidität sah der CDG-Plan die Abwertung aller finanziellen Forderungen und Verbindlichkeiten im Verhältnis 10:1 vor. Die schnelle Streichung des Geldüberhangs wurde einer befristeten Blockierung eines großen Teils der Mittel vorgezogen, um einerseits einem permanenten politischen Druck auf (Teil-)Freigabe vorzubeugen und andererseits durch eine schnell vollzogene endgültige Regelung positive Wirkungen auf die Erwartungsbildung und Verhaltensweise der Wirtschaftssubjekte zu erreichen. Während die Beseitigung des Geldüberhangs im Juni 1948 weitgehend gemäß Stufe 1 des CDG-Plans – der erst 1955 von Heinz Saueremann in der *Zeitschrift für die gesamte Staatswissenschaft* erstmals publiziert werden konnte (1955) – vollzogen wurde, galt dies für die zweite und dritte Stufe der Errichtung eines Lastenausgleichsfonds und der zu seiner Finanzierung vorgesehenen Vermögensabgabe nicht. Sehr zum Unwillen von Colm wurde dieser auf amerikanischer wie deutscher Seite von Anfang an nicht unumstrittene Teil des CDG-Plans von der eigentlichen Währungsreform zeitlich abgetrennt und die Verantwortung den Deutschen zur endgültigen Regelung übertragen, die schließlich im August 1952 mit der Verabschiedung des Gesetzes über den Lastenausgleich erfolgte. Andererseits zeugt der Tatbestand, dass Colm im Auftrag der Vereinten Nationen 1953 zu einer ähnlichen Mission in das vom Krieg gezeichnete Korea geschickt wurde, um Vorschläge für eine wirtschaftliche Stabilisierung zu erarbeiten (vgl. *Hoppenstedt* 1997, 365–390), von dem hohen internationalen Renommee, das er durch seinen Beitrag zum finanziellen und wirtschaftlichen Wiederaufbau Westdeutschlands erworben hatte. Das Institut für Weltwirtschaft in Kiel würdigte Colm für seine Verdienste 1964 als ersten

Wirtschaftswissenschaftler mit dem aus Anlaß seines fünfzigjährigen Bestehens neu geschaffenen Bernhard Harms-Preis.

Für die (Wirtschafts-)Wissenschaft gilt zweifellos: „Europe’s loss exceeded America’s gain.“⁵² Während auf der einen Seite die Emigranten in den USA zu einem starken Aufstieg der amerikanischen Wirtschaftswissenschaft und zur Internationalisierung beitrugen, erholte sich die Wirtschaftswissenschaft in Deutschland und Österreich jahrzehntelang nicht von dem Bedeutungsverlust, den sie in der Zeit des Nationalsozialismus erlitten hatte. Hierzu trug auch die geringe Remigrationsquote bei. Dies war einerseits verständlich angesichts der Erfahrungen der NS-Zeit und insbesondere des Holocaust, die selbst bei denjenigen Emigranten spürbar nachwirkten, die frühzeitig zu längeren Besuchen zurückkehrten und sich für den demokratischen, wirtschaftlichen und wissenschaftlichen Neuaufbau engagierten. Andererseits konnten sie zu Recht beklagen, dass es nach 1945 nie ein kollektives Rückkehrangebot an die vertriebenen und entlassenen Wissenschaftler auf ihre ehemaligen Positionen gab, auch wenn so kurz nach Auschwitz die Meisten es nicht angenommen hätten. Aber für manche der weniger Prominenten, die z. T. aus sprachlichen Gründen, z. T. aufgrund spezifisch deutscher fachlicher Schwerpunktsetzungen im Aufnahmeland keine Karriere machen konnten, wäre es wichtig gewesen. Jan-Otmar Hesse verdeutlicht den Alibicharakter vieler einzelner Rufe an Emigranten, indem er aufzeigt, dass diese Rufe sich weitgehend auf prominente, fest etablierte Ökonomen wie Röpke oder Morgenstern konzentrierten, die zudem noch häufig wie z. B. Schumpeter kurz vor Erreichen der normalen Pensionsgrenze standen und in den USA ein wesentlich höheres Gehalt bezogen. Kaum eine Disziplin „amerikanisierte“ sich nach dem Zweiten Weltkrieg so rasch und umfassend wie die Volkswirtschaftslehre. Der spezifisch deutsche Ordoliberalismus hatte in den ersten beiden Jahrzehnten unter Ludwig Erhard einen wesentlich größeren Einfluss auf die Wirtschaftspolitik als auf die (außerhalb von Freiburg und Köln) an den meisten Universitäten gelehrtete Wirtschaftstheorie. Diese wurde unter Erich Schneider, der auch im ersten Jahrzehnt nach Wiedergründung den Vorsitz im Theoretischen Ausschuss des Vereins für Socialpolitik hatte, weitgehend von dem von Hicks, Samuelson u. a. entwickelten Keynesianismus der „neoklassischen Synthese“ geprägt, oder z. B. in Frankfurt und Bonn noch stärker von der zunehmenden Mathematisierung und Ökonometrisierung.

Eine wichtige Rolle für den Aufholprozess (Catching up) der deutschen Wirtschaftswissenschaft gegenüber den USA spielten Stipendien der Rockefeller Foundation, die zwischen 1950 und 1970 für insgesamt 40 aufstrebende deutsche Nachwuchsökonominnen einen längeren Aufenthalt an

⁵² Craver und Leijonhufvud (1987, 174).

führenden amerikanischen Universitäten erlaubten, die nahezu alle, wie z. B. Wilhelm Krelle, eine anschließende steile akademische Karriere machten. Anlaufstelle und Betreuer waren in den meisten Fällen emigrierte Ökonomen wie Marschak bei der Cowles Commission, Musgrave und Stolper in Ann Arbor, Morgenstern in Princeton, Neisser und Lowe an der New School oder Haberler und auch Leontief in Harvard.⁵³ Sehr häufig kamen die emigrierten Ökonomen auch nach Abschluss des akademischen Jahres in den USA Mitte Mai für einen Sommeraufenthalt mit Seminaren, Vorlesungen und Konferenzteilnahmen nach Deutschland oder Österreich⁵⁴ und leisteten damit einen wichtigen Beitrag für einen ‚Anschluss‘ im positiven Sinne.

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⁵³ Siehe hierzu auch Schumann (1995).

⁵⁴ Der Verfasser dieses Beitrags hat davon als Student und Doktorand an der Universität Kiel, wo nicht zuletzt wegen des Instituts für Weltwirtschaft dieses besonders oft der Fall war, selbst stärker profitiert.

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Patterns of Economic Thought in German-American Research Cooperation after World War II – the “Rencontres de St-Gall” and other cases

By *Karl-Heinz Schmidt*, Paderborn*

I. Problems and definitions

“Research cooperation after World War II” is a difficult topic of the history of economic thought, because the economic, political and technological framework conditions in Europe hindered the communication and scientific collaboration of scholars of different nations, especially with researchers of German speaking countries (*Respondek* 1995, 14f.; *Oehler* 1989; *Schefold* 1989, 151 ff.). This statement is mainly valid for 1945 and the following years (*Becker* et al. 1987, 46f.), that means from the end of the Second World War to the currency reforms in West and East Germany 1948 and to the foundation of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) 1949 (*Borchardt* 1976, 720–724). The situation was even more complicated in the other German speaking countries because Western and Eastern parts of the former “German Reich” had been brought under French respectively Russian/Polish government (*Klessmann* 1986, 19; *Kistler* 1985, 20). It is not surprising that international research cooperation with German speaking scholars was nearly not available in Germany during the years directly following the breakdown of the political system of the former “German Reich” (*Brusatti* 1976, 976f.). The exception was Switzerland (*Altermatt* et al. 1988, Sp. 1118). This country had been politically neutral during the war. The economic and political infrastructure had not been destroyed, and the economic conditions of the work force and production system allowed for organising international communication, meetings and conferences.

The severe problem of international research cooperation was how to overcome the barriers of political control and destruction in Central Europe (*Borchardt* 1976, 685 ff.), and how to reconstruct a system of international

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communication and collaboration of universities, research institutes and scientific organizations in Europe.

The following contribution refers to this problem (Schmidt 2004, 11 f.). It points out the efforts of Swiss economists to organise international conferences in Switzerland under consideration of the vision that European scholars – and later also from America and other continents – should participate in those conferences to discuss economic problems of common interest, especially problems of the economic reconstruction and of support for competition and stability in a “new” Europe.

Reviewing the development of the concerned conferences, the “Rencontres de St-Gall”, brings about an inspiring insight into the problems of organising the meetings, but even more into the diversity of research positions and concepts of economic and social sciences represented in the conferences.

The following paragraphs point out the preconditions, development phases, schools of economic research and patterns of economic thought represented in the concerned conferences. Furthermore, selected publications which were related to the “Rencontres de St-Gall” will be commented on, mainly under consideration of German-American research cooperation.

Herewith, “America” is understood to cover the United States of America (USA) and Canada (Can). The time-span covers 1945–2004, with special consideration of 1948/49, the years of the first and second conference of the “Rencontres de St-Gall”, and 1976–2004, the period of expansion and reorganization of those international conferences.

In coordination with recent trends in the history of economic thought (Backhaus 2003, 1 ff.), two questions should be answered:

- (1) Did the “Rencontres de St-Gall” follow a constant vision of the relations between the economic development and the size of an enterprise?
- (2) Against what kind of “dogmas” of economics were the “Rencontres de St-Gall” directed, and which positions of research did the American-German cooperation related to the conferences bring about?

Selected articles which were published in the journal affiliated to the conferences, the “Internationales Gewerbearchiv”, are to be considered. Special interest will be orientated to papers of a cooperative character and of relevance to historical perspectives in the fields of economics and business administration.

II. The “Rencontres de St-Gall” – preconditions, origin and first performance

The preconditions of the “Rencontres de St-Gall” after World War II were given by the destruction of cities, infrastructure and production capacity to a large extent in Germany and Austria, but by a functioning economic infrastructure and production process in Switzerland. This country was in better conditions of economic development than other countries of Central Europe (*Altermatt et al.* 1988, Sp. 1118f.).

The origin of the “Rencontres de St-Gall” is connected with ideas and activities of a French bureaucrat, Lucien Gelly, and a Swiss scholar of economics, Alfred Gutersonn. This Swiss economist succeeded in inviting several university professors and experts representing public administration, chambers of commerce and economic associations of France, Austria, Luxemburg, Belgium, the Netherlands and Germany to participate in a small group meeting in order to discuss problems of research in crafts and small trade. The conference took place in spring 1948 in St. Gallen and Weggis, a small resort place in Central Switzerland. A follow-up conference was held in April 1949 in Weissbad near St. Gallen. This is how the “Rencontres de St-Gall” were established (*Schweizerisches Institut für gewerbliche Wirtschaft an der Hochschule St. Gallen* 1948 ff.; *Schmidt* 2004, 12).

The first performance of the conference was shared by a small group of university professors and bureaucrats, altogether around a dozen of persons, half of them representing academic research and teaching. The second conference (1949) was shared by around two dozens of participants. The structure of the participants, yet, was kept constant also at later conferences during the 1950's and 1960's. Further conferences, mainly since 1976, were characterized by growing numbers of participants and by an increasing percentage of university professors, especially from foreign countries. During the discussion of this contribution at the conference in Berlin 2005, Erich W. Streissler pointed out that also in Austria bureaucrats had participated in research conferences at a decreasing extent, but that on the other hand academic professors and scientifically orientated political leaders had gained increased influence in research policy and general political practice. Especially high-ranked judges had succeeded to enter leading positions. Streissler furthermore proposed to investigate the later development of the debate on value judgements from the point of view of the history of economic thought.

It should be considered that the reconstruction of the economy and of the political system had been started soon after the end of the war, but that the new state of the Federal Republic of Germany did not yet exist when (1947!) the French bureaucrat Lucien Gelly brought up the idea of an in-

ternational conference on specific problems of small and medium enterprises and when the Swiss economist Alfred Gutersohn started to organize the first conference of the “Rencontres de St-Gall”. It took place earlier than the German currency reform and the political separation of West and East Germany! Gutersohn obviously was aware of organising a keen event (“kühnes Unterfangen”). He demanded a high degree of cooperation by the participants (“ein hohes Mass an Einordnungsbereitschaft”). The participants should concentrate on objective recognition and exposition of basic economic and social relations and on the investigation of future opportunities of the economic development of small and medium enterprises, i. e. handicraft and small commercial firms respectively (*Schweizerisches Institut für gewerbliche Wirtschaft: Protokoll der Aussprache ... 1948, 2f.; Protokoll der Verhandlungen ... 1949, 4ff*).

For the later development of international research cooperation based on the “Rencontres de St-Gall”, it is also important to know which objectives were exposed on behalf of the first conference (1948). It was Alfred Gutersohn who – functioning as the speaker of the conference – took documentary notes by which he pointed out two basic aims of the “Rencontres de St-Gall”:

1. to find out clear definitions, basic interdependencies and expectations of the future development of the considered firms, and
2. to organize division of labour connected with coordination of labour employed in the considered firms.

Based on these two aims, the final objective of the conferences was defined as follows: to expose a common concept and opportunities of a systematic cooperation in research and documentation (*Schweizerisches Institut für gewerbliche Wirtschaft: Protokoll der Aussprache ... , 1948, 4*).

The most important problems which should be discussed during the conferences 1948 and thereafter were exposed at the first meeting, too: to agree on a basic terminology concerning the enterprises to be investigated, to discuss basic economic problems of cooperatives, to analyse the market structure and the economic performance of small firms and entrepreneurial organizations, to discuss the tax policy concerning small and medium enterprises and to exchange information about management problems of small and medium enterprises and about problems and opportunities of disaggregated economic policy focussed on the considered firms and industries (*Protokoll der Aussprache ... 1948, 5*).

The minutes of the first conference (1948) also pointed out three problems which are of great importance from the point of view of the history of economic thought. The participants agreed on the following procedure:

1. to investigate the environmental conditions (“Milieubedingungen”) and the market position of the considered (small and medium) firms,
2. to demonstrate the “necessary function” of the considered firms in the modern economy, and
3. to investigate economic, social and cultural aspects of the development of the (small and medium) firms, yet, before all to concentrate on the investigation and discussion of the economic aspects (Protokoll der Aussprache ... 1948, 6).

It was mainly Alfred Guttersohn who insisted on the analysis of “functions” to be fulfilled by the small and medium firms. This “functional view” turned out as “Guttersohn’s functional approach”. It should enable the participants to accept a general term as a definition of the firms to be investigated. According to a proposal made by a participant from Belgium, two characteristics of those firms were emphasized:

1. The concerned entrepreneurs offer individually diversified commodities or services in the markets, and
2. by the supply of these commodities or services, the considered firms satisfy individual preferences of their clients (Protokoll der Aussprache ... 1948, 18).

Herewith, the fundamental components of Alfred Guttersohn’s later definition of “Gewerbe” were pointed out. On behalf of later conferences, the supply-side of the “Gewerbe” was investigated and discussed more intensively. The problems of an optimum firm size, of the economic dependency of smaller firms on large enterprises and the opportunities of developing some “countervailing power” were objectives of intensive debates during the international conferences.

III. Development phases of the “Rencontres de St-Gall”

The “Rencontres de St-Gall” are held in Switzerland since more than fifty years. The whole considered period (1948–2004) covers different development phases: origin (1948–1949), launching (1950–1957), expansion (1958–1968), structural ruptures (1969–1989), innovation and internationalization (1990–2004). The phase of origin includes the first and second conference. Basic decisions were carried out concerning the aims, organization, participants and topics of the conferences. Alfred Guttersohn was agreed to be the speaker, and he stayed in this function until 1976, that is during the phases of launching and extension and partly during the phase of structural ruptures. Dates of economic policy indicate the change from one phase to the following one: the enactment of the “Rome Treaty” of the

European Community (1957/58), the economic crisis, especially in Germany (1967/68), the collapse of the Eastern European economic systems (1989/90), and the diffusion of microelectronics and the expansion of international trade being developed toward “globalization”. The changed framework conditions forced the small and medium enterprises to adapt to new economic, technological and social conditions. Herewith, the cooperation proved to be an efficient way of reorganization of the considered firms.

Conclusively, the cooperation was also intensified in research and teaching at universities. These impulses intensified the interest in cooperative research abroad. As a consequence, the “Rencontres de St-Gall” attracted growing numbers of participants, especially during the expansion phase and after the phase of structural ruptures (1969–1989). A decisive date during the latter phase was the year 1976, when the Swiss Research Institute of Small and Medium Enterprises was reorganised and the new director Hans Jobst Pleitner intensified the international communication and cooperation with special interest in the cooperation of the Anglo-Saxon countries and Central Europe including German speaking countries. According to Jochen Schumann’s comment during the discussion of this contribution, the “Rencontres de St-Gall” were just one example of the reorganization of academic research and teaching after World War II: The objectives mainly concerned the contacts to the academic world and to academic research abroad. Therefore, it is important to investigate how the conferences were financed and how the increased numbers of participants influenced the organisation and results of the conferences. As it is documented in the protocols of the “Rencontres de St-Gall”, the conferences were financed by the participants and to a large extent by the organising Swiss Institute including contributions from Swiss academic funds; the effects of the conferences were reflected by fixed maximum numbers of participants (since 1976, 45) and by increasing numbers of publications and activities in research and teaching.

IV. Schools of economic research represented in the “Rencontres de St-Gall”

The development of the “Rencontres de St-Gall” and of the international cooperation in economic research, especially of scholars from America and from German speaking countries was based on the heritage of theoretical ideas and on the political and social framework conditions in the countries which the participants came from (*Schmidt* 1998, 145–158).

What was the heritage of theoretical ideas like when the first conference (1948) and the follow-up meeting (1949) were held?

The answer should consider three points (*Schweizerisches Institut für gewerbliche Wirtschaft* 1948 ff.):

1. The participants “imported” different concepts of economic and social research, mainly because they had different academic teachers and represented different “schools” of research and teaching.
2. The participants had common interests to follow the invitation to the conferences in Switzerland: (a) to re-establish free academic research and teaching in Europe, and (b) to contribute to the economic development of the concerned countries by decentralised economic activities.
3. The participants came from countries which were designated by different economic, technological, political and social conditions of life; the destructions by war determined the opportunities of economic development for long.

Considering these framework conditions, the heritage of theoretical ideas represented at the “Rencontres de St-Gall” was exposed by the research concepts of the first participants and by their academic teachers and scientific “schools”. To demonstrate the relevance of this hypothesis, the responsible organisers and participating scholars of the first and second conference (1948/49) must be characterised: Alfred Gutersohn, Berne and St. Gallen; Walter Heinich and Willy Bouffier, Vienna; Karl Rössle, Munich.

Alfred Gutersohn (1904–2003) represented a heritage of economic ideas which were oriented to neoclassical economics, probably because he studied under Alfred Amonn and several other scholars of the neoclassical school.

A broader insight into Gutersohn’s inherited views of economics, yet, can be seen from authors whom he cited in his basic work on small firms in the market economy (Gutersohn 1977). In the first volume, Gutersohn started from references to authors of the late 19th and early 20th century, especially to scholars of the “Younger German Historical School”, e.g. Karl Bücher (1922), Gustav Schönberg (1891) and Werner Sombart (1916). In addition, Gutersohn referred to authors of economic history, as Josef Kulischer (1929, 3rd ed. 1965), Georg von Bülow (2nd ed. 1926) and several experts of the history of handicraft, commerce and cooperatives (Gutersohn 1977, Vol. 1, 2nd ed. 1977, 1 ff.). Concerning the theoretical background, Gutersohn referred firstly to authors of classical economics as Adam Smith (1776, 1879), but also to Simonde de Sismondi (1838) and Karl Marx (1867, 4th ed. 1921), secondly to authors of neoclassical orientation as Karl Diehl (1924), Alfred Amonn (1926), Charles Gide (1921), Paul Leroy-Beaulieu (1887), yet, again to authors on socialism like Karl Diehl (1924) and Emil Grünberg (1932), on the other hand to scholars orientated to stud-

ies of the historical and institutional conditions of small firms and economic development. Gutersohn cited for example Karl Heinrich Rau (1826/1828), Gustav Schulze-Gävernitz (1892), Josef Wernicke (1922) and again Werner Sombart, the author of the broad analysis of the “The Modern Capitalism” (1922, 1928). Special consideration was spent for Karl Diehl (1924) who distinguished three directions of evaluating the future opportunities of handicraft and small commercial firms: (1) authors believing in the continuing economic concentration as it was exposed by the Marxian school, (2) authors like Werner Sombart who evaluated small firms to be competitive only if they satisfy specific conditions, and (3) a group of optimistic authors who were convinced that small firms are capable to organise efficient production and sales; as former adherents of this view, Gutersohn mentioned Adam Müller (1809), former author of “romantic economics”, and Karl Marlo (1850), a representative of social reforms, aiming at better living conditions for industrial workers by decentralised corporatism instead of open markets (*Brandt* 1993, vol. 2, 130).

Gutersohn tried to sustain the third direction of research by reference to Othmar Spann (1935), author of universalism in economics, and economists representing structuralist views like Georg Halm (1923). Othmar Spann was an author of special interest – in Gutersohn’s perspective –, because Walter Heinrich, one of the first participants of the “Rencontres de St-Gall”, was a direct collaborator of Othmar Spann. Therefore the research position of O. Spann and W. Heinrich must be considered subsequently. Here Karl Rössle has to be mentioned, too, because he was also influenced by Othmar Spann’s universalistic concept of society – especially via his German academic teacher Heinrich Nicklisch.

Othmar Spann (1878–1950) was a broadly educated academic scholar (*Pichler*, J. H., 1988, 286f.). He studied economics, social sciences and philosophy at different universities in Austria, Switzerland and Germany, got his doctoral degree under supervision by Albert Schäffle in Tübingen (1903) and the *venia legendi* (“Habilitation”) under Friedrich von Gottl-Ottlilienfeld in Brünn (1907). He was appointed to teach as ordinary professor in Brünn (1911), later in Vienna (1919), but he was imprisoned after Nazi empowerment (1938) in Austria, and he was not allowed to return to academic teaching at a university after the Second World War. Therefore, Spann concentrated his academic work on philosophical, social and economic research. He tried to develop a specific system of socio-economic thought and investigation, in order to expose the “economy” as a part of the society. Later he aimed at pointing out the philosophical basis of his system by publications on societal philosophy (“Gesellschaftsphilosophie”, 1928) and historical philosophy (“Geschichtsphilosophie”, 1932), finally ending up with publications on religious philosophy (“Religionsphilosophie”, 1947).

Spann's scientific oeuvre was mainly designed as "Ganzheitslehre", orientated to a concept of "Universalism". Though his former student and collaborator Walter Heinrich emphasised that a "school" orientated to Spann's concept of totality ("Ganzheit") would exist, the echo of Spann's oeuvre turned out to be restricted to groups of philosophers and social scientists, more than to economists. At the "Rencontres de St-Gall", yet, the concept of "universalism" was represented since the first meeting, mainly by Walter Heinrich, to some extent also by Karl Rössle, and in later years – since the 1970s – by Heinrich's former student, collaborator and follower as university professor J. Hanns Pichler (*Pichler* 1988; *Heinrich* 1956, 658–661). During the discussion of this contribution, Heinz Rieter asked for the character of the scholars who participated in the "Rencontres de St-Gall" and for the impact of Othmar Spann's concept of universalism for the conferences. As the protocols let conclude, the "Rencontres de St-Gall" were not organised as a closed club, nor as a basin for individual researchers isolated after World War II, nor as an organisation of religious or ideological character. The participants made up a group of researchers interested in the same economic problems: the investigation of persons supplying commodities or services different in kind, quality and size ("Leistungsdifferenzierung"). Alfred Gutersonn demonstrated this concept in his oeuvre in detail and with emphasis (*Gutersonn* 1977).

Othmar Spann's publications are also indirectly related to the "Rencontres de St-Gall", that is via Alfred Amonn and Alfred Gutersonn. Though Spann and Amonn did not agree about "their" specific definitions of the term "economy", the basic view of the decentralised structure of the economy let the "younger" generation of collaborators and scholars like Walter Heinrich and Alfred Gutersonn cooperate intensively and successfully at the "Rencontres de St-Gall" and beyond. Moreover, the fact that both authors, Spann and Amonn, were isolated to a large extent from the scientific community of mainstream economists, may be interpreted as decisive link between the considered persons. This may also prove to be the "key" to answer the question, why and how Alfred Gutersonn succeeded in bringing together those different researchers to discuss the problems of small firms in handicraft, commerce and manufacturing of Central European countries, but with a worldwide perspective, even in 1948 and with international visions.

Other participants of the first and second conference like Karl Rössle and Willy Bouffier were well-known university professors in their academic fields (*Rössle* 1939, 174 ff.; *Rössle* 1952; *Bouffier* 1951, 3–10). They were very welcome to "import" their specific knowledge in microeconomics and business administration – in the academic field as well as in practice. This evaluation was also valid for the participants representing the practice of

economic research and of small business policy in the political institutions and business organizations of the European countries.

To summarise, the heritage of economic research on firm size and economic development at the beginning of the “Rencontres de St-Gall” was neither characterised by classical nor by neoclassical mainstream-economics, but by the acknowledgement of *different* concepts and directions of research. The pattern of the research cooperation combined neoclassical analysis of firms and markets with historical and institutional investigations, including approaches from economics, social sciences and philosophy. Alfred Gutersohn represented to some extent neoclassical economics, Willy Bouffier industrial economics and business administration; Karl Rössle also represented business administration, but with affinity to O. Spann’s and W. Heinrich’s universalistic concept of research.

V. Patterns of economic thought in German-American research cooperation based on the “Rencontres de St-Gall”

1. Cooperative contributions to the international journal of the “Rencontres de St-Gall”

In order to get more insight into the patterns of economic thought in later phases of the development of the “Rencontres de St-Gall” and of the German-American research cooperation related to these conferences, additional sources must be exploited. The following paragraph turns to papers which were published in the international journal affiliated to the conferences held in Switzerland. Selected contributions will be evaluated with regard to the authors, topics, citations and references. Mainly American authors will be considered.

According to a former publication in the “Journal of Economic Perspectives” on a comparison of American and European professional academic economists, three differences characterize their understanding of economics and their behaviour in the academic field:

- (1) American economists contribute to journals and are cited much more often than European economists;
- (2) economic research by American authors tends to focus on abstract issues within their profession while European economists are more concerned with practical issues;
- (3) American academics are geared to post-graduate teaching whereas European academics are mostly engaged in undergraduate teaching (Frey/Eichenberger 1993, 185–193, esp. 185).

To explain these differences, the authors emphasize two causes: First, the academic markets in America are larger than in European countries, and second, the degree of government intervention is pointed out to be much smaller than in Europe. Yet, these patterns are presumed to undergo important alterations on behalf of the economic unification in Europe (*Frey/Eichenberger* 1993, 185).

Such comparison may be evaluated to generalize the academic research and teaching in America and Europe too much. Nevertheless, taking the main points for granted, the questions to be answered under consideration of the research cooperation of American and European, respectively German speaking economists must be as follows: How and why should American and German economists cooperate in specific fields of economics and publish in European international journals? Wouldn't they offer their knowledge and research output below economic values?

To answer these questions, it is necessary to refer to real cases of research cooperation and related publications. As an initial step, the international journal shall be exploited which published many articles being based on papers formerly contributed to the "Rencontres de St-Gall". This journal for a long time was entitled "Internationales Gewerbearchiv"; later it was called "IGA-Zeitschrift für Klein- und Mittelunternehmen"; recently (2004) it was renamed in "ZfKE-Zeitschrift für KMU und Entrepreneurship". The journal, yet, was continuously edited by the "Swiss Research Institute of Small Business and Entrepreneurship", and the publisher also stayed the same: Duncker & Humblot, Berlin/St. Gallen. Reviewing the hitherto published volumes of this journal, selected papers of American and German speaking authors can be exposed and summarized in groups of articles on broader topics.

To identify American authors from USA and Canada of articles fulfilling the conditions – to be of cooperative, basic and inspiring contents, – a considerable number of authors and topics can be pointed out (Table 1). Some examples of articles written by authors from German speaking countries are added separately (Table 2).

Some general characteristics should be regarded before turning to the contents of individual papers:

First, though the authors at the majority research and teach as university professors, their articles are not restricted to abstract issues. On the contrary, they are more concerned with practical issues. Insofar, they contradict the results exposed by *Frey* and *Eichenberger* about American authors (1993, 185).

Second, the authors report to a large extent about problems, methods and results of empirical studies concerning (a) small and medium size enter-

prises (SMEs), (b) firms located in North America (United States of America, Canada), and (c) enterprises set out to specific problems of management and economic policy, especially of small business policy; yet, corresponding to *Frey and Eichenberger* (1993, 185), the regarded authors focus on citations of American authors.

Third, the articles nevertheless are of cooperative character because they were prepared for international conferences or/and for publication in an international journal, moreover for international comparison and discussion with scholars from foreign countries.

From the point of view of history of economic thought, the papers seem to be irrelevant because only few examples are found which demonstrate discussions on issues of economic theory. At a second and broader view, yet, conclusions can be drawn concerning research cooperation on problems of political economy and directions in economic research, e.g. new micro-economics, development economics, regional economics, institutional economics, enterprise organization and “entrepreneurship”. Especially the latter research direction attracts increased resources of academic research and teaching, not only in America but also in Europe.

To refer to the selected examples of articles, the following groups of topics should be exposed:

(1) The creation of new enterprises; (2) The size of enterprises (firm size); (3) Technological change and firm size; (4) Regional development and firm size; (5) Self-employment and entrepreneurship; (6) Marketing and firm size; (7) Financing and firm size; (8) Family business; (9) Entrepreneurial succession; (10) Theory of business administration of SMEs; (11) Theory and practice of small business policy; (12) Concepts of SME-research.

Concerning topic (1), the creation of new enterprises, the author of a relevant paper, David Garvin, Harvard University, Boston, contributed a paper “About the creation of inventive firms (spin-offs)” (1983). He started from the definition of the investigated firms: new technology-based enterprises by which the founders or teams of founders as former employees of enterprises, research facilities, universities etc. introduce inventions in the market. From the perspective of the history of economic thought, it is important to consider the citations of literature. Garvin’s article takes into account papers and books which were published prior to 1983 and acknowledged as basic contributions in the field of innovations and economic development stages (introduction of commodities and services, early growth, later growth, maturity and stagnation), and he emphasizes the importance of the product life cycle concept. Herewith, Garvin points out that the Harvard Business School had developed this concept in the 1970’s and that different

studies had contributed to further applications. But he also mentions critical contributions published in the “Harvard Business Review”. The following articles may demonstrate the debate of the late 1970’s in USA (*Garvin* 1983, 28–37, esp. 31):

- *Abernathy, J. W./Townsend, Ph. L.*: Technology, productivity, and process change, in: *Technological Forecasting and Social Change*, 1975, No 7, 379 ff.;
- *Hayes, R. H./Wheelwright, St. C.*: The dynamics of product-process life cycles, in: *Harvard Business Review*, 1979, No 3/4, 127 ff.
- *Dhalla, N. K./Yuspeh, S.*: Forget the product life cycle concept, in: *Harvard Business Review*, 1976, No 1/2, 102 ff.

Apart from these references, the reader will find the acknowledgement of earlier articles and books on the economic impact of technological innovations and technology-based firms, but the author only refers to American studies, e.g.

- *Cooper, A. C.*: The founding of technology-based firms, Milwaukee WI, 1971;
- *Tilton, J. E.*: International diffusion of technology: The case of semiconductors, Washington D.C., 1971;
- *Ginsberg, D. H./Abernathy, W. J.* (eds.): Government, technology, and the future of the automobile, New York, 1980.

(*Garvin, D. A.*, 1983, 30, 32, 33).

To conclude from Garvin’s article, “spin-offs” are demonstrated to be more common than many analysts have assumed. Secondly, broad structural and market conditions determine the environment in which technology-based industries can be developed and succeed to grow. Thirdly, “spin-offs” are encouraged by multiple market segments, information and start-up advantages, transferable technologies and availability of skilled human capital. These conditions are presumably present in industries which have not yet achieved maturity. Therefore, chances for “spin-offs” can be found in many different businesses (*Garvin* 1983, 37).

From the German point of view, it is surprising that the author did not refer to authors of European origin, specifically of German/Austrian economic research. The reader may expect citations of the former Harvard researcher J. A. Schumpeter, especially his “Theory of economic development” and of later contributions to “Neo-Schumpeterianism” (*Schumpeter* 1946, 1961, 1962; *Backhaus* 2003). The reason for such deficit may be the fact that the considered American authors like A. D. Garvin focussed their articles on the relations between management, firm size and innovations,

and not strictly on the theory of economic development in Schumpeter's terms, nor on the theory of economic systems in terms of Werner Sombart's analysis of "Modern Capitalism" (*Sombart* 1928).

Topic (2) – the size of enterprises (firm size) – covers contributions to economic theory, especially to the development of an economic theory of small and medium enterprises and to industrial economics. An article which may represent the problems dealt with under that title was written by John W. Sutherland, Seton Hall University, New Jersey: "The size of enterprise – A socio-economic study" (1980). This author starts from a "hypothesis of technocratic organization", demonstrating that social, economic and political tasks at an increasing amount get at the disposal power of a decreasing number of large organizations. In other words, Sutherland points out the tendencies of concentration, centralisation and agglomeration. In a second step, he compares the arguments of the representatives of liberal entrepreneurship and of their counterpart, the representatives of collective decision-making on the allocation of resources. While the former aim at decreasing governmental interventions, the latter, as critics of capitalistic objectives, demand increasing interventions by government into the market economy. In order to sustain this comparison by socio-economic arguments, Sutherland refers to specific authors of studies on organization and management, mainly to A. D. Chandler, Jr. and A. A. Thompson. The economic historian Chandler is characterised to rely on the market mechanism even under the conditions of concentration, whereas Thompson is exposed to focus on innovations and how to lower the average costs per unit of production in large enterprises compared to small firms. Here again, the reader will miss citations of former European economists and scholars representing the theory of economic systems. At least J. A. Schumpeter and W. Sombart should have been cited. Instead, Sutherland restricts his citations to American authors, before all on authors being opposed to both, Chandler and Thompson, like the radical economist Sherman; on the other hand he refers to representatives of institutionalised planning and controlling, like S. Weintraub, J. K. Galbraith and A. Etzioni (*Sutherland* 1980, 230–241, esp. 230–233). Sutherland, yet, does not find strong arguments in their studies and papers which take into account the complexity of individual preferences and demand, nor the opportunity of increasing costs in "too large" enterprises. Mainly, administrative inefficiencies by increasing costs of coordination and control were not adequately considered, as Sutherland points out. But again, he does not refer to former European experts in this field, like Alfred Marshall or Heinrich von Stackelberg. In Sutherland's view, even American scholars who argued in favour of decentralisation of industrial production and public services, e.g. W. A. Weisskopf or G. R. Taylor, did not consider strictly the tendency that technologically driven growth of enterprises will

disregard the basic fact of small and large enterprises being focussed on specific functions in an adequately organised social system (*Sutherland* 1980, 236 f.).

Topic (3) – technological change and firm size – is dealt with in articles from different years. The American authors, yet, do not cite European authors, whereas German/European authors demonstrate a strong orientation along studies and articles of American scholars. As an example of an American author, the Canadian scholar Gérald d’Amboise, Laval University, Québec, may be exposed. His paper concerned “The introduction of new technologies: empirical results from small manufacturing firms” (1989). Based on an empirical study, the article does not refer explicitly to theoretical and historical literature. It points out in general terms that internal and external factors play a part in the perception of how to introduce new technology in the production line. The author suggests a graph as a model of the relocation process needed to introduce new technologies. It demonstrates the technological environment of an enterprise, transfer mechanisms, the organizational environment, a technological culture and in the end a management strategy and feedback effects (*d’Amboise* 1989, 63–73).

The majority of the considered papers written by American and Canadian authors referring to the aforementioned topics turn out to be based on studies and articles by scholars from North America. There is little acknowledgement of the European literature on economics and business administration. The cooperation is mainly based on international conferences and on the publication of related papers in affiliated journals. This “one-way” direction of cooperative research was started not directly after World War II, but soon after the beginning of the reconstruction of international scientific cooperation, concerning the “Rencontres de St-Gall”: after 1976, at the beginning of the expansion-phase of that international conference.

To expose at least some examples of articles written by American authors and referring to a broad list of sources, including publications by European, especially German authors, specific contributions to the concerned journal, the “Internationales Gewerearchiv”, should be checked.

The formerly named Canadian author, Gérald d’Amboise, published an interesting article together with Marie Muldowney “On the theory of business administration of the small and medium enterprise” (1986). The authors intend to check the literature if a specific theory on SMEs exists and if the qualifications needed are fulfilled. The article is based on a long list of references, yet, there are nearly no names of European authors from German speaking countries (*d’Amboise* with *M. Muldowney*, 1986, 9–31). Also, the article does not consider a long-term perspective of the history of economic theory; and it does not refer to the European history of economics

and business administration. It proves to be a “Quebec-Canadian” article. Again, the cooperation is restricted to the publication in the Swiss/German journal.

A more “cooperative” publication is documented in an article written by an Austrian economist, Gerhard R. Plaschka, who was teaching and researching at Butler University, Indianapolis, and by an American scholar, Harold Welsch, Professor at DePaul University, Chicago, USA. The article on “Entrepreneurship education, status, strategies and development tendencies” was published in the journal “Internationales Gewerbearchiv” (1991).

Plaschka and Welsch try to answer the question if “entrepreneurship” is acknowledged as an academic discipline and how the status and development of management education at universities can be described. The authors start from citations of American experts in academic management (*Vesper*, 1987) and by references to former European authors who developed a “basic concept of entrepreneurship”; they denominate J. B. Say, J. St. Mill, J. A. Schumpeter and F. Knight. For the formation of “entrepreneurship” as an academic discipline, Plaschka and Welsch mainly refer to American scholars of the 1960’s like D. C. McClelland, N. R. Smith/J. B. Miner and other authors. For the 1980’s, Plaschka and Welsch point out by a considerable list of authors that entrepreneurship literature fulfils four criteria of a stratified academic discipline: (1) systematic theories and developed scientific literature, (2) authority, organization and communication, (3) ethics and culture, (4) professional careers (*Plaschka*, G. R. and *Welsch*, H., 1991, 43–56, especially 45).

Another article which was written by a team of American and European authors concerns “Formulating and implementing strategy in SMB” (small and medium businesses). The authors are two Canadian and a French professor: Joseph Chica and Pierre-André Julien, Quebec University at Trois-Rivières, Canada, and Michel Marchesnay, University of Montpellier, France. Their contribution is based on studies and articles written by American and European authors, yet, the references do not include authors of former decades; instead, they are focussed on the late 1970’s and on the 1980’s. In fact, the list of references does include German and Swiss, French and English/Scottish authors beside a number of Canadian and American scholars. The article, therefore, is characterized by results of international cooperation in the field of literature and international conferences. As the authors made studies in Canada and France, they refer to empirical data and theoretical studies to define five types of business and to specify related strategies. The authors conclude that the main feature of the strategy of small businesses is to be usually intuitive and hence flexible, but sometimes ill-assured and often just opportunist.

From the point of view of history of economic thought, the article is lacking a feed-back to the earlier phases of the development of economic theories on entrepreneurial decision-making. Present American contributions to economics and business administration should also refer to long-term perspectives in the history of economic thought.

2. Project reports and related publications

Participants of the “Rencontres de St-Gall” also contributed to other international conferences and to joint research projects. A few examples should be mentioned in this paragraph because the results of those projects were published in international journals and presented at international conferences. Via the discussions on the presentations and publications, new impulses for additional research cooperation were brought about. These impulses sustained the cooperative activities of scholars of economic sciences in America and in the German speaking countries. For example, German scholars of economics were invited to teach and to join a research team at an American university. The research projects were focussed on diverse topics, but to some extent on economic and technological problems of small and medium enterprises (SMEs). Two projects of this kind were carried out with involvement of eight European countries: “STRATOS” and “INTERSTRATOS”. The results were also discussed at the “Rencontres de St-Gall”. American participants were involved in the debates, and they referred to the results in later conferences and publications.

“STRATOS” concerned an international research project which was set up in 1979 and focussed on an empirical investigation of the personal characteristics of managers and entrepreneurs of small and medium-sized businesses in European countries. The study was carried out in eight countries in 1985. The results concerning the “strategic orientation of small and medium enterprises” since then were published in a book, in national reports and international overview papers (STRATOS Group 1987, 1990). Additional explanatory studies aimed at broadening the perspective. They were also prepared on the basis of national and international data, but they covered different topics like the influence of values on strategic behaviour, product-market strategies of SMEs, competitive advantages, planning behaviour and related problems of the investigated firms (STRATOS Group, 1987, Preface). Though the cooperation between the researchers of the involved countries was “not an easy task”, the publications intensified the international communication and research cooperation even beyond the eight participating countries. The STRATOS project also inspired comments and related articles by American authors. Moreover, the involved researchers from European countries intensively referred to adequate publications of

American scholars. An impressive insight into this exploited literature is documented in the footnotes and references of the published studies, reports and articles (STRATOS 1987; *Fröhlich/Pichler* 1998; STRATOS, 1990) (Table 3).

“INTERSTRATOS” was a follow-up project. It was focussed on the internationalization of markets and firms, and on the strategic behaviour in small and medium-sized enterprises, moreover on finding profiles of entrepreneurial values and attitudes. Mainly two types of entrepreneurs were found to represent the investigated firms: “pioneers” and “organizers” (*Fröhlich/Pichler* 1998, 4 ff.). In the former project – “STRATOS” – four types of entrepreneurs had been distinguished: “pioneers” and “organizers” as basic types, and “allrounders” and “routineers” as derived types (*Fröhlich/Pichler* 1998, 4). The enlarged markets in the European Community, yet, sustained the distinction of only two types of entrepreneurs according to their values and attitudes (*Fröhlich/Pichler* 1998, 3). Again, the cited literature demonstrates that the involved authors from German speaking countries referred to related publications of American authors and to the adequate international literature. For example, the Austrian economist and scholar orientated to Walter Heinrich und Othmar Spann, but also to authors of international macroeconomics and finance, J. H. Pichler in his article on “SME internationalization” (1998) cited American authors like A. C. Cooper and W. S. Dunkelberg (1986), R. W. Y. Kao (1984) and H. Mintzberg (1978), N. R. Smith and J. B. Miner (1983) and others (*Pichler* 1998, 26 f.).

In a separate study on values and attitudes of entrepreneurs, the relations between types of entrepreneurs and the history of economic thought were demonstrated. Again, the authors – E. Fröhlich and J. H. Pichler – referred to studies and papers not only by scholars of different European countries but also by American economists.

For example, E. Fröhlich and J. H. Pichler pointed out that the “allrounder” should be recognized to be based on Werner Sombart’s broad analysis of “The Modern Capitalism” with close relations, yet, to later studies of the American authors R. Miles and R. E. Snow on “Organizational Strategy, Structure and Process” (New York, 1978), N. R. Smith and J. B. Miner on “Type of entrepreneur, type of firm and managerial motivation ...” (*Strategic Management Journal*, 4/1983) or of G. d’Amboise and M. Muldowney “About the theory of business administration in the small and medium-size enterprise” (*Internationales Gewerbearchiv*, SH 1, 1986).

The second type, the “pioneer”, of course, was exposed to be based on J. A. Schumpeter’s “Theory of Economic Development” (1911) and on his book “Capitalism, Socialism and Democracy” (1942). The two Austrian authors E. Fröhlich and J. H. Pichler, yet, also refer to former European

scholars of political economy who investigated the impact of innovative entrepreneurs on the economy, for example J. J. Becher (1635–1682).

The third type of entrepreneur, the “organizer”, was explained to be based on related paragraphs in Alfred Marshall’s “Principles of Economics” (1890), and even on J. B. Say’s “Cours complet d’économie politique” (1828–1833), on the other hand on publications by present authors, regarding the German speaking countries in a study by H. Klages concerning “Value orientations at change ...” (1984).

Finally, the fourth type of entrepreneur is to be considered. E. Fröhlich and J. H. Pichler referred to R. Cantillon’s “Essai sur la nature du commerce en general” (1730) and to F. H. Knight’s basic analysis on “Risk, Uncertainty and Profit” (1921), furthermore to later authors, also to scholars from the German speaking countries like F. Redlich’s investigation “Der Unternehmer” (1964). Instead, E. Fröhlich and J. H. Pichler did not consider authors focusing on transaction costs and on property rights (*Fröhlich/Pichler: Werte und Typen mittelständischer Unternehmer*, Berlin 1988, 59–61).

Summarizing, the considered articles and studies let conclude:

- (1) The research cooperation between American authors and authors from German speaking countries is practised in different forms, but documented mainly in studies, project reports and articles in international journals.
- (2) The papers published in the journal affiliated to the “Rencontres de St-Gall” demonstrate that American authors refer to American authors whereas authors from German speaking countries take into account American authors and publications from other continents.
- (3) Focussing on the publications of papers related to the “Rencontres de St-Gall”, one of the earliest international conferences after World War II, the contributions by American authors proved to function as “one-way” cooperation, to some extent based on a former presentation of the concerned paper at the international conference.

VI. Other cases of German-American research cooperation

Apart from articles published in international journals, some examples of joint research activities including German and American scholars may be considered. The activities to comment on took place not directly after the end of World War II but during the 1960’s and later.

One example concerns a publication of two volumes on “The Politics of Economic Change in Postwar Japan and West Germany”. The first volume which was published 1993 concerned the macroeconomic conditions and policy responses. The publication was organized by the editors, an Ameri-

can of Japanese origin, Haruhiro Fukui, and Peter H. Merkl, an American scholar of German origin, and by two publishers in USA and in Great Britain. In 1982, two conferences held in Germany and Japan brought about a series of papers written by German, Japanese and American scholars. Though American research organizations and scholars contributed to the organization and financial management of the conferences and to the presentation of papers and discussions during the earlier phases of the project, the final version of the published volume included only one contribution of an American scholar – as co-author of a Japanese scholar. All other articles were written by a Japanese author concerning Japan and a German author concerning Germany. Even though the project organization benefited much from the assistance and advice given by American colleagues and institutions of research beside additional colleagues from Japan and Germany (*Fukui et al.* 1993, Preface).

This example demonstrates that the international research cooperation had to overcome many difficult barriers and that American-German cooperation was sometimes integrated into broader projects and hidden in background facilities or framework conditions.

Concerning the history of economic thought, the project included articles which considered the development of economic thought in Japan and Germany by comments and references to publications in this field. As a special topic, yet, the history of economic thought was not included. The article written by the American scholar M. Donald Hancock and the Japanese colleague Haruo Shimada was focussed on the topic “Labour Markets and Wage Determination” (p. 207–232). In an introductory footnote, the authors enumerated Japanese, American and German research institutions which financed their project and helpful comments and criticisms by a number of American scholars, some of them of German origin, or German scholars (p. 207), for example Alfred Diamant, Peter Katzenstein, Arnold Heidenheim and others (p. 207).

Research cooperation focussed on the history of economic thought was also an object of international conferences, but again not during the time directly after World War II. Most of the conferences to be considered were performed since the beginning of the 1960’s when exchange programs for students and teaching staff were set up on the grounds of cooperation agreements between American and German universities. By these programs, the research activities of the follow-up generations of academics in research and teaching were prepared. The interest for the long-term development of economic thought in America and in German speaking countries could be supported and amplified, depending on the framework conditions of research and academic teaching at the concerned universities.

VII. Conclusions

The paragraphs of this contribution should point out the preconditions and phases of the development of economic research and international research cooperation, schools of economic research and patterns of economic thought represented in empirical cases of international research cooperation, especially in the “Rencontres de St-Gall”. This international, well renowned conference is specialised in economic research in the field of small and medium-sized enterprises (SMEs) worldwide. The papers prepared for the conferences were to a large extent published in the journal “Internationales Gewerbearchiv”, actually renamed in “ZfKE Zeitschrift für KMU und Entrepreneurship”. A selection of these articles was commented on in the paragraphs above, to demonstrate the cooperation of scholars from America and German speaking countries.

The first part of the paper prepared the ground by describing the process of establishing the “Rencontres de St-Gall” soon after the end of World War II. The time-period of this present contribution, yet, is not restricted on the late 1940’s and 1950’s. It also includes the time up to the 1990’s and even the beginning of the 21st century. “America” is understood to cover USA and Canada. The “German speaking countries” include Germany, Austria and Switzerland.

The preconditions of the international research cooperation after World War II are pointed out to have been determined by the breakdown of the former “German Reich”, especially by the destruction of communication, transportation and production facilities and after 1948 by the political divide of Germany and its long-term consequences. In Switzerland, yet, the economist and later professor of economics in St. Gallen, Alfred Gutersonn, succeeded to arrange the first conference of the “Rencontres de St-Gall”.

The phases of the development of these conferences are described to have been related to the political and economic development of the European countries and to the integration of the world economy. Future studies on the research cooperation should therefore consider the impact of the establishment of the European Economic Cooperation and of the later foundation of the European Union on the development of SMEs.

The “schools” of economic thought represented in the “Rencontres de St-Gall” were also explained to be determined by the political and economic situation in Europe after World War II. But it was pointed out, too, that the conferences were developed later – mainly since the mid-1970s – towards expanding international communication and worldwide cooperation. It became obvious that, during the phase of establishing the conference, a small group of academics and bureaucrats represented different “schools” of

economic research – mainly outside “mainstream economics”: universalism, historicism, small business administration, industrial enterprise organisation, neoclassical and institutional economics and business guidance. The scholars participating in the first conference aimed at the same objective: to strengthen competition by decentralization of economic activities focussed on the satisfaction of individual preferences on the grounds of reliable quality of commodities and services and of accepted social framework conditions.

The patterns of economic thought represented in the concerned conferences were also described as being determined by the participating scholars. But as the participants changed by the time, the patterns were modified or changed, too. Under consideration of selected papers presented at the conferences and of articles published in the international journal edited by the research institute which is responsible for the “Rencontres de St-Gall”, the changes of the represented patterns of economic thought became apparent: from the focus on basic terminology and organisation problems of decentralized and specialized businesses towards theoretically based and empirically orientated systematized economic research on economic activities supplying differentiated results (“Leistungen”) and on related demand according to individual preferences and social framework conditions.

The “soft but steady” impact of Alfred Guterson’s “functional approach” of the analysis of decentralized and specialized economic activities becomes apparent if the protocols of the “Rencontres de St-Gall” and the related articles published in the affiliated journal are evaluated. This procedure was demonstrated in the second part of the paper. It is focussed on contributions and published articles which point out the international research cooperation between scholars of “America” and of the “German speaking countries”.

The results of the evaluation of those articles can be summarized in the following points:

- (1) The cooperation is based on direct individual contacts and related communication on behalf of the international conferences “Rencontres de St-Gall”;
- (2) The cooperation in terms of publications in the affiliated journal is a “one-way” road: American authors cite and refer to American authors, but not to European authors.
- (3) Authors of “German speaking countries” refer to American authors and to authors from other continents; the German authors seem to be more open and orientated to international cooperation in the field of publications.

- (4) American authors of the considered articles are not only interested in theoretical studies but also in empirical, institutional and historical investigations.
- (5) Authors of “German speaking countries” are orientated to apply economic theories to empirical socio-economic problems; they try to move on “both legs”: inductive and deductive methods.

Though this comparison seems to contradict the impetus for international research cooperation, the above contribution demonstrated that “other cases” brought about considerable “cooperative energy” in America and in the German speaking countries, and furthermore in other parts of the world, for example in Japan. The future research cooperation in the concerned field, therefore, should be seen as being intensified and amplified. More national conferences on both sides of the Atlantic Ocean and worldwide will sustain the international cooperation of researchers from America and German speaking countries – at the “Rencontres de St-Gall” and beyond. The patterns of economic thought then will be developed to turn out as diversified economic research, even if outside “mainstream economics”.

Appendix

Table 1

**Selected articles related to the “Rencontres de St-Gall”
and published in the affiliated journal¹ – American authors**

<i>Year of publication</i>	<i>Author</i>	<i>Topic</i>	
		<i>No.</i>	<i>Title</i>
1977	Peterson, Rein York University Toronto, Ontario, Canada	11	The development of small business policy in Canada
1978	Susbauer, Jeffrey C. J. J. Nance College CSU, Cleveland Ohio, USA	4	Small firm, entrepreneur and regional development in American perspective
1979	Schoen, John E. Baylor University, Waco, Texas, USA	4	Development centers for entrepreneurs in USA

(Continue next page)

¹ “Internationales Gewerbearchiv”, edited by the Swiss Research Institute of Small Business and Entrepreneurship at the University of St. Gallen.

(Table 1: Continued)

<i>Year of publication</i>	<i>Author</i>	<i>Topic</i>	
		<i>No.</i>	<i>Title</i>
1979	Jenkins, John R. G. Wilfried Laurier University Waterloo, Ontario, Canada	5	Characteristics of entrepreneurs and support of entrepreneurship in Canadian perspective
1980	Sutherland, John W. Seton Hall University, South Orange, New Jersey, USA	2	The size of enterprise. A socio-economic study
1981	Sexton, Donald L., and Bacus, St. L., Baylor University, Waco, Texas, USA	11	Small enterprises and regulations by government
1983	Garvin, David A. Harvard Business School, Boston, Massachusetts, USA	1	About the foundation of inventive firms (“spin-offs”)
1983	Kent, Calvin A., and Sexton, Donald L., Baylor University Waco, Texas, USA	5	Managers and entrepreneurs. Characteristics and differences in their structure of personality and education
1983	Kao, Raymond W. Y., Ryerson Polytechnical Institute Toronto, Ontario, Canada	7	Financing smaller firms by risk capital
1986	Cooper, Arnold C., and Dunkelberg, William C. Purdue University West Lafayette, Indiana, USA	5	Types of entrepreneurs – results of an empirical study
1986	d’Amboise, Gérald, and Muldowney, Marie, UQTR Université du Québec, Trois-Rivières, Québec, Canada	10	Concerning the theory of business administration of small and medium-sized enterprises
1987	Robidoux, Jean, Université de Sherbrooke, Sherbrooke, Québec, Canada	4	Support of the foundation of new enterprises by development centers
1988	Sexton, Donald L., Ohio State University, Columbus, Ohio, USA	12	Research in entrepreneurship
1988	Cachon, Jean-Charles, and Cotton, G. Barry Laurentian University, Sudbury, Ontario, Canada	5	On entrepreneurial orientation in education

<i>Year of publication</i>	<i>Author</i>	<i>Topic</i>	
		<i>No.</i>	<i>Title</i>
1989	Hills, Gerald E. University of Illinois at Chicago Chicago, Illinois, USA	6	The field of studies in “Marketing” and the life-cycle/size of the firm
1989	d’Amboise, Gérald Laval University, Quebec, Canada	3	Introduction of new technologies: empirical results form small manufacturing firms
1990	Chicha, Joseph, Julien, Pierre-André, Université du Québec à Trois-Rivières, Québec, Canada and Marchesnay, Michel, University de Montpellier	10	Formulation and application of strategies in small and medium enterprises
1991	Cachon, Jean-Charles, Laurentian University, Sudbury, Ontario, Canada	5	Experiences with teams of entrepreneurs
1991	Plaschka, Gerhard E., Butler University, Indianapolis, Indiana, and Welsch, Harold, DePaul University, Chicago, Illinois, USA	5	Entrepreneurship education. Status, strategies and development tendencies
1994	Haahti, Antti, University of Tampere, SF, and Bagozzi, Richard, University of Michigan, Ann Arbor, Michigan, USA	10	The strategic orientation of SMEs: the impact of manager attitudes on strategy and efficiency
1998	Rue, Leslie W., Georgia State University, and Ibrahim, Nabil A., Augusta State University, Augusta, Georgia, USA	8	The status of planning in smaller family firms

Sources: Internationales Gewerbearchiv, 1975 ff.

Table 2

**Cooperative articles by authors of German speaking countries
published in the journal “Internationales Gewerbearchiv”**

<i>Year of publication</i>	<i>Author</i>	<i>Topic</i>	
		<i>No.</i>	<i>Title</i>
1975	Pichler, J. H., Vienna University of Economics and Business Administration	12	Social indicators and small business. Some basic and methodological views
1977	Bayle-Ottenheim, J. Ministry of Industry, Paris	3	About the organization of subcontracting business in Europe
1977	Braun, H.-G. University of Stuttgart	4	Decentralised industriali- sation in less developed countries
1985	König, W., and Peters, J. University of Goettingen	4	Role and promotion of micro-business in the infor- mal sector of Latin America
1986	Gutersohn, A., University of St. Gallen	12	About a theory of management in SMEs
1986	Pleitner, H. J., University of St. Gallen	6	Strategic behaviour of SMEs
1987	Haake, K. University of St. Gallen	5	Status of the development of strategic planning in European SMEs
1989	Staudt, E., Bock, J. and Toberg, M. University of Bochum	3	Innovation by means of cooperation. A strategy for SMEs
1989	Pichler, H. J. and Fröhlich, E. Vienna University of Economics	12	Attempts at international reports on the structure of trade and SMEs in Europe
1990	Pleitner, H. J. and Müller, B. University of St.Gallen	6	The internationalization of Swiss SMEs in prospect of the Western European economic integration
1990	Mugler, J., and Miesenböck, K. J. Vienna University of Economics	6	Determinants of increasing export involvement of small firms
1993	Semlinger, K. Institute of Social Sciences Research, Munich	3	Pitfalls and obstacles in inter-corporate cooperation

<i>Year of publication</i>	<i>Author</i>	<i>Topic</i>	
		<i>No.</i>	<i>Title</i>
1994	Müller, K. University of Goettingen	3	Transnational cooperation between craft firms
1998	Schmidt, K.-H. University of Paderborn	12	The origin and future of SME economics

Sources: Internationales Gewerbearchiv, 1975 ff.

Table 3
Indicators of the STRATOS and INTERSTRATOS projects

<i>Indicator</i>	<i>STRATOS</i>	<i>INTERSTRATOS</i>
Object of the study	Strategic orientation of small European Businesses	Internationalization of strategic orientations of European SMEs
Participating countries	Austria, Belgium, Finland, France, Germany, Great Britain, Switzerland, The Netherlands	Austria, Belgium, Finland, Great Britain, Norway, Sweden, Switzerland, The Netherlands
Selected industries/sectors	Textiles/Clothing, Electronics, Food	Textiles/Clothing, Electronics, Food, Metal/Machinery, Furniture Making
Method	Stratified random sample of firms, individual in-depth interviews, cross section analyses	Stratified random sample of firms, mailed questionnaire, longitudinal approach (panels and repeated cross section analyses)
Data base	approx. 600 variables (1983–1985)	approx. 200 variables (1991–1995)
Cluster derived entrepreneurial types	2 basic types: Pioneer, Organizer; 2 derived types: Allrounder, Routineer	2 basic types: Pioneer, Organizer

Sources: Fröhlich/Pichler (1998, 63–64), Pichler (1998).

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Milton Friedman und die „monetaristische Revolution“ in Deutschland

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I. Einleitung

Milton Friedman, 1912 in New York als Sohn jüdischer Einwanderer geboren, ist, nach den Worten seines Gegenspielers John Kenneth Galbraith (1908–2006), der wohl „einflussreichste Ökonom der zweiten Hälfte des 20. Jahrhunderts“.¹ Sein Aufstieg vom Sohn einer weitgehend mittellosen Näherin zum Stern am Ökonomen-Himmel gleicht einem dieser klischeehaften Hollywood-Märchen aus dem Land der unbegrenzten Möglichkeiten.² Seine Eltern kamen 1894/95 aus dem damaligen Vielvölkerstaat Österreich-Ungarn in die USA. Sie stammten aus dem heute zur Ukraine gehörenden Ort Berehovo, der zwischenzeitlich tschechoslowakisch, dann sowjetrussisch gewesen ist. Man sprach Jiddisch, Ungarisch und auch ein bisschen Deutsch.³ Sein Vater, ein ewig verschuldeter kleiner Geschäftsmann in Rahway, etwa 15 Meilen nordwestlich von New York, starb, als Milton 15 Jahre alt war. Von da ab musste der Sohn sich selbst versorgen, was er mit wachsendem Erfolg tat. Mit 34 Jahren hatte er es dann geschafft und wurde Professor an der Chicagower Universität,⁴ dreißig Jahre darauf erhielt er den Nobelpreis.

* Überarbeitete Fassung des gleichnamigen Referats, gehalten am 22. Mai 2005 auf der 26. Jahrestagung des *Dogmenhistorischen Ausschusses* des *Vereins für Socialpolitik* in Berlin. Besonderer Dank gilt Heinz Rieter, der mir wie immer vielfach half, dem damaligen Vorsitzenden Harald Hagemann, der mich nach dem Tode Friedmans zu einer Aktualisierung des Textes überredet hat, Hans-Peter Spahn, Ratgeber und Ko-Referent in Berlin sowie nicht zuletzt allen anderen Teilnehmern der Tagung und Mitgliedern des Ausschusses, deren Hinweise zu zahlreichen Revisionen Anlass gaben. Weiterhin stehe ich in der Schuld von Jürgen Förterer, Peter Kalmbach, Henning Köhler, Manfred Neldner, Manfred J. M. Neumann und Gert Preiser.

¹ Galbraith (1987, 271); Laidler (2007): „Perhaps only Keynes stands as a serious rival“.

² Vgl. Friedman/Friedman (1998), Janssen (2006); Hammond: „Milton Friedman“; „Rose Director Friedman“, in: Biographical Dictionary of American Economists (2006).

³ Vgl. Friedman/Friedman (1998, 19).

⁴ 1946 Associate Professor; 1948 Full Professor of Economics.

Friedmans bahnbrechende Leistungen, die Beiträge zur Methodologie positiver Ökonomik, zur Konsumforschung sowie zur Geldtheorie und -politik,⁵ erschienen im Kern bereits in den fünfziger und sechziger Jahren des vergangenen Jahrhunderts, also lange bevor die ‚schleichende‘ Inflation in der westlichen Welt seine Warnungen vor den Rezepten des Keynesianismus zu bestätigen schien und weltweit das Bedürfnis nach den von ihm empfohlenen Heilmitteln erweckte. Es waren dann erst die 1970er, 1980er und nach dem Niedergang des Kommunismus im Osten nochmals die 1990er Jahre, in denen seine Ideen mit Kraft aus dem akademischen Reich auch auf dem Felde der praktischen Politik Einzug hielten. Und die Schmerzen dieses Übergangs brachten „beträchtlichen Schaden für seine Reputation“.⁶

Friedmans Weltanschauung ist – aus biografischer Sicht wenig überraschend – durch eine starke Identifikation mit den Werten seiner (neuen) Heimat geprägt. Er trug zeitlebens eine treffend nur als radikal zu bezeichnende Begeisterung für Freiheit, Kapitalismus und Demokratie zur Schau, einhergehend mit einer ebenso radikalen Ablehnung jeder Spielart von Sozialismus und staatlicher Reglementierung. Schon zu Zeiten der Studentenrevolte brachte Friedman sein oft provozierendes Bekenntnis zum US-Kapitalismus und zur Ideologie des Laissez-faire die ebenso leidenschaftliche wie anhaltende Feindschaft der Linksintellektuellen ein. Und während der Nobelpreis-Verleihung 1976 in Stockholm protestierten etwa 4.000 Menschen lautstark gegen den Chicagoer Ökonomen. Man warf Friedman die Unterstützung des Pinochet-Regimes in Chile vor und beschimpfte ihn als einen „Mörder“.⁷

Bis heute ist der Name Friedman ein Symbol der globalen Wende zum Neoliberalismus, wie sie Margaret Thatcher und Ronald Reagan in Großbri-

⁵ Vgl. *Friedman: Essays in Positive Economic* (1953), *Studies in the Quantity Theory of Money* (1956), *A Theory of the Consumption Function* (1957), *A Program for Monetary Stability* (1959a); *A Monetary History of the United States* (1963). Eine komprimierte Darstellung der Lehren geben *Spahn* (2009), sowie das aus der ersten schriftlichen Fassung unseres Referats entstandene, gleichnamige Buch (*Janssen* 2006), das, da sich die Drucklegung des vorliegenden Bandes verzögerte, quasi vorab, und zwar kurz vor dem Tode Friedmans erschien.

⁶ *Laidler* (2007, 378).

⁷ Vgl. *The Times* v. 11.12.1976. Jetzt auch *Laidler* (2007, 378): „Augusto Pinochet ... 1973 had, with support from the Nixon-Administration, overthrown an economically incompetent but nevertheless democratically elected socialist government ... The resulting association of economic liberalism with murderous military dictatorship lent an awkward degree of credibility to the view, in wide circulation well before 1973, particularly in Europe ..., that Friedman’s political economy ... was in practice incompatible with democracy“. Erklärend: *Friedman/Friedman* (1998, 441–459 und 397–408).

tannien und in den USA vorexerzierten, und es scheint schwer, seine wissenschaftliche Leistung unabhängig von der mit ihr verbundenen politischen Positionierung zu würdigen.

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Friedman und Deutschland, das ist eine Geschichte gegenseitiger Abneigung. Friedman war zwar mit einigen Deutschen bzw. Österreichern bekannt und befreundet. Aber das waren meist Emigranten, zumindest dem NS-Regime kritisch Gegenüberstehende, etwa Fritz Machlup (1902–1983)⁸, Friedrich A. Hayek (1899–1992), Ludwig Mises (1881–1973)⁹, Friedrich Lutz (1901–1975)¹⁰ und auch Wilhelm Kromphardt (1897–1977)¹¹. Friedman registrierte Unbehagen, wenn er in Deutschland reiste. Es gelang ihm anfangs nicht, von der NS-Zeit abzusehen. So vermerkte er 1950 bei einem Besuch in Frankfurt:

„We thought that we were rational individuals who recognized that most Germans were no different from other people, that the majority had the same antipathy and revulsion to the atrocities of the Nazis we had. But, when we saw German police directing traffic dressed in white tunics that reminded us of the Nazi Storm troops, the feeling of revulsion and fear was so great that we could not bring ourselves to stop for lunch until late in the afternoon when we reached an American military snack bar on the autobahn.“¹²

Aber auch die Deutschen taten sich mit Friedman schwer – schon sein Stil erschien zu amerikanisch. Er wisse wohl nicht, so der Presse-Tenor anlässlich eines Auftritts des Chicagoers in Frankfurt, dass „man in Deutsch-

⁸ Vgl. *Friedman/Friedman* (1998, 46 f.). Er begegnete Machlup, als er Deutsch für sein Ph.D. büffelte. Bald entwickelte sich eine Freundschaft. Der einstige Mises- und Hayek-Schüler Machlup war mittels eines Stipendiums der Rockefeller-Foundation in Columbia, emigrierte nach dem ‚Anschluss‘, und bekam schließlich einen Lehrstuhl in Princeton.

⁹ Vgl. *Friedman/Friedman* (1998, 152). Mises flüchtete 1938 vor den Nazis in die USA. Er bekam dort aber nie eine (ordentliche) Professur an einer großen Universität – „undoubtedly because of his intransigent defense of free enterprise and free markets“ (*Friedman/Friedman* 1998, 152).

¹⁰ Vgl. *Friedman/Friedman* (1998, 152 und 253).

¹¹ Vgl. *Friedman/Friedman* (1998, 47 f.). Friedman beschreibt Kromphardt als „extremely able economist“ und Gegner Hitlers, der sich in Deutschland auf die mathematische Ökonomie habe beschränken wollen, um so dem politischen Druck auszuweichen. (Zu ‚Camouflage‘ im Dritten Reich vgl. *Janssen* 2000, 190 ff.) Jürgen Kromphardt teilte mir (am 29.3.2005) mit, dass sein Vater ihm gegenüber die Bekanntschaft mit Friedman an der Columbia Universität nicht erwähnt habe. Er habe davon das erste Mal gehört, als Friedman ihn auf einer Tagung ansprach, um sich nach dem Schicksal seines Vaters zu erkundigen. Sein Vater habe in seinen Vorlesungen (W. K. stellte seine Lehrtätigkeit 1965 ein) auch kaum Bezug auf Friedman genommen.

¹² *Friedman/Friedman* (1998, 179).

land die amerikanische Art, komplizierte Zusammenhänge möglichst schlicht darzustellen, für unwissenschaftlich“ hielt.¹³

Bis Ende der sechziger Jahre boten in Deutschland weder der Buchmarkt noch die ökonomischen Fachzeitschriften etwas Substanzielles aus der Feder des Amerikaners: Bis 1970 druckte man lediglich zwei Abhandlungen, beide in *ORDO*,¹⁴ und drei kleinere und unscheinbare Rezensionen seiner mittlerweile in den USA hitzig diskutierten Thesen.¹⁵ Die Abonnenten von *Schmollers Jahrbuch* beispielsweise – als *Zeitschrift für Wirtschafts- und Sozialwissenschaften* zeitweise Organ des *Vereins für Socialpolitik* – mussten bis 1972 darauf warten, bis dort ausführlicher über die Lehren des baldigen Nobelpreisträgers diskutiert wurde.¹⁶ Fazit: Die Bedeutung des theoretischen und politischen Werkes Friedmans blieb in Deutschland bis Ende der sechziger Jahre weitgehend unbemerkt.

Das führt zu folgenden Fragen: Was ist der Grund der verspäteten Rezeption Friedmans in Deutschland? Was provozierte dann umso plötzlicher die sich auf Friedman berufene ‚monetaristische Revolution‘?¹⁷ Welche Personen, Organe und Institutionen waren daran beteiligt, was waren die Themen und was die Ergebnisse?¹⁸

Bei der Beantwortung halfen uns zahlreiche Gespräche und schriftliche Kontakte mit einigen Personen, die damals an der geldtheoretischen Debatte beteiligt waren, namentlich mit Jürgen Förterer, Peter Kalmbach, Jürgen

¹³ *Wannenmacher* (1970, 17).

¹⁴ *Friedman* (1959c und 1962). Im *ORDO*-Band 1950 entdeckten wir auch den ersten uns bekannten Hinweis auf Friedman in einer deutschen Fachzeitschrift überhaupt. Otto von Mering (1950, 133), ein während der NS-Zeit in die USA emigrierter deutscher Finanzwissenschaftler, verwies auf Friedman 1948 als einen Fürsprecher der „automatische(n) Budgetanpassung“ (dazu *Janssen* 2006, 29f.). Weitere, meist aber nur beiläufige Erwähnungen Friedmans in deutschen Fachperiodika: *Zottmann* 1954; *Neumark* (1958/59, 56); *Jonas* (1959, 400); *Lutz* (1960, 99); *Gäfigen* (1961, 473).

¹⁵ Ausnahmen: *E. Schneider* (1955), *Ott* (1964); *K. Borchardt* (1964, 85).

¹⁶ Als wolle man das Versäumte nachholen, brachte der Jahrgang 1972 dann gleich drei Beiträge: vgl. *Hoepfner/von Knorring/Rosenstiel* (1972), *M. Burchardt* (1972) und *Grünärml* (1972).

¹⁷ *Kalmbach* (2007, 396): „Why at the end of the sixties and especially in the seventies monetarism and Friedman began to make a steep career in Germany is still a puzzling fact.“

¹⁸ Dazu haben wir eine Datenbank erstellt, die die zwischen 1948 und 1979 in den wichtigen deutschen ökonomischen Fachzeitschriften (hier: *FA*, *JbNuSt*, *SJB*, *WWA*, *ZfgSt* sowie *ORDO* und *Kredit und Kapital* (*KuK*)) publizierten Texte von und über Milton Friedman, bzw. über dessen Lehren und die sogenannte ‚monetaristische Revolution‘ sammelt. Dazu gesellen sich die in einschlägigen Sammelbänden enthaltenen Beiträge und eine Reihe von Monographien. Unsere Friedman-Datenbank umfasst insgesamt 363 Einträge.

Kromphardt, Hans G. Monissen, Manfred Neldner, Manfred J. M. Neumann und Heinz Rieter. Der Beginn einer ‚oral history‘ von der ‚monetären Revolution‘ in Deutschland.

II. Theoriegeschichtlicher Ausgangspunkt

Den Angriffspunkt des monetaristischen Siegeszugs in den USA bildete die zuvor beinahe vollständig vollzogene keynesianische Revolution, also die Ablösung der, wie John M. Keynes (1883–1946) sagte, „Klassik“ durch eine neue *Allgemeine Theorie* (1936) im Zuge der großen Depression. Die Keynes-Adepten überwandern das überkommene Laissez-faire und entwickelten aus der Lehre des Meisters einen ausdifferenzierten wirtschaftspolitischen Instrumentenkasten, der Publikum und Politikern die Zukunft einer ingenieurmäßigen Lenkung von Wirtschaft und Konjunktur versprach. Das hörte man gern.

Doch, wie schon Nietzsche wusste, ist der gefährlichste Parteimann, eben der „der durch sein gar zu gläubiges Aussprechen der Parteigrundsätze die Uebrigen zum Abfall reizt“ (*Menschliches, Allzu Menschliches*, 1886, Nr. 298). Und das geschah, und als der Wirtschaftslauf stockte und die keynesianischen Schalthebel nicht mehr griffen, erfolgte die Reaktion.

Deshalb spricht Friedman von einer „Konterrevolution“.¹⁹ Er meint damit die Rehabilitation der „Klassik“, insbesondere der auf Adam Smith zurückgehende Lehre von den Selbstheilkräften des Marktes. Im Zentrum dieser in Chicago angezettelten Reaktion stand die Geldtheorie. Friedmans Stern stieg mit einer Neuformulierung der von den Keynesianern für tot erklärten Quantitätstheorie.²⁰

In Deutschland lagen die theoriegeschichtlichen Verhältnisse ähnlich – und doch anders. Die klassische Theorie hat die Lehre niemals in dem Maße dominiert wie in den angelsächsischen Ländern. Bis zum Ersten Weltkrieg beherrschte die Historische Schule unter Gustav Schmoller (1838–1917) den Universitätsbetrieb. Diese Schule stand dem Interventionismus („Sozialpolitik“) aufgeschlossen, dem ökonomischen Liberalismus hingegen ablehnend gegenüber. Erst in den zwanziger Jahren verlor der Historismus gegenüber (neo-)klassischen Schulen an Gewicht, und im Verlauf der Großen Inflation gelangte auch die zuvor geschmähte Quantitätstheorie zu kurzen Ehren.²¹

Aufgrund der besonderen politischen Entwicklung in Deutschland nach 1933 konnte hierzulande der Keynesianismus angloamerikanischer Provenienz

¹⁹ Friedman (1970/73).

²⁰ Vgl. Friedman (1956b und 1986).

²¹ Vgl. Janssen (2012, 303 ff.).

nienz zunächst nicht heimisch werden. Mit der nationalsozialistischen Gleichschaltung ging eine erzwungene geistige Abschottung gegenüber dem Ausland einher.²² „Keynes lag damals im Giftschrank“ befand Karl Schiller (1911–1994), der 1936 mit einer Arbeit zur Finanzierung der Arbeitsbeschaffung in Deutschland promoviert hatte.²³ Stattdessen arbeitete man in Deutschland an einer ‚neue Wirtschaftslehre‘, die zwar Elemente des Keynesianismus kannte, etwa die kreditfinanzierte Investitionslenkung und eine Theorie der Multiplikatorwirkung von erhöhten Staatsausgaben,²⁴ die aber zudem den ideologischen Vorgaben im Dritten Reich und den Erfordernissen einer gelenkten Kriegswirtschaft gehorchen sollte.²⁵

Nach dem Zweiten Weltkrieg formierte sich die Wirtschaftswissenschaft in der Bundesrepublik Deutschland neu und schied erst einmal die nationalsozialistischen Phrasen aus. Dabei richtete sich der Blick auf die zwischenzeitlich verpasste Entwicklung in England und in den USA, namentlich auf die keynesianische Revolution. Wortführer dieser Richtung waren Erich Schneider (1900–1970) in Kiel,²⁶ Erich Preiser (1900–1967)²⁷ in München und Andreas Paulsen (1899–1977) in Berlin. Der Begriff der ‚neuen Wirtschaftslehre‘ bekam nun auch in Deutschland einen keynesianischen Sinn,²⁸ und es folgten eine Reihe neuer Lehrbücher, die die versäumte Entwicklung nacharbeiteten. Hervorzuheben ist Schneiders vierbändige *Einführung in die Wirtschaftstheorie*,²⁹ die „Bibel“ der deutschen Jung-Keynesia-

²² Vgl. Janssen (2012, 155 ff. und 434 ff.).

²³ Janssen (2012, 296), Schiller (1936).

²⁴ Vgl. Der Keynesianismus II 1976 und Der Keynesianismus III 1981, hg. v. Bombach et al. In der Berliner Diskussion 2005 erinnerte Ernst Helmstädter auf die diesbezüglichen Leistungen Wilhelm Lautenbachs (1891–1948), oft der „deutsche Keynes“ genannt; vgl. Lautenbach (1952).

²⁵ Vgl. Janssen (2012, 483 ff.).

²⁶ Bombach (1972, 8): Unter Führung Schneiders fand „die Wirtschaftstheorie in Deutschland wieder Anschluß an das Niveau (...), das andere Länder während der Zeit der Abgeschlossenheit erreicht hatten“.

²⁷ Zu Preiser, vgl. Blesgen (2000). Preiser markierte ab 1948 im Wissenschaftlichen Beirat lange den keynesianischen Gegenpol zur Politik unter Ludwig Erhard.

²⁸ Vgl. Paulsen, Neue Wirtschaftslehre (1950/58). Paulsens Titel bezog sich auf Harris (1947): *The New Economics*. Der arroganten Deuschtümelei der Nazi-Zeit folgte nach Ende des Krieges eine bis zur Selbstverleugnung reichende Orientierung am internationalen Forschungsstand. Deutsche ‚keynesianische‘ Lehren der dreißiger und vierziger Jahre kamen bei Paulsen praktisch nicht mehr vor.

²⁹ Schneider, Einführung in die Wirtschaftstheorie. I. Teil: Theorie des Wirtschaftskreislaufs 1947/58; II. Teil: Wirtschaftspläne und wirtschaftliches Gleichgewicht in der Verkehrswirtschaft 1948/58; III. Teil: Geld, Kredit, Volkseinkommen und Beschäftigung 1952/69; IV. Teil, 1. Band: Ausgewählte Kapitel der Geschichte der Wirtschaftstheorie 1962 (ein 2. Band ist nie erschienen).

ner.³⁰ Der dritte Teil präsentierte die neue Makroökonomie, die keynesianische Theorie. Karl Häuser (1920–2008) erinnert sich.

„Sie wurde wie eine messianische Botschaft aufgenommen als etwas Unerhörtes. Denn erstmals wurde das Modell einer modernen Volkswirtschaftslehre und zugleich in einer operationalen Theorie präsentiert, die sich unmittelbar in praktische Wirtschaftspolitik umsetzen ließ.“³¹

Andreas Paulsen versicherte in seinem Lehrbuch zwar, es solle „nicht zum Keynesianismus’ überredet werden“, aber die „Sachlage“ sei „einfach die, daß man moderne Wirtschaftstheorie nicht verstehen und nicht betreiben kann, ohne die ‚New Economics‘“.³² So vollzog sich in den fünfziger Jahren, als jenseits des Ozeans Friedman bereits zum Gegenschlag ausholte, hierzulande erst einmal die keynesianische Revolution. Einen Nachholprozess belegt auch Bertram Schefolds Studie über die Nachkriegsgeschichte des *Theoretischen Ausschusses im Verein für Socialpolitik*: „Trotz allem internationalen Bezug der Beiträge“ ließe sich feststellen, dass „man noch im Aufholprozeß nach den Jahren der Abschottung war“.³³ Die Deutschen eroberten sich in den fünfziger und sechziger Jahren also den Stoff, den die Amerikaner schon durchgekaut und wovon sie bereits einen faden Geschmack bekommen hatten.

Doch sollte der Keynesianismus Deutschlands Ökonomenwelt nie unangefochten regieren. Dagegen stand der durch Walter Eucken (1891–1950) geprägte Ordoliberalismus, der in Freiburg als einzige deutsche Richtung den Nationalsozialismus einigermaßen unbefleckt überstanden hatte.³⁴ Über Eucken hatte sich in Deutschland eine glaubwürdige liberale Strömung erhalten, die auch nach dem Krieg produktiv genug war, Gegnern des Keynesianismus ein Auffangbecken zu bieten: Hier konnte der Student guten Gewissens Orientierung suchen, soweit ihm der moderne Interventionismus zu weit ging. Ordnungspolitik versus Prozesspolitik hieß die Alternative.³⁵

³⁰ Vgl. *Schefold* (2004, 586). Die herausragende Bedeutung des Schneiderschen Lehrbuchs bestätigt auch der Preiser-Schüler Peter Kalmbach (E-Mail an den Verfasser vom 28. Juni 2006): Dass die Keynesische Theorie im akademischen Bereich einen so großen Stellenwert hatte, dafür sei „insbesondere das mehrbändige Lehrbuch von Erich Schneider (Kiel) verantwortlich“ gewesen, „das zu dieser Zeit fast überall als Standardlehrbuch empfohlen wurde“. Der Paulsen-Schüler Manfred Neldner (Telefongespräch am 5. Juli 2006), in den siebziger Jahren Mitarbeiter an dessen 4-bändiger *Allgemeiner Volkswirtschaftslehre*, betont ebenfalls die dominierende Rolle von Schneiders Lehrbuch.

³¹ *Häuser* (2010, 258).

³² *Paulsen* (1950/58), Vorwort zur zweiten Auflage von 1952.

³³ *Schefold* (2004, 591).

³⁴ Vgl. *Goldschmidt* (2005).

³⁵ Jürgen Kromphardt betonte während der Diskussion in Berlin, dass es eine Reihe bedeutender Personen gebe, die sich auf Keynes *und* Eucken beriefen, etwa

Euckens Freiburger Schule bildete auch eine Keimzelle für die westdeutsche Nachkriegswirtschaftsordnung, der von Ludwig Erhards Staatssekretär Alfred Müller-Armack (1901–1978) so genannten *Sozialen Marktwirtschaft*.³⁶ Zwar lehnten manche Ordoliberalen, etwa Wilhelm Röpke (1892–1966), und auch Müller-Armack konjunkturstützende Maßnahmen nicht *per se* ab.³⁷ „Aber der Keynesianismus galt ihnen als Dirigismus, und man verband ihn mit der nationalsozialistischen Wirtschafts- und Beschäftigungspolitik.“³⁸

Damit sind zwei Gründe angegeben, die der schnellen Aufnahme von Friedmans Lehren in Deutschland im Wege standen: die verspätete Rezeption des Keynesianismus und das Vorhandensein einer deutschen neoliberalen Alternative, die der weithin akzeptierten *Sozialen Marktwirtschaft* geistig näher stand als der streng individualistische Liberalismus des Amerikaners.

III. Zur Rezeption Milton Friedmans in den fünfziger und sechziger Jahren

1. Friedman und die deutschen Keynesianer

Die hiesigen keynesianischen Lehrbücher übergangen Friedman bis weit in die sechziger Jahre. Erich Schneiders berühmter III. Teil über *Geld, Kredit, Volkseinkommen und Beschäftigung* führte den Chicagoer Geldtheoretiker bis zur 11. Auflage von 1969 ebenso wenig auf³⁹ wie Erich Preisers populäre Vorlesungen *Nationalökonomie heute* (1959/67).⁴⁰ Andreas Paulsen widmet ihm in der 4. Auflage seiner *Neuen Wirtschaftslehre* (1958) gerade einmal eine Fußnote.⁴¹ Analog spielte die Quantitätstheorie im Lehr-

Karl Schiller. Kromphardt wies zudem darauf hin, dass manch deutscher Neoliberaler, deren Schriften aus den zwanziger und dreißiger Jahre zum deutschen Vorkeynesianismus gerechnet werden, sich später als vehementer Keynes-Kritiker entpuppt habe, allen voran *Röpke* (1952/59) und *L. A. Hahn* (1949); dazu auch *Janssen* (2012, 295).

³⁶ Vgl. *Klump* (2005); *Rieter/Schmolz* (1993).

³⁷ Vgl. z. B. *Müller-Armack* (1926); *Röpke* (1932).

³⁸ *Schefold* (2004, 585); auch *Bibow* (2004, 13).

³⁹ Und zwar obwohl Schneider in einer Rezension (1955, 9*) höflich schrieb, Friedmans Arbeiten seien „der Fachwelt bekannt und wegen der Tiefe und Klarheit der Argumentation des Verfassers geschätzt“.

⁴⁰ Auch Gert Preiser, der den Nachlass seines Vaters verwaltet, kann sich nicht an eine Auseinandersetzung Preisers mit Friedman erinnern (Brief vom 28. November 2004).

⁴¹ *Paulsen* (1950/58, 175). Er verwies ab der 3. Auflage 1954 auf Friedmans „Framework“ (1948). Der von uns befragte Manfred Neldner (Telefongespräch am 5. Juli 2006) meint, er sei dem Namen Friedman erstmals in der Geldvorlesung des Paulsen-Schülers Rudolf Schilchers, Anfang der 1960er Jahre in Berlin, begegnet.

betrieb – von Ausnahmen abgesehen – bloß eine dogmenhistorische Rolle. Sie galt, wie Schmölder damals sagte, als „endgültig überwunden“.⁴²

In diesem Sinne kennzeichnete Schneider die Quantitätstheorie als eine Lehre, „die lange Zeit hindurch eine zentrale Stellung in der geldtheoretischen Diskussion eingenommen hat und hier und da auch heute noch einnimmt.“ Nur in gewissen Fällen, so Schneider überlegen väterlich, hätten „*Änderungen der Geldmenge einen Einfluß auf die effektive Nachfrage und über diese unter bestimmten Voraussetzungen auf die Güterpreise*“. Statt sich nun mit Friedmans Neuformulierung der Quantitätstheorie (1956b) auseinanderzusetzen oder diese auch nur zu erwähnen, legte er dem Leser „die klassische Arbeit“ von Otto von Zwiedineck-Südenhorst (1871–1957) ans Herz, wo bereits 1909 „wesentliche Grundlagen der modernen Geldtheorie enthalten und mit größter Klarheit entwickelt“ wären.⁴³ Diese Behandlung Friedmans glich einer Auseinandersetzung mit einem für nicht-satisfaktionsfähig eingestuften Gegner.

Selbstgefälligkeit nach dem Motto ‚*Die eine Hälfte ist lange bekannt, die andere falsch*‘ im Umgang mit der in den USA aufkommenden Richtung prägte auch den Tenor der letzten großen Publikation Schneiders. Allerdings war dieser nun gezwungen, sich explizit mit der neuen Geldlehre auseinanderzusetzen. „Die geldpolitischen Ideen von Friedman“, so Schneider, „sein in jüngster Zeit vor allem von einigen Zeitungen mit großer Emphase (...) verkündet worden, wobei Keynes für die Vernachlässigung der Geldpolitik verantwortlich gemacht und Friedman als der Siegfried gefeiert wird, der den bösen Drachen Keynes getötet hat“.⁴⁴ Schneiders Ironie belegt un-

Schilcher habe Friedman respektvoll in einem Atemzug mit Patinkin als einen Neo-Quantitätstheoretiker vorgestellt und dabei die *Studies in the Quantity Theory of Money* (1956) erwähnt. Der Weg dorthin ließ sich anhand von Aufzeichnungen Schilchers verifizieren, die mir der damalige Schilcher-Mitarbeiter Heinz Rieter zur Verfügung gestellt hat. Schilchers „Kolloquium zur Geldtheorie“ im SoSe 1959 behandelte nur Schumpeter, Hahn, Keynes, Modigliani, Hicks, Lerner und Patinkin. Der Name Friedman fiel noch nicht, ebenso wenig in Schilchers Wirtschaftstheoretischem Seminar im SoSe 1961. Erst im Wintersemester 1961/62 findet sich der Programmpunkt „Quantitätstheorie II, Chicagoer Schule, insb. Friedman“. Von dann an hat Friedman in Schilchers Veranstaltungen zur Geldtheorie seinen festen Platz. Einen Anlass zu einer ‚monetaristischen Revolution‘ erkannte Schilcher aber nicht – Gliederung und Systematik seiner geldtheoretischen Seminare und Vorlesungen blieben prinzipiell unverändert.

⁴² Schmölders (1960/69, 81). Läufer (2004/05, 9), erinnert sich: „Meine Lehrer und manche Bücher (z.B. die ‚Einführung in die Wirtschaftstheorie‘, Band III, von Erich Schneider), die man mir zur Lektüre empfohlen hatte, machten sich nachgerade lustig“ über die Quantitätstheorie.

⁴³ Vgl. Schneider (1952/69, 227–34); Zwiedineck-Südenhorst: „Die Einkommensgestaltung als Geldwertbestimmungsgrund“, in: SJB 33 1909.

⁴⁴ Schneider (1970/73, 190); ähnlich Scherf (1970).

serer Meinung nach allerdings eher die eigene Abwehrhaltung als den überlegenen Standpunkt.

Wie der ehemalige Paulsen-Assistent Heinz Rieter erzählt,⁴⁵ hielt es der FU-Professor Paulsen damals nicht für notwendig, in seiner *Allgemeinen Volkswirtschaftslehre*, die ab 1956 vierbändig in der *Sammlung Göschen* erschien, einen Band eigens der Geldtheorie zu widmen.⁴⁶ Rudolf Schilcher (1919–1975), der sich mit einer geldtheoretischen Arbeit habilitiert hatte⁴⁷ und die *Allgemeine Volkswirtschaftslehre* Paulsens ab der 10. Auflage 1973 fortführte, habe hingegen beabsichtigt, einen 5. Band eigens zur Geldtheorie hinzuzufügen. Dazu kam es jedoch nicht mehr, weil Schilcher 1975 starb.⁴⁸

Paulsen sah in der Verschiebung „von einer überwiegend preistheoretischen zu einer vorwiegend beschäftigungstheoretischen Betrachtungsweise“ das „wesentliche Merkmal“ der keynesianischen Theorie. Nun stünden „nicht mehr so sehr die Faktoren, welche die Menge des verfügbaren Geldes bestimmen“ im Vordergrund. Das Interesse wende sich vielmehr „der Verausgabung und Nichtverausgabung des Einkommens zu, da erst die ökonomische Verwendung des Geldes seine Wirksamkeit bestimmt“.⁴⁹ Diese in Deutschland von Paulsen, Schneider und Preiser forcierte Wende versuchten dann die deutschen ‚Monetaristen‘ ab Ende der sechziger Jahre wieder zurückzudrehen.

2. Friedman und die deutschen Liberalen

Offener als die Keynesianer um Erich Schneider standen die deutschen Neoliberalen den Lehren und Positionen Friedmans gegenüber. Sie lehnten den keynesianischen Interventionismus zugunsten einer Ordnungspolitik ab, priorisierten das Ziel der Preisniveau- und Währungsstabilität vor dem der Vollbeschäftigung und verteidigten das Prinzip der individuellen wirtschaftlichen Freiheit, während ihre keynesianischen Kollegen mit gemein- und planwirtschaftlichen Strukturen liebäugelten.

⁴⁵ Der folgende Absatz beruht auf einem Redebeitrag Rieters während der Berliner Diskussion im Mai 2005, den Rieter im April 2006 gegenüber dem Verfasser noch einmal präziserte.

⁴⁶ Vgl. *Paulsen: Allgemeine Volkswirtschaftslehre*. 4 Bände. Der Titel von Band III lautete in der 1. Auflage 1959 noch: Produktionsfaktoren, Geldwesen. Ab der zweiten Auflage 1961 verschwand der Begriff „Geldwesen“ aber wieder aus der Titelei.

⁴⁷ *Schilcher* (1958/73).

⁴⁸ Die 10. Auflage des ersten Paulsen-Bandes, fortgeführt von Schilcher, erschien 1974; eine 10. Auflage des Zweiten Bandes, bearbeitet von Jacob, Koblitz, Neldner und Rieter, noch im Jahr 1977.

⁴⁹ *Paulsen: Neue Wirtschaftslehre*, 1. Auflage 1950, S. 152.

Friedman hatte bereits in den dreißiger Jahren deutschsprachige Liberale kennengelernt. Im Kreis der Mont-Pèlerin-Gesellschaft, zu deren Gründern 1947 Friedman zählte⁵⁰, kamen Begegnungen mit Friedrich Hayek, Karl R. Popper, Friedrich A. Lutz, Röpke und auch Eucken hinzu.⁵¹ In der Folge waren es vielfach die Erben Euckens, die in den sechziger und siebziger Jahren Positionen Friedmans wohlwollend in die heimische Diskussion einbrachten. Unter ihnen der Geld- und Konjunkturtheoretiker Ernst Dürr (* 1927),⁵² der früh für die Verwirklichung eines an Friedman orientierten geldpolitischen Plans auch in Deutschland eintrat.⁵³ Ähnlich forderte Hans Besters (* 1923) bald nach der Regierungsübernahme durch Willy Brandt „Regelmechanismen statt konjunkturverschärfender Staatseingriffe“.⁵⁴ Schließlich entwickelte sich Manfred J. M. Neumann (1940–2016) im Gefolge des Schweizer Karl Brunners (1916–1989) zu einer Leitfigur des deutschen Monetarismus.⁵⁵

Mit Lutz und Hayek gehörten zwei persönliche Bekannte Friedmans seit Gründung zu den Mitarbeitern von *ORDO*, quasi der Hausschrift der deutschen Neoliberalen.⁵⁶ So überrascht es nicht, dass das deutsche Fachpublikum bis in die zweite Hälfte der sechziger Jahre besonders dort über Friedman unterrichtet wurde.⁵⁷ Bereits 1951 brachte *ORDO* eine kleine Auseinandersetzung mit der Chicago-Schule und Friedmans Vorbild Henry C. Simons (1899–1946). Dabei stellte Heinrich Rittershausen (1898–1984) Ähnlichkeiten mit den Bestrebungen der Freiburger heraus:

„Der verstorbene Professor Henry C. Simons dürfte in den Vereinigten Staaten eine ähnliche Rolle gespielt haben und spielen wie in unserem Lande Walter Eucken. Er

⁵⁰ Vgl. *Friedman/Friedman* (1998, 158 ff.) und *Janssen* (2006, 31 ff. und 36).

⁵¹ Eucken hinterließ einen starken Eindruck bei Friedman, vgl. *Friedman/Friedman* (1998, 160).

⁵² Vgl. *Dürr* (1963 und 1966). Dürr war langjähriger Mitarbeiter Alfred Müller-Armacks.

⁵³ Vgl. *Dürr* (1971 und 1970).

⁵⁴ Vgl. *Besters* (1969).

⁵⁵ Neumann, zunächst Assistent des Eucken-Schülers K. Paul Hensel, wechselte 1967 zur Deutschen Bundesbank und bewarb sich 1969 erfolgreich als Projektleiter bei Brunner in Konstanz. Als Ordoliberaler war er zwar gegen die Versuchen des Keynesianismus und die scheinbaren Erfolge des Superministers Karl Schiller gefeit, doch glaubte er angesichts der ersten deutschen Nachkriegsrezession, dass auch der hergebrachte Liberalismus einer wirtschaftspolitischen Erneuerung bedurfte. Telefongespräch mit Manfred J. M. Neumann am 13. September 2006.

⁵⁶ *ORDO – Jahrbuch für die Ordnung von Wirtschaft und Gesellschaft* ist von Eucken und Franz Böhm begründet und nach Euckens Tod 1950 unter anderem von Lutz fortgeführt worden; vgl. *Klinckowstroem* (2000, 107).

⁵⁷ Allerdings erschienen in der Schweiz frühzeitig wichtige Aufsätze, die in die Gedankenwelt Friedmans einführten, vgl. *Brunner* 1958 und *Meltzer* 1965.

begann an der Universität Chicago mehr und mehr das Haupt einer ganzen ‚Schule‘ zu werden, der eine Gruppe von Anhängern von Lord Keynes gegenüberstand. Während diese, besonders bei praktischen Maßnahmen, häufig kollektivistische Neigungen haben, bemüht sich Simons, Richtlinien für eine Wirtschaftspolitik zu geben, die auf die Verwirklichung von Freiheit und Gleichheit abgestellt ist.“⁵⁸

Im selben Band setzte sich der Eucken-Schüler Karl Friedrich Maier (1905–1993) als erster in einer deutschen Fachzeitschrift mit Friedmans frühem monetaristischen Programm auseinander, dem „Monetary and Fiscal Framework“ aus dem Jahr 1948.⁵⁹ „Wahrscheinlich“, so freundete sich Maier mit dem US-Ökonomen an, würde der „Vorschlag Friedman’s ein gutes Ergebnis“ zur Stabilisierung des Wirtschaftsprozesses bringen.⁶⁰

In *ORDO* kam Milton Friedman erstmals in Deutschland auch persönlich zu Wort. Das war 1959. Sein Beitrag *Geldangebot, Preis- und Produktionsänderungen* präsentierte vorläufige Resultate der empirischen Arbeiten zusammen mit Anna Schwartz vom *NBER*. Die Untersuchungen stützten eine Interpretation des quantitätstheoretischen Kausalzusammenhanges, dass „nämlich wesentliche Geldmengenänderungen sowohl eine notwendige als eine genügende Bedingung für wesentliche Änderungen im allgemeinen Preisniveau sind“.⁶¹ *ORDO* druckte auch die einzig weiteren Beiträge Friedmans, die bis Ende der siebziger Jahre in einer renommierten deutschen Fachzeitschrift erschienen, nämlich 1979 „The Economics of Free Speech“ und bereits 1962 „Echter und unechter Goldstandard“.⁶²

Seit Einführung der D-Mark debattierte das Publikum im Lande des späteren Exportweltmeisters Währungsfragen mit Leidenschaft. Deshalb interessierte das Statement eines in dieser Frage zunehmend Gehör findenden Außenseiters, nämlich eines Befürworters flexibler Wechselkurse.⁶³ So rührte der Bekanntheitsgrad Friedmans in Deutschland zunächst weniger von seiner ‚neuen‘ Quantitätstheorie oder seiner Geldmengenregel her als

⁵⁸ *Rittershausen* (1951, 426). Wie wenig man dann aber doch voneinander wusste, verrät eine Fußnote auf S. 428. Dort wird Aaron Director, der Schwager Friedmans, vorgestellt als: „Prof. Aaron, Director University of Chicago ...!“.

⁵⁹ *Friedman* (1948/69). Das Programm war dem Chicago-Plan von Simons (100-Prozent-Mindestreserve) verhaftet und mit einem fiskalistischen Element (built-in-stabilizer in der Haushaltsgestaltung) gespickt; ausführlicher Janssen (2006, 27–30).

⁶⁰ *K. F. Maier* (1951).

⁶¹ Vgl. *Friedman* (1959c, 194 und 196); erneut abgedruckt in: *Dürr* (1969).

⁶² Der Aufsatz war ursprünglich ein Beitrag zur Tagung der Mont-Pèlerin-Gesellschaft 1961 in Turin.

⁶³ Im Gegensatz zu den bisweilen mit protektionistischen Vorstellungen sympathisierenden Keynesianern vertrat Friedman offensiv eine Position der Globalisierung der Finanz- und Gütermärkte. Zudem war ein System fester Wechselkurse mit der intern stabilisierenden Geldpolitik im Sinne Friedmans unvereinbar; vgl. *Schneider* (1955, 9*f.).

aus der währungspolitischen Diskussion um den ‚richtigen‘ Kurs der Mark. Der Amerikaner Friedman trat für eine Freigabe der Mark gegenüber dem Dollar ein⁶⁴ und lehnte – damit verbunden – das fixe Weltwährungssystem von Bretton Woods entschieden ab. Die deutschen Liberalen konnten sich – mit Ausnahme von F. A. Lutz und L. A. Hahn (1889–1968) – mit dieser Position nur langsam anfreunden.⁶⁵ Sie hatten seit der Auseinandersetzung um Georg F. Knapps (1842–1926) *Staatliche Theorie des Geldes* (1905) und der Erfahrung der Großen Inflation nach dem Ersten Weltkrieg meist mit der Goldwährung sympathisiert, selbst die, die den ‚Metallismus‘ gedanklich überwunden hatten.⁶⁶ Die Bindung an das Edelmetall sollte der Begehrlichkeit staatlicher Papiergeldschöpfung eine „goldene Bremse“ anlegen.⁶⁷ Auch Eucken gehörte zunächst zu den Befürwortern der Goldwährung.⁶⁸ Nach dem Zweiten Weltkrieg schlug er in seinen „Grundsätzen der Wirtschaftspolitik“ anstelle der Goldwährung, wegen der Zufälligkeiten der Goldproduktion, eine indexgebundene Waren-Reserve-Währung vor.⁶⁹ Der

⁶⁴ *Friedmans* „The Case for Flexible Exchange Rates“ (1953b) ging auf ein Gutachten zurück, das er im Auftrag der Marshall-Plan-Administration anlässlich der anhaltenden Zahlungsbilanzprobleme der Bundesrepublik Deutschlands erstellt hatte. Er war deshalb 1950 in Frankfurt persönlich vorstellig geworden und hatte vergeblich versucht, die deutschen Verantwortlichen von der Freigabe des D-Mark-Wechselkurses gegenüber dem US-Dollar zu überzeugen. Vgl. *Friedman/Friedman* (1998, 182 und 219 ff.) sowie *Friedman* (1962/2004, 17). Dazu schrieb mir der Historiker Henning Köhler (E-Mail vom 26. Dezember 2006): „Die D-Mark startete 1948/49 mit einem Außenwert von 3,30 zum Dollar, und es gelang erst nach schwierigen Verhandlungen, sie im September 1949 auf den Vorkriegsstand von 4,20 zu senken. Ohne diesen Kurs hätte es wahrscheinlich kein Wirtschaftswunder gegeben (...). Wenn Friedman 1950 die Freigabe vorgeschlagen hat, dann kann das nur im Zusammenhang mit dem Koreakrieg geschehen sein, als die Rohstoffpreise stark stiegen. (...) Die Rohstoffhaushausse war aber schnell vorbei, und dann begann die Nachfrage nach deutschen Qualitätsprodukten mit den bekannten Folgen.“ Wenn man über Keynes sagt, dass seine Vorschläge zur Rettung der Weltwirtschaft immer auch dem Wohle Englands dienen, so gilt Analoges für Friedman und die USA.

⁶⁵ Vgl. *Richter* (1998, 566 ff.).

⁶⁶ So auch *Spahn*: Wie der Monetarismus nach Deutschland kam, in diesem Band, S. 423: „Die deutsche Geldpolitik steckte mental noch in den Wurzeln des Goldstandards.“

⁶⁷ *Schumpeter* (1927/52).

⁶⁸ Vgl. *Eucken* (1923, 82). Der schwankende Goldwert scheint „immer noch geringere Gefahren in sich zu schließen als die Regelung des inneren Tauschwertes des Geldes durch die Regierungen“.

⁶⁹ Vgl. *Eucken* (1952/60: 261 f.). Dazu *Starbatty* (2002, 260) sowie *Folz* (1970). Friedman (1951/53) äußerte sich skeptisch über Benjamin Grahams (1937 und 1944) Pläne einer Waren-Reserve-Währung, die teilweise auch von *Hayek* (1943) unterstützt wurden. Eucken (1952/60: 260) dagegen kritisierte den Chicago-Plan, weil Zentralbank und Staat nun die Schlüsselfunktion zukäme. „Denn nicht ein Automatismus, sondern der Wille dieser Stellen reguliert die Geldmenge. Darin liegt

Ruf nach Regeln und Automatismen statt nach Autoritäten bringt Eucken in dieser Frage in die Nähe Friedmans. Doch Friedman bestritt jede Notwendigkeit einer Zentralbankpolitik über die streng geregelte Geldmengenpolitik hinaus, während Eucken der Zentralbank mehr Spielraum für (marktkonforme) Interventionen einzuräumen bereit war.⁷⁰

Ab Mitte der sechziger Jahre wurde Friedmans währungspolitische Position in Deutschland vermehrt anerkannt und unterstützt. So veröffentlichte *ORDO* 1966 einen internationalen Aufruf zur Reform des Weltwährungssystems, in dem eine größere Flexibilität der Wechselkurse verlangt wurde.⁷¹ Friedman gehörte zu den Initiatoren. Neben Lutz, Hahn, Machlup und Gottfried Haberler (1900–1995) unterzeichneten auch die Deutschen Egon Sohmen (1930–1977)⁷² und Herbert Giersch (1921–2010), damals „Spiritus rector“ des Sachverständigenrats.⁷³ Die Bundesbank hielt allerdings zunächst an ihrem Votum für fixe Kurse fest. Noch im September 1970, als Friedman in Frankfurt der Bundesbank abermals flexible Kurse (und damit praktisch eine Aufwertung der Mark) empfahl, argumentierte Bundesbank-Vizepräsident Otmar Emminger (1911–1986) energisch dagegen.⁷⁴ Doch mit dem sich abzeichnenden Ende von Bretton-Woods etablierte sich Friedmans Position im *mainstream* der Währungslehre.⁷⁵

die Schwäche des Planes“. Nach Auskunft Nils Goldschmidts, damals (2005) noch beim Walter Eucken Institut, liegt es nahe anzunehmen, dass Eucken in diesem Punkte durch Lutz beeinflusst war; vgl. *Lutz* (1936, 86 ff.). Zu Differenzen und Ähnlichkeiten in der Geldpolitik zwischen Chicago/Friedman und Eucken vgl. *Bibow* (2004, 13–19). Bibow zeigt, dass die deutschen Liberalen keineswegs einheitlich für die Unabhängigkeit der Zentralbank votierten, wie oft unterstellt wird. Im Gegenteil: Ordoliberalismus und Unabhängigkeit der Zentralbank waren nach seiner Meinung im Grunde miteinander nicht kompatible Positionen.

⁷⁰ Vgl. *Bibow* (2004, 19).

⁷¹ „Vorschlag für eine Reform der internationalen Währungsordnung“ 1966.

⁷² Vgl. *Sohmen* (1961).

⁷³ *Richter* (1998, 573 ff. und 566 ff.). Giersch hatte um 1965 unter dem Einfluss von Lutz und Sohmen seine frühere, ablehnende Haltung korrigiert. Mit der notwendigen Reform des Bretton-Woods-Systems befasste sich auch die Tagung der Mont-Pèlerin-Gesellschaft 1965 in Stresa. Dort sprachen sich Friedman, Sohmen, Hahn und mit Abstrichen auch Gottfried von Haberler für ein System freier Wechselkurse aus. Jacques Rueff, Robert Triffin und Michael Heilperin plädierten für die Wiederbelebung des Goldmechanismus. Vgl. „Auch die Professoren kennen kein Patentrezept“, in: FAZ vom 8. September 1965.

⁷⁴ Vgl. „Friedman heftig widersprochen. Emminger: Nichts für deutsche Verhältnisse“, in: Handelsblatt vom 29. September 1970. Ähnlich FAZ, SZ und Die Welt am gleichen Tag.

⁷⁵ Vgl. *Rohwedder* (1973) zur Friedman/Roosa-Kontroverse 1967. Auch *Spahn* (2012, 18 ff.), betont die Bedeutung des Scheiterns von Bretton Woods für die wachsende Akzeptanz Friedmans.

Nicht nur in der Währungsfrage, auch in der allgemeinen politischen Ökonomie gab es Unterschiede zwischen Friedman und den deutschen Liberalen, gewichtig genug, dass sich *ORDO* in den sechziger und siebziger Jahren eben nicht zum monetaristischen Kampfblatt entwickelt hat. Eucken, Röpke und Rüstow distanzieren sich von jeder ungebremsten Kapitalismus-Apologie wie die Hayeks und Friedmans, die sich blind angesichts aller Defizite des Systems zeigten. Zudem dehnte die Chicago-Schule das ökonomische Kalkül auch auf Gebiete aus, die „jenseits des Bereichs liegen, der üblicherweise von den Wirtschaftswissenschaften bearbeitet“ wurde.⁷⁶ Hier erkennen wir den tieferen Grund vieler Differenzen. Eucken lehnte den „Primat des Ökonomischen“ ab.⁷⁷ Der Ordogedanke wollte wirtschaftliche, rechtliche, soziale und ökologische Bereiche zu einem in sich konsistenten Gesamtsystem verknüpfen (Interdependenz der Ordnungen). Euckens ökonomische Analyse zeigte auf, dass „der Wirtschaft Grenzen gesetzt werden müssen, um eine – ökonomisch – funktionsfähige und – meta-ökonomisch – menschenwürdige Wirtschaftsordnung zu schaffen“.⁷⁸ Die Stoßrichtung war also eine ganz andere.

Die Ordoliberalen kehrten sich gegen den „libertären Minimalstaat“ und suchten nach einer vermittelnden Position „zwischen einem wohlfahrtsstaatlichen Interventionismus und einem radikal-libertären Politikverzicht“.⁷⁹ In der Einleitung seiner *Grundsätze der Wirtschaftspolitik* betonte Eucken „soziale Sicherheit und soziale Gerechtigkeit“ als „die großen Anliegen der Zeit“⁸⁰ und erkannte die Notwendigkeit einer Korrektur der primären Einkommensverteilung nach sozialen Gesichtspunkten an. Friedman lehnte dieses ab.⁸¹

Die Differenz im *Sozialen* bestand zu Hayek, der im Beiwort „sozial“ in „Soziale Marktwirtschaft“ bereits das Einfallstor für Sozialismus witterte,⁸² wie zu Friedman, der einen Liberalismus ablehnte, der „die allgemeine Wohlfahrt und die Gleichheit als Voraussetzungen oder Alternativen zur Freiheit“ akzeptierte. Für Friedman blieb Freiheit „das höchste Ziel“.⁸³

⁷⁶ Pies (2004, 20): Bei diesen Arbeiten handle es sich „um Pionier-Erkundungen eines ‚ökonomischen Imperialismus‘“, die dann Gary S. Becker vollendet habe. Dazu: Pies/Leschke (1998).

⁷⁷ Gerken/Renner (2000, 25).

⁷⁸ Gerken/Renner (2000, 25); in diesem Sinne auch Rieter/Schmolz (1993, 103 ff.).

⁷⁹ Gerken/Renner (2000, 35 f.).

⁸⁰ Eucken (1952, 1).

⁸¹ Friedman (1962/2004, 193 ff.).

⁸² Vgl. Hayek (1957): „Was ist und was heißt ‚sozial‘?“, hier zitiert nach Starbatty (2002, 251).

⁸³ Friedman (1962/2004, 28).

Schon die Rede von der „sozialen Verantwortung“ der Wirtschaft galt Friedman als eine „grundlegend subversive Doktrin“.⁸⁴

Während Friedman im Staat, im Staatsversagen, den letzten Grund der Wirtschaftskrisen suchte, baute das Euckensche Ordnungsdenken auf einen starken Staat, der unabhängig von wirtschaftlichen Machtzusammenballungen agieren kann. Laut Eucken habe die Geschichte erwiesen, dass „die Gewährung von Freiheit eine Gefahr für die Freiheit werden kann, wenn sie die Bildung *privater* Macht ermöglicht“.⁸⁵ Insbesondere trachteten die Wirtschaftsakteure danach, lästigen Wettbewerb auszuschalten. Deshalb sollte ein starker Staat die Spielregeln der freien Wirtschaft garantieren.⁸⁶ In diesem Punkt gab es Differenzen zu Friedman,⁸⁷ der die Gefahren von Monopolen zwar sah, sie praktisch aber für geringfügiger hielt, als die, die von staatlichen Regelungsversuchen ausgingen.⁸⁸

3. Friedman im Zentrum der Debatte

Bis weit in die 1960er Jahre ließen die Spalten der deutschen Fachzeitschriften nicht ahnen, dass sich verbunden mit dem Namen Friedman eine ‚wissenschaftliche (Konter-)Revolution‘ anbahnte. Zwar erschien 1966 im *Weltwirtschaftlichen Archiv* ein Aufsatz Kiichiro C. Kogikus über Friedmans angebliches „Law of Economic Growth“, und der Japaner löste damit tatsächlich eine kurze Debatte über die Ursachen des Wirtschaftswunders in seiner Heimat und in Deutschland aus.⁸⁹ Allerdings war das keine monetäre Kontroverse. Friedmans *Price Theory* (1962) wiederum konnte bei Knut Borchardt (*1929) und Alfred E. Ott (1929–1994) keine Begeisterung erwecken: „Das vorliegende Buch wird sich im deutschen Lehrbetrieb angesichts der vorhandenen hervorragenden Lehrbücher kaum großen Zuspruchs erfreuen“, hieß es richtig.⁹⁰ Solche Sprenkel fügten sich zu einem nur unscharfen Bild: Friedman erschien als ein US-Ökonom ne-

⁸⁴ Vgl. Friedmans Vortrag auf der Münchner Tagung 1970 der Mont-Pèlerin-Gesellschaft: „Social Responsibility of Business“, abgedruckt in: New York Times Magazine vom 13. September 1970; Die Aufgabe der Unternehmen, so Friedman, bestehe lediglich darin: „To make as much money as possible.“

⁸⁵ Eucken (1952, 53, im Original nicht gesperrt; außerdem 175–179).

⁸⁶ Der Eucken-Schüler Miksch (1937/47: 11) sprach vom Wettbewerb als „staatliche Veranstaltung“.

⁸⁷ Bezüglich des Monopolproblems kam es während der Mont-Pèlerin-Tagung 1949 zu einem heftigen Zusammenstoß zwischen Eucken und Mises; vgl. *Starbatty* (2002, 259 f.).

⁸⁸ Friedman (1962/2004, hier 38, auch 46 ff. und 149 ff.).

⁸⁹ Vgl. Kogiku (1966), Laumas (1969), Kogiku (1972).

⁹⁰ Borchardt (1964, 85); ähnlich Ott (1964).

ben anderen, der es, wie man aus der Zeitung wusste, mit dem Liberalismus ein wenig übertrieb.⁹¹

Bemerkenswert aus dieser Zeit sind dagegen zwei Habilitationen: Dürs *Wirkungsanalyse der monetären Konjunkturpolitik* (1966) sowie Harald Scherfs (1933–2008) – von Schneider angeregten – *Untersuchungen zur Theorie der Inflation* (1967).⁹² Beide Arbeiten zeigen, dass die deutsche Wirtschaftswissenschaft neues Interesse an geldtheoretischen Problemen fand, ohne dabei (schon) hitzig auf Friedman und den Monetarismus fixiert zu sein.

Größere Bekanntheit aber erlangte Friedman in Deutschland erst 1968, mit seiner Grußrede als Präsident der *American Economic Association* („The Role of Monetary Policy“). Das bestätigten die von uns befragten, damals an der Debatte um Friedman beteiligten Ökonomen. Peter Kalmbach (*1940), der aus dem Preiser-Seminar in München stammt, und 1973 als Herausgeber des bald populären Sammelbandes *Der neue Monetarismus* hervortrat, antwortete, es sei „besonders die Presidential Address“ gewesen, die „Wirkung entfaltete“. Friedman habe „durchaus neuartige Argumente aufgeführt, weshalb die kurzfristig möglicherweise wirksamen Maßnahmen (der diskretionären Geld- und Fiskalpolitik, H. J.) keineswegs zu empfehlen sind“. Manfred J. M. Neumann, einer der damaligen jungen Wilden der ‚monetaristischen Revolution‘ in Deutschland, las, wie er sagte, in seiner Zeit bei der Deutschen Bundesbank (1967–69) alles von Friedman, dessen er habhaft werden konnte. Nachhaltig beeindruckt hätten ihn das *Monetary Program* (1959) und die *Presidential address*, deren Manuskript er schon vor Veröffentlichung in der *American Economic Review* (1968) studieren konnte.⁹³

Nach Meinung des jungen Artur Woll (*1923) drohte die deutsche Geldtheorie „in Lethargie zu versinken“ und in „ihren Fragestellungen“ kaum in

⁹¹ Das bestätigt der Blick in das SPIEGEL-Archiv: Das Dossier ‚Milton Friedman‘ beginnt 1964 mit „Die Wirtschaftspolitik im amerikanischen Wahlkampf. Erklärungen des Wirtschaftsberaters Goldwaters“ (NZZ v. 10.10.1964); Ein zweiter Artikel folgte 1967: „Friedman und die Sicherheit“ (FAZ v. 6.5.1967). Diese Meldung zeigt Friedman als einen merkwürdigen Kauz, der im Namen der Freiheit gegen Sicherheitsvorschriften für Autos plädiert.

⁹² Außerdem: *Alois Oberhauser*: „Probleme der Geldversorgung einer wachsenden Wirtschaft“ (1966).

⁹³ Kalmbach: E-Mail v. 28. Juni 2006; Neumann: Telefonat v. 13. September 2006. Jürgen Kromphardt (Brief v. 29. März 2005) ist die besondere Bedeutung Friedman „erst nach 1968“ bewusst geworden; Manfred Neldner hob den Sammelband *The Optimum Quantity Theory of Money* (1969) hervor. In der Berliner Diskussion (Mai 2005) betonte Harald Hagemann die Bedeutung der Presidential Address.

„Bezug zur internationalen Diskussion“ zu stehen.⁹⁴ „Wir wußten nicht recht, was wir von Friedman halten sollten“, sagt Heinz Rieter (*1937), Ende der sechziger Jahre Assistent des Geldtheoretikers Rudolf Schilcher, und erzählt folgende Begebenheit: Woll habe im WS 1967/68 ein Manuskript *Zur Kontroverse um die keynesianische und quantitätstheoretische Formulierung der Nachfrage nach Geld* zur Kommentierung an Besters und Schilcher nach Bochum geschickt.⁹⁵ Wolls Arbeit rezipierte Friedmans geldtheoretische Positionen wohlwollend und führte einen statistischen Vergleichstest der rivalisierenden Theorien für Deutschland durch – ganz wie Friedman es gefordert und für die USA in seinem Sinne erfolgreich selbst getan hatte.⁹⁶ Wolls Ergebnis: Eine keynesianische „Zinselastizität der Geldnachfrage in der Bundesrepublik (ist) vergleichsweise gering gewesen“, während die Untersuchung der Hypothese Friedmans, „nach der ein straffer Zusammenhang zwischen der Realeinkommensentwicklung und der Geldnachfrage besteht“ mit einem Korrelationskoeffizienten von 0,977 bestätigt wurde. Fazit: „Eine vereinfachte Quantitätstheorie, auf deren Boden man sich durch die Konstantsetzung der Umlaufgeschwindigkeit begibt, liefert für eine Entwicklung von Geldangebot und Preisen in der Bundesrepublik von 1950–66 (...) die vermutlich beste Erklärung.“⁹⁷

Der damalige Gießener Professor wollte solch ein Bekenntnis zu Friedman offenbar nicht ohne Absicherung wagen. Schilcher nun, wie Rieter berichtet, war unsicher. Einerseits fühlte er sich in dem altbekannten, keynesianischen Lehrgebäude zu Hause, andererseits zeigte er sich neugierig und offen für neue Ansätze.⁹⁸ Er reichte das Manuskript an seine Assistenten zur Stellung-

⁹⁴ Woll (1969a, 56).

⁹⁵ Gespräch mit Rieter am 15. März 2005.

⁹⁶ Vgl. *Friedman/Meiselman* (1964); dazu *Janssen* (2006, 48 f.).

⁹⁷ Woll, *Zur Kontroverse um die keynesianische und quantitätstheoretische Formulierung der Nachfrage nach Geld. Theoretische Aspekte und statistische Ergebnisse für die Bundesrepublik Deutschland 1950–66*, Manuskript, o. J. (Handschriftliche Datierung Rieters: WS 1967/68), S. 13, 14 und 18. Aus diesem Manuskript entstand die oben zitierte Studie *Wolls* (1969a).

⁹⁸ Als es 1973 zur Neuauflage seines geldtheoretischen Hauptwerks *Geldfunktionen und Buchgeldschöpfung* (1958) kommen sollte, stand der bereits schwerkranke Schilcher nicht zuletzt aufgrund der Arbeiten Friedmans und ihrer Wirkung vor dem Problem, dass – wie er schreibt – „eine Neubearbeitung des Buches praktisch auf eine Neufassung hinauslaufen“ müsse, zu aber „der der Verfasser gegenwärtig nicht in der Lage ist“ (Vorwort, S. 4). Der Text wurde deshalb unverändert nachgedruckt. In einem Vorwort – das nach Aussagen von Rieter weitgehend von Neldner geschrieben wurde – weist Schilcher auf die wichtigsten zwischenzeitlichen Neuentwicklungen und die sich daraus ergebene Problematik für einen aus der Geldfunktion abgeleiteten Geldbegriff hin. Dabei kommt er insbesondere auf das damals moderne Liquiditätskonzept (Gurley und Shaw; ‚Radcliffe-Report‘) sowie auf die „pragmatische oder empirische Geldauffassung“ Friedmans und „der von ihm be-

nahme weiter, antwortete selber aber nicht. Die Anmerkungen Rieters sind erhalten geblieben. Rieter, der damals an seiner Geschichte der Inflationstheorie arbeitete, verstand nicht recht, warum nun von ‚demand-pull und cost-push Ansätzen‘ keine Rede mehr war und vermeintlich überholte quantitätstheoretische Aussagen wieder aufgewärmt wurden. Das Staunen, plötzlich in eine fremde Welt mit verzerrter Perspektive zu treten, ist buchstäblich an den Rand geschrieben. „Was ist stabile Geldnachfrage“ heißt es da oder: „Was ist die ‚mündliche Tradition‘ in Chicago“ und mit kräftigem Fragezeichen: „Schneiders Lehrbuch nicht ungefährlich?“⁹⁹ Sein Resümee hält zurückhaltend fest: „1. dt. empirischer Beitrag“. Der Beurteiler erkannte noch nicht, dass Wolls Arbeit aus dem Stoff geschnitten war, der für die Geldtheorie in Deutschland in den nächsten Dezennien maßgebend wurde.

In der Welt der Keynesianer Schneider, Preiser und Paulsen war Inflation durch Überschussnachfrage verursacht: „Die effektive Nachfrage muß das effektive Angebot bei herrschenden Preisen übersteigen.“¹⁰⁰ Dieser Standpunkt geriet durch die ‚demand-pull/cost-push‘-Kontroverse ins Wanken und man suchte nach neuer Klarheit. So ging Schneiders Assistent Scherf den neuen inflationstheoretischen Ansätzen nach, und auch Paulsen-Schüler Heinz Rieter beschäftigte sich ab 1960/61 bei Schilcher mit dieser Thematik.¹⁰¹ Während Scherf dem nachfragetheoretischen Inflationsansatz zuneigte, erwärmte sich Rieter für das Anbieterinflationskonzept. Beide relativierten aber die alte wie die heraufdämmernde monetäre Inflationstheorie insoweit, als dass das Geld nur eine passive (alimentierende) Rolle im Inflationsprozess spielte. Während also die Keynesianer Schneider und Paulsen und ihre Schüler Rieter und Scherf davon ausgingen, dass sich die effektive Nachfrage ihr Geldangebot quasi selber schafft¹⁰², behauptete Friedman das Gegenteil:

gründeten monetaristischen Schule“ zu sprechen (S. 4). In diesem Zusammenhang verstehen wir Neldners Habilitationsschrift „Die Bestimmungsgründe des volkswirtschaftlichen Geldangebots“ (1976) als eine Weiterentwicklung von Schilchers Darstellung.

⁹⁹ Vgl. *Woll* (1969a, 57 f.).

¹⁰⁰ Vgl. *Schneider*, Einführung, III. Teil, 1969, S. 159. Ähnlich *Paulsen*: Allgemeine Volkswirtschaftslehre, Band I, 1958², S. 109: „Inflation tritt ein, wenn ein vergrößerter Geldumlauf, daher eine gestiegene monetäre Nachfrage nicht zu einer Erhöhung des realen Angebots führt, sondern zu einer Erhöhung des Preisniveaus.“ Preiser (1949/67: 100), behandelt die „Inflationsgefahr“ als Resultat „einer übermäßigen Zunahme der volkswirtschaftlichen Gesamtnachfrage“.

¹⁰¹ Vgl. *Rieter* (1971, 59 ff.); *Scherf* (1967, 37 ff.). Dieser Teil unserer Darstellung wurde die Berliner Diskussion im Mai 2005 angeregt, während der Rieter und Hagemann an die Umstände der Habilitationsschrift von Scherf erinnerten. Hagemann hatte Mitte der sechziger Jahre in Kiel studiert.

¹⁰² *Scherf* (1967, 35): „Realiter ist das Geldangebot so elastisch, daß die Nachfrage sich das Angebot selbst zu schaffen scheint.“ Weiter: „Jedenfalls kann nur

„They say inflation is the result of attempted investment exceeding desired savings; or of a wage push (...) or of a profit push (...); and so on in infinite variety and diversity. Now these explanations may, in one sense, be correct. If any of these factors produces a rise in the stock of money, it will produce inflation. But if it does not produce a rise in the stock of money, it will not produce inflation.“¹⁰³

Für Scherf blieb die neue Quantitätstheorie wegen ihrer Ausblendung der eigentlich verursachenden realen Inflationsgründe, die dann eine Erweiterung der Geldmenge bedingen, letztlich unter „Niveau“.¹⁰⁴ „Die Geldpolitik und die Kreditpolitik spielen (...) eine durchaus passive Rolle; sie passen die Geldversorgung nur an und sanktionieren Entscheidungen, die auf anderer Ebene gefallen sind.“¹⁰⁵ Das ist das keynesianische *money does not matter*.

Nach 1967 änderte sich das Bild, wie überhaupt die Zeit in Bewegung zu geraten schien: Die Studenten gingen auf die Barrikaden und skandierten sozialistische Parolen. Die SPD Willy Brandts gewann die Bundestagswahl, und unter dem Superminister Professor Karl Schiller erlebte die keynesianische Wirtschaftspolitik in Deutschland ihre Blüte. In dem Maße, in dem sich die Politik auf die Globalsteuerung der gesamtwirtschaftlichen Nachfrage kaprizierte und auch in den Unternehmen ‚mehr Demokratie wagte‘, eigneten sich die Gegner der sozialliberalen Wirtschaftspolitik Argumente aus dem Repertoire Friedmans an. Zunehmend unterstützt durch Sachverständigenrat und Bundesbank, die auch ihre Unabhängigkeit gegenüber politischer Gängelungssucht stärken wollte, plädierten sie für einen Kurswechsel in Richtung preisniveaustabilisierende, regelgebundene Geldpolitik.

Plötzlich rückten Friedmans Lehren ins Zentrum der Debatte. Die Avantgarde dieser Bewegung rekrutierte sich vorzugsweise aus den Reihen junger, empirisch arbeitender Ökonomen. Ab 1968 mehrten sich dann auch in Deutschland von den Lehren Friedmans angeregte statistische Studien zur Stabilität von Geldnachfrage bzw. -angebot.¹⁰⁶ Wir heben drei richtungswei-

schwer die Behauptung einer von den Geldbehörden autonom fixierten Geldmenge aufrechterhalten werden, zumal in einer offenen Volkswirtschaft mit festen Wechselkursen.“

¹⁰³ *Friedman* (1963b, 7), hier zitiert nach *Scherf* (1967, 29). Natürlich gesteht Scherf zu, dass es eine enge Korrelation zwischen Geldmenge und Preisniveau gibt, aber das, so der promovierte Mathematiker, „sagt natürlich noch nichts über die kausale Beziehung zwischen den Größen aus“. Ähnlich: *Tobin*, „Money and Income – Post hoc ergo propter hoc?“ (1970).

¹⁰⁴ *Scherf* (1967, 35).

¹⁰⁵ *Scherf* (1967, 114).

¹⁰⁶ Ein weiteres Topoi bildeten die „Time lags der Geldpolitik“; vgl. *Dürr* (1970a), *H. Müller* (1968) sowie schon *Friedman* (1961).

sende Beiträge aus den Jahren 1968 bis 1971 hervor: Heinz Königs (1927–2002) ökonometrische Untersuchung der Geldnachfrage in der BRD, eine entsprechende Studie zum Geldangebot von Jürgen Siebke (*1936) und Manfred Willms (*1934) sowie Dieter Cassel (*1939) und H.-Jörg Thieme (*1941) Aufsatz über die „US-Inflationsbekämpfung 1966–1970“.¹⁰⁷

Unter den ‚älteren‘ Kollegen entwickelte sich Woll zu einem – wenn auch nicht unkritischen – Förderer der neuen, monetaristischen Geldtheorie und ihrer Methoden in Deutschland.¹⁰⁸ Dazu trug nicht zuletzt sein 1969 erstmals erschienenenes, in der Folge vielfach aufgelegtes Lehrbuch *Allgemeine Volkswirtschaftslehre* bei, in dem wir den Namen Friedman sehr häufig erwähnt finden: Er wird im Register nur noch von Keynes übertroffen. Im *Woll* wehte die Studenten der moderne Zeitgeist positiver Ökonomik schon im Vorwort an: „Wissenschaft, wie sie hier verstanden wird, bedeutet systematische Konfrontation der Theorie mit Fakten.“¹⁰⁹

Auch Schilchers Mitarbeiter hatten nun begriffen, wohin die Reise ging, und Friedmans Geldlehre wurde in den Bochumer Seminaren zur Geldtheorie verstärkt thematisiert.¹¹⁰ Im März 1970 unternahmen die Schilcher-Assistenten einen Vorstoß und baten Friedman, dessen Aufsatzsammlung *The Optimum Quantity of Money* (1969) ins Deutsche übersetzen zu dürfen. Friedman zeigte sich durchaus erfreut, doch leider sei man zu spät gekommen – der Chicagoer Verlag habe die Rechte bereits anderweitig vergeben. Die Bonner Kollegen waren schneller gewesen.¹¹¹ Bei allem Interesse blieben die Assistenten Schilchers allerdings kritisch. Neldner (*1938) exponierte sich bald als einer der Wortführer der jungen deutschen Gegner des Monetarismus.¹¹² Rieter bewies mit seiner 1971 veröffentlichten Dissertation, dass er sich zwischenzeitlich gründlich mit Friedman auseinandergesetzt hatte. Sein Urteil aber blieb reserviert: Zwar gebe es „unzweifelhafte Bereicherungen der

¹⁰⁷ König (1968); Siebke/Willms (1970/73); Thieme/Cassel (1971).

¹⁰⁸ Vgl. auch Woll (1969b und 1974); sowie Woll/Möller/Vogl (1974); zu Wolls Schülern zählen auch Cassel und Thieme.

¹⁰⁹ Woll (1969/71): Allgemeine Volkswirtschaftslehre, 3. revidierte Auflage, S. V.

¹¹⁰ Jürgen Förterer (Telefongespräch am 22. Juni 2006) setzte sich 1971 in einer von Neldner betreuten und bei Schilcher geschriebenen Diplomarbeit mit Friedmans „Monetary and Fiscal Framework“ (1948) auseinander; weiterhin liegt mir eine bei Schilcher geschriebene und von Neldner vorkorrigierte Diplomarbeit vor, abgegeben am 16. Februar 1971, zum Thema: „Die geldtheoretischen Beiträge Milton Friedmans. Darstellung und kritische Würdigung“.

¹¹¹ Vgl. Brief von Milton Friedman an Rudolf Schilcher am 10. April 1970, Diese Anekdote verdanke ich Rieter und Neldner. Rieter stellte mir auch eine Kopie der Antwort Friedmans zur Verfügung.

¹¹² Vgl. Neldner (1975a, 1975b und 1976). Vorbehalte äußerte auch Koblitz (1971 und 1978).

monetären Theorie, die uneingeschränkt begrüßt werden“ müssten, es finde sich aber auch vieles, was „noch genauer durchdacht und besser fundiert werden müßte, um an die wirtschaftspolitische Heilkraft der daraus extrahierten Chicagooer Medizin vorbehaltlos glauben zu können“.¹¹³

Wie gründlich die ‚monetaristische Revolution‘ in den siebziger Jahren dann ihr Werk tat, unterstreicht die weitere Entwicklung in Bochum. Während Wolls Annäherung an Friedman 1967/68 dort noch mit spitzen Fingern entgegengenommen worden war, musste der spätere Vorstandschef der R+V-Versicherung Jürgen Förterer (*1942) mit einer bei Schilcher begonnenen Dissertation nach dessen Tod 1975 nach Hannover ausweichen – Besters hatte plötzlich schwere Bedenken gegen die Friedman-kritische Arbeit erhoben.¹¹⁴ Als dann 1977 Thieme Schilchers Lehrstuhl übernahm, hatte die ‚monetaristische Revolution‘ auch an der Ruhr-Universität ihr Werk getan.

IV. Die ‚Konterrevolution‘ in der deutschen Geldlehre¹¹⁵

In den USA leitete der Amtsantritt Richard Nixons 1969 und damit der Wechsel in der Macht von den Demokraten zu den Republikanern eine „Wende“ in der Wirtschaftspolitik ein. Die Fiskalpolitik sollte aus ihrer

¹¹³ *Rieter* (1971, 42).

¹¹⁴ Förterer (Telefongespräch am 22. Juni 2006) erzählt folgendes: Als Schilcher starb, sei er mit seiner Dissertation „zu 85 Prozent“ fertig gewesen. Besters bot Hilfe an. Förterer, der sehr gute Prüfungsnoten vorweisen konnte, sollte eine Assistentenstelle bei ihm annehmen. Förterer wollte allerdings vor einer Zusage die fertige Dissertation zur Prüfung vorlegen, eben weil er die kontroversen Auffassungen zu seiner Themenstellung kannte. Mit Hilfe eines DFG-Stipendiums schloß er die Arbeit dann im Herbst 1976 ab. Am 23. Dezember 1976 eröffnete ihm Besters, dass er mit der Arbeit, so wie sie vorlag, nicht einverstanden sei. Förterer solle sie gründlich überarbeiten, als sein Assistent hätte er ja genügend Zeit und auch das notwendige Geld dazu. Förterer, der damals noch plante, sich zu habilitieren, wollte seine wissenschaftliche Karriere aber nicht auf solch einer ‚Verbiegung‘ aufbauen. Er sondierte seine Promotionschancen in St. Gallen (Silvio Borner), München (Uta Gruber) und in Hannover bei dem frisch berufenen Professor Friedrich Geigant. Alle drei Hochschullehrer zeigten sich bereit, die Arbeit anzunehmen. Da nun die NordLB Förterer eine Beschäftigung in Hannover angeboten hatte, entschied er sich für die niedersächsische Hauptstadt. Die Arbeit erschien schließlich 1979 unter dem Titel *Die stabilitätspolitischen Vorschläge Milton Friedmans. Wissenschaft im Spannungsfeld von Werturteil und Theorie*, in den Veröffentlichungen des Instituts für Empirische Wirtschaftsforschung, herausgegeben von Claus Köhler. Besters bewies später Fairness. Er half ihm später mit einer Referenz im beruflichen Fortkommen, Besters' Resümee: Förterer sei schon ein guter Kopf, er habe nur die falschen Lehrer gehabt.

¹¹⁵ Man beachte die feinen Differenzen in der Groß- und Kleinschreibung bei *Kalmbach* (1973): „Keynesianische Revolution“ – „monetaristische Gegenrevolution“ und im Original bei *H. G. Johnson* (1971): „The Keynesian Revolution and the Monetarist Counter-Revolution“.

beherrschenden Position zurückgedrängt und die Rolle der Geldpolitik gestärkt werden. Friedman schlug zwar das Amt eines *Chairman of the Council of Economic Advisors* aus, gleichwohl aber beeinflusste er „die Konzeption der US-Wirtschaftspolitik nicht unerheblich“.¹¹⁶ Also rückte der Architekt der neuen US-Wirtschaftspolitik auch hierzulande in den Mittelpunkt einer öffentlichen Diskussion. Das zeigt eine Artikel-Serie im *Volkswirt* (heute: *Wirtschaftswoche*) der Jahre 1969/70.¹¹⁷ In der Bundesrepublik stellte allerdings seit Herbst 1969 erstmals die Sozialdemokratie den Regierungschef. Ihren Wahlerfolg verdankten sie nicht zuletzt der Popularität von Wirtschaftsminister Karl Schiller und dessen ‚keynesianischer‘ Politik.

Der zu dieser Zeit einsetzende Presserummel in Deutschland um Friedman belegt das nun virulente Interesse an einer Alternative zu den Brandtschen Reformen in Wirtschaft und Gesellschaft, das Interesse an einer *neuen* liberalen Ökonomie. Dabei erhofften sich die Gegner der sozial-liberalen Gesellschaftsvision von Friedman offenbar eine wissenschaftliche Begründung ihrer Position. Nicht Friedmans Lehren waren also der Grund für die spätere liberale Konterrevolution der Thatcher, Reagan und – mit Abstrichen – Lambsdorff, sie waren willkommenes Mittel zum Zweck. Aber all das sagt nichts über den wissenschaftlichen Gehalt der Lehren Friedmans aus.¹¹⁸

Die ‚Linke‘ begegnete Friedman zunächst mit einer heute borniert-selbstgefällig anmutenden Abwehrhaltung. So charakterisierte der *SPIEGEL* anlässlich eines Gesprächs mit Friedman im November 1970 den „US-Ökonomen und Nixon-Berater“ als den „vielleicht letzte(n) Apologet(en) eines unkontrollierten Kapitalismus“.

„Anders als Ökonomen wie John Kenneth Galbraith, die den privaten Konsum zugunsten staatlicher Aktivitäten zurückdrängen wollen und energische Eingriffe des Staates gegen Luft- und Wasserverschmutzung, mangelnde Ausbildung und verelendete Städte fordern, sucht Friedman das Heil der Gesellschaft in der ungezügelter Marktwirtschaft mit totaler Freiheit der privaten Vermögensbesitzer.“

Friedman stand dem damals herrschenden Zeitgeist quer im Weg. Doch, so rechtfertigte der *SPIEGEL* sein Interesse an Friedman, die Gefolgschaft

¹¹⁶ Gädtkens (1969); Woll (1969b).

¹¹⁷ Vgl. neben Woll (1969b) unter anderem: Richebächer (1969); Richter (1969); Bienert (1969a und 1969b); Siebke/Willms (1969 und 1970); Beckerhoff (1970); auch: Hoffmann (1970).

¹¹⁸ Bökenkamp (2006) bemerkte in seiner Rezension von Janssen (2006): „Ironisch ist, dass die kapitalistischen Ideen Friedmans fast zeitgleich mit den marxistischen Parolen der Studentenrevolte ihren Durchbruch erreichten“ und fragt nach den gesellschaftspolitischen Gründen dafür. Die vorliegende Studie ist zwar nicht politikwissenschaftlich gemeint, dennoch dieser Hinweis auf eine mögliche Antwort.

des „verrückten Gnomen von Chicago“ (*Economist*) wächst.¹¹⁹ Denn auch in der Bundesrepublik lag bald die Problemsituation vor, auf die die Keynesianer keine befriedigende Antwort gaben und auf die Friedmans Rezeptur maßgeschneidert schien: Arbeitslosigkeit und Inflation.¹²⁰ Zwar konnte Helmut Schmidt im Bundestagswahlkampf 1972 noch mit dem berühmt gewordenen Wort punkten: *Lieber 5 Prozent Inflation als 5 Prozent Arbeitslosigkeit*,¹²¹ doch bereits im Oktober 1972 kletterte die Preissteigerungsrate auf über 7 Prozent, und im ersten Halbjahr 1975 kratzte die Arbeitslosenrate an der 5-Prozent-Marke: Helmut Schmidt, nunmehr Bundeskanzler, bekam also beides.

Angesichts dessen verhielten sich Fachwelt und interessierte Öffentlichkeit zunehmend skeptisch gegenüber den Segnungen einer mechanistisch interpretierten keynesianischen Theorie und dem Wirken eines simplen inversen Phillips-Kurven-Zusammenhangs zwischen Arbeitslosigkeit und Inflation, wie ihn Lehrbücher in den 1960er Jahren vertreten hatten.¹²² Wissenschaftlich angeregt durch Phelps und Friedman gewannen auch in Deutschland kritische Untersuchungen zur Phillips-Kurve an Gewicht.¹²³

Die aus den USA angestoßene Entwicklung, der Preisstabilität wieder Vorrang in der Wirtschaftspolitik einzuräumen, schlug sich bald in den Gutachten des Sachverständigenrats nieder. So forderten die Fünf Weisen 1972 *Gleichen Rang für den Geldwert*: „Vieles spricht dafür“, hieß es in ihrem Gutachten, dass „der Angelpunkt einer solchen Lösung die wirksame

¹¹⁹ „Am liebsten hätte ich eine anarchistische Welt“, in: SPIEGEL v. 23.10.1970. Das Gespräch führte Dr. Renate Merklein, die Ehefrau des damals frisch gekürten Sachverständigenrats (1970–78) und späteren HWWA-Präsidenten Armin Gutowski (1930–1987).

¹²⁰ Der Preisindex für die Lebenshaltung aller privaten Haushalte stieg von 1970 = 100 auf 134,7 im Jahr 1975, während die Arbeitslosenquote im gleichen Zeitraum von 0,7 auf 4,8 Prozent anstieg, in Zahlen: von 149 000 auf 1,074 Millionen. Vgl. Sachverständigenrat 1976, S. 232 und S. 298.

¹²¹ Der Ausspruch Schmidts, erstmals wohl im Mai 1972 geäußert, ist in diversen Varianten überliefert; vgl. etwa: „An höheren Steuern kommen wir nicht vorbei“. Gespräch mit Helmut Schmidt, in: SZ v. 28.7.1972. Dazu *Schlecht* (1996): „Als Leiter der wirtschaftspolitischen Grundsatzabteilung im Bundeswirtschaftsministerium erklärte ich dem damaligen Superminister: ‚Herr Minister, was Sie gestern abend gesagt haben und heute morgen in den Zeitungen steht, ist falsch!‘ Den Versuch einer Begründung unterbrach er mit folgender Antwort: ‚Daß dies fachlich falsch ist, weiß ich selbst. Aber Sie können mir nicht raten, was ich auf einer Wahlveranstaltung vor zehntausend Ruhrkumpeln in der Dortmunder Westfalenhalle zu sagen für politisch zweckmäßig halte.“

¹²² Vgl. z. B. *Samuelson* (1961/64: 434).

¹²³ Vgl. dazu: *Hoffmann* (1969, 219–231); *Streit* (1972); *Maneval* (1973); *Zahn* (1973); *Nowotny* (1974).

autonome Kontrolle der Geldversorgung wäre“.¹²⁴ Und weiter: „Im Zusammenhang damit steht der Ruf nach Richtlinien, die eine bestimmte Expansion des Geldvolumens zur Aufgabe der Notenbankpolitik machen.“ Diese Zeilen weisen in Richtung monetaristische Geldpolitik. Ende 1974 führte dann die Bundesbank eine an der Zentralbankgeldmenge orientierte Politik ein,¹²⁵ und zwei Jahre später erfolgte, was Beteiligte gerne einen „Paradigmenwechsel“¹²⁶ nennen: Die „nachfrageorientierte Globalsteuerung“ sollte nach dem Sachverständigenratsgutachten *Zeit zum Investieren* (1976) „durch eine mittelfristig angelegte, angebotsorientierte Therapie ergänzt“ werden.¹²⁷

1. Friedmans Aufnahme in die deutsche Lehrbuchliteratur

Waren die frühen Veröffentlichungen Milton Friedmans in Deutschland (1959, 1962) kaum auf nennenswerte Resonanz gestoßen, erging es seinen Buch-Veröffentlichungen zehn Jahre später ganz anders. Bei Erscheinen von *Die optimale Geldmenge* 1970, eine Sammlung wichtiger wissenschaftlicher Aufsätze,¹²⁸ organisierte der Verlag *moderne industrie* im September 1970 eine Podiumsdiskussion in Frankfurt am Main, dem Sitz der Deutschen Bundesbank. Friedman präsentierte sich auf der Bühne neben Bundesbank-Vizepräsident Otmar Emminger (1911–1986), Ministerialdirektor Herbert Ehrenberg (* 1926), Paul Rodenstock (1917–1997) vom Deutschen Industrie-Institut und Otto Veit (1898–1984), ehemals Präsident der Hessischen Landeszentralbank und nach dem Krieg aktiv an Währungsreform und Aufbau des deutschen Notenbanksystems beteiligt. Unter den Zuhörern: Altbundeskanzler Ludwig Erhard (1897–1977).¹²⁹ Das Marketing funktionierte, und die wichtigen Tageszeitungen berichteten.¹³⁰ Allerdings musste der „neue Star“ am Ökonomenhimmel den Vorwurf der „oversimplification“ hinnehmen.¹³¹

¹²⁴ *Sachverständigenrat* (1972, 119 und 129).

¹²⁵ Vgl. *Claus Köhler* (1978); *Willms* (1978) beide in: *Ehrlicher/Oberhauser*, Probleme der Geldmengensteuerung (1978).

¹²⁶ Vgl. *Fels* (2004).

¹²⁷ *Sachverständigenrat* (1976, 127).

¹²⁸ *Friedman* (1969/76). Neben dem titelgebenden Beitrag sind unter anderem enthalten: „Die Quantitätstheorie des Geldes: eine Neuformulierung“, „Der ‚Lag‘ in der Wirksamkeit geldpolitischer Maßnahmen“, „The Monetary Theory and Policy of Henry Simons“ und die ‚Presidential address‘.

¹²⁹ Die Leitung der Diskussion übernahm Kurt Richebächer von der Dresdner Bank – selbst ein streitbarer Monetarist; vgl. *Richebächer* 1969.

¹³⁰ Vgl. die Artikel in FAZ, SZ, Welt und Handelsblatt jeweils vom 29.9.1970. Außerdem: *Seuß* (1970); *Pohl* (1971); sowie *Oberhauser* (1972/73).

¹³¹ *Wannenmacher* (1970). Manfred J. M. Neumann (Telefongespräch am 13. September 2006) bestätigte solch eine Skepsis innerhalb der damaligen Zentral-

Für Aufmerksamkeit rund um das Erscheinen der deutschen Ausgabe der politischen Kampfschrift *Kapitalismus und Freiheit*¹³² sorgte der damals 32jährige Friedman-Übersetzer Paul C. Martin, bald einer der rühmlichsten deutschen Propagandisten (*Wirtschaftswoche*, *Welt am Sonntag*, *Bild*), der einige Zeit beim Meister in Chicago studiert hatte und von dessen Ideen begeistert war.¹³³ Der Hype um Friedman erreichte 1970 einen ersten Höhepunkt, der dem Interesse im Jahr 1976, also dem Jahr der Nobelpreisverleihung, kaum nachstand.¹³⁴

In der akademischen Welt schlug sich diese Entwicklung in einer ganzen Reihe von Sammelbänden und Textbüchern nieder, die sich in der Lehre schnell großer Beliebtheit erfreuten. Jeweils zwei Beispiele: Unter den Sammelbänden¹³⁵ ist vor allem *Der neue Monetarismus* (1973) erwähnenswert – geradezu ein klassischer Titel und unauflöslich mit der deutschen Monetarismus-Debatte verbunden.¹³⁶ Herausgeber Peter Kalmbach (*1940), der bei

bank, etwa bei Emminger, nicht nur gegenüber Friedman – auch gegen andere ‚bloße‘ Geldtheoretiker. Auf der anderen Seite standen die Zentralbanker bei Friedman auch nicht hoch im Kurs, vgl. *Friedman/Friedman* (1998). Brunner dagegen, so Neumann, habe die damals Verantwortlichen in der Deutschen Bundesbank vergleichsweise positiv eingeschätzt.

¹³² Friedman (1962/2004).

¹³³ Vgl. *Martin* (1970); sowie die Rezensionen der deutschen Ausgabe von *Kapitalismus und Freiheit*: *Gröner* (1971); *Krause* (1971); *Ruß-Mohl* (1972).

¹³⁴ Das Dossier ‚Milton Friedman‘ im SPIEGEL-Archiv verzeichnet jeweils folgende Zugangsmengen: 1964–68: 3 Dokumente, 1969: 20 Dokumente, 1970: 51 Dokumente, 1971: 39 Dokumente, danach abflauend, 1975: 5 Dokumente, schließlich 1976: 62 Dokumente, dann erneut rückläufig, 1979: 23 Dokumente.

¹³⁵ Neben den im Folgenden genannten Ausgaben vgl. *Dürr* (1969); *Friedman* (1969/76); *Bombach* (1972); *Ehrlicher/Oberhauser* (1976); *Ehrlicher/Becker* (1978); *H. G. Johnson*: Beiträge zur Geldtheorie und Geldpolitik (1969); *C. Köhler* (Hrsg.): Geldpolitik – kontrovers (1973); *H. K. Schneider/Wittmann/Würgler* (Hrsg.): Stabilisierungspolitik in der Marktwirtschaft (1975); *Badura/Issing* (Hrsg.): Geldtheorie (1979).

¹³⁶ Der neue Monetarismus stellte nach Kalmbachs Einschätzung (E-Mail vom 28. Juni 2006) lediglich „eine kleine Nebentätigkeit“ dar. Er war von der Nymphenburger Verlagsanstalt in München gebeten worden, einen volkswirtschaftlichen Band zur Reihe nymphenburger texte zur wissenschaft beizusteuern. Kalmbach schlug als Thema den Monetarismus vor, mit dem er bisher nicht viel zu tun gehabt hatte. Aber ihn interessierte, „welchen Einfluß die monetäre auf die reale Sphäre auszuüben in der Lage ist“. Der Neue Monetarismus wurde dann – selbst für Kalmbach – „überraschend“ eine recht erfolgreiche Publikation, auch was den Absatz anbetraf. „Überraschend“, so Kalmbach, „zum einen, weil die Nymphenburger Reihe – anders als die Neue Wissenschaftliche Bibliothek bei Kiepenheuer & Witsch – eher ein Schattendasein führte (...). Zum anderen aber auch, weil ich mich mit der Herausgabe außerhalb meiner zentralen wissenschaftlichen Interessen (Verteilungs- und Wachstumsfragen) bewegte und nicht mit größerer Resonanz gerechnet hatte.“

Preiser in München seinen Keynes gelernt hatte,¹³⁷ machte in seiner (langen) Einleitung bei allem Verständnis und Interesse für die neue Lehre keinen Hehl aus seiner Friedman-skeptischen Haltung.¹³⁸ Aus theoriegeschichtlicher Sicht besteht Kalmbachs damaliges Verdienst in der guten zusammenfassenden und kritischen Analyse, die bis weit in die achtziger Jahre von Lehrenden wie Studenten für Seminararbeiten und Prüfungsvorbereitungen sehr geschätzt wurde. Als Herausgeber bewies er Gespür für den Trend. „Würde man die Bedeutung wissenschaftlicher Entwicklungen“, so schrieb Kalmbach damals, „danach beurteilen, welche Resonanz sie in der Öffentlichkeit finden, so stünde für den Bereich der Wirtschaftswissenschaften eindeutig fest, wo ihr entscheidender Beitrag der letzten Jahre lag: in der Formulierung und im Ausbau dessen, was inzwischen als Monetarismus bezeichnet wird“.¹³⁹ Den dahinter stehenden theoretischen und empirischen, sich dialektisch vollziehenden Prozess von keynesianischer These und monetaristischer Antithese, dokumentieren die im Original zwischen 1968 und 1972 erschienenen, nun von Kalmbach in deutscher Sprache vorgelegten Texte.¹⁴⁰

Ein mehr oder weniger „rein monetaristisches Buch“ ist dagegen, wie Oberhauser in seiner Rezension beklagt,¹⁴¹ der ein Jahr später von Karl Brunner und seinen deutschen Schülern Manfred J. M. Neumann und Hans G. Monissen (*1937) herausgegebene Band mit dem neutralen Titel *Geld-*

¹³⁷ Kalmbach, E-Mail vom 28. Juni 2006. Kalmbach legte 1964 seine Diplomprüfung ab und wurde an Preisers Lehrstuhl „Verwalter einer wissenschaftlichen Assistentenstelle“, so die damalige Bezeichnung. Preisers Einfluss zeigte sich noch bei der Themenwahl seiner Dissertation: Wachstum und Verteilung in neoklassischer und post-keynesianischer Sicht (1972), die er bei Utta Gruber und Hans Möller abschloss.

¹³⁸ Kalmbach (1973, 11): „Es ist nicht ohne Ironie, daß bezüglich der Wirkungen auf reale Größen, die Position ‚Geld spielt überhaupt keine Rolle‘ in Wirklichkeit eher von den Monetaristen bezogen wird.“

¹³⁹ Kalmbach (1973, 9). Ironischerweise wurde Kalmbach von dieser Einschätzung selbst eingeholt. Er schreibt (E-Mail vom Juni 2006): „In den Jahren nach dem Erscheinen mußte ich (...) immer wieder feststellen, daß mein Nebenprodukt entschieden bekannter war als das, was ich für meine wesentlichen Beiträge hielt.“

¹⁴⁰ Der neue Monetarismus präsentierte in deutscher Sprache Beiträge von Milton Friedman, Karl Brunner, Warren L. Smith, Joan Robinson, Ronald L. Teigen, Robert H. Rasche, Harry G. Johnson, Leonall C. Andersen/Jerry L. Jordan und Lawrence R. Klein, die jeweils Marksteine der Debatte bildeten – aus Deutschland kamen Arbeiten von Erich Schneider sowie von Jürgen Siebke und Manfred Willms hinzu. Kalmbach, E-Mail vom 28.6.2006, berichtete mir, dass er nicht alle Wunschbeiträge bekommen habe. Er musste „auf je einen Beitrag von Samuelson und Kaldor verzichten“, wohl weil „dem Verlag die Kosten für den Erwerb der Übersetzungsrechte zu hoch“ waren.

¹⁴¹ Oberhauser (1975/76: 561).

theorie,¹⁴² erschienen in der angesehenen *Neuen Wissenschaftlichen Bibliothek*. Geldtheorie heißt hier monetaristische Theorie, heißt ‚we are all monetarists now‘. Diesen Eindruck suggerieren in gewisser Weise auch die wiedergegebenen modernen keynesianischen Interpretationen von Tobin und Axel Leijonhufvud. Die Herausgeber, allesamt eingefleischte Monetaristen, beklagten, dass die „Weiterentwicklungen der Geldtheorie“ bisher „im wesentlichen auf den anglo-amerikanischen Raum konzentriert blieben“ und konstatierten eine „allmähliche Überwindung des keynesianischen Skeptizismus gegenüber der praktischen Bedeutung der Geldpolitik im besonderen und der empirischen Relevanz der Geldtheorie im allgemeinen“.¹⁴³ Ihr Ziel war es, den behaupteten Rückstand der deutschen Lehre aufzuholen, sprich: die ‚monetaristische Revolution‘ nach Deutschland zu tragen. Kalmbach auf der einen sowie Brunner, Neumann und Monissen auf der anderen Seite führten den Leser an den Kulminationspunkt der Krise in der Geld- und Makrotheorie heran und stellten ihn vor eine Entscheidung: „Die mit einschlägigen Fragen befaßten Ökonomen sehen sich gezwungen, Stellung zu nehmen, und das Etikett ‚Monetarist‘ oder ‚Nichtmonetarist‘ scheint inzwischen unvermeidbar.“¹⁴⁴

Das gehäufte Auftreten neuer Lehrbücher gilt als sicheres Zeichen einer forcierten wissenschaftlichen Entwicklung, wenn nicht Wende, zumal wenn diese ihr Erscheinen eben mit solchen Umbrüchen zu rechtfertigen suchen. Sie erheben dann den Anspruch, den Stoff neu gegliedert vorzulegen, neue Methoden zu zeigen oder zumindest das eine oder andere gewichtige neue Teilstück – hier Monetarismus – einzufügen. Das war in der ersten Hälfte der siebziger Jahre in Deutschland der Fall. Der ‚Schneider‘ hatte nun ausgedient. Die wichtigsten damals neu erschienenen – teilweise bis heute im Gebrauch befindlichen – Lehrbücher zur Geldlehre waren: Claus Köhlers *Geldwirtschaft* (1970)¹⁴⁵; Emil-Maria Claassens *Probleme der Geldtheorie* (1970)¹⁴⁶; Hans-Joachim Jarchows *Theorie und Politik des Geldes* (1972)¹⁴⁷;

¹⁴² Brunner/Monissen/Neumann: *Geldtheorie* (1974). Mit Beiträgen von H. G. Johnson, Brunner/Meltzer, Friedman, Friedman/Schwartz, Tobin, Buchanan, Patinkin, Leijonhufvud und Stein; aus Deutschland kamen Arbeiten von Monissen und M. J. M. Neumann hinzu. In seiner monetaristischen Schlagseite unterscheidet sich dieser Band der Neuen Wissenschaftlichen Bibliothek deutlich von der fünf Jahre zuvor erschienenen Geld- und Bankpolitik, hg. von Dürr – ein Indiz für die zwischenzeitliche Entwicklung.

¹⁴³ Brunner/Monissen/Neumann, „Vorwort“ (1974, 9).

¹⁴⁴ Kalmbach (1973, 9).

¹⁴⁵ C. Köhler (1970).

¹⁴⁶ Claassens (1970).

¹⁴⁷ Jarchow: I. *Geldtheorie* (1973), 6. Auflage 1984, 10. Auflage 1998; Jarchow: II. *Geldmarkt, Bundesbank und geldpolitisches Instrumentarium* (1974): 7. Auflage 1995; 11. Auflage 2003 in einem Band.

Issings *Einführung in die Geldtheorie* (1974)¹⁴⁸ sowie der Band *Geldtheorie und Geldpolitik* (1974) von Duwendag/Ketterer/Kösters/Pohl und Simmert.¹⁴⁹ An allgemeinen volkswirtschaftlichen Lehrbüchern, die nun Friedmans Lehren mal ausführlich mal knapper integriert hatten, kamen der bereits erwähnte Woll (1969) hinzu, sowie bei *UTB* die *Volkswirtschaftslehre* von den Augsburgern Gahlen/Hardes/Rahmeyer/Schmid (1971) und aus Saarbrücken die stark mathematisch ausgerichtete Einführung *Makroökonomik* von Richter/Schlieper/Friedmann (1973).¹⁵⁰ Allerdings konnte keines der neuen Textbücher die Bedeutung des ‚Schneider‘ erlangen.

Das 1973 erstmals erschienene, bis heute benutzte, geldtheoretische und geldpolitische Lehrbuch von Hans-Joachim Jarchow (*1935), einem ehemaligen Assistenten Schneiders, gliederte erstmals den Monetarismus gleichberechtigt in den deutschen Lehr-Kanon ein – allerdings ohne die Positionen kritisch gegeneinander abzuwägen, sozusagen ein „direktes Urteil“ vermeidend.¹⁵¹ Jarchow präsentierte neben der „klassischen und neoklassischen Theorie, der Allgemeinen Theorie von Keynes und der Neukonzeption der Quantitätstheorie durch Milton Friedman“ auch einige Ergebnisse „aus der jüngeren Entwicklung der Geldtheorie“, „nämlich den Transmissionsmechanismus der relativen Preise sowie einige Überlegungen und Hypothesen der Monetaristen“.¹⁵² Über letztere, so hob die Kritik hervor, konnte man bisher „zumindest in deutschsprachigen Lehrbüchern“ nur „wenig erfahren“.¹⁵³

Otmar Issings (*1936) bis in unsere Tage beliebte *Einführung in die Geldtheorie* wollte die „ausufernde Literatur zur neueren Entwicklung der Geldtheorie“ ordnen und systematisch darbieten. Die meisten Studenten stünden nach Meinung des späteren, ersten Chefvolkswirts der EZB „den kontroversen Meinungen von Keynesianern, Monetaristen und Liquiditäts-

¹⁴⁸ Issing (1974); 13. Auflage 2003; auch: *Einführung in die Geldpolitik* (1981), 5. Auflage 1993.

¹⁴⁹ Duwendag/Ketterer/Kösters/Rüd. Pohl/Simmert (1974), 5. Auflage 1999; Manfred J. M. Neumann, Telefongespräch am 13. September 2006, weist – zu Recht – zudem auf die Bedeutung von Siebke/Willms: *Theorie der Geldpolitik* (1974) hin.

¹⁵⁰ Woll (1969/71); Gahlen/Hardes/Rahmeyer/Schmid (1971), 14. Auflage 1983; Richter/Schlieper/Willy Friedmann (1973), 4. Auflage 1981.

¹⁵¹ Vgl. die Rezensionen von Oberhauser (1974/75) und Kalmbach (1975, 336): „Seine Idealvorstellung von einem guten Lehrbuch läßt es offenbar nicht zu, sich kritisch mit verschiedenen Ansätzen auseinanderzusetzen“. Manfred J. M. Neumann, Telefongespräch am 13. September 2006, hebt in der Rückschau den ‚Jarchow‘, obwohl Produkt eines Schneider-Schülers, neben dem ‚Claassen‘ und dem Textbuch von Siebke/Willms als besonders wichtig hervor.

¹⁵² Jarchow (1973/84), Vorwort zur ersten Auflage, S. 7.

¹⁵³ Kalmbach (1975, 337).

theoretikern ziemlich hilflos gegenüber¹⁵⁴. Eine klare Empfehlung, welcher Richtung – alt oder neu – der Student nun folgen solle, fand sich allerdings auch im ‚Issing‘ nicht – doch die meisten Einträge im Register hatte bereits Friedman, knapp vor Keynes.¹⁵⁵ So war die Lage in den siebziger Jahren und darüber hinaus: Der Examenskandidat an deutschen Universitäten tat gut daran, sich mit beiden Ansätzen in Theorie und Politik auszukennen und überzeugend jeweils in ihrem Sinne argumentieren zu können, bis er genau wusste, wer sein Prüfer sein wird.¹⁵⁶ Die neuen Lehrbücher belegten weniger eine geglückte Revolution, die das Alte einfach hinwegfegte, sondern vielmehr den Aufstieg des neuen, monetaristischen Forschungsprogramms wie den zähen Abwehrkampf des Keynesianismus, der sich – dabei verändernd – schließlich in neuem, komplizierterem Gewande (Patinkin, Tobin, Leijonhufvud) präsentierte.

2. Der Aufstand der 30jährigen: Protagonisten, Verlauf und Themen

In den 1960er Jahren begann Deutschland das Universitätswesen verstärkt zu fördern, um breiteren Schichten ein Studium zu ermöglichen. So kam es in der Bundesrepublik zu einer ganzen Reihe von Hochschul-Neugründungen,¹⁵⁷ und die Anzahl der Studenten explodierte: Gab es im WS 1950/51 in der Bundesrepublik rund 130.000 Studenten, so stieg die Ziffer bis 1960/61 auf knapp 250.000, wiederum zehn Jahre später waren es schon gut 420.000 – die Million wurde dann im WS 1980/81 überschritten. Beim Personal liegt eine ähnliche Entwicklung vor: Im Zeitraum 1953 bis 1966 verdoppelte sich die Anzahl der in den wirtschaftswissenschaftlichen Fakultäten hauptamtlich beschäftigten Forscher und Lehrer von 521 auf 1.197, stieg dann 1972 auf 1.630, und 1980 waren es schließlich 2.331 Professoren, Dozenten, Assistenten und wissenschaftliche

¹⁵⁴ Issing (1975), Vorwort.

¹⁵⁵ Eine diesbezügliche Priorität Friedmans gab es noch im insgesamt eher keynesianischen *Duwendag/Ketterer/Kösters/Pohl/Simmert* (1974), blieb aber die Ausnahme: Bei *Woll* (1969), *Claassen* (1970), *Jarchow* (1972) und *Richter/Schlieper/Friedmann* (1973) rangierte Keynes rein quantitativ weiterhin vor Friedman.

¹⁵⁶ Das galt noch in meiner eigenen mündlichen Diplomprüfung im Jahr 1985: Ich hatte Glück, zog Keynes und wusste in den Augen des Geldtheoretikers Vincenz Timmermann überzeugender zu argumentieren als mein monetaristischer Konterpart, der sich, wie Meister Friedman zuweilen auch, beim Transmissionsmechanismus verhedderte.

¹⁵⁷ Neugründungen waren etwa die Ruhr-Universität Bochum, gegründet 1961, eröffnet 1965; die Universität Konstanz, gegründet 1966, und die Gesamthochschule Siegen, gegründet 1972 – Gründungsrektor war Artur Woll.

Mitarbeiter.¹⁵⁸ Das heißt: Junge Ökonomen hatten es damals im Vergleich zu heute relativ leicht, akademische Anstellungen zu bekommen. Dies insbesondere, wenn sie versprachen, neue zukunftssträchtige Forschungsfelder zu besetzen. Die ‚monetaristische Revolution‘ traf also Anfang der 1970er Jahre auf optimale institutionelle Rahmenbedingungen, und es ergab sich, dass viele junge und vorher weithin unbekannte Ökonomen im Verlauf der Monetarismus-Debatte wohldotierte Positionen an den expandierenden Hochschulen erobern konnten.

Den erst langsam zunehmenden, dann explodierenden und schließlich wieder abflauenden Verlauf der Intensität der Debatte spiegelt auch unsere Friedman-Datenbank. Von den 363 registrierten Beiträgen zwischen 1950 und 1979 stammen mehr als die Hälfte aus den Jahren 1970 bis 1974, der Hochzeit der ‚monetaristischen Revolution‘.¹⁵⁹ (siehe Tabelle auf der nächsten Seite)

Werfen wir einen Blick auf die Protagonisten der deutschen Monetarismus-Debatte, ergibt sich folgendes Bild. Neben dem Schweizer ‚Mentor‘ Karl Brunner beteiligten sich als wohlwollende bis entschiedene Befürworter des Monetarismus: Volbert Alexander (*1944), Hans- E. Loeffler (*1944), H. Jörg Thieme (*1941), Manfred J. M. Neumann, Dieter Cassel (*1939), Hans G. Monissen (*1937), Jürgen Siebke (*1936), Otmar Issing (*1936), Emil-Maria Claassen (*1934), Manfred Willms (*1934), Ernst Dürr (*1927), Artur Woll (*1923), Hans Besters (1923) und Werner Ehrlicher (1920–2012). Auf der anderen Seite, wenn auch der neuen Geldtheorie gegenüber oft aufgeschlossen, standen: Rüdiger Pohl (*1945), Diethard B. Simmert (*1944), Karl-Heinz Ketterer (1942–2003), Wim Kösters (*1942), Peter Kalmbach (*1940), Dieter Duwendag (*1938), Manfred Neldner (*1938), Vincenz Timmermann (*1935), Hans-Joachim Jarchow (*1935), Harald Scherf (1933–2008), Alois Oberhauser (*1930), Reinhard Pohl (*1928) und Claus Köhler (*1928). Die erwähnten Ökonomen lieferten zusammen knapp die Hälfte der in unserer Datenbank erfassten Texte. Wer-

¹⁵⁸ Daten des Statistischen Bundesamts. Für die älteren Angaben vgl. Fachserie A: Bevölkerung und Kultur. Reihe 10 Bildungswesen. V. Hochschulen 1966 und 1969.

¹⁵⁹ Irwin Collier wandte in der Berliner Diskussion im Mai 2005 ein, dass eine Auswertung der Dissertationen und Habilitationen möglicherweise sinnvoller gewesen wäre, zumal diese den Publikationen in Fachzeitschriften um einige Jahre vorausliefen. In diesem Sinne schrieb mir Christian Scheer (Brief vom 25. Mai 2005), dass seine Frau Rosemarie, geborene Schulz, bereits 1965 in Bonn in einem Seminar von Wilhelm Krelle und dessen damaligem Assistenten Siebke in einer Hausarbeit mit einem monetaristischen Thema befasst gewesen sei. In dieser Arbeit zitierte sie wiederholt *Friedmans The Demand for Money* (1959b). Dennoch: die heiße Phase der Debatte um Friedman fand, nicht ohne Grund, zwischen 1970 und 1974 statt. Die oben erwähnte Auszählung im ‚SPIEGEL-Archiv‘ bestätigt das.

Tabelle 1

Quelle/Jahrgang	bis 1969	1970–74	1975–79	Summe
Beiträge in Fachzeitschriften				
<i>FA</i>	1	4	1	6
<i>JbNuSt</i>	3	8	12	23
<i>KuK</i>	2	26	33	61
<i>Ordo</i>	5	4	1	10
<i>SJB</i>		5	2	7
<i>WWA</i>	7	12	11	30
<i>ZfgSt</i>	4	7	10	21
Andere	10	37	13	60
Zwischensumme	32	103	83	218
Beiträge in Sammelbänden	5	48	17	70
Sammelbände	2	11	9	22
Monographien	3	30	20	53
Summe	42	192	129	363

ten wir die Datenbank altersbezogen aus, so zeigt sich: Die monetäre Kontroverse in Deutschland gestaltete sich zu weiten Teilen als eine Sache der zwischen 1930 und 1945 Geborenen, also der im Jahre 1970 etwa 25 bis 40jährigen. Sie waren für rund 60 Prozent der in unserer Datenbank gespeicherten Texte aus deutschsprachiger Feder verantwortlich. Dagegen stammen nur 24 Einträge von Autoren, die vor 1920 geboren, also 1970 älter als 50 Jahre alt waren, davon allein 12 von Karl Brunner.

Die Jungen hatten ihr Studium meist in den sechziger Jahre begonnen, als Keynes die deutschen Hörsäle bereits erobert hatte – es war die erste in der keynesianischen Orthodoxie erzogene Ökonomen-Generation. Wie viele ihrer Kommilitonen auch, probten sie 1969 den ‚Aufstand‘, allerdings nicht gegen die kapitalistische Bourgeoisie, sondern gegen einen erstarrenden keynesianischen Lehrbetrieb. Übertragen gelten Harry G. Johnsons (1923–1977) ketzerische Ausführungen zur keynesianischen Revolution: Sie hätte einer „ganzen Studentengeneration“ erlaubt,

„aus dem langwierigen und geisttötenden Prozeß des Erwerbs von Weisheit durch Osmose von der älteren Generation und der Literatur in ein intellektuelles Reich zu flüchten, wo jugendliche Bilderstürmerei schnell die gerechte Würdigung fand“. ¹⁶⁰

Die Monetarismus-Kontroverse diente dann im Einzelfall, neben dem wissenschaftlichen Fortschritt, auch dem persönlichen Karrieresprung. Nachdem die gerade 31-jährigen Otmar Issing und Hans-Joachim Jarchow bereits 1967 einen Ruf nach Nürnberg-Erlangen bzw. Göttingen erhalten hatten, folgten Berufungen von Manfred Willms (1970, Bonn), Jürgen Siebke (1971, Kiel), H. Jörg Thieme (1972, Essen), Manfred J. M. Neumann (1973; der 33-jährige Neumann war noch nicht mal habilitiert, als er den Lehrstuhl für Geldtheorie und Geldpolitik an der FU Berlin bekam) und Hans G. Monissen (1975, Münster nach Vertretungen in Göttingen und Heidelberg).

Die neuen Geldtheoretiker gingen fleißig und wortreich zu Werke, ganz so als hielte mit dem Monetarismus endlich auch die Philosophie des *publish or perish* ihren Einzug in Deutschland. ¹⁶¹ Die etablierten Fachzeitschriften legten damals deutlich an Umfang zu. Das publizistische Epizentrum der deutschen Monetarismus-Debatte, das gehört zu dem Bild von der Revolution, lag aber nicht in einem etablierten Journal, sondern in der 1968 von Werner Ehrlicher und Helmut Lipfert (1924–2008) gegründeten und herausgegeben Vierteljahresschrift *Kredit und Kapital* (siehe Tabelle), die von der Sparkassen-Finanzgruppe gefördert wurde und sich „alsbald in die sich ausbreitende Monetarismus-Debatte involviert“ fand. ¹⁶² Doch auch die arrivierten Fachzeitschriften öffneten der neuen Geldlehre ab 1970 vermehrt ihre Spalten, voran das Kieler *WWA*, nachdem Herbert Giersch 1969 das Amt des Herausgebers von Erich Schneider übernommen hatte. Ihre diesbezügliche ‚performance‘ blieb aber in Anbetracht der sich parallel vollziehenden Umwälzungen im Sachverständigenrat und in der Bundesbank seltsam gering.

Die thematische Auswertung der deutschen Debatte um Friedman und den Monetarismus bringt erwartbare Ergebnisse: In weit über 90 Prozent

¹⁶⁰ Johnson (1971/73: 202). Weiter: „Man konnte die Ökonomie tatsächlich vom Nullpunkt an rekonstruieren, nur mit ein bißchen Ahnung von Keynes und stolzer Verachtung für die vorhandene Literatur.“

¹⁶¹ Neldner (Telefonat am 5.7.2006) zweifelt, ob mit dem quantitativen Übergewicht der Monetaristen eine höhere Qualität einherging. Seiner Meinung nach hatte das meiste Gedruckte aus der deutschen Brunner-Schule – im Gegensatz zu den Arbeiten der Chicagoer Friedman-Schule – kaum bleibenden Wert. Neldner erinnerte sich an einen Besuch im Berner Seminar im Sommer 1976. Als er dort Brunner Zitate aus dessen eigenen Aufsätzen entgegenhielt, antwortete dieser ihm sinngemäß: „Aber das ist doch über 5 Jahre alt, was Sie da vorlesen“ – und darüber wolle er nicht mehr reden.

¹⁶² Ehrlicher/Becker (1978, 7): „Vorbemerkung der Herausgeber“.

der damals publizierten Texte ging es um Geldtheorie und Geldpolitik, meist um beides zugleich. Andere bedeutende Beiträge Friedmans, etwa seine Studien zur Konsumfunktion,¹⁶³ spielen nur eine Nebenrolle. Im Mittelpunkt stand die Auseinandersetzung über die vermeintliche Wirkung von diskretionärer Fiskal- bzw. regelgebundener Geldpolitik, über die Bestimmungsgründe von Geldangebot und Geldnachfrage, über Aggregate, Instrumente, Ziele und Zwischenziele der Geldpolitik.

Es ist auch seitens der Keynesianer kaum ein Beitrag dabei, der die Wirksamkeit von Geldpolitik grundsätzlich in Zweifel zog. Niemand vertrat eine Position des *money does not matter*. Es ging eher um relative Gewichtungen und um die Frage, ob die an Friedman bzw. Brunner orientierten Politikvorschläge praktisch wirklich funktionieren würden, ob das Wachstum der Geldmenge mit den Instrumenten der Geldpolitik der Zentralbank überhaupt in den Griff zu bekommen sei.¹⁶⁴

Auch Friedmans Plädoyer für flexible Wechselkurse stand kaum mehr auf der Agenda, mit dem Fall von Bretton Woods schien diese Frage entschieden – zugunsten Friedmans. Die währungspolitische Diskussion wandte sich den Herausforderungen durch das entstehende Europäische Währungssystem zu.¹⁶⁵

Formal fällt bei den untersuchten Monetarismus-Beiträgen ihr im Vergleich zur älteren deutschen Forschung vergleichsweise aufwendiger mathematischer Apparat auf und dazu korrespondierend der große Anteil empirischer und ökonometrischer Tests.¹⁶⁶ Auch das wundert nicht. Wie ein roter Faden durchwirkt Friedmans Werk das Plädoyer für einen Fakten-Entscheid, wenn es gilt, geeignete von ungeeigneten Theorien zu trennen. Dabei wiederum entschieden nicht die Annahmen, sondern die Vorhersagekraft der jeweiligen Theorie.¹⁶⁷ Ein Konsens über die ‚richtige‘ Wirtschaftspolitik ließ sich seiner Meinung nach also nicht über den Austausch normativ begründeter Standpunkte erzielen, sondern nur über die Fortschritte positiver Ökonomik.¹⁶⁸

Nicht nur seine Schüler nahmen ihn beim Wort, und so wurde die neuformulierte Quantitätstheorie zwar analysiert und kritisiert, aber bevorzugt auf

¹⁶³ Friedman (1957); dazu: Heubes (1975); Loef (1977).

¹⁶⁴ Vgl. z.B. M. J. M. Neumann (1971); V. Timmermann (1971); Monissen (1972/73); Läufer (1975).

¹⁶⁵ Etwa: Willms (1976); Fratianni/Nabli (1979).

¹⁶⁶ Vgl. etwa König (1968), Woll (1969), Woll/Möller/Vogl (1974), Siebke/Willms (1970), Cassel/Thieme (1971) sowie die Beiträge von Bergen, Läufer, Schelbert-Syfrig und V. Timmermann. in *Bombach*: Studien zur Geldtheorie und monetäre Ökonometrie (1972).

¹⁶⁷ Friedman: *Essay in Positive Economic* (1953).

¹⁶⁸ Friedman (1953) und (1968b): „Why Economists Disagree“.

die von Friedman behauptete Stabilität der Geldnachfrage hin getestet.¹⁶⁹ Monetaristen wie Keynesianer führten solche Tests gleichermaßen ins Feld, die Ergebnisse waren stets umstritten, die Notwendigkeit von Tests an sich kaum. Empirische Wirtschaftsforschung und Ökonometrie erlebten im Zuge der Monetarismus-Debatte zweifellos einen großen Aufschwung. Die „neue Sprache“ war, wie Kalmbach sagte, eine „der Regressionskoeffizienten und Parameterwerte“, und jeder, der auf sich hielt, und – wie vorzugsweise die Jungen – die notwendige Mathematik und Statistik beherrschte, testete die „Evidenz“ von Hypothesen.¹⁷⁰ Kritiker dagegen schimpften über „Elastizitätsfetischismus“ und „unkritischen Empirismus“.¹⁷¹

In dieser euphorisch betriebenen ‚Testerei‘ drückte sich ein Nachholbedürfnis in Deutschland aus. Verantwortlich dafür war auch die Abneigung hiesiger Neoliberaler gegen mathematische Methoden in der Ökonomie, ein Abgrenzungsmerkmal dieser Schule zu den jungen Monetaristen.¹⁷² Neoliberale und viele Monetaristen einte eine ausgesprochene Planungs- und Interventionsphobie. „Während die Neoliberalen aber in der Regel weltanschaulich argumentierten“, so Kalmbach, „spielt sich jetzt die Auseinandersetzung auf einer Ebene ab, die immer mehr zu quasi naturwissenschaftlichen Verfahrenswisen drängenden Ökonomen sehr viel mehr Eindruck macht“.¹⁷³

Dabei fehlte es weder an Hinweisen auf die Begrenzt- und Bedingtheit aller Empirie, auch aus dem Lager der Ökonometriker selbst,¹⁷⁴ noch an Kritik an der Methodenlehre Friedmans.¹⁷⁵ Doch muss aus der Rückschau das Vordringen mathematisch-statistischer Verfahren sowie der heute etablierten Routine empirischer Überprüfung ökonomischer Hypothesen und Theorien als eine der wichtigen Entwicklungen angesehen werden, die sich unter dem fördernden Einfluss Friedmans vollzogen.¹⁷⁶

¹⁶⁹ Vgl. neben den genannten Beiträgen auch *Westphal* (1970); *Monissen* (1973/74) und *Kösters* (1974).

¹⁷⁰ Vgl. *Kalmbach* (1973, 14). „Evidenz“ entwickelte sich schnell zu einem der „Lieblingsausdrücke“ der Monetaristen – aber auch Kalmbach brachte es auf viermal ‚Evidenz‘ auf einer Seite (S. 36).

¹⁷¹ Vgl. *Neldner* (1976, 292 und 286).

¹⁷² Darauf verwies auch Irwin Collier anlässlich der Diskussion im Dogmenhistorischen Ausschuss im Mai 2005. *Spahn* (2012, 20), schreibt: „Die Ordo-Schule beförderte jene Abschottung zwischen wirtschaftstheoretischer und -politischer Analyse, die von den Monetaristen gerade für die Rückständigkeit der deutschen monetären Ökonomie verantwortlich gemacht wurde.“

¹⁷³ *Kalmbach* (1973, 13 f.).

¹⁷⁴ Vgl. *Scherf* (1967, 29); *Tobin* (1970).

¹⁷⁵ Vgl. *Neldner* (1975); *Förterer* (1979).

¹⁷⁶ Zum 50. Jahrestag seines Erscheinens nannte das Rotterdamer Erasmus Institute for Philosophy and Economics Friedmans methodologischen Beitrag von 1953

3. Die „monetaristische Revolution“, Sachverständigenrat und Bundesbank

Die rasante Entwicklung in der hiesigen Wirtschaftswissenschaft Anfang der siebziger Jahre wäre ohne den aus der Schweiz stammenden Karl Brunner und dessen Partner Allan H. Meltzer (*1928) kaum denkbar gewesen. Brunner hat, wie Rudolf Richter (*1926) schreibt, die ‚monetaristische Revolution‘ „nach Deutschland gebracht“.¹⁷⁷ Er war es auch, der 1968 die – übrigens von Friedman nicht geschätzte – Bezeichnung ‚Monetarismus‘ in die Debatte eingeführt hat.¹⁷⁸ Nach dem Zweiten Weltkrieg in die Vereinigten Staaten ausgewandert, und dort wesentlich von der Chicago-Schule beeinflusst, lehrte Brunner an der UCLA, der Ohio-State-University und schließlich von 1971 bis 1989 an der Rochester University. Zugleich las er ab 1969 zunächst jedes Sommersemester in Konstanz, dann ab 1974 an der Universität Bern.¹⁷⁹ Er war damit, anders als Friedman, in Deutschland persönlich präsent. Brunners Schriften lasen sich vergleichsweise weniger vereinfachend und ‚pragmatisch‘ als die Friedmans, und vielleicht hatte er es schon deshalb leichter, von der deutschen Wissenschaft akzeptiert zu werden, obgleich auch er einen provozierenden Stil pflegte und das „Berner Tribunal“¹⁸⁰ gefürchtet war. Als sich der junge Dr. Manfred J. M. Neumann, damals wissenschaftlicher Mitarbeiter der Deutschen Bundesbank, 1969 bei Brunner als Projektleiter in Konstanz bewarb, soll ihn, so berichtete *DIE ZEIT*, dieser mit den Worten empfangen haben: „Sie wissen nichts.“ Ein Urteil, das Brunner, nicht nur über den jungen Neumann, sondern über die damalige deutsche Geldlehre insgesamt verhängte.¹⁸¹ Aber Karl Brunner hatte Charisma, war im Umgang charmant, zog seine Mitarbeiter in seinen

„the most important piece of methodological writing in 20th century economics“; hier zit. nach Laidler (2007, 373).

¹⁷⁷ Richter (1998, 576).

¹⁷⁸ Brunner (1968/74).

¹⁷⁹ Vgl. Baltensperger (1999); B. S. Frey (1996).

¹⁸⁰ Neldner, Telefonat am 5.7.2006, überliefert folgende Anekdote: Nachdem er 1976 die Brunner-Schule kritisch beurteilt und ihr u. a. „Elastizitätsfetischismus“ und „unkritischen Empirismus“ vorgehalten hatte, erhielt er eine Einladung Brunners in dessen Seminar nach Bern. Neldner nahm an. Da erreichte ihn eine Warnung Silvio Borner (*1941) aus St. Gallen: Er habe gehört, Neldner sei vor das „Berner Tribunal“ zitiert worden: „Passen Sie auf, dort werden Sie auseinandergenommen.“ Vgl. auch Borner (1975): Wissenschaftliche Ökonomik und politische Aktion.

¹⁸¹ Vgl. Mattauch (1997). Neumann (Telefonat am 13.9.2006) hatte sich bei Brunner beworben, da ihn die Arbeit in der Bundesbank nur wenig befriedigte und intellektuell kaum weiterbrachte. Brunner wiederum schätzte an Neumann, dass dieser seinen Werdegang an der Universität unterbrochen hatte, um praktische Erfahrungen in der Zentralbank zu sammeln und sah darin Parallelen zum eigenen Lebensweg.

Bann und wusste sie zu motivieren. „Es ging etwas von ihm aus“, sagte auch Neldner, und manch einer, der mit bösen Gedanken zu ihm ging, kam hellauf begeistert von der Person Brunners zurück.¹⁸²

Die Leistung, die Brunner und Meltzer für die Entwicklung des Fachs in Deutschland immer wieder zugeschrieben wird, besteht in der Erweiterung der Geldlehre Friedmans um eine Theorie des Geldangebots¹⁸³ und um eine differenzierte Darstellung des Transmissionsmechanismus.¹⁸⁴ Nach Harald Scherf blieb Friedmans Quantitätstheorie „nur eine Theorie der Nachfrage nach Geld“. Deshalb musste sie als Inflationserklärung „unbefriedigend“ bleiben.¹⁸⁵ Eine Geldangebotsfunktion bei Friedman vermissten selbst deutsche Monetaristen, so etwa Hans G. Monissen.¹⁸⁶ Die Frage war, wie eigentlich die monetären Ausgangsimpulse auf die verschiedenen Sektoren der Volkswirtschaft, vor allem auf die Güterproduktion, übertragen und wie schließlich Änderungen in der Produktion, der Beschäftigung und des Preisniveaus ausgelöst werden.¹⁸⁷ Friedman hatte mehr Wert auf die empirische

¹⁸² So schilderte es Neldner. Brunner habe ihn äußerst liebenswürdig empfangen. Die Atmosphäre im Seminar sei trotz der inhaltlichen Gegensätze Dank der Ausstrahlung Brunners sehr anregend gewesen. Neldner habe selten ein derart engagiertes Seminar erlebt. Schließlich habe ihn *Brunner* (1977) nach Konstanz zum Vortrag eingeladen und ihn dort mit den Worten verabschiedet: „Sehen Sie, hier wird niemandem der Kopf abgerissen.“

¹⁸³ *Issing* (1974, 63), verweist auf *Brunner* (1961): „Die Diskussion um die Theorie des Geldangebots wurde vor allem durch die Arbeiten Brunners ausgelöst.“ Die Pionierleistung Brunners auf diesem Gebiet (vor allem auch bezüglich der klaren gedanklichen Trennung von Geld- und Kreditmarkt) betont auch Neumann (Telefonat am 13.9.2006). *Neldner* (1976, 259 ff.; 1977) hingegen relativiert Brunners Leistungen auf diesem Gebiet und verweist auf die theoriegeschichtlichen Entwicklungslinien der Geldangebotstheorie.

¹⁸⁴ Manfred J. M. Neumann (1995) und E-Mail vom 13.9.2006, verweist auf erste Ansätze von Tobin und Brunner aus dem Jahr 1961. Beide sind dann bekanntlich getrennte Wege gegangen.

¹⁸⁵ *Scherf* (1967, 35).

¹⁸⁶ Wiederholt während der Berliner Diskussion im Dogmenhistorischen Ausschuss im Mai 2005. *Neldner* (1976, 320) meint, dass die Geldangebotstheorie „bis etwa 1960 noch mit der Geldschöpfungslehre identisch war“ und erst „in den letzten Jahren derart verfeinert worden“ sei, dass „die wichtigsten theoretischen Probleme mittlerweile prinzipiell als gelöst gelten können.“ Dabei erkennt er trotz großer Vorbehalte den Beitrag Brunners und Meltzers zur Theorie des Geldangebots als einen der „wichtigsten Neuansätze“ (S. 317) an.

¹⁸⁷ Vgl. schon *Scherf* (1967, 34). Den Terminus ‚Transmissionsmechanismus‘ benutzt er allerdings noch nicht. Er schreibt: „Der Prozeß, wie die Wirtschaftssubjekte ihre Kassenbestände auf den gewünschten Realwert bringen, wird erstaunlich selbstverständlich durch den Preissteigerungseffekt erhöhter Geldausgaben erklärt. Es ist aber fraglich, ob die Preise für Güter, Dienste und Wertpapiere gleichermaßen steigen oder wie sich die Geldausgaben auswirken.“ Fast wortgleich, jetzt fällt auch

Evidenz der Quantitätstheorie gelegt, als sich um eine theoretische Erklärung im Rahmen eines Makromodells zu kümmern. Manfred J. M. Neumann vergleicht Ansätze und Wirkungen von Friedman einerseits und Brunner andererseits in Deutschland mit denen Irving Fishers und Knut Wicksells ein halbes Jahrhundert zuvor. Der Amerikaner Fisher, empirisch orientiert und Quantitätstheoretiker konzentrierte sich auf die Bestimmung der Geldumlaufgeschwindigkeit und bestätigte deren langfristige Stabilität. Der Schwede Wicksell dagegen bevorzugte einen preistheoretischen Ansatz innerhalb einer allgemeinen Gleichgewichtslösung.¹⁸⁸

Da Friedman die theoretische Lücke seiner an die mechanistische Quantitätstheorie gemahnenden „Hubschraubertheorie“¹⁸⁹ zunehmend vorgehalten wurde, versuchte er mit Hilfe seines *Theoretical Framework for Monetary Analysis* seine Kritiker zu überzeugen,¹⁹⁰ was ihm allerdings nicht gelang. Brunner und Meltzer jedenfalls gaben sich nicht zufrieden. Friedmans *Theoretical Framework* liefere „keine adäquate Grundlage für die Geldtheorie“.¹⁹¹ Das tat ihrer Meinung nach erst ihr Transmissionsmechanismus der relativen Preise, der dann in die deutschen Lehrbücher als die monetaristische Erklärung einging.¹⁹² Der monetäre Impuls pflanzt sich danach als eine Kette von

der Begriff Transmissionsmechanismus, findet sich diese Passage wiederholt in *Scherf* (1978, 169).

¹⁸⁸ Telefonat mit Manfred J. M. Neumann am 13.9.2006. Auch Wicksells bekannte Lehre von der Zinsspanne zwischen natürlichen und Marktzens als Ursache von Inflation und Depression konnte in Deutschland – nicht zuletzt in Verbindung mit Böhm-Bawerks Kapitaltheorie – größeren Einfluss auf die Entwicklung der Geld- und Konjunkturtheorie gewinnen als der quantitätstheoretische Ansatz Fishers.

¹⁸⁹ Vgl. *Friedman*: „Die optimale Geldmenge“ (1970/76: 14f.): „Wir wollen annehmen, daß eines Tages ein Hubschrauber über dieses Land fliegt und 1000 Dollar in Banknoten abwirft, die natürlich von allen Leuten hastig aufgesammelt werden. (...) Der Endzustand ist leicht zu erkennen. Die Versuche der Wirtschaftssubjekte mehr auszugeben als einzunehmen, werden durchkreuzt werden, aber in der Folgezeit werden diese Versuche den Nominalwert der Dienste aufblähen. Die zusätzlichen Geldscheine verändern nicht die Basisgrößen der Volkswirtschaft. Sie führen nicht zu zusätzlich verfügbaren Kapazitäten.“

¹⁹⁰ Vgl. *Friedman/Friedman* (1998, 231). Robert Gordon, Co-Editor des JPE, vereinte 1974 die diesbezügliche Kritik an Friedman sowie dessen Antwort in dem Band: Milton Friedman's Monetary Framework – A Debate with His Critics, darin u. a. Friedman (1971/74), ders., „Comment on the Critics“; *Brunner/Meltzer*, „Friedman's Monetary Theory“; *Tobin*, „Friedman's Theoretical Framework“.

¹⁹¹ *Spahn* (2012, 8), mit Verweis auf die Brunner-Aufsätze von 1970 sowie *Brunner/Meltzer* (1974).

¹⁹² Vgl. etwa *Jarchow* (1973), der ebenso wie *Duwendag/Ketterer/Kösters/Pohl/Simmert* (1974) dem „Transmissionsmechanismus der relativen Preise“ ein eigenes Kapitel widmete, und zwar bezeichnenderweise zwischen den Abschnitten „Die Keynesianische Theorie“ und „Zur monetaristischen Position“. Jarchow hielt sich in seiner Darstellung mehr an Brunner (und an Tobin) als an Friedman.

wechselwirksamen Vermögens- und Substitutionseffekten fort: vom Geld zum sonstigen finanziellen Vermögen, zu Sachvermögen und Verbindlichkeiten, schließlich bis zur Neuproduktion von Investitions- und Konsumgütern.^{193, 194}

Brunners Wirken in Deutschland begann 1970 mit drei Paukenschlägen: der wissenschaftspolitischen Verkündung „The ‚Monetarist Revolution‘ in Monetary Theory“, seiner eigenen „Neuformulierung der Quantitätstheorie“ als „Theorie der relativen Preise“, eine Titelwahl, die auf Friedmans berühmten Aufsatz von 1956 anspielte und offenbar auch dessen Fallhöhe beanspruchte,¹⁹⁵ und der Gründung des Konstanzer Seminars für Geldtheorie und Geldpolitik, das vom 24. bis zum 26. Juni 1970 zum ersten Mal veranstaltet wurde und das bis heute fortbesteht.¹⁹⁶ In einer Selbstdarstellung hieß es:

„Eine Gruppe von Ökonomen um Karl Brunner und Allan H. Meltzer hat sich die Aufgabe gestellt, die ‚geldtheoretische Diskussion in Deutschland wie auch in anderen europäischen Ländern aus dem verengten heimischen Blickwinkel‘ herauszuführen.“¹⁹⁷

Brunner gab sich erschüttert von der seiner Meinung nach bestehenden großen Qualitätslücke in Forschung und Lehre zwischen den USA und Europa, besonders in Deutschland und der Schweiz – gemeint war die mangelnde Repräsentanz der monetaristischen Lehre in den Hörsälen. Manfred

¹⁹³ Vgl. *Jarchow* (1973/84: 247 ff.); *Th. Mayer* (1978, 15 ff.). Dazu kritisch: *Rüdiger Pohl* (1975 und 1976).

¹⁹⁴ *David Laidler* (1995, 344), ehemals Forschungsassistent Meltzers, sieht anlässlich des 25. Konstanzer Seminars für Geldtheorie und Geldpolitik, in der Debatte um 1970 nicht nur eine ‚akademische‘ Differenz innerhalb des monetaristischen Lagers, sondern einen sich auftuenden Scheideweg: „Friedman’s work led him to discuss the interaction of inflation and unemployment in terms that clearly prefigure the New-classical analysis of Robert E. Lucas et al., while Brunner and Meltzer’s emphasis on the role of money as a means of coping with information and co-ordination led them to anticipate many of the insights of what is now called ‚New Keynesianism‘ economics.“ Den Hinweis auf Laidler verdanke ich Hagemann.

¹⁹⁵ *Brunner* (1970/73 und 1970). So erschienen 1970 sowohl das Weltwirtschaftliche Archiv als auch KuK mit einem längeren Brunner-Aufsatz als Aufmacher.

¹⁹⁶ Vgl. dazu *M. J. M. Neumann* (1971a); *Brunner* (1972) sowie dazu die Rezension von *Schelbert* (1975); *Brunner/Neumann* (1979); *Laidler* (1995); *Fratianni/von Hagen* (2001). Das Seminar wurde finanziell von der Deutschen Girozentrale – Deutsche Kommunalbank unterstützt, als deren Vertreter W. D. Becker (1922–2002) teilnahm. Becker, auch Spiritus Rector der Fachzeitschrift *Kredit und Kapital* und Honorarprofessor in Aachen, war auch Gründer und bis 1996 Leiter des Fördervereins „Konstanzer Seminar e.V.“ Vgl. „Wolf-Dieter Becker gestorben“, in: *NZZ* v. 17.4.2002.

¹⁹⁷ Verlagsanzeige von Duncker & Humblot in: *Die Monetarismus-Kontroverse* (1978).

J. M. Neumann erinnert sich: Die geldpolitischen Darstellungen hätten die Theorie typischerweise nur am Rande berührt, stattdessen habe der Schwerpunkt der Darstellungen in den Lehrbüchern auf der Beschreibung der Institutionen gelegen. Deshalb habe sich das Konstanzer Seminar der Aufgabe verschrieben, die Trennung von Theorie und Politik in der Geldlehre aufzuheben und ein Gegengewicht zur orthodoxen Haltung zu bilden,¹⁹⁸ – zum „Abbau dieses unbefriedigenden und langfristig tödlich wirkenden Zustands“.¹⁹⁹ Das erste Konstanzer Seminar, zu dem viele namhafte Keynesianer und Monetaristen aus dem In- und Ausland angereist kamen, provozierte ungewöhnlich lebhaft und kontroverse Diskussionsbeiträge²⁰⁰ und fand selbst jenseits des Atlantiks Beachtung: „Is Europe Ready for Friedman“, überschrieb die *New York Times* ihren Konferenzbericht.²⁰¹

Tatsächlich gelang es Brunner und Neumann außerordentlich schnell, führende Geldpolitiker nach Konstanz – genauer gesagt ins Strandhotel Löchnerhaus auf der Bodenseinsel Reichenau²⁰² – zu locken: So kamen die Bundesbanker Helmut Schlesinger (* 1924), Heinrich Irmeler (1911–2002) und Horst Bockelmann sowie bald auch Otmar Issing und Norbert Kloten (1926–2006) sowie Markus Lusser (1931–1998) aus der Schweiz.²⁰³ Zum Kern der Gruppe junger deutscher Ökonomen um Brunner – zunächst „noch belächelt und nicht ernst genommen“²⁰⁴ – gehörten damals Manfred J. M. Neumann, seit dem Jahr 2000 Vorsitzender des *Ausschusses für Geldtheorie und Geldpolitik im Verein für Socialpolitik*, Hans G. Monissen und die häufig zusammen publizierenden Jürgen Siebke und Manfred Willms.²⁰⁵ In Konstanz habilitierten und profilierten sich mit empirischen und geldtheoretischen Arbeiten außerdem Volbert Alexander und Hans-Edi Loef.²⁰⁶ Diese

¹⁹⁸ Vgl. *Fratianni/von Hagen* (2001, 3–4).

¹⁹⁹ *Neumann* (1971a, 82).

²⁰⁰ *Laidler* (1995, 323): „When the first meeting of the Konstanzer Conference took place in 1970, the organizers seemed to be establishing a European outpost of a major intellectual „counter revolution“. Neben Laidler folgten der Einladung Brunners knapp 70 Personen, darunter: L. C. Anderson, W.-D. Becker, P. Bernholz, K. Brunner, D. Cassel, M. Fratianni, B. Frey, H. Irmeler, D. Jacobs, D. Kath, H. König, A. H. Meltzer, H. G. Monissen, H. Müller, M. J. M. Neumann, R. Pohl, M. de Prano, H. Schelbert-Syfrig, H. Schlesinger, A. J. Schwartz, J. Siebke, W. Stützel, R. L. Teigen, H. J. Thieme, V. Timmermann, U. Westphal und M. Willms; vgl. *Neumann*, „Konstanzer Seminar“ (1971, 83).

²⁰¹ „Is Europe Ready for Friedman“, in: NYT v. 1.11.1970.

²⁰² *Braunberger* (2006).

²⁰³ *Fratianni/von Hagen* (2001, 8 und 24); vgl. dazu auch *Spahn* (2012, 19 ff.).

²⁰⁴ *Richter* (1998, 576).

²⁰⁵ Neumann, Cassel und Thieme waren einstige Marburger Studienkollegen. Cassel und Thieme wurden anschließend Assistenten Wolls im benachbarten Gießen.

²⁰⁶ *Alexander/Loef* (1974 und 1976).

Gruppe eröffnete ab 1970 geradezu ein publizistisches Sperrfeuer auf die orthodoxen, im Verlaufe der Debatte oft gelähmt wirkenden und in die Defensive gedrängten Gegner. Die Strategie bestand weniger darin, Gemeinsamkeiten im Diskurs zu suchen und geduldig den Marsch durch die Institutionen anzutreten – die Zeiten verlangten nach ‚Kampf‘ und ‚Revolution‘. „Überheblichkeit ist allen Revolutionären eigen“, schrieb Alois Oberhauser, „und die Monetaristen verstehen sich als solche“.²⁰⁷ Ähnlich äußerte sich der in revolutionären Dingen wirklich erfahrene Fritz Neumark (1900–1991) angesichts des Auftretens der ‚Monetaristen‘ während der Verhandlungen des *Vereins für Socialpolitik* in Zürich 1974: „Daß die ‚Monetaristen‘ immer noch so viel aggressiver (und: selbstbewusster) als ihre Gegner sind, vermag ich nicht unbedingt als Indiz dafür zu werten, daß ihre Position die solidere, weil angeblich exakter, als überlegen erwiesen, ist.“²⁰⁸

Jedenfalls kam mit „dem Eindringen monetaristischer Ideen“, so die Einschätzung Rudolf Richters, „Leben in die wissenschaftliche Auseinandersetzung zur deutschen Geldpolitik“,²⁰⁹ und daran hatten die Konstanzer einen guten Anteil. Ab Anfang der siebziger Jahre unterzogen sie die Jahresgutachten des *Sachverständigenrats zur Begutachtung gesamtwirtschaftlichen Entwicklung* (SVR) regelmäßig einer beißenden Kritik²¹⁰ und bewegten sich damit auf den Spuren des in den USA von Brunner geschaffenen *Shadow Open Market Committee*.²¹¹ Die Gruppe, vorneweg Manfred J. M. Neumann, setzte sich im Sinne der Geldangebotstheorie Brunners, insbesondere für eine an der Geldbasis orientierte Geldmengenpolitik der Zentralbank ein, anstelle einer Politik, die sich an den Zinssätzen oder den freien Liquiditätsreserven ausrichtete.²¹²

Der von den Monetaristen attackierte liquiditätstheoretische Ansatz dominierte damals in den deutschen Fachzeitschriften.²¹³ Diese als keynesianisch geltende Position fand ihre erste, weithin prägende Ausbildung im britischen

²⁰⁷ Oberhauser (1975/76: 561).

²⁰⁸ Neumark (1975/76: 519).

²⁰⁹ Richter (1998, 576 ff.; auch 581 ff.).

²¹⁰ Brunner/M. J. M. Neumann (1971); dazu: Rüdiger Pohl (1972, 119 ff.), und die Antwort von Brunner/Neumann (1972a, 1972b); auch: M. J. M. Neumann (1973a und 1973d) in: Regina Molitor: Zehn Jahre Sachverständigenrat.

²¹¹ Vgl. Frey (1996); analog hatte Neumann ein Europäisches Schatten-Wirtschafts-Komitee gegründet; vgl. Richter (1998, 581 f.).

²¹² Während des ersten Konstanzer Seminars hatten Neumann (1972) und Willms (1972) diese Position gegen Irmeler (1972) verfochten; vgl. auch die Rezension der Proceedings von Schelbert (1975, 326).

²¹³ Vgl. Richter (1998, 575 ff.); Spahn (2012, 22). Zu den Vertretern gehörten Jarchow, Oberhauser, Stützel, Veit und Köhler, später auch beide Pohls und Duwendag. Eine Zusammenfassung der Diskussion gibt V. Timmermann (1971).

Radcliffe-Report (1959).²¹⁴ Man bevorzugte statt einer engen Gelddefinition einen weiten, vielfältigsten Interpretationen zugänglichen Liquiditätsbegriff, der neben dem Geld und den Sichteinlagen eine Reihe anderer geldnaher Vermögensobjekte umfasste.²¹⁵ Zu dem weich definierten Liquiditätsbegriff gesellte sich die Vorstellung einer variierenden Umlaufgeschwindigkeit, so dass Geldmenge und nominales Sozialprodukt als nahezu unabhängig voneinander erschienen.²¹⁶ Das war die Position des *money does not matter*, die Friedman und später Brunner attackierten.

Das Sachverständigenrats-Gutachten 1970/71, *Konjunktur im Umbruch*,²¹⁷ argumentierte ganz im Sinne des kritisierten Liquiditätskonzepts, dass die Quantitätstheorie mit der Geldmenge nur eine Finanzierungsmöglichkeit von Güterkäufen berücksichtige, die Wirtschaftssubjekte könnten aber Käufe auch „durch Aufnahme zusätzlicher Kredite“ finanzieren.²¹⁸ Es war, wie Brunner und Neumann herausstellten, „in seinen monetären Abschnitten durch die von Claus Köhler übernommene Vorstellung einer ‚potentialorientierten Kreditpolitik‘ geprägt“.²¹⁹ Danach sollte die Geldpolitik auf die Kreditmenge und nicht auf die Geldmenge abzielen, zumal letztere – im damals herrschenden Bretton-Woods-System – auch nicht kontrollierbar sei. Es wäre aussichtslos, die Wirtschaftsaktivität über eine Geldmengensteuerung kontrollieren zu wollen, das Konzept der optimalen Geldmenge sei keine „sinnvolle Basis für die Wirtschaftspolitik“.²²⁰ „Mit einem bemerkenswerten Time-lag von zehn Jahren“, so polemisierte Köhler, „werden in der Bundesrepublik die Thesen eines amerikanischen Nationalökonomens, M. Friedman, publik, die in den USA gerade von seinen Schülern über Bord geworfen werden“.²²¹

²¹⁴ Vgl. Radcliff-Report (= Committee on the Working of the Monetary System), Report – Presented to Parliament by the Chancellor of the Exchequer by Command of Her Majesty 1959, §§ 388–390: „Though we do not regard the supply of money as an unimportant quantity, we view it as only part of wider structure of liquidity in the economy“, zit. nach (Spahn 2012, 4). An der Ausarbeitung des Reports waren Richard S. Sayers und Alec K. Cairncross maßgeblich beteiligt; vgl. *Claassen* 1970, S. 37.

²¹⁵ Vgl. *Claassen* (1970, 41 ff., hier S. 49): Keynes habe den Begriff Liquidität „zu einer magischen Bedeutung erhoben“.

²¹⁶ Vgl. dazu *Spahn* (2012, 4 f.).

²¹⁷ *Sachverständigenrat* (1970).

²¹⁸ *Sachverständigenrat* (1970: Ziffer 360), hier zitiert nach *Spahn* (2012, 23).

²¹⁹ *Brunner/Neumann* (1972b, 258). Laut *Richter* (1998, 575), ist Köhlers potentialorientierte Kreditpolitik „charakteristisch für den keynesianischen Denkstil der Zeit“. Vgl. *C. Köhler* (1970a und 1971); sowie *Jarchow/Möller* 1976 und *Oberhauser* (1977/79).

²²⁰ *C. Köhler* (1970b, 43).

²²¹ Vgl. *C. Köhler*, „Die Aufwertung der Deutschen Mark“, in: WSI-Mitteilungen, 11/1969, hier zitiert nach *Siebke/Willms* (1969, 35), die replizierten: „Es ist unver-

Der Hannoveraner Professor Claus Köhler, von den Gewerkschaften in den SVR empfohlen und dort Mitglied von 1969 bis 1974, bot den Monetaristen ein an der Schnittstelle zwischen Geldtheorie und Geldpolitik wohlpositioniertes Angriffsziel.²²² Köhler hatte schon im Frühsommer 1970 mit einem Minderheitsvotum einen kleinen Skandal ausgelöst – weil die Regierung ihm und nicht der Majorität im Rat folgte. Nun wehrte er sich (vergeblich) gegen Oberwasser gewinnende monetaristische Tendenzen, die geeignet waren, die Vollbeschäftigungspolitik der Regierung Brandt zu konterkarieren. In einem erneuten Minderheitsvotum lehnte er 1972 die im Rat ausgesprochene Empfehlung ab, dass „die Bundesbank die Zentralbankgeldmenge statt der Bankenliquidität steuern sollte“.²²³

Bereits mit dem Jahresgutachten 1971/72, *Währung, Geldwert, Wettbewerb*,²²⁴ so stellten Brunner/Neumann befriedigt fest, hatte der Sachverständigenrat Köhlers Konzept „fallengelassen“.²²⁵ Ein Jahr darauf empfahl der SVR dann offen einen Schwenk zur geldmengenorientierten Politik und bedankte sich ein weiteres Jahr danach bei Karl Brunner und Manfred J. M. Neumann für deren Mithilfe bei der Erstellung des Gutachtens.²²⁶ Köhler hatte abermals vergeblich gegen das neue monetäre Konzept des SVR votiert.²²⁷ Die in dem Band Geldpolitik kontrovers versammelten Bei-

ständig, wie Claus Köhler, künftiges Mitglied im Sachverständigenrat, zu der (...) Aussage kommt.“ „Sie bleibt um so unverständlicher, als der von Köhler benannte Kronzeuge Leonall C. Andersen (...) als eines der wenigen Mitglieder des Federal Reserve Systems dafür eintritt, der Geldmenge für die Stabilisierungspolitik eine dominierende Rolle zuzuordnen.“ Die deutschen Monetaristen (*Siebke/Willms* 1969, 31 f.; *Brunner/Neumann* 1972b, 259) hielten Köhler zudem entgegen, dass es ihm sowohl an einer explizit formulierten Theorie als auch an empirischen Beweisen fehle, dass „sich Liquiditätsänderungen tatsächlich unmittelbar auf die Ausgaben auswirken“.

²²² Etwa *Monissen* (1973); wiederum dagegen: *Ketterer/Rüdiger Pohl* (1973).

²²³ *Sachverständigenrat* (1972, 137). Köhler lehnte zudem ein System freier Wechselkurse ab.

²²⁴ *Sachverständigenrat* (1971).

²²⁵ *Brunner/Neumann* (1972b, 259). Vgl. dazu das Gutachten des Wissenschaftlichen Beirats beim Bundesministerium der Wirtschaft vom Dezember 1971 mit dem Titel „Regelmechanismen und regelgebundenes Verhalten in der Wirtschaftspolitik“, in: *Bundesanzeiger* vom 1. März 1972, S. 3–5, hier S. 3: „Wie in anderen Ländern wird auch in der Bundesrepublik Deutschland zunehmend die Frage erörtert, ob und gegebenenfalls auf welche Art und Weise wirtschaftspolitische Ermessensentscheidungen, die von Fall zu Fall getroffen werden (,diskretionäre Wirtschaftspolitik‘) durch ‚Regelmechanismen‘ ersetzt werden sollten. (...) Besondere Beachtung haben die geldpolitischen Vorschläge Milton Friedmans gefunden, die unter anderem eine Geldmengenvermehrung mit konstanter Rate vorschlagen“. Den Hinweis auf diese Stelle verdanke ich Christian Scheer.

²²⁶ *Sachverständigenrat* (1973: Vorwort).

²²⁷ *Sachverständigenrat* (1973), Minderheitsvotum zur Frage des monetären Konzepts, S. 137 ff.

träge geben einen guten Eindruck von der Hitze der zeitgenössischen Debatte.²²⁸ Zwar gestand Köhler ein, dass „dem Einsatz der Fiskalpolitik Grenzen gesetzt sind“, doch vermochte er in der Geldpolitik nicht „schlechthin den Schlüssel zur Lösung der Stabilitätsprobleme“ zu sehen.²²⁹ Sein im SVR nicht mehrheitsfähiges Konzept ließ er unter anderem durch Rüdiger Pohl,²³⁰ Peter Trapp und Reinhard Pohl, damals Leiter der Abteilung *Geld und Kredit* im DIW, verteidigen. Doch das waren Rückzugsefekte. Nach drei Jahren ‚Revolution‘ hatten die Konstanzer Monetaristen es geschafft: Der Hauptwidersacher war verdrängt, ihre Ideen hatten Einzug in den Rat gehalten und schließlich obsiegt.

Köhler verzichtete nach Ablauf der turnusgemäßen fünf Jahre auf eine Wiederwahl und wechselte zum 1. April 1974 in das Direktorium der Bundesbank.²³¹ Das geschah, als diese unter dem Einfluss ihres damaligen Chefvolkswirtes Helmut Schlesinger ihre Politik – scheinbar oder wirklich²³² – an einem monetaristischen Konzept zu orientieren begann.²³³ Am

²²⁸ Vgl. C. Köhler (1973). Mit Beiträgen von Simmert, Rüdiger Pohl, Reinhard Pohl, Trapp, Ketterer, Kösters, Bredemeier und Glasstetter. Direkt zur Position des SVR: *Al. Schmid/Stirnberg*, „Die Konzeption des Sachverständigenrates – fiskalistisch oder monetaristisch“. „Leider“, so Köhler, S. 8, könne die heftige Diskussion zwischen Manfred J. M. Neumann und Reinhard Pohl „zur Frage der Bedeutung monetärer Impulse auf die gesamtwirtschaftliche Entwicklung“ nur teilweise wiedergegeben werden, da Neumann die „Zustimmung zur Aufnahme seiner Beiträge verweigerte“. Vgl. *Reinhard Pohl* (1973) und *M. J. M. Neumann* (1973b und 1973c).

²²⁹ C. Köhler (1973: Vorwort, S. 7).

²³⁰ Zur Debatte zwischen M. J. M. Neumann und Rüdiger Pohl vgl. *Richter* (1998, 581).

²³¹ Nachfolger Köhlers im Bundesbankdirektorium wurde dann 1990 Otmar Issing.

²³² Vgl. *Kalmbach* (2007, 397). Inwieweit sich die Bundesbank tatsächlich dem monetaristischen Paradigma unterwarf, wird bis heute verschieden beantwortet. Kalmbach argwöhnt, dass in Wahrheit gar keine echte Adoption monetaristischer Prinzipien erfolgt sei. Jedenfalls habe die Bundesbank erkennbar nicht ihr Bestes getan, um die selbst ausgegebenen Geldmengenziele auch wirklich zu erreichen. Er vermutet, dass die Zentralbank die damit einhergehenden starken Zinsfluktuationen nicht riskieren wollte.

²³³ Auch Manfred J. M. Neumann, Telefonat v. 13.9.2006, sieht in Schlesinger die treibende Kraft. *Kalmbach* (2007) kritisierte an unserer Monographie von 2006, dass die nur spärlichen Bemerkungen zur Neuorientierung der Bundesbank zu wünschen übrig ließen. Auch sein Hinweis auf den in dieser Hinsicht befriedigenderen Beitrag von *Spahn* (2005/12) geschah zu Recht. Als Spahn und ich im Mai 2005 in Berlin beide zum deutschen Monetarismus referierten, haben wir die unterschiedlichen Schwerpunktsetzungen allerdings weniger als Manko der einzelnen Arbeiten, denn als glückliche Dramaturgie begriffen. Wie auch immer – in diesem Band der Studien findet der Leser beide Beiträge vereint, und der Leser sei an dieser Stelle auf Spahns Ausführung verwiesen.

5. Dezember 1974 legte die Bundesbank erstmals ein quantitatives monetäres Ziel für das kommende Jahr fest: eine Zunahme der Zentralbankgeldmenge im Jahresverlauf 1975 um 8 Prozent. Damit gehörte die Bundesbank, wie Manfred Willms nicht ohne Stolz bemerkte, zu „einer der ersten Zentralbanken“, die zu einer strikten Geldmengenkontrolle übergang und die beabsichtigte jährliche Wachstumsrate bekannt gab.“²³⁴

4. Die „monetaristische Revolution“ und der Verein für Socialpolitik

Bertram Schefolds Studie über die *Aktivitäten des Theoretischen Ausschusses im Verein für Socialpolitik von 1949 bis 1973* bestätigt das gewonnene Bild über die deutsche Rezeption Milton Friedmans in den fünfziger und sechziger Jahren. Treibende Kraft des Theoretischen Ausschusses war seit der Neugründung 1949 Erich Schneider, der dann auch 1955 Vorsitzender wurde. Ihm standen Vertreter der Historischen Schule und des Ordoliberalismus gegenüber, gegen die er seine Linie durchzusetzen wusste. So wurde der Theoretische Ausschuss unter der Federführung Schneiders „ein Sammlungspunkt der Keynesianer“.²³⁵ Das blieb auch so bis Ende der sechziger Jahre. Rudolf Richter kommentiert:

„Wir jungen Leute waren damals eigentlich alle durchweg Keynesianer und lachten über die Freiburger Schule. (...) Die Wende gegenüber Keynes kam eigentlich erst gegen Ende der sechziger Jahre bzw. Anfang der siebziger Jahre, im deutschen Sprachgebiet unter Karl Brunners Einfluß. Das war etwa 1973, im Ausschuß also frühestens nach 20 Jahren.“²³⁶

Nach 1970 warf sich der Theoretische Ausschuss „nun mit Elan auf die Geldtheorie“²³⁷, bereit, wie der damalige Vorsitzende Gottfried Bombach (1919–2010) schrieb, die „Herausforderung durch M. Friedman aufzugreifen“.²³⁸ Ergebnis war der Tagungsband *Studien zur Geldtheorie und monetäre Ökonometrie*. Die ‚monetaristische Konterrevolution‘ hatte das erlesene Gremium der deutschsprachigen Wirtschaftstheoretiker erobert. Im *Theoretischen Ausschuss* wollte man nach der Ära Schneider zwar „Keynes nicht

²³⁴ Willms (1978, 95); sowie den von Ehrlicher und Oberhauser herausgegebenen Tagungsband des 1976 gegründeten Ausschusses für Geldtheorie und Geldpolitik im Verein für Socialpolitik: Probleme der Geldmengensteuerung, vor allem: Schlesinger (1976).

²³⁵ Schefold (2004, 585).

²³⁶ Richter in einer E-Mail an Bertram Schefold vom 22.3.2003, zitiert nach Schefold (2004, 591).

²³⁷ Schefold (2004, 597). Bemerkenswerterweise nahmen auch Bundesbank-Vertreter am Treffen teil, darunter Schlesinger; vgl. Schlesinger (1972).

²³⁸ Bombach (1972), „Vorwort des Herausgebers“.

sofort vergessen“, erkannte aber 1969/70 die „Notwendigkeit einer neuen Richtungsbestimmung“.239 Hanns Abele (1941–2016) beispielsweise bemerkte „das „gehäufte Auftreten zweifelnder Stimmen oder Ergebnisse, die von der herrschenden Lehre nicht befriedigt erklärt werden können“. Dies zeige eine „Umbruchsituation in der Forschung an“.240 Schefold konstatiert gar „revolutionäre Tendenzen im Ausschuß“,241 denen der Vorsitzende Bombach zumindest insoweit entgegenwirken wollte, als man sich nicht nur mit Friedman befasste, sondern den Blick für alternative Ansätze freihielt. Aber, so Bombach: „Dieser Vorsatz hat sich nicht voll realisieren lassen.“242 Neben der theoretischen Neuausrichtung gewannen empirische Untersuchungen nun eine höhere Bedeutung. So war in dem erwähnten Tagungsband einer von drei Hauptabschnitten empirischen Arbeiten gewidmet.

In den Folgejahren wurden im *Verein für Socialpolitik* geldpolitische Themen wiederholt behandelt. So etwa in Zürich 1974 unter dem Generalthema „Stabilisierungspolitik in der Marktwirtschaft“, wo es – wie Fritz Neumark später bemerkte – „im wesentlichen bei den alten, wohlbekanntem Gegensätzlichkeiten zwischen ‚Monetaristen‘ und ‚Fiskalisten‘ blieb“.243 1976 endlich entschloss sich der *Verein* zur Gründung eines Ausschusses, der sich auf Fragen der Geldpolitik und Geldtheorie konzentriert. Das erste Generalthema lag im Fokus der Monetarismus-Debatte: *Probleme der Geldmengensteuerung*.244 Der *Ausschuss für Geldtheorie und -politik* trug damit nicht nur Problemen Rechnung, die in der wissenschaftlichen Diskussion zunehmend hervorgetreten waren, sondern auch der Forderung, dass es besonders im monetären Bereich wichtig sei, „die theoretischen und politischen Probleme gleichzeitig zu behandeln, da die isolierte Erörterung der theoretischen und der politischen Aspekte den Erkenntnisfortschritt behindert“.245 So reagierte der *Verein für Socialpolitik* auf den monetaristischen Schlachtruf *money does matter* mit einer abrupten Wende im *Theoretischen Ausschuss* 1969/70 und mit einer Neugründung im Jahr der Nobelpreisverleihung an Friedman, nämlich der des *Ausschusses für Geldtheorie und -politik*.

239 Vgl. Schefold (2004, 598).

240 Abele (1972, 23).

241 Schefold (2004, 598).

242 Bombach (1972), „Vorwort“.

243 Neumark (1976/77: 520); vgl. die Referate von Duwendag (1975) und M. J. M. Neumann (1975).

244 Vgl. Ehrlicher/Oberhauser (1978), „Vorwort“, S. 5.

245 Ehrlicher/Oberhauser (1978, 5); Fratianni/von Hagen (2001, 3).

5. Bilanz der Debatte

Die Zeitschrift *Kredit und Kapital*, die sich seit ihrer Gründung 1968 schwerpunktmäßig der Diskussion der von Friedman angestoßenen neuen Geldlehre gewidmet hatte, zog im Jahr 1978 mit einem Sonderheft eine Zwischenbilanz der hierzulande nun gut zehn Jahre andauernden *Monetarismus-Kontroverse*.²⁴⁶ Der Sammelband protokollierte die Diskussion um Thomas Mayers (1927–2015) Aufsatz „Die Struktur des Monetarismus“, der 1975 in zwei Teilen in *Kredit und Kapital* erschienen war, und eine Art Bestandsaufnahme des Monetarismus darstellen sollte.²⁴⁷ Die Herausgeber hatten den amerikanischen Professor, „der sich wohl selbst keiner der beiden streitbaren Lager eindeutig zurechnen würde“, um diesen Beitrag gebeten, da ihnen Mitte der siebziger Jahre aufgrund der sich abzeichnenden Entwicklungen in der Politik der Zentralbanken „ein geeigneter Zeitpunkt für eine erste Zwischenbilanz“ gekommen schien.²⁴⁸ Auf Mayers Aufsatz antworteten in der gleichen Zeitschrift zehn namhafte Kollegen, nämlich: Martin Bronfenbrenner (1914–1997), Karl Brunner, David Laidler (*1938), Harry G. Johnson, Philip Cagan (1927–2012), Benjamin M. Friedman (*1944), Werner Neubauer (*1935), Allan Meltzer, Helmut Frisch (1936–2006) und Werner Ehrlicher; zusätzlich wurde ein Beitrag von Franco Modigliani (1918–2003, und zwar dessen ‚Presidential address‘, aufgenommen.²⁴⁹

Mayer unternahm den Versuch, die monetaristische „Weltanschauung“ in zwölf Thesen zusammenzufassen, die er dann einzeln und in ihrem Beziehungsgeflecht analysierte, insbesondere auch im Hinblick auf rivalisierende oder korrespondierende Vorstellungen der Keynesianer.²⁵⁰ Einerseits könnte jede einzelne dieser Thesen – mit Ausnahme der Quantitätstheorie und des monetaristischen Transmissionsmechanismus –, so glaubte Mayer, auch von Keynesianern akzeptiert werden, während diese in jedem Fall das Geflecht

²⁴⁶ Vgl. Ehrlicher/Becker (1978); dazu Oberhauser (1979) und Badura (1979, 564): Eine Diskussion „die vor über einem Jahrzehnt begonnen hatte und heute eine zentrale Stellung innerhalb der Geldtheorie wie auch der Geldpolitik einnimmt“.

²⁴⁷ Th. Mayer (1975/78); dazu: Thieme (1982, 18 f.).

²⁴⁸ Ehrlicher/Becker (1978), „Vorbemerkung“, S. 8.

²⁴⁹ Die Beiträge erschienen dann in deutscher Übersetzung in: Ehrlicher/Becker (1978).

²⁵⁰ Vgl. Th. Mayer (1978, 10). Er nennt u. a.: (1) Gültigkeit der Quantitätstheorie; (2) Der monetaristische Transmissionsmechanismus; (3) Stabilität des privaten Sektors; (8) Verwendung der Geldmenge als Zwischenzielgröße der Geldpolitik; (9) Die Befürwortung einer festen Regel für das Geldmengenwachstum; (10) Die Ablehnung eines trade-off zwischen Arbeitslosigkeit und Inflation (Phillips-Kurve); (11) Priorität der Geldwertstabilität vor der Vollbeschäftigung; (12) Abneigung gegenüber staatlichen Eingriffen; ausführlicher Janssen (2006, 29 f.). Eine aktuelle Nachlese zur Debatte anhand der zwölf Thesen Mayers bietet Spahn (in diesem Band).

aller Thesen ablehnen. Andererseits bräuchte jemand, der die Quantitätstheorie und den monetaristischen Transmissionsmechanismus akzeptierte, die anderen Thesen nicht hinzunehmen. Deshalb schlug Mayer vor, „den Ausdruck ‚Monetarismus‘ ganz abzuschaffen und jede These des Konzepts unabhängig zu behandeln. Damit würde die unglückliche Polarisierung der Ökonomen in Monetaristen und Antimonetaristen abgebaut“.²⁵¹

Die Auseinandersetzung zwischen Keynesianern und Monetaristen hat sich von Anfang an auch auf der empirischen Ebene abgespielt. Benjamin Friedman wollte unter diesem Aspekt gar von einer theoretischen „Nicht-Kontroverse“ sprechen: Die Hauptunterschiede zwischen den Lagern seien empirischer und nicht theoretischer Natur.²⁵² Diese Sicht, so Jürgen Badura (*1934) damals, wurde von den anderen Autoren bezüglich der meisten Aussagen mehr oder minder geteilt.²⁵³ H. Jörg Thieme hielt sogar die Transmissionstheorie sowohl von Keynesianern als auch von Monetaristen als „weitgehend akzeptiert und nicht kontrovers“.²⁵⁴ Also sprach Milton Friedman: „We are all Keynesians now“, oder im meist unterschlagenen, vollständigen Zitat: „in one sense, we are all Keynesians now; in another, nobody is any longer a Keynesian“.²⁵⁵

Nun, wie wir wissen, hat sich Mayers Anregung, den Ausdruck ‚Monetarismus‘ einfach abzuschaffen, nicht durchsetzen können. Selbst wenn allgemein zugestanden wurde, dass „in mancher Beziehung bereits eine Konvergenz zwischen Keynesianern und Monetaristen eingetreten ist“, sei – so beharrte der Keynesianer Oberhauser – eine „weitgehende Übereinstimmung“ nicht einmal „in Sicht“.²⁵⁶ Zumindest im politischen Bereich setzte sich der Streit zwischen Monetarismus und Keynesianismus ungemindert und hitzig fort.²⁵⁷ Möglicherweise hatte Mayer den politischen und soziolo-

²⁵¹ *Th. Mayer* (1978, 54).

²⁵² Vgl. neben anderen *Benjamin M. Friedman* (1978).

²⁵³ Vgl. *Badura* (1979, 566). *Spahn* (2012, 3), hält allerdings die Implikation, „der Monetarismus biete danach keine theoretische Alternative zur keynesianischen Lehre“ für „irreführend“.

²⁵⁴ *Thieme* (1982, 25 und 34): Müßig sei der Streit, „wer sich wem angepaßt hat“; ähnlich auch *V. Timmermann* (1999, 1072): „As far as the assessment of monetary effects is concerned, the differences have meanwhile become quite marginal.“

²⁵⁵ *Friedman/Friedman* (1998, 231); zuvor in *Time Magazine* vom 31.12.1965. Modiglianis Antwort in dessen Presidential address (1977/78: 1): „I am quite prepared to reciprocate that ‚we are all monetarists‘ – if by monetarism is meant assigning to the stock of money a major role in determining output and prices“.

²⁵⁶ *Oberhauser* (1979, 161).

²⁵⁷ *Badura* (1979, 566), bemerkt Uneinigkeit „höchstens“ bei „bei denjenigen Thesen“, die in „starkem Maße den ordnungspolitischen Bereich tangieren“.

gischen Nutzen einer solchen Polarisierung samt entsprechender Fraktionenbildung für Selbstverortung und Selbstverständnis des einzelnen Wissenschaftlers einerseits sowie für die Befriedigung des Bedürfnisses nach Reduktion von Komplexität des Publikums und die Wissenschaft fördernder Institutionen andererseits unterschätzt.

Allerdings ist die Frage mehrfach aufgeworfen worden, inwieweit die ordnungspolitischen Postulate, die Thomas Mayer zur monetaristischen Weltanschauung zählte, notwendig aus der Theorie folgen. Thieme bestritt das und mochte monetaristische Theorie nicht mit solchen gesellschaftspolitischen Hypothesen verquickt wissen. Eine Rückkehr zum „inaktiven ‚Nachtwächterstaat‘“ sei mit der monetaristischen Theorie nicht zu begründen.²⁵⁸ Trotz aller politischen Unterschiede herrschte dagegen am Ende der hier nachvollzogenen Debatte Einigkeit, dass die Überwindung der „Zweigeleisigkeit von Theorie und Politik“ ein Fortschritt für die Geldlehre sei. Man wandte sich wieder verstärkt geldpolitischen Problemen zu, und „empirisch orientierte Analysen“ gewährleisteten einen „starken Realitätsbezug“.²⁵⁹ Bei diesen Untersuchungen haben sich in den siebziger Jahren die monetaristischen gegenüber den keynesianischen Hypothesen „– vorsichtig formuliert – recht gut behaupten“ können.²⁶⁰ Bereits in den siebziger Jahren setzte eine historische Relativierung und dogmengeschichtliche Einordnung der Auseinandersetzung ein – Zeichen auch für den Abstand, den man von den ersten hitzigen Gefechten gewinnen wollte. Werner Ehrlicher und Wolf-Dieter Becker sprachen in ihrer „Zwischenbilanz“ bereits von einer der großen Kontroversen „in der Geschichte der Nationalökonomie“, und der Friedman-Schüler Philip Cagan verglich die Bedeutung des Streits zwischen Monetarismus und Keynesianismus für unser Fach gar mit der der Currency-Banking Kontroverse.²⁶¹

V. Ausblick: Ende des Monetarismus?

Am 16. November 2006 verstarb Milton Friedman im Alter von 94 Jahren in San Francisco an Herzversagen. Nachrufe aus aller Welt würdigten ihn als einen der bedeutendsten Ökonomen des vergangenen Jahrhunderts. Er sei einer der seltenen Gelehrten gewesen, denen es gelang, „das Denken ihrer Zeit grundlegend zu beeinflussen“ und die Wirtschaftspolitik seiner

²⁵⁸ Thieme (1982, 31); ähnlich in der Quintessenz Neldner (1975) oder Förterer (1979).

²⁵⁹ Badura/Issing (1979), „Einleitung“, S. 1.

²⁶⁰ Thieme (1982, 21).

²⁶¹ Ehrlicher/Becker (1978, 8); Cagan (1978, 119); ähnlich bereits Claassen (1970, 23 ff.).

Zeit nachhaltig in die von ihm bevorzugte Richtung zu ziehen.²⁶² Das mussten auch seine zahlreichen Gegner anerkennen, selbst wenn sie Friedmans Lehren für falsch und gefährlich hielten.²⁶³ Ein Abfallprodukt seiner Wirkung, quasi eine „Ironie der Geschichte“ ist dabei, dass ohne Friedmans Arbeiten wohl auch „die ‚neo-keynesianischen‘ Modelle bei weitem nicht so stringent“ wären, wie sie es heute sind.²⁶⁴ In diesem Sinne waren die Volkswirte zumindest vor der Krise 2008/09 alle Monetaristen oder eben alle keine.²⁶⁵

Doch vermochten die respektvollen Nachrufe nicht zu verbergen, dass der Monetarismus im neuen Jahrtausend stark an Strahlkraft verloren hatte. Friedman bleibe „einer der größten Ökonomen des 20. Jahrhunderts“, hieß es zwar, aber im gleichen Atemzug auch: „Friedmans Monetarismus ist tot“.²⁶⁶ Zeigte doch der Blick auf Erfolge und Misserfolge der Geldmengenpolitik der Bundesbank eher ernüchternde Resultate. Nur in knapp über 50 Prozent der Fälle wurde die ausgegebene Steigerungsrate getroffen, trotz des Übergangs vom Punktziel auf einen Zielkorridor im Jahr 1986.²⁶⁷ Im Ergebnis glaubten Ökonomen und Zentralbanker kaum mehr an die Praktikabilität der monetaristischen Geldmengenregel.²⁶⁸ Etwa gleichzeitig begann in Deutschland, der Monetarismus wieder aus den Lehrbüchern zu verschwinden.²⁶⁹

Der Monetarismus war zwar nicht mehr *en vogue*, deshalb aber noch nicht erledigt. Der angesehene Bonner Geldtheoretiker Jürgen von Hagen beantwortete die Frage, ob „die Geldmenge ausgedient“ habe, anlässlich einer Kerntagung des *Vereins für Socialpolitik* zur Geldpolitik mit einem klaren ‚Nein‘: Die Geldmengenentwicklung, so von Hagen, bleibe in der

²⁶² M. J. M. Neumann (2006); Laidler (2007, 380).

²⁶³ Vgl. Flassbeck (2006), Hickel (2006), Krugman (2007).

²⁶⁴ Häring/Storbeck (2006).

²⁶⁵ Das entspreche dem hübschen Bild der „Brackwasser-Ökonomie“, zu der sich angeblich Salzwasser- (Harvard, Princeton, Berkeley) und Süßwasserökonom (Chicago, Rochester, Carnegie Mellon) vereinigt hätten. Vgl. „The other-wordly philosophers, in: The Economist v. 18.7.2009.

²⁶⁶ Münchau (2006); in Ansätzen selbst Laidler (2007), der zwar Friedmans methodologische Arbeit als herausragend würdigt (S. 373), der Praxis mit der monetaristischen Geldmengenregel aber nur ein bescheidenes Zeugnis ausstellen mag (S. 379).

²⁶⁷ Vgl. etwa Leschke (2004): „Eine kritische Betrachtung zentraler Hypothesen des Monetarismus“ aus heutiger Sicht“, S. 50.

²⁶⁸ Vgl. Häring/Storbeck (2006): „Eine Steuerung der Geldmenge, wie Friedman sie propagierte, betreibt keine Notenbank mehr“.

²⁶⁹ Vgl. die diesbezügliche Untersuchung von Sauerland 2004. Seine Auswertung zeigte auch, dass der ‚Monetarismus‘ mittlerweile eine weniger wichtige Rolle spielte als ‚Friedman‘.

„empirischen Forschung ein verlässlicher Indikator für die längerfristige Preisniveaumentwicklung“. ²⁷⁰ Allerdings rücke die Geldmenge „regelmäßig strategisch in den Hintergrund, wenn Inflation kein vordringliches Problem ist“. Genau das war damals der Fall: zwischen 1995 und 2006 lag sie im Jahresdurchschnitt jeweils unter 2 Prozent. Früher oder später, so verstehen wir von Hagen, „wird mit steigenden Inflationsraten die Geldmenge wieder strategische Bedeutung gewinnen“. ²⁷¹ Diese Interpretation lag auf der Linie des methodologischen Ansatzes von Friedman. Danach sollte es in der Wissenschaft stets weniger um eine Theorie an sich gehen, als um ihre Fähigkeit, Fakten und Probleme vorherzusagen. ²⁷²

Die Zukunft wird zeigen, ob die Erfahrung der Weltwirtschaftskrise 2008/09ff, die zunächst erst einmal zu einer kapitalismus-kritischen Attitüde und entsprechendem Friedman-Bashing ²⁷³ einlud, wirklich zu einer Renaissance des Keynesianismus ²⁷⁴ und/oder dem wohlverdienten Ende Chicagoer Lehren führen wird. Zumindest in Deutschland scheinen angesichts der weltweit expansiven Geldpolitik die Sorgen vor einer drohenden Inflation kaum geringer gewertet zu werden als die, die von einer schwächelnden Binnennachfrage ausgehen könnten. ²⁷⁵

²⁷⁰ von Hagen (2004, 439 und 449).

²⁷¹ von Hagen (2004, 450).

²⁷² So fragt Spahn (2009, 297), ob Friedman mit seiner Kritik an der Schaffung des Euro und seiner Prognose eines baldigen Auseinanderbrechens der Europäischen Währungsunion wohl Recht behalten wird. Zur Halbzeit (Januar 2012), meine ich, steht es 1:0 für Friedman.

²⁷³ Vgl. etwa die von John Lippert (2008) bei Bloomberg.com gesammelten Quotes, u. a. von James Galbraith: „The inability of Friedman’s successors to say anything useful about what’s happening in financial markets today means their influence is finished“ und George Stiglitz: „The Chicago School bears the blame for providing a seeming intellectual foundation for the idea that markets are self-adjusting and the best role for government is to do nothing“.

²⁷⁴ Vgl. für viele: Krugman (2009, 8): „zum gegenwärtigen Zeitpunkt ist der Keynesianismus (...) der Schlüssel, um die derzeitige Lage zu begreifen und mit ihr fertig zu werden“.

²⁷⁵ Manfred J. M. Neumann, jedenfalls, gibt sich keineswegs geschlagen und schiebt in monetaristischer Manier den Zentralbanken eine Mitschuld an der Krise zu. „Wenn es richtig ist“, so Neumann, „dass die amerikanische Geldpolitik für Liquiditätsbedingungen gesorgt hatte, die leichtsinniges Verhalten von Banken und anderen Finanzmarktteilnehmern begünstigte, dann liegt es nahe zu fragen, ob nicht auch die Europäische Zentralbank über Jahre hin eine zu expansive Niedrigzinspolitik geführt und damit ihrerseits dazu beigetragen hatte, dass die amerikanische Immobilienkrise sich in eine internationale Finanzkrise auswachsen konnte“. Nun die Frage stellen, heißt, sie zu beantworten. Die EZB, so versucht Neumann zu belegen, hätte schon 2003 die monetäre Säule unbotmäßig entschärft, um von da ab einen (verderblichen) expansiveren geldpolitischen Kurs zu verfolgen Vgl. Neumann: „Internationale Finanzkrise und die Geldpolitik der Europäischen Zentralbank“ (2009, 368).

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Wie der Monetarismus nach Deutschland kam. Zum Paradigmenwechsel der Geldpolitik in den frühen 1970er Jahren

Von *Peter Spahn*, Stuttgart-Hohenheim

„Die Lehren Friedmans [...] legen durchaus den Schluss nahe, dass wir [Zentralbanker] an diesem Tisch letztlich überflüssig sind.“

Leonhard Gleske (1970)¹

„Wer glaubt, man könne die ganze Geldpolitik auf die kurzfristige Beachtung einer einzigen statistischen Größe reduzieren, macht sich das Leben zu leicht. [...] Trotzdem empfand ich selbst die dogmatischen Monetaristen oft als wertvolle Unterstützung, besonders wenn es galt, die Geldpolitik einer breiten Öffentlichkeit leichter verständlich zu machen.“

Otmar Emminger (1986, 439)

„Ist die Bundesbank am Ende mehr in den neuen Weg, der sich letztlich als richtig erwies, hineingestolpert, als dass sie ihn beschrritten hätte?“

Jürgen von Hagen (1998, 439)

I. Einleitung

Die Durchsetzung monetaristischer Lehren in der Geldpolitik gehört zu den mit am besten dokumentierten Themen der Theoriediskussion. Dennoch gibt es Anlass, sich erneut damit zu beschäftigen. Zum einen provozierte *Sargents (1999)* Geschichte des Sieges über die amerikanische Inflation Widerspruch aus England: Ein Phillips-Kurven-Konzept, das durch den Monetarismus erfolgreich überwunden und ersetzt worden sei, habe es dort gar nicht gegeben (*Nelson 2001*). In Deutschland wiederum hat die Bundesbank in der Begründung und Durchführung ihrer Geldpolitik stets eine nicht unwesentliche Distanz zu theoretischen und praktischen Normen des Monetarismus erkennen lassen. Schließlich taucht in den aktuellen Diskussionen um das monetaristische Element in der Strategie der EZB die Frage auf, ob geldpolitische Konzeptionen überhaupt aus zeitlosen Argumenten über die „richtige“ Geld- und Makrotheorie gewonnen werden können oder ob nicht

¹ Zit. nach *Neumann (1998, 340 n)*.

vielmehr die wirtschafts- und dogmenhistorischen Rahmenbedingungen zu untersuchen sind, um die *Pfadabhängigkeit* der Karriere eines Paradigmas verstehen zu können (Hagen 1999).

Grundsätzlich sind wir noch weit entfernt von einem allgemeinen Verständnis des Zusammenhangs zwischen der Theorieentwicklung und der Wahl wirtschaftspolitischer Strategien. Einerseits wird auf die Zeitgebundenheit geldtheoretischer Aussagen und auf ihre Abhängigkeit von wirtschaftspolitischen Zielvorstellungen hingewiesen (Claassen 1970, 13 ff.). Andererseits ist es offensichtlich naiv anzunehmen, dass sich Wirtschaftspolitiker und Notenbanker bei der Entscheidung über Grundlinien und Ausrichtung wirtschaftspolitischer Konzeptionen von der analytischen Brillanz einer neuen Lehre beeindruckend lassen. Bereits in früheren Phasen der Wirtschaftsgeschichte ist deutlich geworden, dass diese Entscheidungen nicht zuletzt von Opportunitätsgesichtspunkten sowie vom Eigeninteresse politischer Akteure und Institutionen abhängen (Streißler 1997).

Der folgende Beitrag gliedert sich in zwei Kapitel. Im ersten wird die theoretische Debatte zwischen Postkeynesianismus und Monetarismus in den 1960er Jahren entlang einiger wichtiger Streitpunkte nachgezeichnet. Es wird sich dabei zeigen, dass die „Front“ zwischen beiden Schulen keineswegs so klar und eindeutig war, wie dies in Medien, Öffentlichkeit und Wissenschaft zuweilen behauptet wird. Ein markanter theoretischer Fortschritt ist nur sehr bedingt auszumachen. Im zweiten Kapitel wird untersucht, welche theoretischen, institutionellen und politischen Gründe für die Neuorientierung der deutschen Geldpolitik ab 1973 ausschlaggebend waren. Die neuen monetaristischen Lehren erwiesen sich dabei vor allem für die Außendarstellung des Kurswechsels als nützlich.

II. Eine Nachlese zur Keynesianismus-Monetarismus-Kontroverse

Der Theorienstreit der 1960er und 1970er Jahre mag im Nachhinein betrachtet deshalb als rätselhaft erscheinen, weil viele Thesen des Monetarismus für die Mehrheit der ökonomischen Profession heute kaum strittig sein dürften. Dies gilt zumindest für die Charakterisierung der Inflation als monetäres Phänomen, für die langfristige Neutralität des Geldes und für die Beschreibung des Transmissionsmechanismus der Geldpolitik als Substitutionsprozess zwischen einem weit gefassten Spektrum von Vermögens- und Gütermarktaktiva. Unwillkürlich ist man versucht, daran zu zweifeln, dass derartige Kernthesen von einer damals herrschenden Lehre überhaupt bestritten worden sind. Haben die Monetaristen mit ihren Argumenten den

Keynesianern implizit Positionen untergeschoben, die von diesen gar nicht vertreten worden sind?

Die *Quantitätstheorie* ruht auf drei Bausteinen (*Schumpeter* 1954, 859, *Skidelsky* 1995, *Svensson* 2003):

- Das Geldangebot ist unabhängig von der auf die reale Geldmenge gerichteten Geldnachfrage definierbar und von Seiten der Geldpolitik steuerbar.
- Die Umlaufgeschwindigkeit des Geldes ist mehr oder weniger konstant (klassische Variante) oder folgt in einem stabilen Funktionszusammenhang mit anderen Variablen einem vorhersehbaren Trend (neoklassisch-monetaristische Variante).
- Produktion, Beschäftigung und reales Wachstum werden langfristig nicht von monetären Impulsen beeinflusst.

Alle drei Bausteine sind notwendig und hinreichend für die inhaltliche Aussage der Quantitätstheorie, wonach die Inflation durch ein übermäßiges Geldangebot seitens der Währungsbehörden verursacht wird. Friedmans teilweise emotionsgeladene Stellungnahmen über Notenbanker und sein Plädoyer für eine unpolitische, regelgebundene Geldversorgung sind vor diesem Hintergrund zu sehen.

Was hat der *Monetarismus* dem hinzugefügt? Zur Strukturierung der Antwort auf diese Frage bietet es sich an, entlang der zwölf Punkte vorzugehen, die in dem vielbeachteten Beitrag von *Mayer* (1975) als charakteristisch für den Monetarismus angesehen wurden. Sie werden im Folgenden in unterschiedlicher Intensität diskutiert; die ersten vier dieser Punkte waren für *Brunner* (1968), den Namensschöpfer des Monetarismus, entscheidend. Mayer betonte, dass die zwölf Punkte nicht logisch zwingend zusammenhängen, also z.T. auch unabhängig voneinander akzeptiert oder verworfen werden können. Vor allem seien einzelne Punkte durchaus mit der keynesianischen Lehre vereinbar. Benjamin *Friedman* (1976) wiederum war der Meinung, dass alle zwölf Punkte nur empirische Streitfälle darstellen. Milton *Friedman* (1974a, 61) sah dies ähnlich: „The basic differences among economists are empirical, not theoretical.“ Die Implikation, der Monetarismus biete danach gar keine theoretische Alternative zur keynesianischen Lehre, wird sich im Folgenden aber doch als irreführend erweisen.

(1) *Abhängigkeit des Nominaleinkommens von der Geldmenge*

Die Wurzeln der monetaristischen Lehre werden in einer Reaktion auf den Stand der herrschenden, als keynesianisch bezeichneten Makrotheorie der 1940er und 1950er Jahre in den USA gesehen. Die monetäre Perspektive war offenbar so in den Hintergrund gedrängt, dass beispielsweise die

Geldmenge in den gängigen Lehrbüchern kaum erwähnt worden sei (Cagan 1976, Meltzer 1998). Der Report der amerikanischen *Commission on Money and Credit* von 1961 wurde ebenso wie der britische *Radcliffe-Report* von 1959 mit einer Botschaft des „Money does not matter“ charakterisiert.

Nun muss eine solche Diagnose der Nichtthematisierung monetärer Faktoren nicht bedeuten, dass diese tatsächlich unwichtig waren. Typischerweise werden in ökonomischen Diskursen Faktoren behandelt, die deshalb ein Problem darstellen, weil man über sie *nicht* verfügt. Geld war jedoch nicht knapp. Man darf nicht übersehen, dass die Geldmenge im Bretton-Woods-System ebenso wie im Goldstandard *endogen* bestimmt war. Der Versuch der *Currency-Schule*, mit der *Peelschen Akte* von 1844 tatsächlich eine Geldmengenbeschränkung einzuführen und das beschworene Ideal einer exogenen Geldmenge zu verwirklichen, scheiterte kläglich und wurde durch ein Konzept einer zinspolitischen Steuerung abgelöst, das im Grunde bis heute den Alltag der Zentralbanken kennzeichnet (Blaug 1995, Spahn 2001, 77 ff.). Insbesondere für Leitwährungsländer wie die USA widersprach die Idee einer quantitativen Begrenzung der Geldmenge den praktischen Normen einer seriösen Bank- und Währungspolitik.

Für die Zeit nach dem Zweiten Weltkrieg wurden zudem deflatorische Gefahren befürchtet, so dass Konzepte zur Geldmengenverknappung – angesichts der soeben überwundenen Weltwirtschaftskrise – riskant erschienen. Die Prognose war zwar falsch, aber gerade im amerikanischen Fall ließ die aufgelaufene riesige Staatsschuld eine Bekämpfung der Inflation über Geldpolitik als fiskalisch zu teuer erscheinen; höhere Zinskosten waren im Staatshaushalt nicht willkommen. Aus diesem Grund wurde primär die Fiskalpolitik als Instrument gegen inflatorische Tendenzen empfohlen (Johnson 1963, Friedman 1968, Neubauer 1977).

Unter den historisch-institutionellen Rahmenbedingungen einer elastischen Geldversorgung war es naheliegend, dass aktivierende und retardierende Faktoren für die makroökonomische Entwicklung im Realsektor selbst gesucht wurden, wobei man auf die Keyneschen „animal spirits“ Bezug nahm, die für Schwankungen der Investitionsneigung verantwortlich seien. Charakteristisch für die postkeynesianische Sichtweise ist jedoch die Position, dass selbst eine Kontrolle der Geldmenge keine Kontrolle über die Nachfrageentwicklung erlaube:

„Some experts consider that the central task of monetary authorities is to keep a tight control on the supply of money. If, it is argued, the central bank has both the will and the means to control the supply of money, and either keeps it fixed or allows it to increase only in step with the growing needs of a growing economy, all will be well. [...] Our view is different. Though we do not regard the supply of money as an unimportant quantity, we view it as only part of a wider structure of liquidity in the economy. [...] It is the whole liquidity position that is relevant to

spending decisions and our interest in the supply of money is due to its significance in the whole liquidity picture. [...] The decision to spend thus depends on liquidity in the broad sense, not upon immediate access to the money. [...] The spending is not limited by the amount of money in existence but it is related to the amount of money people think they can get hold of, whether by receipts of income (for instance from sales), by disposal of capital assets or by borrowing.“

Radcliffe-Report (1959, §§ 388–390)²

Die Einbettung der Geldmenge in das Spektrum finanzieller Assets führt naheliegenderweise auch zu einem weit definierten Geldbegriff:

„The money-quality of assets is something imposed by the business habits of people; it is attached in varying degree to various assets [...]. To label something as ‚money‘, the supply of which is to behave according to rules laid down by legal authority, is to build on shifting sand.“

Richard S. Sayers (1957, 5)

„Once interest-bearing financial assets are admitted as part of the ‚money supply‘ (and [...] it is impossible to exclude them if the notion of ‚controlling the money supply‘ is to have any credibility) there is no clear demarcation line to be drawn between ‚monetary‘ and ‚non-monetary‘ financial assets. Any *broad* definition of the money supply is therefore arbitrary since it is invariably surrounded by a spectrum of ‚liquid assets‘ which are not comprised in it but which are close substitutes to it.“

Nicolas Kaldor (1982, 72)

Geldmenge und Sozialprodukt galten im *Radcliffe-Report* als praktisch völlig unabhängig voneinander, so dass ihre Relation, die Umlaufgeschwindigkeit, jeden beliebigen Wert annehmen könne und deshalb eine inhaltslose Kategorie sei:

„The fact that spending is not limited by the amount of money in existence is sometimes argued by reference to the velocity of circulation of money. It is possible for example to demonstrate statistically that during the last few years the volume of spending has greatly increased while the supply of money has hardly changed; the velocity of circulation of money has increased. We have not made more use of this concept because we cannot find any reason for supposing, or any experience in monetary history indicating, that there is any limit to the velocity of circulation; it is a statistical concept that tells us nothing directly of the motivation that influences the level of total demand.“

Radcliffe-Report (1959, § 391)³

Das Bild einer erratisch schwankenden Umlaufgeschwindigkeit bei endogener Geldmenge bedeutet, wie *Kaldor* (1982, 9) zustimmend anmerkte, eine deutliche Zurückweisung der Quantitätstheorie. Die plausible Vorstellung der Substitution einer knappen (Zentralbank-)Geldmenge durch reichlich verfüg-

² Zit. nach *Kaldor* 1982, 8.

³ Zit. nach *Kaldor* 1982, 9.

bare liquide Assets impliziert, dass Geldmenge und Umlaufgeschwindigkeit gleichsam als technische Substitute anzusehen seien und sich gegenläufig bewegen (Kaldor 1982, 29). Letztlich liegt dem jedoch eine Verwechslung von Geld und Kredit zugrunde, was eine Erklärung des Zinses ausschließt (Johnson 1972, 36). Die Bestimmung des Geldmarktzinssatzes durch die Notenbank spricht im übrigen für einen engen Geldbegriff.

„Geldsubstitute können sich [...] keineswegs bilden, weil eine Nachfrage nach Zentralbankgeld nicht befriedigt wird. Ihre markttheoretische Funktion kann allein darin bestehen, ein Ansteigen des Zinssatzes zu konterkarieren. [...] Die Stabilität der Geldnachfrage wird nicht dadurch erschüttert, dass plötzlich in größeren Umfang Kreditkarten verwendet werden, sondern dann bestätigt, wenn der Zinssatz steigt und sich als Folge die Geldhaltung vermindert.“

Hajo Riese (1986, 38 f.)

Die These einer mechanischen Gegenläufigkeit von Geldmenge und Umlaufgeschwindigkeit unterstellt Friedman (1970) auch Keynes – was sich so allerdings nicht belegen lässt – und betont dagegen, dass in der Weltwirtschaftskrise Geldmenge und Umlaufgeschwindigkeit gesunken sind. Dieses Phänomen lässt sich aber ohne Schwierigkeit mit der Keynesischen Theorie vereinbaren, da eine unangemessen restriktive und von Bankzusammenbrüchen begleitete Geldpolitik naheliegenderweise auch die Liquiditätspräferenz erhöht.

Zwar bezog sich Friedman zuweilen auf die alte „oral tradition“ der Quantitätstheorie Chicagos, faktisch entwickelte er jedoch die Keynesische Liquiditätspräferenzfunktion weiter (Patinkin 1969, 1974). Friedman (1974a: 8) selbst hob den Unterschied zur alten Quantitätstheorie hervor: „For the transactions version [of the quantity theory], the most important thing about money is that it is transferred. For the income version, the most important thing is that it is held.“ Auch auf mehrfache Kritik hielt Friedman (1974b) daran fest, dass bei Keynes die Liquiditätsfalle eine entscheidende Rolle spiele. Die empirische und theoretische Zurückweisung eines solchen Elastizitätspessimismus war für die monetaristische Seite die Grundlage für die propagierte Renaissance der Geldpolitik (Brunner/Meltzer 1968, Monissen 1971). Die stabile Geldnachfragefunktion übernahm eine ähnlich strategisch wichtige Rolle im Gesamtkonzept wie die Idee einer stabilen Konsumfunktion im Postkeynesianismus. Zwar wurde auch bei jeder Konstruktion des IS-LM-Modells zunächst eine stabile Geldnachfragefunktion angenommen; aber diese Funktion wurde deshalb zum Markenzeichen des *Monetarismus*, weil man die keynesianische Orthodoxie mit den Behauptungen identifizierte, „dass es auf Geld nicht ankomme und dass die Umlaufgeschwindigkeit entweder höchst instabil oder unendlich zinselastisch sei“ (Johnson 1971, 210).

Zudem warf Friedman (1974a) den Keynesianern vor, Änderungen der nominalen Geldmenge grundsätzlich mit realen Geldmengenänderungen

gleichzusetzen und darüber Zins- und Realeinkommenseffekte zu „begründen“. Möglicherweise hatten die theoretisch und wirtschaftspolitisch herrschenden Keynesianer größere Schwierigkeiten, den Übergang vom Regime des Goldstandards mit einem in England über 300 Jahre trendmäßig konstanten Preisniveau zum Regime des *Lohnstandards* mit einem seit Ende des Zweiten Weltkriegs ansteigenden Preisniveau mental nachzuvollziehen. Jenseits dieser empirischen Frage ist allerdings die Unterstellung, Keynes' Theorie beruhe auf einem Fixpreismodell, verfehlt. Gerade weil er produktionstheoretisch an sinkenden Erträgen festhält, variiert das Preisniveau mit dem Output; er hat auch eingehend dargelegt, dass sinkende Löhne an seiner Theorie nichts ändern (*Keynes* 1936, 219 ff., *Hahn* 1983).⁴

Grundsätzlich haben makroökonomische Modelle stets einen nominalen Freiheitsgrad. Üblicherweise, nicht nur in der monetaristischen Theorie, wird dieser durch die Vorgabe der Geldmenge geschlossen; damit erscheint eine Rigidität des Nominallohns zwangsläufig als Verletzung der Marktkräfte (das System ist dann überbestimmt). Gerade wenn man aber das neoklassische Credo einer Irrelevanz des Nominalstandards ernst nimmt, ist die Setzung einer exogenen Geldmenge lediglich eine forschungspolitische Konvention. Realiter wird das System der Nominalgrößen in nicht geringerem Maße durch die Nominallohnsätze in Tarifverhandlungen fortgeschrieben. Der Lohnstandard definiert dann die keynesianische Variante der Quantitätstheorie (*Hicks* 1974, 73, *Riese* 1986, 16, 28). Damit wird insoweit die Geldmenge zu einer endogenen Größe, was in der modernen Makrotheorie auch zunehmend anerkannt wird; ihre (indirekte) Variation über den Zins stellt dann ebenfalls eine Störung des Marktprozesses dar, eben eine geldpolitische Intervention.

(2) *Transmissionsmechanismus der relativen Preise*

In Friedmans Welt spielt es scheinbar keine Rolle, ob ein monetärer Impuls per Offenmarktpolitik oder „per Hubschrauber“ ausgelöst wird. Stets laufen derartige Störungen auf eine proportionale Änderungen aller Nominalwerte hinaus. *Tobin* (1974) monierte deshalb, dass Monetaristen geldpo-

⁴ Es ist interessant, dass sich *Friedman* (1989, 256) später durchaus verständnisvoll über das Thema der Lohnrigidität äußerte: „Classical and neoclassical economists had long recognized that price and wage rigidity existed and contributed to unemployment during cyclical contractions [...]. But to them, wage rigidity was a defect of the market; to Keynes, it was a rational response [!] to the possibility of underemployment equilibrium.“ Bei rationalen Erwartungen ist es für die Gewerkschaften in der Tat sinnvoll, sich gegen Lohnkürzungen zu wehren, weil dies keinen Beschäftigungsgewinn, sondern nur nutzlose relative Einkommensänderungen zwischen einzelnen Lohnarbeitergruppen bringt.

litische Kursänderungen letztlich analog zu einer Neufestsetzung des Währungsstandards behandelten, die trivialerweise realwirtschaftlich neutral ist. Tatsächlich gehen geldpolitische Operationen aber stets mit *relativen* Mengen- und Preisänderungen auf den Finanzmärkten einher. Aufgrund dieser Struktureffekte ist Neutralität sehr viel schwieriger nachzuweisen. Die Allokationseffekte monetärer Impulse markieren das Gerüst des Transmissionsmechanismus der Geldpolitik. *Friedmans* (1956) Weiterentwicklung der Keyneschen Geldnachfrage Theorie führt zu einem Portfoliomodell, das eine direkte Wahl zwischen Geld- und Güternachfrage beinhaltet und damit einen unmittelbaren Bezug zu den Stromgrößen der Produktionsebene herstellt.⁵ Die Investitionsnachfrage wird nicht erst über den Umweg von Zinseffekten berührt; es gibt vielmehr eine direkte Substitution zwischen allen Arten von Assets, finanzieller und realer Art. Aber dies sei keine grundsätzliche Abgrenzung zu Keynes: „The difference between us and the Keynesians is less in the nature of the process than in the range of assets considered“ (*Friedman* 1974a: 28).

Nicht zuletzt aufgrund dieses Gradualismus fand *Tobin* (1974) es rätselhaft, dass *Friedman* glauben konnte, mit seinem Bild des Transmissionsmechanismus weitergehende monetaristische Schlussfolgerungen beweisen zu können. Auch *Brunner/Meltzer* (1974) gingen an diesem Punkt auf Distanz zu *Friedman*; er habe sich nicht zureichend mit der Wiederentdeckung der Preistheorie zur Erklärung makroökonomischer Prozesse auseinandergesetzt. *Brunner/Meltzer* folgen hier *Leijonhufvud* (1968), der das preistheoretische Fundament der Keyneschen Vermögensmarkttheorie freigelegt hatte. Es gehe um eine „grundlegende Neuformulierung des ursprünglichen Programms von Keynes“ (*Brunner* 1970a: 5).

Der entscheidende Punkt ist Keynes' Aggregationsverfahren, das Bonds und Kapitalgüter zu einem Aggregat „nichtmonetäre Vermögenswerte“ zusammenfasst. Im Gegensatz zum späteren postkeynesianischen Ein-Gut-Modell werden so Konsum- und Kapitalgüter unterschieden; damit wird ein relativer Preis sichtbar, der im Transmissionsprozess eine große Rolle spielt. Eine Zinsänderung berührt über die Definition der nichtmonetären Vermögenswerte als diskontierte Ertragsströme unmittelbar den relativen Preis von Kapitalgütern und zieht so portfoliotheoretische Anpassungsvorgänge nach sich; die postkeynesianische Fixierung auf die Kreditkosten erscheint als irreführende Verengung des Blickwinkels. Entscheidend ist die Vermögensstruktur der privaten Bilanzen, nicht der Grad ihrer Kreditfinanzierung.

Auf quantitätstheoretische Traditionen legen *Brunner/Meltzer* keinen übergroßen Wert. Zwar wird der Notenbank ein entscheidender Einfluss auf

⁵ Dabei betrachtet *Friedman* allerdings nicht den Zins, sondern den Kehrwert des Preisniveaus als den „Preis des Geldes“.

die Geldmenge zugebilligt; diese erscheint jedoch schon aufgrund der genaueren Behandlung des Finanzsektors, insbesondere des Kreditmarktes, weniger als (exogener) Ausgangspunkt, sondern eher als (endogener) Indikator der über Finanzmärkte, Banken und Vermögensbesitzer laufenden Marktprozesse; freilich schließt die Endogenität der Geldmenge für sie nicht die Kausalität in Bezug auf das Einkommen aus (*Kalmbach 1973, Gebauer 1973, Laidler 1995*). Das Forschungsprogramm von Brunner/Meltzer zielte darauf ab, das einfache, aus nur wenigen Assets bestehende Keynesische Modell zu einer reichhaltigen Vermögens-, Güter- und Arbeitsmarkttheorie auszubauen, die Bestands- und Stromgrößen sowie die Budgetbeschränkungen aller Akteure und dabei die Fortschritte der Informationsökonomie berücksichtigt. Friedmans punktuelles Festhalten am einfachen *IS-LM*-Modell, das die vielfältigen Effekte im Transmissionsprozess nur unvollkommen oder gar nicht erfassen kann, wurde dementsprechend als veraltet gerügt. Sein „Theoretical Framework“ liefere keine adäquate Grundlage für die Geldtheorie und die empirische Analyse (*Brunner 1968, 1970a, 1970b, Brunner/Meltzer 1968, 1974*).

Friedmans Reaktion auf diese Kritik war höflich, aber reserviert. Er zeigte sich an den mikrotheoretischen Überlegungen zur Erklärung der Geldverwendung (*Brunner/Meltzer 1971*) weniger interessiert und erklärte, die Fortschritte bei der Informationsökonomie seien „irrelevant to my limited purpose“; er akzeptiere die komplexe Transmissionstheorie keineswegs in allen Details (*Friedman 1974b: 136 ff.*). Diese Distanzierung lässt sich möglicherweise mit einer unfreiwilligen Eigenschaft des Brunner-Meltzer-Ansatzes erklären: Aufgrund seiner reichhaltigen Struktur können hier vielfältige Effekte auftreten, z. B. auch „keynesianische“ Wirkungen der Fiskalpolitik (*Brunner/Meltzer 1974*), die Friedman zuweilen aus Gründen eines methodischen und wirtschaftspolitischen Rigorismus ausblenden wollte.⁶ Der Transmissionsmechanismus der relativen Preise entspricht im Kern auch der keynesianischen Portfoliotheorie (*Tobin 1974*). Damit aber wird das Brunner-Meltzer-Modell für „Friedmanianer“ weniger geeignet: Es ist einerseits viel zu detailliert, zudem abhängig von den institutionellen Gegebenheiten der nationalen Finanzmärkte und letztlich zu unbestimmt, um einfache wirtschaftspolitische Dogmen absichern zu können.⁷

⁶ Anzumerken ist an dieser Stelle, dass damaligen Studien zur relativen Wirksamkeit der Geld- und Fiskalpolitik (*Andersen/Jordan 1968, Cassel/Thieme 1971*) eher die monetaristische Position bestätigten – ein aus heutiger Sicht wenig erstaunliches Ergebnis.

⁷ Es ist kein Zufall, dass sich der ambitionierte Ansatz von Brunner/Meltzer letztlich nicht durchsetzen konnte, während Friedmans einfaches Makromodell später, ergänzt um die Annahme rationaler Erwartungen, als „neuklassisches“ Paradigma reüssierte.

„Brunner and Meltzer provided an analytical framework capable of yielding either side's predictions, about for example, the significance of monetary impulses in generating inflation, or the effects of fiscal policy on aggregate demand, thus establishing that these issues were empirical rather than theoretical.

The simple fact remains that a further 30 years of monetarist analysis has not been able to demonstrate the empirical existence of a structurally stable transmission mechanism between money and inflation to the satisfaction of its own practitioners, let alone its critics.“

David Laidler (1995, 331, 1989, 1157)

Der monetaristische Transmissionsprozess der relativen Preise ist methodisch zwar eleganter als der simple keynesianische Kreditkostenansatz, steht jedoch inhaltlich vor dem gleichen Problem, ein wirtschaftspolitisch erwünschtes Resultat a priori nur über eine geeignete Wahl der Annahmen sicherstellen zu können. Wenn trotz sinkender Kreditzinsen die Investition nicht zunimmt, so bedeutet das eben im monetaristischen Ansatz, dass die Kapitalgüterpreise relativ zu den Konsumgüterpreisen eben *nicht* steigen, weil gesunkene Ertragerwartungen den Diskontierungseffekt kompensieren. Durch die bloße Wahl einer anderen Theoriesprache lassen sich keine inhaltlichen Reaktionsprobleme im Marktbereich lösen.

Die Monetaristen *postulieren*, dass Geld ein gutes Substitut für alle übrigen finanziellen *und* realen Aktiva ist. Ein geldpolitischer Impuls, z. B. ein Offenmarktkauf, wirkt dann zwangsläufig auf alle Märkte. Die privaten Akteure nehmen die damit verbundene Veränderung der Geld-Bonds-Relation in ihren Portfolios nicht einfach hin, sondern streben bei konstanten Präferenzen auch eine Anpassung der Geld-Güter-Relation an. Keynesianer halten dagegen, dass die Vermögenshaltung in besonderer Weise vom Gesichtspunkt der Liquidität geprägt ist.⁸ Der Liquiditätsgrad von Realaktiva ist aber i. d. R. gering; insbesondere für die von monetaristischer Seite betonten langlebigen Konsumgüter gibt es keine organisierten Bestandsmärkte. Damit könnten geldpolitische Impulse durchaus im Bereich der Finanzmärkte „hängen bleiben“; das ist letztlich eine empirische Frage (*Goodhart* 1970, *Claassen* 1970, 48 ff., *Pohl* 1975, 1976). Die Entwicklung seit der damaligen Kontroverse und die heutigen Tendenzen auf den Vermögensmärkten geben wenig Anlass zu der Hoffnung, an diesem Punkt zu stabilen, wirtschaftspolitisch nutzbaren Erkenntnissen gelangen zu können.

⁸ Die Keynesische Liquiditätsprämie ist ein zentrales Element der Vermögenshaltung unter Unsicherheit: „There is thus a probability that a portfolio choice, once made, is not optimal in light of what will be learned. This consideration, when combined with transaction costs, leads to a premium on ‚liquid‘ or low-transaction-cost assets. This premium is in nature of an option purchase“ (*Hahn/Solow* 1995, 144, vgl. *Davidson* 1974, *Hicks* 1974, 31 ff., *Kregel* 1998).

(3) *Stabilität des privaten Sektors*

Trotz Keynes' quantitativ-theoretischer Wurzeln (Kregel 1985, Skidelsky 1995) hätte er wohl kaum in den 1960er Jahren an vorderster Front der Gegenrevolution gestanden, wie Friedman (1970) versicherte. Keynes war monetärer Ökonom in dem Sinne, dass er monetäre Probleme wie z.B. Englands Überbewertung in den 1920er Jahren als solche erkannte und nicht, wie es heute üblich geworden ist, mit einer realwirtschaftlich-mikro-ökonomischen Analyse und Therapie zu lösen versucht hätte. Die Frage der Stabilität eines Vollbeschäftigungsgleichgewichts ist der zentrale Punkt, der Keynesianer und Monetaristen trennt. Brunner (1968) glaubt an die Selbststabilisierungskräfte des Marktes; Keynes' These einer instabilen Grenzleistungsfähigkeit des Kapitals wird schlicht verworfen (Brunner 1970b: 77).

Brunner/Meltzer (1974) kamen Keynes zunächst verständnisvoll entgegen: Er habe völlig zu Recht erkannt, dass die zeitgenössische neoklassische Preistheorie (?) dem Phänomen Arbeitslosigkeit hilflos gegenüberstand, und daraufhin eine makroökonomische Erklärung konstruiert. Dieser Irrweg könne nun korrigiert werden. Die neuformulierte Preistheorie könne aufgrund der Berücksichtigung von Informationsproblemen auch Arbeitslosigkeit erklären: „Unausgenutzte Ressourcen erscheinen [...] als ein rationaler Versuch, die Informations- und Änderungskosten angesichts von Nachfrage- und Angebotsverschiebungen zu minimieren.“ Die Trennung von Mikro- und Makrotheorie kann aufgehoben werden: „Es gibt nur noch eine ökonomische Theorie, die Preistheorie“ (Brunner 1970a: 24, 6). Mit diesen rudimentären Überlegungen zu dem Phänomen der Sucharbeitslosigkeit bleiben Brunner/Meltzer allerdings weit hinter der Keynes'schen Theorie der Unterbeschäftigung zurück – sie erfassen nicht einmal das Problem.

Friedman wiederum offenbart an diesem Punkt seine Neigung, ganz unbefangenen theoretische Versatzstücke in opportunistischer Leichtigkeit so zusammensetzen, dass eine a priori gewählte Position eine scheinbare Fundierung erhält. Dies zeigt sich bei seinem „Common Model“, einem makroökonomischen Zwei-Gleichungs-System in den Variablen Realeinkommen, Preisniveau und Zins, dessen Freiheitsgrad auf verschiedene Weise geschlossen werden kann. Friedman hält sich die Option offen, dieses einfache *IS-LM*-Modell nach Bedarf durch einen ad-hoc-Verweis auf das walrasianische Gleichgewicht zu vervollständigen. In der quantitativ-theoretischen Modellvariante „real income is determined outside [!?] the system. [...] It appends [!?] to this system the Walrasian equations of general equilibrium“ (Friedman 1974a: 31, vgl. Friedman 1968).

Ein derartig oberflächliches Hantieren mit theoretischen Modulen unterschiedlicher methodologischer Herkunft verletzte die Berufsehre eines The-

oretikers des Allgemeinen Gleichgewichts wie Frank *Hahn* (1971), der bei Friedman schlicht ein „lack of seriousness“ konstatierte; niemand habe bislang gezeigt, wie die „natural rate of employment“ konsistent aus einem walrasianischen Ansatz abgeleitet werden könne. Das *IS-LM*-Modell, das in seinen Verhaltensfunktionen das Einkommen als unabhängige Größe vorgibt, ist zudem inkompatibel mit dem walrasianischen Modell, das durch eine reine Preisabhängigkeit der Marktfunktionen charakterisiert ist.⁹ Überhaupt sei das Festhalten an diesem Ansatz forschungspolitisch verfehlt, da er a priori die Notwendigkeit wirtschaftspolitischer Interventionen ausblendet. „The Walrasian model does not capture any of the market failures macroeconomists have been concerned with for forty-five years“ (*Hahn* 1980, 6).

Nun dürfte diese Kritik an Friedman schon deshalb abgeprallt sein, weil er sich in einer anderen Variante seines „Common Model“ explizit auf Marshall bezieht, dessen Sicht des ökonomischen Prozesses substantiell vom walrasianischen Ansatz abweicht (*De Vroey* 1999). Friedman sieht sich hier ganz in einer Linie mit Keynes, der – wie Leijonhufvuds brillantes Buch gezeigt habe – gegenüber Marshall lediglich die relativen Anpassungsgeschwindigkeiten von Mengen und Preisen vertauscht habe. Dieser Spur folgt nun auch *Friedman* (1974a) in seiner Theorie des Nominaleinkommens, die temporär durchaus Mengeneffekte bei monetären Impulsen zulässt. Aber auch diese Anlehnung an theoretische Autoritäten ist inkonsequent, weil die von Leijonhufvud und Clower vertretene Keynes-Interpretation über ein „false trading“ Realeinkommenseffekte aufzeigt, die die Stabilität eines *Unterbeschäftigungsgleichgewichts* begründen. Es bleibt unklar, wieso Friedman nach der Bezugnahme auf die Linie Marshall-Keynes-Leijonhufvud seinerseits eine Stabilität bei Vollbeschäftigung postuliert, gerade wenn er explizit dem Realkasseneffekt keine große empirische Bedeutung zubilligt (*Friedman* 1974b, vgl. *Burchardt* 1976, *Laidler* 1995).¹⁰

⁹ Es scheint, dass – um eine spöttische Bemerkung über Keynes zu paraphrasieren –, dass auch Friedman nicht die 20 Minuten Zeit gefunden hat, um die allgemeine Werttheorie zu verstehen.

¹⁰ Die Bezugnahme auf verschiedene neoklassische Wurzeln im Monetarismus ist somit durchaus verwirrend. Generell wird er aufgrund des Vollbeschäftigungspostulats objektiv dem walrasianischen Ansatz zugeordnet. „I [...] do not think that you can be a Keynesian on the basis of a Walrasian world, and I do not think that you can be a Monetarist [...] on the basis of a non-Walrasian world“ (*Hahn* 1980, 15, vgl. *Kaldor* 1982, 45). Friedman sieht sich selbst jedoch – mit Ausnahme der „importierten“ natürlichen Rate der Arbeitslosigkeit – als Marshallianer und kann damit die allgemeine Markträumung und die Stabilität des Gleichgewichts nur behaupten. Brunner/Meltzer setzen sich explizit vom walrasianischen Ansatz ab; die informationstheoretische Rolle des Geldes in dezentralen Transaktionen wird damit deutlicher als bei Friedman. Auch sie akzeptieren die Hypothese einer gegenüber Marshall

- (4) Irrelevanz allokativer Details für die Entwicklung von Makroaggregaten
- (5) Irrelevanz von Einzelpreisen für die Entwicklung des Preisniveaus
- (6) Präferenz für kleine hochaggregierte Modelle

Diese Thesen richten sich eigentlich weniger gegen die Keynesianer, sondern unterstreichen den *makroökonomischen* Anspruch des Monetarismus, trotz der Vielfalt der Transmissionswege am globalen Zusammenhang zwischen Geldmenge und Nominaleinkommen festzuhalten. Besondere kreditpolitische Maßnahmen haben danach lediglich allokativen, aber wenig aggregativen Wirkungen (*Brunner 1970b*). Zu einem anderen Urteil kommt man freilich, wenn man unvollkommene Kapitalmärkte annimmt und Phänomene der Kreditrationierung berücksichtigt. Die forschungspraktische Devise der Monetaristen, kleine ökonometrische Modelle gegen den etablierten Großbetrieb der Keynesianer zu setzen, unterstreicht ihr mangelndes Interesse an allokativen Details, zollt aber auch dem Effizienzgedanken Tribut, mit einem möglichst geringen Aufwand zu eindeutigen Ergebnissen zu gelangen.¹¹

Die Unterscheidung zwischen einem Preisniveauschub und einer Inflation gehört zum Grundlagenwissen der Ökonomie; ihre Missachtung kann der keynesianischen Schule wohl nicht ernsthaft angelastet werden.¹² Letztlich geht es bei diesem Punkt wieder um die institutionellen Rahmenbedingungen der Geld- und Währungspolitik in der Nachkriegszeit. Bei einer *elastischen* Geldversorgung erhöht eine autonome Einzelpreissteigerung das Preisniveau. *Mayer (1975)* weist zurecht darauf hin, dass damit auch eine positive Beeinflussung der Investitionsneigung verbunden sein kann, die dann noch einen (sektoralen) Nachfrageschub auslöst. Aber auch die Idee,

geänderten Reihenfolge von Mengen- und Preisanpassungen. Der betonte Gesichtspunkt der allgemeinen Interdependenz in ihrem mikrofundierten Totalmodell rückt sie methodisch jedoch wieder an die walrasianische Ökonomie heran (*Kalmbach 1973, Davidson 1974, Laidler 1991, 1995*).

¹¹ Die monetaristische Konterrevolution verfolgte „die Methodologie der positiven Ökonomie, deren Wesen nicht darin besteht, deskriptiven Realismus – repräsentiert durch das größtmögliche Gleichungssystem – anzustreben, sondern darin, die wesentlichen Beziehungen auszuwählen, die es erlauben, etwas Großes aus etwas Kleinem zu prognostizieren, ohne dass man sich um die dazwischenliegenden Kausalketten kümmern müsste. Diese Methodologie bedeutete eine ganz offensichtliche Erleichterung für den intellektuellen Mittelstand, denn sie befreite ihn aus der Abhängigkeit von großen Forschungsteams und großen und teuren Computerprogrammen“ (*Johnson 1971, 209*).

¹² *Meltzers (1998, 13)* Behauptung „Nonmonetarists often explain inflation as the result of individual price changes“ muss wohl eher als üble Nachrede interpretiert werden.

dass eine *konstante* Geldmenge wie eine Budgetbeschränkung wirke und eine kompensierende Preissenkung an anderer Stelle erzwingen, wurde in der zeitgenössischen Lehrbuchliteratur (*Ackley* 1961, 442) angesichts einer flexiblen Umlaufgeschwindigkeit zu Recht als realitätsfern angesehen. Allerdings waren Tradition und Erfahrung eines elastischen Geldangebots offenbar so tief verwurzelt, dass in der Tat Kostendruck- und Nachfragesogtheorien der Inflation vertreten wurden, ohne noch stets explizit auf ihre monetären Voraussetzungen hinzuweisen; die Wiederentdeckung dieser verdrängten Zusammenhänge wurde dann als „neue“ Inflationstheorie wahrgenommen (*Johnson* 1963).

(7) *Verwendung der Geldbasis als Indikator der Geldpolitik*

(8) *Verwendung der Geldmenge als Zwischenziel der Geldpolitik*

Mit der Annahme eines stabilen Verhältnisses zwischen Geld und anderen Finanzaktiva wird die Geldmenge naheliegenderweise zu einem guten Indikator für das Verhalten der Geldpolitik. Dabei präferierten Brunner/Meltzer ein eng definiertes Aggregat, weil sie die Tauschmittelrolle des Geldes im Zentrum sahen, während Friedman zuweilen eine weite Geldmenge im Auge hatte, die auch eine Wertaufbewahrungsfunktion erfüllt (*Brunner* 1968, *Claassen* 1970, 34 ff., *Laidler* 1995). Die postulierte Stabilität zwischen Geld und Realaktiva (einschließlich der Produktion) macht die Geldmenge auch zu einem guten Zwischenziel der Notenbanken. Demgegenüber wurde aus keynesianischer Sicht eher das Kreditvolumen oder der langfristige Zins als Zwischenziel¹³ empfohlen (*Mayer* 1975), ersteres, weil die Geldmenge als nicht gut steuerbar oder in variabler Relation zur Güternachfrage gesehen wurde, letzterer, weil die Transmission über die Kreditkosten verlaufe.

Der letztgenannte Punkt bot eine offene Flanke für die monetaristische Kritik, die gestützt auf Irving Fishers Nominalzinstheorem den Keynesianern vorwerfen konnte, diese verwechselten Nominal- und Realzins (*Friedman* 1968). Steigende Nominalzinsen können Liquiditätseingpässe oder aber Inflationserwartungen anzeigen und so zu Fehlreaktionen der Zinspolitik

¹³ In einer verkürzten Redeweise wurde der Keynesianismus-Monetarismus-Streit oft darauf zugespitzt, ob nun die Geldmenge oder der (langfristige) Zins das *Instrument* der Geldpolitik sein solle. Keynes und Friedman wussten jedoch beide, dass Notenbankpolitik in der Praxis stets über die Manipulation der kurzfristigen Zinsen verläuft. Beide betrachteten in ihren makroökonomischen Modellen jedoch vereinfachend die Geldmenge als exogen veränderbare Policy-Variable (*Goodhart* 1989). Friedmans Empfehlung, auch praktisch die Geldmenge als Instrumentvariable einzusetzen, ist wegen problematischer Nebenwirkungen nur kurzzeitig praktiziert worden (s. u.).

führen. Bei näherer Betrachtung wird Fishers Zinstheorem aber fragwürdig, wenn man nach den Optionen der Geldvermögensbesitzer bei drohender Inflation fragt. *Kaldor* (1982, 97) hielt das Theorem für falsch, weil sämtliche Finanzassets unter der Inflation leiden und folglich kein Ausstieg aus der Bondhaltung zu erwarten sei, der dann im Modell zur Zinssteigerung führt. *Kaldor* erwähnt nicht explizit die Möglichkeit einer Umorientierung zugunsten von Realaktiva, aber *Harrod* (1973, 76ff.) wies auf die engen Märkte für mögliche Realobjekte hin, die bei Inflationserwartungen sofort Preissteigerungen produzieren. Der Anleger zahlt dann bereits im Kaufpreis den Inflationsverlust, dem er durch den rechtzeitigen Verkauf von Bonds zu entgehen hofft (*Steindl* 1990, *Kregel* 1998).

„Es ist schwierig, aus dieser [Fishers] Theorie [...] einen Sinn abzuleiten, weil es nicht klar ist, ob die Änderung im Geldwert als vorausgesehen oder nicht vorausgesehen angenommen wird. Es gibt keinen Ausweg aus dem Dilemma, dass, wenn sie nicht vorausgesehen wird, sie keinen Einfluss auf die laufenden Angelegenheiten haben wird; während, wenn sie vorausgesehen wird, die Preise von bestehenden Gütern sofort so berichtigt werden, dass die Vorteile, Geld zu halten und Güter zu halten, sich wieder ausgleichen.“

John Maynard Keynes (1936, 121)

Die Idee, den Kapitalmarktzins als Zwischenziel der Geldpolitik zu verwenden, ist unabhängig von dem Signalproblem bei Inflation auch bei Keynesianern aus der Mode gekommen. Der Grund liegt allgemein in der Unterscheidung zwischen Geldversorgung und Kreditversorgung, die unterschiedliche ökonomische Vorgänge beschreiben, auf unterschiedlichen Märkten ablaufen und entsprechend auch geldpolitisch voneinander entkoppelt werden sollten, um die Allokationsfunktion des Kapitalmarktes nicht zu beeinträchtigen.

(9) Verfolgung einer Wachstumsregel für die Geldmenge

Diese Politikregel ist eine unmittelbare Konsequenz aus der Diagnose einer stabilen Geldnachfrage. Es handelt sich jedoch weniger um das Konzept einer aktiven Steuerung des nominalen Sozialprodukts als um eine passive Strategie zur Vermeidung von Politikfehlern: *Friedman* (1970) empfahl eine Geldmengenregel gerade deshalb, weil eine feste, mechanische Beziehung zwischen Geldmenge und Einkommen fehlt¹⁴; und für *Brunner* (1968) waren größere Störungen vor allem auf das erratische Verhalten der Notenbanken zurückzuführen, die auf der Basis falscher Makromodelle eine

¹⁴ Seine spätere Klage darüber, dass die Notenbanker sich unfähig zeigten, die Geldmenge wirklich exogen zu halten, veranlasste *Kaldor* (1982, xvi) zu der polemischen Frage, ob die Quantitätstheorie nur bei kompetenten Notenbankern gelte.

interventionistische, möglicherweise gutgemeinte Politik praktizieren. Auch der *Radcliffe-Report* hatte sich schon mit der Idee einer Geldmengensteuerung beschäftigt. Er wies sie nicht nur aufgrund der zu engen Perspektive im Hinblick auf den Liquiditätsstatus der Finanzmärkte zurück. In der folgenden Passage drückt sich keineswegs – wie üblicherweise interpretiert – lediglich ein „Money does not matter“ aus, sondern eine Warnung vor aktivistischen Feinsteuerungsversuchen; dies entspricht bis heute auch der monetaristischen Lehre der Zentralbankkunst:

„For the future, we envisage the use of monetary measures as not in ordinary times playing other than a subordinate part in guiding the development of the economy. [...] Monetary measures cannot alone be relied upon to keep in nice balance an economy subject to major strains from both without and within. Monetary measures can help, but that is all. [...] We do not find any solution of the problem of influencing total demand in more violent manipulation of interest rates.“

Radcliffe-Report (1959, §§ 511, 514)¹⁵

Die an den Zinsen orientierte Liquiditätspolitik kann – analog zur Geldmengenpolitik – nur global wirken. Versuche einer selektiven Kontrolle bestimmter Finanzierungskanäle würden nur temporäre Ineffizienzen, Umgehungsversuche und schließlich neue Finanzierungsformen entstehen lassen. Der *Radcliffe-Report* geht insoweit konform mit monetaristischen Positionen und antizipiert die Finanzinnovationen, die später im Gefolge der (restriktiven) Geldmengenpolitik in einigen Ländern auftraten.

„The supply of money – whatever that may be made to mean – is not by itself a reliable policy measure, and the authorities must seek rather to influence the general liquidity situation by operating on rates of interest. Given this approach regulation of the banks is required not because they are ‚creators of money‘ but because they are the biggest lenders at the shortest (most liquid) end of the range of credit markets. [However] any severely restrictive control of these operations is certain, over a period of time, to be defeated by the development of rival institutions; during the interim, the community will have suffered loss by interference with the most efficient channels of lending.“

The obstruction to particular channels of finance have had no effect on the pressure of total demand, but have made for much inefficiency in financial organisation.“

Radcliffe-Report (1959, §§ 504, 469)¹⁶

Meltzer (1998) konstatierte später unter Verweis auf *Modigliani* (1977), das Festhalten an einer diskretionären Zentralbankpolitik sei die letzte Bastion gewesen, die ein geschlagener Keynesianismus habe aufrechterhalten wollen. „Keynesians began by minimizing the role of monetary policy but

¹⁵ Zit. nach *Kaldor* 1982, 6.

¹⁶ Zit. nach *Kaldor* 1982, 9f., 7.

shifted eventually to highlighting the use of monetary policy for short-term stabilization“ (Meltzer 1998, 25). Nun sei aber allorten eine klare Tendenz zugunsten einer regelorientierten Politik festzustellen, die im klassischen monetären System schon immer dominiert habe.¹⁷ Die Strategien des *Inflation Targeting* und der *Taylor Rule* werden merkwürdigerweise als Umsetzung *monetaristischer* Prinzipien gedeutet, obwohl (oder gerade weil?) hier die Notenbankpolitik immer wieder neuen Marktbedingungen angepasst werden müsse, zu denen auch Schwankungen der Umlaufgeschwindigkeit (!) gehörten.¹⁸

Meltzer erwähnt jedoch nicht, dass in diesen modernen Politikstrategien die Geldmenge als endogene Größe gesehen wird. Damit schließt sich der Kreis zur oben skizzierten Debatte, in der Kaldor (1982, 21 f.) gegen Friedman gewendet die zeitweilige Stabilität der Geldnachfrage ebenfalls mit der Endogenität der Geldmenge erklärt hatte. Die Kausalität verlaufe konträr zur quantitätstheoretischen Sicht vom Nominaleinkommen zum monetären Finanzierungsvolumen.¹⁹ Friedmans empirisches Resultat einer der Einkommensentwicklung vorauslaufenden Geldmenge ließ sich auch i. S. der keynesianischen Theorie erklären (Tobin 1970, Goodhart 1970). In moderner Sichtweise gelten Inflation und Geldmengenwachstum beide als endogene Größen des makroökonomischen Prozesses; weder im Hinblick auf die Frage der Kausalität noch in Bezug auf die Rolle der Geldmenge als Zwischenziel ist noch eine Dominanz monetaristischen Gedankenguts auszumachen. „At the center of this consensus is a rejection of the quantity theory“ (Alvarez 2001, 219, vgl. Svensson 2003).

(10) Ablehnung eines Phillips-Kurven-Trade-off

Monetaristen und Neuklassiker feiern die Kritik der „keynesianischen“ Konzeption einer wirtschaftspolitisch nutzbaren Phillips-Kurven-Relation als einen ihrer größten Erfolge. Nachdem Samuelson/Solow (1960) eine Inkaufnahme höherer Inflationsraten im Interesse einer niedrigeren Arbeitslosenquote empfohlen hätten, seien die Weichen in der westlichen Welt in

¹⁷ Das hier gegebene Beispiel des Goldstandards ist dabei nicht überzeugend, da dieses System gerade erst unter der Führerschaft einer diskretionären, allerdings klar am externen Gleichgewicht ausgerichteten Zinspolitik der Bank von England seine Blütezeit erlebte (Eichengreen 1987, Spahn 2001, 97 ff.).

¹⁸ Allerdings glaubt Meltzer auch nach den Erfahrungen in den USA noch an eine stabile Geldnachfragefunktion.

¹⁹ Kaldor (1982, xvii) wendet sich mit der Diagnose einer endogenen Geldmenge auch explizit gegen Keynes: „Once we realise that the supply of money is endogenous (it varies automatically with the demand, at a given rate of interest), ‚liquidity preference‘ and the behaviour of the velocity of circulation ceases to be important.“

Richtung auf Inflation gestellt worden (*Sargent* 1999, 2 f.). *Friedmans* (1968) berühmte „Presidential Address“ markiert dann den Punkt der Abkehr von einem verhängnisvollen Weg, der langfristig in einer Zerrüttung der nationalen Währungen geendet hätte.

Laidler (1994) hat sowohl im *Radcliffe-Report* von 1959, im *Report der US Commission on Money and Credit* von 1961 und im Report der kanadischen *Royal Commission on Banking and Finance* von 1964 das Thema eines Zielkonflikts zwischen Vollbeschäftigung und Preisstabilität gefunden; allerdings wurde stets auf einen großen Korridor konstanter Löhne und Preise hingewiesen (in heutiger Diktion: auf den Unbestimmtheitsbereich der NAIRU). Aber schon *Samuelson/Solow* (1960) geben tatsächlich *keine* Empfehlung, einen kurzfristig gegebenen Trade-off auszunutzen. Erwartungsbedingt könne sich die Phillips-Kurve in beide Richtungen verschieben. Sie sahen auch bereits, dass eine anhaltend schwache Beschäftigung zu einem Aufbau der strukturellen Arbeitslosigkeit führt und darüber die Phillips-Kurve nach rechts verlagert (in heutiger Diktion: der Hysteresis-Effekt). Auch *Johnson* (1963, 1968) sprach zwar die Idee eines Wohlfahrtsoptimums auf der Kurve an, warnte jedoch vor ihrer Instabilität, wenn man einen bestimmten Punkt fixieren wolle.

Die Vorstellung eines Trade-off scheint zumindest die englische Wirtschaftspolitik in den 1960er und 1970er Jahren nicht beherrscht zu haben (*Laidler* 1976, 1989, 2003, *Nelson* 2001, *Nelson/Nikolov* 2002). Das Bild einer Phillips-Kurve war nicht präsent. Vielmehr wurden Inflation und Arbeitslosigkeit als voneinander unabhängige Probleme begriffen, die auch mit unterschiedlichen Konzepten bekämpft wurden: Arbeitslosigkeit mit makroökonomischer Nachfragepolitik, Inflation mit mikroökonomischer Einkommenspolitik (Monetaristen sahen damals und sehen heute die Zuordnung von Mikro- und Makropolitik zu diesen beiden Problemen genau umgekehrt). Mit der Ausblendung monetärer Zusammenhänge galt die Inflation als ein letztlich institutionelles Problem antagonistischer Verteilungskonflikte.²⁰ Nachdem die Aufgabe der Goldbindung des Dollars schließlich eine

²⁰ „In Bezug auf ‚Kostendruck‘-Inflation besteht für Leute, die so naiv sind, das Konzept überhaupt zu akzeptieren, die naheliegende wirtschaftspolitische Empfehlung in dem ebenso naiven Vorschlag, das Drücken zu beenden, indem man entweder an das Anstandsgefühl der Drückenden appelliert oder sie wenn nötig sozialer Disziplinierung aussetzt. Das intellektuelle Aufblühen dieses primitiven Appells zur Verspottung ökonomischer Gesetzmäßigkeiten durch soziale Konventionen und Beschränkungen erfolgt in der feierlichen Feststellung der Notwendigkeit einer Einkommenspolitik durch angesehene Ökonomen“ (*Johnson* 1972, 44, vgl. *Kaldor* 1982, xi). Eine gewisse Rechtfertigung für die Sichtweise der Inflation als Kostendruckphänomen lässt sich formal aus der Modellierung rigider, d.h. nur sprunghaft sich ändernder Löhne und Preise ableiten. In diesem Fall gibt es keine kontinuierlich

gewisse psychologische Rigidität der Inflationserwartungen beseitigt hatte, eskalierte die Inflation und die Wirtschaftspolitik zeigte sich hilflos (Kaldor 1982, x).

Popularisiert wurde die Phillips-Kurve durch ihre Widerlegung durch Friedman (1968). Kurz- und mittelfristig diente sie als nützlicher Baustein zur Schließung seines „Common Model“, da nun das Splitting-Problem der Aufteilung monetärer Impulse in Real- und Nominaleffekte durch die Elastizität der Angebotsfunktion gelöst werden konnte (Friedman 1974a, vgl. Tobin 1974).²¹ Langfristig verschwindet sie freilich (bzw. wird vertikal) und mündet so in das Standardergebnis der Quantitätstheorie. Im Punkt der Vollbeschäftigung gibt es keinen Dissens zwischen Friedman und Keynes:

„Mit der Zunahme der wirksamen Nachfrage nimmt [...] die Beschäftigung zu, [...] bis ein Punkt kommt, an dem keine überschüssige Arbeit zum dann bestehenden Reallohn verfügbar ist. [...] Die Bedingungen des strengen Gleichgewichts erfordern daher, dass die Löhne und Preise [...] im gleichen Verhältnis wie die Ausgabe steigen, wenn die [...] Menge der Produktion und der Beschäftigung [...] unverändert bleiben soll. Das heißt, wir haben einen Zustand erreicht, in welchem der rohen Mengentheorie des Geldes [...] völlig genügt wird; denn die Produktion ändert sich nicht, und die Preise steigen im genauen Verhältnis zu MV [d.h. zur umlaufenden Geldmenge].“

John Maynard Keynes (1936, 245)

War der Phillips-Kurven-Trade-off wirklich die „weithin akzeptierte Vorstellung der postkeynesianischen Ökonomen“ (Kalmbach 1973, 29)? Für den Bereich der Unterbeschäftigung mag dies (wenn man an eine Dynamisierung der Keynesischen Angebotsfunktion denkt) zutreffen – allerdings hatte Friedman über diesen Bereich gar nicht gesprochen. Für das Feld der Überbeschäftigung jedoch kann dies kaum gelten. Die besonders in England tradierte Überzeugung der Keynesianer war ja gerade, dass der Kapitalismus durch Unterbeschäftigung charakterisiert sei; insoweit stand der Bereich links von der Phillips-Kurve nicht im Mittelpunkt des Interesses. Es gab auch keinen theoretischen Grund, die Beschäftigung noch über den Vollbeschäftigungspunkt hinaus zu steigern. Das später von Barro/Gordon (1983) genannte Argument eines externen Effekts, der die individuelle Arbeitsangebotsentscheidung nach unten verzerre, entstammt einer neoklassisch-

ansteigende Angebotsfunktion; Inflation besteht dann in einer Abfolge von Aufwärtsverlagerungen dieser horizontalen Kurve.

²¹ Cassel (1927, 410f.) hatte demgegenüber noch geglaubt, dass vom Ausgangspunkt der Quantitätstheorie her keine Lösung dieser Frage möglich sei: „Welche Wirkungen eine Vermehrung der Geldmenge auf die Umlaufgeschwindigkeit des Geldes, auf die Ausdehnung des Gebrauchs von Bankzahlungsmitteln oder auf den Umfang des Realumsatzes hat, und welche also die schließliche Wirkung auf das allgemeine Preisniveau sein wird, das sind alles Fragen, die sich überhaupt nicht mit den Mitteln der Theorie behandeln lassen.“

wohlfahrtstheoretischen und sicher nicht einer postkeynesianischen Gedankenwelt.

„It is puzzling to find it put forward as a discovery that a higher inflation rate will not increase the full-employment level of employment: Keynes and Keynesians would not have claimed otherwise. [...] The Lucasians, by denying the possibility of involuntary unemployment – indeed, they profess not to know what it means – have given no reason why anyone should be interested in their trade-off even if it existed. In fact, the world that they describe quite plainly needs no macro-policy. Keynesians were concerned with the problem of pushing the economy to its natural rate, not beyond it. If the economy is already there, we can all go home.“

Frank Hahn (1982, 74 f)

Friedman (1968) hat mit seiner Phillips-Kurven-Kritik eine überflüssige Diskussion in der ökonomischen Profession ausgelöst; und dies gelang ihm auch nur deshalb, weil er den Ausgangspunkt seiner Schilderung nicht als Vollbeschäftigung, sondern als natürliche Rate der *Arbeitslosigkeit* bezeichnete (*Kromphardt 2005*). So provozierte er den Widerspruch von manchen Keynesianern, die vor lauter Entrüstung über den angeblichen Angriff auf ihren Säulenheiligen versäumten, Friedmans Modellvoraussetzungen genau zu lesen.

Aber auch *Friedman* kann man vorwerfen, die Allgemeine Gleichgewichtstheorie im Hinblick auf die natürliche Rate der Arbeitslosigkeit nicht genau genug studiert zu haben. So unterscheidet *Tobin (1972)* allein vier mögliche Definitionsmöglichkeiten dieser Variablen, die keineswegs zusammenfallen müssen: Es kann sich um die Arbeitslosenrate handeln,

- die die Inflation konstant hält,
- bei der keine unfreiwillige Unterbeschäftigung besteht,
- bei der eine optimale Faktorallokation herrscht, oder
- bei der die Zahl der Arbeitslosen mit der Zahl der freien Stellen übereinstimmt.

Zudem gebe es „keine Berechtigung anzunehmen, dass die natürliche Rate der Arbeitslosigkeit unabhängig von der vorangegangenen Arbeitslosigkeit ist“ (*Tobin 1972, 238*).

Selbst der für Neoklassiker unverdächtigere *Phelps (1967, 1972, xxiv f., 31)*, der *Friedmans* Akzelerationstheorem antizipiert hatte, monierte das nun aufgebaute Schisma zwischen struktureller und konjunktureller Arbeitslosigkeit und wies wie *Tobin* darauf hin, dass eine nachfragebedingte Beschäftigungssteigerung Allokation und Effizienz verbessere und auch die strukturelle Arbeitslosigkeit vermindere. Im Übrigen hatte sogar *Brunner (1970a: 27)* zugestanden: „Die Erweiterung der Gesamtnachfrage beschleunigt die

Wiedereingliederung der Arbeitslosen.“ Zwar hatte auch Friedman eine *variable* natürlichen Rate aufgrund von mikroökonomisch-institutionellen Faktoren im Auge, aber ihre Abhängigkeit von der *makroökonomischen* Entwicklung unterminiert die Vorstellung der NAIRU als einem realen Anker des Konjunkturseschehens. „The live hand of history produces a hysteresis-effect: the time path to equilibrium partially shapes that equilibrium. [...] Every departure from equilibrium produces irreversible effects of many kinds“ (Phelps 1972, 78, 80).

(11) *Höheres Gewicht für Preisstabilität als für Vollbeschäftigung*

(12) *Abneigung gegen Staatsinterventionismus*

Die monetaristische Lehre provozierte den Vorwurf einer ideologischen Voreingenommenheit für die Marktgesellschaft (Neldner 1975). Wenn man an eine marktendogene Vollbeschäftigungstendenz glaubt, ist aber eine relativ größere wirtschaftspolitische Präferenz für Preisstabilität naheliegend und muss nicht interessensoziologisch mit einer Parteinahme für die Belange der Banken und Rentiers (Kaldor 1982, xxi f., Bhaduri/Steindl 1983) erklärt werden. Richtig ist, dass Postkeynesianer monetäre Antiinflationspolitik als „desastrous for growth“ einschätzten (Ackley 1961, 442) und – erfolglos – nach milderer Maßnahmen suchten. Nach der Anerkennung des Hysteresis-Problems in der Wissenschaft und selbst auf Seiten der *Bundesbank* (2004) sind die monetaristische Präferenz für das Geldwertziel und der Glaube an die langfristige Neutralität der Geldpolitik stärker zu hinterfragen. Auch inkompetente Wirtschaftspolitiker, vor deren Wirken Monetaristen oft zurecht warnen²², können bei Hysteresis mit expansiven Maßnahmen Gutes bewirken. „According to the Monetarists it will make no difference. According to the non-Walrasian view it will. Let the government try it“ (Hahn 1980, 16, vgl. Blinder 1987).

²² Brunner (1983) erklärte den politischen Reiz des Keynesianismus damit, dass dieser Rationalisierung und Deckmantel für aktionistische Umverteilungsprojekte liefere. Derartige Einschätzungen gaben das Material für einen Affekt gegen das Wirken eines staatlichen Leviathan. Andererseits kann man bei Monetaristen durchaus die Bereitschaft zum Glauben an (andere) Autoritäten entdecken. Ein religiöses Element lässt sich bei Friedmans akademischem Lehrer Simons (1962, 169) finden: „We need to design and establish [...] a monetary system good enough so that [...] we may hold to it unrationally – on faith – as a religion.“ Für Kaldor (1970, 1) waren die Monetaristen eine „growing band of enthusiasts, combining the fervour of early christians with the suavity and selling power of a Madison Avenue executive“.

III. Die Rückgewinnung der Währungshoheit der Bundesbank

Es ist erstaunlich, dass der Monetarismus nicht zuerst in seiner theoretischen Heimat, den USA, wirtschaftspolitisch umgesetzt wurde, obwohl hier gute Bedingungen bestanden hätten: der direkte Einfluss seiner Schöpfer in wissenschaftlichen Zeitschriften und Medien, eine lange keynesianische Tradition in der Wirtschaftspolitik und instrumentelle Voraussetzungen zur Geldmengensteuerung. Aber im eigenen Land galt der monetaristische Prophet offenbar (noch) wenig²³; erst zwischen 1979 und 1982 gab es in den USA eine (kurze) monetaristische Phase der Geldpolitik (*Blanchard* 1984), zeitgleich zu einem ähnlichen Experiment in Großbritannien (*Healey* 1987). Stattdessen war neben der Schweiz (*Rich* 1997) Deutschland der Ort, an dem der Monetarismus seine ersten praktischen Triumphe feiern konnte. Eine Schlüsselrolle wird dem Konstanzer Seminar für Geldtheorie und Geldpolitik zugesprochen, das seit 1970 zu einem Treffpunkt für Wissenschaftler und Notenbanker von beiden Seiten des Atlantiks geworden war, wobei die ersten Konferenzen von US-Referenten dominiert waren. Viele Teilnehmer wurden später zu einflussreichen Akteuren im Feld von Währung und Politik. Der Initiator des Seminars, Karl *Brunner* (1972), verfolgte zwei Ziele (*Fratianni/Hagen* 2001):

- Speziell in Deutschland fehle eine solide Theorie der Geldpolitik. Im Vergleich zu den USA sei eine Rückständigkeit in Forschung und Lehre zu beklagen, letzteres auch wegen der typisch deutschen Trennung zwischen Wirtschaftstheorie und -politik.
- Angestrebt war die Entwicklung einer Alternative zum Keynesianismus; die Geldpolitik sollte zu einem weniger aktivistischen, mehr zukunftsorientierten, langfristigen Kurs mit primärer Orientierung auf die Geldwertstabilität bewegt werden. „The entire thrust of the conference was to get the Europeans to think of their problems in terms of stable growth rates of the monetary aggregates“ (*Wolman* 1970).

Diese Punkte erklären jedoch nicht, warum gerade deutsche und Schweizer Notenbanker so beeindruckt vom Seminar waren, dessen Aktivitäten von

²³ Die Durchsetzung des Monetarismus in der akademischen Landschaft der USA wird üblicherweise erst mit der von *Lucas* (1972) begründeten Schule der Theorie rationaler Erwartungen verknüpft. Zwar bezeichnete *Tobin* (1980) diese Schule als „Monetarism Mark II“, jedoch darf nicht übersehen werden, dass prinzipiell auch eine keynesianische Theorie rationaler Erwartungen möglich ist, weil „eine Erwartungshypothese keine spezifische Theorie begründen kann, sondern im Kontext einer vorab formulierten Theorie steht“ (*Riese* 1983, 252, vgl. *Maddock/Carter* 1982, *Hahn* 1983).

den übrigen etablierten Ökonomen in Deutschland zunächst „mehr oder weniger amüsiert zur Kenntnis genommen“ wurden (Richter 1999, 41). Deshalb muss etwas weiter ausgeholt werden.

1. Zur stabilitätspolitischen Vorgeschichte

Auf den ersten Blick könnte Deutschland seit der Währungsreform von 1948 als ein fruchtbarer Boden für die monetaristische Botschaft erscheinen. Mit dem obligaten Hinweis auf die Ordo-Schule wird betont, dass hier schon immer Geldwertstabilität als ordnungspolitisches (und nicht bloß stabilitätspolitisches) Problem gesehen worden sei (Issing 1997). Jedoch gibt die aus der Retrospektive etwas beklemmende Welt von Euckens Ordnungsprinzipien wenig her, was zu einer theoretischen Fundierung der Geldpolitik genutzt werden könnte.²⁴ Zwar plädierte auch Eucken für Regelbindungen, aber aus einem tiefen Vertrauen in die Kompetenz und Autorität des Staates, während Friedman geistig eher mit dem „anarchischen“ Element in Hayeks Denken verwandt ist. Die Ordo-Schule beförderte jene Abschottung zwischen wirtschaftstheoretischer und -politischer Analyse, die von den Monetaristen gerade für die Rückständigkeit der deutschen monetären Ökonomie verantwortlich gemacht wurde.

Für den Wissenschaftlichen Beirat bei der Verwaltung für Wirtschaft ging es 1949 um die „monetäre Unterstützung der Eingliederung der Arbeitslosen“, Regelbindungen für die Geldmenge galten als störend. Die deutsche Geldpolitik steckte mental noch in den Wurzeln des Goldstandards; die Bank Deutscher Länder bekannte sich in ihren frühen Geschäftsberichten zu einer Zinspolitik gemäß den klassischen Spielregeln dieses Systems (Richter 1999, 8f., 20f.). Die Norm einer Verteidigung des Wechselkurses stand an erster Stelle; sie dürfte auch bei der Formulierung der geldpolitischen Aufgabe „Währungssicherung“ Pate gestanden haben.

Das Ziel „Preisstabilität“ war in dieser Gedankenwelt zweitrangig.²⁵ Bankpräsident Vocke schien noch an die *Banking-Theorie* zu glauben und

²⁴ Sein Eintreten für einen Warengeldstandard und die historisch schiefe Erklärung monetärer Instabilität – Banken seien seit dem 18. Jahrhundert zu „Münzstätten“ geworden, d. h. die geordnete Entstehung des Geldes aus der Ware sei durch das Kreditgeld gestört worden (Eucken 1952, 163) – disqualifizieren ihn als möglichen spiritus rector einer monetären Stabilitätspolitik (vgl. Richter 1999, 24, Bibow 2004).

²⁵ „In der guten alten Zeit der Goldwährungen gab es keine Problematik der Geldwertstabilität im heutigen Sinne. [...] Preisveränderungen wurden der Güterseite, nicht der Geldseite zugeschrieben. Die Währung galt als stabil, wenn die Wechselkurse stabil waren [...]. Auch der Goldstandard garantierte kein absolut stabiles Preisniveau. Es gab Zeiten, in denen das allgemeine Preisniveau rückläufig war, und es gab Zeiten, in denen es nach oben ging. [...] Dieses Auf und Ab der Preise

erlag der *Real-Bills-Fallacy*: Er wandte sich gegen den Begriff der „importierten Inflation“ (die auf einer Geldvermehrung infolge eines Exportüberschusses beruht) mit dem Argument, dass dies „durch Gold gedecktes konvertibles Geld“ sei (Emminger 1986, 79). Vocke sträubte sich gegen die Anerkennung eines Zielkonflikts; er wollte weder Aufwertung noch Anpassungsinflation zulassen. Sein Nachfolger *Blessing* (1963) meinte, Nachfragesog und Kostendruck könnten zwar theoretisch (!) nicht ohne Kreditpolitik Inflation bewirken, aber bei flexibler Umlaufgeschwindigkeit und festen Wechselkursen sei der Inflationsimport nicht zu verhindern; und der Wechselkurs dürfe nicht angetastet werden. Für ihn galt „3 % Inflation p. a. als besser als 3 % D-Mark-Aufwertung“ (Holtfrerich 1998, 421, vgl. Emminger 1986, 128, Neumann 1998).

Die Wechselkursorientierung der Geldpolitik ist bemerkenswert, gerade weil die zweimalige Zerstörung der deutschen Geldvermögen in der Bevölkerung zu einer ausgesprochenen Inflationsaversion geführt hatte. Dies wurde auch von Seiten der Politik immer wieder thematisiert. Aber in der Praxis kam es vor allem darauf an, dass die deutsche Inflationsrate niedriger als im Ausland war.²⁶ Der währungspolitische Merkantilismus bei festen Wechselkursen impliziert eine dem Phillips-Kurven-Konzept *entgegen-gesetzte* Norm: Günstig für die Beschäftigung war nicht eine steigende, sondern eine sinkende Inflationsrate. Auch der kräftige Wirtschaftsaufschwung nach 1967, der letztlich zur monetaristischen Neuorientierung der Geldpolitik führte, war entstanden, weil sich Deutschland von den steigenden Preisen in der Weltwirtschaft abgekoppelt hatte (*Deutsche Bundesbank* 1969, 25). Später sprachen europapolitische Gründe gegen wechselkurspolitische Alleingänge: Nach der Etablierung der „Schlange“ plädierte Helmut Schmidt noch im Januar 1973 dafür, lieber eine weitere Inflation als eine DM-Aufwertung hinzunehmen (Hagen 1998).

Die auch in Deutschland angestellten Untersuchungen über die Existenz einer Phillips-Kurve (Enke/Maneval 1967, Hoffmann 1969) spielten in der wirtschaftspolitischen Diskussion kaum eine Rolle, weil (mit einer kurzen

wurde unter der Herrschaft des Goldstandards ebenso wie das Auf und Ab der Konjunktoren mehr oder weniger als etwas Gottgegebenes hingenommen [...]. Auf den Gedanken, dass das Geld in Zeiten rückläufiger Preise einen höheren und in Zeiten steigender Preise einen geringeren Wert haben sollte, kam niemand“ (*Blessing* 1962, 159 f., vgl. *Blessing* 1963).

²⁶ Das Konzept des Direktoriums der Bank Deutscher Länder „bestand darin, durch eine restriktive Geldpolitik und größere Preisstabilität in Deutschland als im Ausland die deutsche Wirtschaft in den Export zu treiben und so gleichzeitig die D-Mark zu härten und das Wirtschaftswachstum und die Beschäftigung zu fördern“ (Holtfrerich 1998, 377). Entsprechende Äußerungen von Erhard und Vocke finden sich ebenfalls bei Holtfrerich (1998, 382 f.).

Unterbrechung) Vollbeschäftigung bestand und die „keynesianische“ Strategie, weniger Arbeitslosigkeit gegen mehr Inflation eintauschen zu wollen, insofern irrelevant war. Die *Bundesbank* (1969, 26) sah keine Bestätigung für die These, dass eine höhere Inflation günstig für das Wachstum sei. Die monetaristische Kritik an einer Konjunkturpolitik über das Budget lief in Bezug auf Deutschland ins Leere, weil die Fiskalpolitik formal erst mit dem Stabilitätsgesetz 1967 dazu ermächtigt wurde und diese Möglichkeit dann nur kurzzeitig nutzte.

Die Diagnose des Sachverständigenrates zum Problem der schleichenden Inflation lag quer zu den retrospektiv vereinfacht aufgebauten Fronten „Phillips-Kurve vs. Quantitätstheorie“. Angesichts der zeitweiligen Überbeschäftigung hätte ein Rekurs auf die Phillips-Kurve durchaus nahegelegen, aber der Rat sah die steigenden Preise nicht durch einen Nachfrageüberschuss verursacht. Jedoch kann man Friedmans Thema einer erwartungsbedingten Verlagerung der Phillips-Kurve bereits zwischen den Zeilen der Ratsdiagnose finden:

„In den Lohnforderungen der Gewerkschaften und in den Lohnangeboten der Arbeitgeber kommen die Erwartungen der Tarifpartner über die Geldentwertung unmittelbar zum Ausdruck. Es ist daher nicht verwunderlich, dass die Zuwachsraten von Effektiv- und Tariflöhnen nach wie vor beträchtlich über die Rate des Produktivitätsfortschritts hinausgehen. [...] Die landläufigen Vorstellungen über die Ursachen der Inflation versagen, wenn sich die Gesellschaft daran gewöhnt hat, dass das Preisniveau um drei Prozent im Jahr steigt.“

Sachverständigenrat (1966, Zf. 107, 203, vgl. 198)

Charakteristisch für die Position des Rates war das Plädoyer für eine multikausale Inflationserklärung, in der auch Marktmachtüberlegungen sowie vor allem der Inflationsimport über den direkten internationalen Preiszusammenhang eine Rolle spielen. Bemerkenswerterweise wurden die Gewerkschaften von einer Schuldzuweisung freigesprochen. Eine Lohnzurückhaltung hätte den Inflationsdruck nur auf den Exportüberschusseffekt verlagert. Die Redeweise von einer Vielfalt von Inflationsursachen erschien modern und aufgeklärt, weil „alte Einseitigkeiten“ überwunden wurden. Die Unterscheidung zwischen Kostendruck-, Nachfragesog- und Geldmengeninflation sei überholt, und damit auch die Vorstellung, die Notenbank trage die ungeteilte Verantwortung für die Geldwertstabilität.

„In der ‚neuen‘ Inflation sind die Zusammenhänge komplexer, weil nicht nur die Nachfrager die Preise nach oben ziehen, sondern auch die Anbieter sie nach oben drücken und weil beides in der reichen und daher [?] reichlich mit Liquidität versorgten Wirtschaft auch ohne Geldvermehrung keine Schwierigkeiten bereitet, sofern nur das Ziehen und Drücken einigermaßen im Gleichtakt vor sich geht – im nationalen wie im internationalen Rahmen.“

Sachverständigenrat (1966, Zf. 256, vgl. 204 ff.)

Die stabilitätspolitische Debatte in Deutschland war bis in die 1970er Jahre von der Wechselkursproblematik beherrscht (Unterbewertung, importierte Inflation, erzwungene Geldschöpfung), nicht von dem Szenario, das Friedman (1968) so erfolgreich attackierte. Eine „planmäßige Herbeiführung von Überkonjunktur und Übernachfrage am Arbeitsmarkt“ war nicht zu beobachten (*Stucken* 1968, 4). Festzuhalten ist aber der auch in Deutschland vorhandene Konsens, eine angebotsseitig entstandene Inflation nicht über eine monetäre Restriktionspolitik zu bekämpfen, aus wohlfahrtstheoretischen wie aus politischen Gründen (*Blessing* 1963, *Haller* 1968, *Oberhauser* 1976).

2. Die liquiditätstheoretische Position in Theorie und Praxis der Geldpolitik

Wenn auch die *wirtschaftspolitische* Konstellation nicht so ganz zum Feindbild des monetaristischen Angriffs passte, so ist nun zu fragen, in welcher Hinsicht der Stand der *Wirtschaftstheorie* Anlass zur Kritik bot. *Richter* (1999, 3, 11 ff.) beklagt das Fehlen einer systematischen wissenschaftlichen Diskussion der anfänglichen Geldpolitik.²⁷ Gesell-Anhänger und Lautenbach forderten ein Preisniveaueziel als Versicherung gegen Horten und Deflation; der Wissenschaftliche Beirat, Krelle und Stützel favorisierten ein Zielbündel aus Geldwertstabilität und Zahlungsbilanzausgleich, Beschäftigung und Wachstum, Investitions- und Sparförderung.²⁸ Die weitere Diskussion drehte sich um die Einbeziehung der Geldseite in die Makroökonomie, um Stützels Saldenmechanik und die Finanzierungsrechnung der Bundesbank. Im Wissenschaftsbetrieb hatte Deutschland *Richter* (1998) zufolge keine führende Position: Stützels Arbeiten waren zwar originell, aber weder er noch andere versuchten, ihre Ideen international einzubringen; Keynesianismus und Monetarismus waren amerikanische Importe.

Die geldtheoretische Diskussion knüpfte allerdings am englischen *Radcliffe-Report* an. Der liquiditätstheoretische Ansatz dominierte in deutschen Journals. Klassisch-quantitätstheoretisch argumentierende Autoren wie Lutz blieben Außenseiter. Vertreter der Liquiditätstheorie waren Veit,

²⁷ In den wichtigen deutschen Zeitschriften war auch nichts von der zentralen Debatte um die DM-Aufwertung zu lesen.

²⁸ Das Konzept, Investitionen monetär zu fördern und zugleich mit einer Sparförderung das güterwirtschaftliche Gleichgewicht zu halten, war allerdings der Konstellation der frühen 1950er Jahren durchaus angemessen. *Richters* Polemik (1998, 1999, 10), diese Überlegung als Ausdruck eines hydraulischen keynesianischen Kreislaufdenkens zu brandmarken, in dem es „keine Märkte, keine Steuerung durch Preise, Löhne, Zinsen“ gebe, geht am Thema vorbei.

Stützel, Köhler und Jarchow, später auch Pohl, Duwendag, Kath und Oberhauser (*Richter* 1998, 1999, 24, 50 f.). Nicht zuletzt infolge der Mitgliedschaft von Köhler vertrat auch der Sachverständigenrat Anfang der 1970er Jahre das Liquiditätskonzept. Wie oben ausgeführt, wird in diesem Ansatz das gesamte Spektrum liquider Assets als wichtig für die Güternachfrage angesehen. Die Unzulänglichkeit der Quantitätstheorie bestehe darin, dass sie mit der Geldmenge nur *eine* Finanzierungsmöglichkeit von Güterkäufen berücksichtige (?). Demgegenüber besagt die Liquiditätstheorie: „Die Wirtschaftssubjekte können ihre Aktivitäten entweder mit Hilfe der vorhandenen Geldmenge, insbesondere den Sichteinlagen der Kreditinstitute (Bankengeld), finanzieren oder durch Aufnahme zusätzlicher Kredite“ (*Sachverständigenrat* 1970, Zf. 360, vgl. *Köhler* 1970, *Ketterer/Pohl* 1973).

Diese Beschreibung einer Zahlungswirtschaft ist aufgrund der Vermischung von Aktiv- und Passivkategorien dubios. Sie erfasst auch nicht den im Banksystem mit einer Kreditvergabe auftretenden Liquiditätsbedarf.²⁹ Nach einer entsprechenden Kritik von *Brunner/Neumann* (1971) gestand *Pohl* (1972) zwar zu, dass letztlich alle Zahlungen mit Geld zu leisten sind, hielt aber an der Unterscheidung zwischen „vorhandenem“ und via Kredit „beschaffbarem“ Geld fest. Diese Unterscheidung war für den liquiditätstheoretischen Ansatz zentral. Eine mittelfristig am Produktionspotential der Volkswirtschaft orientierte Geldpolitik müsse auf das Kreditvolumen abzielen, weil nur die Kreditvergabe, d.h. die „beschaffbare“, nicht aber die „vorhandene“ Geldmenge kontrollierbar sei. Auch dies ist widersprüchlich: Wenn die Banken zur Kreditausweitung zusätzliche Liquidität benötigen (*Sachverständigenrat* 1970, Zf. 362), eben diese Liquidität, d.h. Zentralbankgeld, aber quantitativ nicht steuerbar ist, dann wäre bei einem festen Link zwischen Kreditvolumen und Geldmenge ersteres auch nicht steuerbar. Zur Lösung dieses Problems rekurriert der liquiditätstheoretische Ansatz wie der Monetarismus auf die Portfoliotheorie:

Zwar geht es letztlich um eine Kontrolle von *Zahlungsströmen*; jedoch beruht der Transmissionsprozess geldpolitischer Impulse auf einer Anpassung von *Vermögensbeständen*. Angenommen wird eine „Normalstruktur“ der Bankbilanzen. Danach seien die Banken bestrebt, eine bestimmte Liquiditätsquote aufrechtzuerhalten. Diese wird definiert als das Verhältnis von liquiden Aktiva zum gesamten Mittelaufkommen (veranschaulicht durch die Relation der beiden schraffierten Flächen in der stilisierten Bankbilanz).

²⁹ Hajo Riese pflegte die Absurdität der Vorstellung einer Zahlungsalternative „Geld oder Kredit“ mit der fiktiven Kreditnachfrage einer Oma zu illustrieren, die den noch zögernden Bankangestellten mit der Bescheidenheit signalisierenden Versicherung zu überreden sucht, sie sei durchaus mit einem Kredit in Form von Giralgeld zufrieden.

<i>Bankbilanz</i>	
Kasse, Devisen, freie Zentralbankguthaben, Interbankenforderungen, Rediskontkontingente, in- und ausländische Geldmarktpapiere	Depositen
Bonds	
Kredite	Geldkapital

Die mangelnde Steuerbarkeit der *Geldmenge* (z.B. *M1* oder *M3*) ergibt sich insbesondere aus der Umstrukturierungsmöglichkeit zwischen Depositen und Geldkapital auf Seiten der Nichtbanken. Sie wählen sich ihren gewünschten Kassenbestand und können nicht zu geldpolitisch notwendigen Offenmarkttransaktionen bewegt werden. Die Bundesbank sprach denn auch bis 1971 weniger von Geld- als von *Kreditpolitik*³⁰; wichtigstes Instrument ist die Variation der Mindestreserven. Damit ändert sich die Struktur der Bilanzaktiva, woraufhin die Banken Bondhaltung und Kreditvergabe so anpassen, dass die alte Liquiditätsquote wiederhergestellt wird. Die kreditpolitischen Instrumente wirken primär auf Liquiditätsstatus und Refinanzierungskosten der Banken. Eine Senkung der Mindestreserven führt ihnen zusätzliche Liquidität zu und bewegt sie, vermehrt weniger liquide, aber rentablere Titel, insbesondere Kreditforderungen, zu erwerben (*Deutsche Bundesbank* 1971, 19, 1973, 26, *Richter* 1999, 58).

Kritiker monierten, dass der Liquiditätsansatz über kein preistheoretisch fundiertes Gesamtmodell verfüge (*Monissen* 1973, *Fautz* 1975 a). Die Anpassungsmechanismen wurden eher unscharf beschrieben und arbeiten wohl auch empirisch sehr „weich“. Selbst Vertreter der Liquiditätstheorie unterstellten keine stabile Kreditschöpfungsfunktion; eine bestimmte Liquiditätsquote könne nur schwer aufrechterhalten werden. Selbst bei geschlossener Wirtschaft existierte kein stabiler Zusammenhang zwischen Liquiditätsquote und Kreditvergabe (*Deutsche Bundesbank* 1971, 26). Die Banken verhielten sich prozyklisch. Trotz höherer Zinsen intensivierten sie das Diskontgeschäft im Boom und verkauften Wertpapiere. Geldmenge und Kredite bewegten sich damit entgegen den geldpolitischen Zielen (*Kaldor* 1982, 14, *Dürr* 1968, *Siebke/Willms* 1970). Veränderungen der Liquiditätsquote können auch Fehlsignale auslösen. So kann eine steigende Kreditnachfrage den Liquiditätssaldo senken, was die Notenbank dazu veranlassen könnte, expansiver und damit prozyklisch zu agieren. Die Banken-

³⁰ Erst ab Ende der 1960er Jahre wurden Geldmengendaten in den Monatsberichten veröffentlicht (*Emminger* 1986, 406, *Tewes* 1995).

liquidität ist ein unzuverlässiger Indikator. Eine bestimmte Liquiditätsquote ist mit verschiedenen hohen Inflationsraten vereinbar (Neumann 1972, Willms 1972, Fautz 1975 b, Richter 1999, 50 f.).

Vor allem aber greift restriktive Kreditpolitik nicht, wenn die Banken überreichlich mit Liquidität versorgt sind oder sich jederzeit fehlendes Zentralbankgeld beschaffen können. Im Gegensatz zu den USA gehörte in Deutschland die Zulassung freier Liquiditätsreserven aus Sorge um die finanzielle Stabilität der Banken zum Grundprinzip der Geldpolitik. Insbesondere bei festen Wechselkursen war die Liquidität der Banken nicht zu kontrollieren. Bei jedem Versuch der Bundesbank, Liquidität durch Abgabe von Geldmarktpapieren abzuschöpfen, entstanden neue Reserven, die jederzeit wieder in Zentralbankgeld getauscht werden konnten. Offenmarktpolitik am *Geldmarkt* war so eigentlich sinnlos. Offenmarktpolitik am *Kapitalmarkt* hatte sich aus historischen Gründen nicht als Instrument entwickelt, weil der Bondmarkt nach dem Krieg wegen der Entwertung der Staatsschuld und des hohen Selbstfinanzierungsgrades der Unternehmen zu eng war (Deutsche Bundesbank 1971, 18, 24, 1972, 17, Oberhauser 1972, Irmeler 1972, Bockelmann 1974, Schlesinger 1976). Im Kern war das Konzept der Liquiditätssteuerung schon Mitte der 1960er Jahre gescheitert.

„Der Z[entral]B[ank]R[at] gab vor, die Preisniveauentwicklung im Griff zu haben. In Wahrheit stand er über weite Strecken fast hilflos der Geldmengenerhöhung gegenüber. Sein größter Beitrag zum ‚Wirtschaftswunder‘ bestand darin, dass er diese nicht als Problem für die Bewahrung der Preisstabilität ansah, sondern entsprechend seiner produktionspolitischen Orientierung als Schmiermittel der ‚Mengenkonjunktur‘, jedenfalls solange die Tarifpartner nicht mit einer entsprechenden Erhöhung des Lohnstückkostenniveaus reagierten.“

Carl-Ludwig Holtfrerich (1998, 429)

Die Bundesbank kapitulierte vor der schleichenden Inflation. Es war absehbar, dass die Banken mit ihrem hohen Polster an Sekundärliquidität ab 1967 jede künftige Restriktionspolitik unterlaufen konnten. Hinzu kamen immer neue Wellen spekulativer Kapitalzuflüsse, wodurch die Bankenliquidität (bei festen Wechselkursen) direkt oder indirekt weiter angereichert wurde. Der *Sachverständigenrat* (1970, Zf. 369) hatte betont, dass die potentialorientierte Kreditpolitik einer außenwirtschaftlichen Absicherung bedürfe.³¹ Der zeitweilig betriebene Ausweg aus dem Doppelproblem von Zahlungsbilanz- und Liquiditätsüberschuss, die Bemühungen um zusätzliche Kapitalexporte zu intensivieren, schien aus Sicht der Bundesbank auch nicht länger vertretbar, da der Kapitalexport gemessen am realen Leistungsver-

³¹ Allerding sprach sich Köhler in einem Minderheitsvotum (*Sachverständigenrat* 1970, Zf. 318) gegen flexible Wechselkurse aus und empfahl damit indirekt notfalls dirigistische Maßnahmen.

kehr und im Vergleich zu den USA schon viel zu hoch sei. Schließlich war zu beobachten, dass die Banken die Quote ihrer freien Reserven drastisch verringerten und auch darüber die Restriktionsversuche der Bundesbank konterkarierten.³²

3. Die Gründe für die strategische Wende

Die Notwendigkeit einer Neuausrichtung der Geldpolitik wurde auch von Vertretern der Liquiditätstheorie nicht bestritten. *Oberhauser* (1972) forderte eine quantitative Begrenzung der Gesamtliquidität der Banken. Sie dürften nicht länger in der Lage sein, den angestrebten Kurs der Notenbank durch Aktivierung ihrer Spielräume bei Diskont- und Lombardgeschäften zu unterlaufen. Alle bisherigen Refinanzierungswege sollten zu einer Art Überziehungskredit zusammengefasst werden, bei dem sowohl das Mengenkontingent als auch der Refinanzierungssatz als Doppelinstrument einzusetzen seien (dieser Vorschlag entsprach praktisch den später eingeführten Wertpapierpensionsgeschäften der Bundesbank!). Vertreter der monetaristischen Position in Deutschland³³ wie Monissen, Neumann, Siebke und Willms bemühten sich um einen empirischen Nachweis der Überlegenheit der Geldmenge gegenüber dem Liquiditätssaldo als Indikator und plädierten für eine Offenmarktpolitik mit der Menge als Aktionsparameter (*Siebke/Willms* 1970, *Willms* 1970, *Neumann* 1971, *Möller* u. a. 1972).

Der Sachverständigenrat vollzog – gegen den Willen von Köhler – einen Positionswechsel, bemerkenswerterweise allerdings weniger in theoretischer Hinsicht: Die Expansion der Dollar-Geldmenge sei keine notwendige Bedingung für die (Welt-)Inflation; die These (!), dass Inflation letztlich ohne ein Geldmengenwachstum unmöglich sei, gelte nur langfristig. Auch die Wirkungsweise des Transmissionsmechanismus liege letztlich noch im Dunkeln. Was den Rat faszinierte, war die wirtschaftspolitische Idee einer monetären Budgetbeschränkung im allgemeinen Verteilungskampf. Das Ziel der Geldwertstabilität müsse verselbständigt werden, so dass die Marktinteraktion der Interessengruppen nicht mehr zur Inflation führt. Daher sei eine quantitative Vorgabe des Geldmengenwachstums notwendig.

³² „Offensichtlich hat sich das Urteil der Banken über die für eine bestimmte Kreditexpansion notwendige Liquiditätsausstattung geändert. [...] Die Vorstellung schien sich durchgesetzt zu haben, dass Liquidität in Form von Zentralbankgeld letztlich doch zur Verfügung gestellt werde“ (*Deutsche Bundesbank* 1972, 20, 57, vgl. 1969, 49, 1970, 13, 18, 90, *Oberhauser* 1976, *Hagen* 1998).

³³ Die gesamte Debatte fand hauptsächlich in der 1968 neu gegründeten Zeitschrift „Kredit und Kapital“ statt. Es ist bemerkenswert, dass sich in der (Vereins-) Zeitschrift für Wirtschafts- und Sozialwissenschaften kein Beitrag findet.

„Das Substrat der wirtschaftlichen Interessen in einer arbeitsteiligen Wirtschaft ist das Geld. Die Menge und damit auch der Wert des Geldes sollten daher nicht zur Disposition derer stehen, die es begehren – auch nicht zur Disposition des Staates [...]. Die um das Geld Streitenden sollten sich die Menge des insgesamt verfügbaren Geldes also von außen vorgeben lassen. [...] Stabilität des Geldwerts ist dann kein Ziel mehr, sondern eine Spielregel.“

Sachverständigenrat (1974, Zf. 372, vgl. 374 ff., 1972, Zf. 352 ff., 395).

Auch die *Bundesbank* (1970, 11, 55, 1971, 21, 52 ff., 1972, 14 f.) hatte angesichts der „Fehlentwicklungen der Lohnpolitik“ und der ungehindert wachsenden Geldmenge auf dem geldpolitischen Grundprinzip insistiert, nach dem zu hohe nominale Ansprüche an das Sozialprodukt nicht monetär alimentiert werden dürften; selbst als phasenweise die Bankkreditschöpfung eingedämmt schien, ging das monetäre Wachstum weiter. Diese Diagnose kann man wie beim Sachverständigenrat als eine – nicht monetaristische – verteilungskampftheoretische Erklärung der Inflation deuten, der nun eine monetäre Schranke gesetzt werden sollte. Inflation wurde von der Bundesbank – verständlicherweise – nie allein auf das Verhalten der Geldpolitik zurückgeführt. Die „Vorgabe“ von Geldmengenwachstumszielen ab 1975 wurde als Experiment verstanden, um den Marktakteuren den begrenzten monetären Spielraum vor Augen zu führen und sie von preistreibenden Verteilungskämpfen abzuhalten (*Schlesinger* 1976, *Caesar* 1976/77, *Tewes* 1995).

Glaubte die Bundesbank an die monetaristische Theorie? Und ab welchem Zeitpunkt? Auf einer Zentralbankratsitzung im Jahr 1968 stellte Direktoriumsmitglied Gocht ein pro-monetaristisches Memorandum „Ketzerische Gedanken in der Nacht“ vor, das sehr befremdlich gewirkt haben soll. Auch spätere interne Debatten verliefen kontrovers (*Emminger* 1986, 406, *Neumann* 1998). Empirische „Evidenzen“ zugunsten der monetaristischen Lehren können kaum den Ausschlag gegeben haben, bedenkt man die stark schwankende Umlaufgeschwindigkeit in den frühen 1970er Jahren.³⁴ Noch 1971 hielt die Bundesbank das Geldvolumen für eine „unscharfe“ Orientierungsgröße und wies auf das Problem sich ändernder Kassenshaltungsgewohnheiten hin. Aber selbst eine stabile Umlaufgeschwindigkeit hätte wenig ausgesagt, da die Geldmenge bis zu diesem Zeitpunkt nie angebotsseitig beschränkt, d. h. allein durch die Geldnachfrage bestimmt war. Die Banken fühlten sich praktisch niemals beengt. Ein „Vorlauf“ der Geldmenge war auch über Multiplikator- und Akzeleratoreffekte erklärbar (*Deutsche Bundesbank* 1971, 26, 1972, 60, *Oberhauser* 1976). *Irmeler* (1972) hielt auf

³⁴ Vgl. *Sachverständigenrat* 1973, 74. Spätere Belege für den quantitätstheoretischen Zusammenhang in Deutschland finden sich bei *Schlesinger/Jahnke* (1987) und in *Deutsche Bundesbank* (1985, 1992).

dem ersten Konstanzer Seminar daran fest, dass die Bundesbank die eigene Geldschöpfung *und* das Kreditangebot der Banken steuern müsse.

Der erste Grund, der die Bundesbank zu einem energischen Kurswechsel zwang, folgte aus der *Verletzung* einer monetaristischen Norm: Den Keynesianern wurde gern vorgeworfen, Nominal- und Realzins zu verwechseln und nicht zu erkennen, dass die Inflation nach dem Fisher-Theorem zu einem entsprechenden Aufschlag auf den Nominalzins führe (*Fand* 1970, *Siebeck/Willms* 1972). Aber das war eben nicht der Fall. Die Bundesbank sah sich aus währungspolitischen Gründen zu einer Zinspolitik gezwungen, die den Sparerenschutz aushebelte und einer Umverteilung zu den Sachvermögensbesitzern Vorschub leistete. Dies war in einem Land, in dem der Geldvermögensbildung eine große Rolle zukam, eine wirtschaftlich und politisch gefährliche Tendenz (*Deutsche Bundesbank* 1969, 28, 1970, 26 f., 1972, 27 ff.).

Der zweite Grund für die Suche nach einem neuen Konzept ergab sich daraus, dass der fortschreitende Verlust der Kontrolle über die (Zentralbank-)Geldschöpfung die Position der Bundesbank als geld- und währungspolitische Instanz aushöhlte. Dies war nicht (nur) ein Problem der verletzten Eitelkeit. Die Bundesbanker waren sich einig, dass der „Selbstbedienungsladen“ für die Geschäftsbanken geschlossen werden musste. Sie hätten ihre herausgehobene Position im Gefüge der wirtschaftspolitischen Institutionen gefährdet oder verloren, wenn nicht klar war, dass sie die monetären Rahmenbedingungen für die deutsche Wirtschaft überwachen und steuern konnten. Die ordnungspolitisch besondere Stellung der Bundesbank im Finanzmarktssystem war durch die unfreiwillige Geldschöpfung erodiert und ihre Autorität mehr und mehr untergraben worden. Deshalb war der Übergang zur Geldmengenpolitik nicht eine Anschlussbewegung an den in Mode gekommenen Monetarismus; schon im Bundesbankgesetz ist die richtige Dosierung der umlaufenden Geldmenge gefordert (*Deutsche Bundesbank* 1973, 27, *Emminger* 1986, 404 f., *Neumann* 1998).

„Dass es einer Kontrolle der Geldschöpfung bedarf, kann nicht zweifelhaft sein. Sie ist ein Grunderfordernis der arbeitsteiligen Wirtschaftsordnung. Es ist nicht eine nach Deutschland mit Verspätung gelangte Modeerscheinung, sich Sorge um die Kontrolle der Geldschöpfung zu machen. Es ist vielmehr von jeher als eine vorrangige Verantwortung des Staates angesehen worden, für ‚gutes‘, wertstabiles Geld zu sorgen.“

Horst Bockelmann (1974, 159)

„Der Übergang der Bundesbank von einem mehr liquiditätsorientierten Konzept zur Zentralbankgeldsteuerung ist auch nicht nur vor dem Hintergrund der geldtheoretischen Diskussion zu sehen, die schon Jahre vorher einsetzte, sondern auch als Reaktion auf Veränderungen in den institutionellen Gegebenheiten, insbesondere der Aufgabe des Systems fester Wechselkurse.“

Helmut Schlesinger (1976, 451)

Allerdings ergibt Schlesingers These – Geldmengensteuerung als Konsequenz aus dem Zusammenbruch des Bretton-Woods-Systems – auch umgekehrt einen Sinn. Die Klage der Bundesbanker über die „monetäre Nebenregierung“ der Devisenmärkte macht deutlich, dass Notenbanken schon wegen der größeren Handlungsautonomie flexible Wechselkurse vorziehen. Die Verantwortlichen hatten offenbar den Eindruck gewonnen, dass Notenbanken mit hoher Reputation ihre Identität nur wahren konnten, wenn sie sich von den Devisenmärkten abkoppelten. Dies erklärt, warum neben der Bundesbank auch die Schweizer Nationalbank ein so großes Interesse am Konstanzer Seminar zeigte: Geldmengenkontrolle und feste Wechselkurse schließen sich aus; die vom Monetarismus verlangte Geldmengensteuerung war faktisch das Vehikel zum Ausstieg aus dem ungeliebten Festkurssystem. So konnte die Bundesbank die akademische Bewegung um den Monetarismus nutzen, um ihre Stellung als Institution zu konsolidieren und Handlungsfreiheit zurückzugewinnen. Sie wurde wieder „Herr im eigenen Haus“ (Emminger 1986, 258).³⁵

Der Aspekt der institutionellen Autonomie prägte auch die Entscheidung zur Geldmengenpolitik als *Instrument*. Die praktische Schwäche des liquiditätstheoretischen Ansatzes hatte schon während der Debatte um das Stabilitätsgesetz zu Überlegungen geführt, der Bundesbank „schärfere“ Instrumente wie z.B. eine auf die Kreditvergabe bezogenen Aktivreserve zur Verfügung zu stellen. Die Möglichkeit administrativer Kontrollen über das Kreditgeschäft der Banken wurde nicht in das Gesetz aufgenommen, weil ihre Umsetzung jeweils von einer Regierungszustimmung abhängig gewesen wäre. „The Bundesbank itself was not interested in acquiring the right to impose credit ceilings which would be dependent on government decisions“ (Irmeler 1972, 140 f., vgl. Dürr 1968, Stucken 1968). Diese Debatte flammte Anfang der 1970er Jahre wieder auf (Sachverständigenrat 1972, Zf. 397 ff., Deutsche Bundesbank 1973, 28, Ehrlicher 1973).

Ein Festhalten an der Liquiditätssteuerung erschien der Bundesbank auch nach der Schließung der außenwirtschaftlichen Flanke als zu unsicher; der von Helmut Schmidt zunächst³⁶ empfohlene Weg, ggf. eine Kreditplafondierung in gemeinsamer Kompetenz mit dem Finanzministerium zu betreiben, war wenig attraktiv, weil dies die organisatorische Selbständigkeit der Bun-

³⁵ Die amerikanische Notenbank konnte im Bretton-Woods-System stets eine unabhängige Geldpolitik praktizieren. Der Übergang zu einem monetaristischen Kurs war hier weniger drängend. Zwar folgte sie der Bundesbank auf Druck des Kongresses und verkündete ab 1975 ebenfalls Geldmengenziele; diese wurden jedoch bis zum Oktober 1979, als die Dollar-Schwäche zu einem grundlegenden Politikwechsel zwang, nicht ernstgenommen (Emminger 1986, 396 ff.).

³⁶ Er wurde jedoch rasch zu einem Befürworter der Geldmengenpolitik (Emminger 1986, 407).

desbank gefährdet hätte. So kam es der Bundesbank sehr gelegen, dass die Wissenschaft die Alternative einer Geldmengenkontrolle in Eigenregie forderte. Die „Schutzschildfunktion“ von Geldmengenzielen, die als finanzmarkttechnische Regeln eine Notenbank vor direkten Endzielwünschen von Seiten der Wirtschaftspolitik abschirmen, wurde sofort erkannt (Hagen 1998, 1999, Neumann 1998). Die der Bundesbank zugefallene politische Unabhängigkeit wurde als ein hohes Gut verteidigt.³⁷

Das letzte Hindernis bei der strategischen Wende betraf die Frage der konjunkturpolitischen Ausrichtung der Geldpolitik. Das Interesse an der Stabilisierung der Konjunktur und der Wahrung eines hohen Beschäftigungsstandes hatte in Selbstverständnis und Praxis der Bundesbank, ablesbar aus den Monats- und Geschäftsberichten, stets ein großes Gewicht. Dies war schon unmittelbar nach der Währungsreform so und setzte sich bei den Debatten um die DM-Aufwertung fort. Für den ab 1970 neuen Bundesbankpräsidenten Klasen hatten Wachstum und Preisstabilität gleiches Gewicht. Der Forderung, die Geldpolitik mittelfristig am Produktionspotential zu orientieren und regelgebunden anzulegen, stand die Bundesbank zunächst skeptisch gegenüber. Weil die zyklischen Schwankungen zugenommen hätten, müsse man sich um ihre Stabilisierung kümmern. Gerade bei der kurzfristigen Prozesspolitik habe die Kreditpolitik einen Vorteil gegenüber anderen konjunkturpolitischen Instrumenten. Man befürchtete auch, dass eine als Begleiterscheinung einer strikt regelgebundenen Geldpolitik auftretende Arbeitslosigkeit politisch nicht toleriert werden könnte (*Deutsche Bundesbank* 1969, 23, 1970, 28 ff., 1971, 23 f., Imler 1972, Holtfrerich 1998, Hagen 1998, Richter 1998, 1999, 22, 57).

Jedoch war allen am wirtschaftspolitischen Prozess Beteiligten klar, dass eine Geldwertsicherung die Aufgabe der von Bundeskanzler Brandt gegebenen Vollbeschäftigungsgarantie verlangte. Die in Abstimmung mit der Regierung durchgeführte scharfe Restriktionspolitik 1973/74 markierte den Einstieg in ein neues Regime. Die „Vorgabe“ eines bestimmten Geldmen-

³⁷ Die *Bundesbank* (1998) wehrt sich gegen die These, ihre Unabhängigkeit sei ein Oktroi der Alliierten gewesen; vielmehr habe diese Konstruktion auch den deutschen Vorstellungen entsprochen. An dieser Darstellung bleiben Zweifel. Ein eher taktisches Verständnis von Notenbankautonomie wird bei Ludwig Erhard im Januar 1948 deutlich: „Ich halte es für ausgeschlossen, dass sich die Zentralbank – wenn die Arbeitslosenzahlen wieder einmal steigen – wieder auf das hohe Ross setzt und gleichgültig zeigt. Das gibt es natürlich nicht. Insofern zieht in letzter Instanz zweifellos immer die Politik, aber man muss eine Stelle, die wirklich nur zum Schutz der Währung da ist, schon weitgehend unabhängig machen“ (zit. nach *Deutsche Bundesbank* 1998, 25, vgl. Bibow 2004). In der Bevölkerung gab es vermutlich auch keine klare Präferenz für Notenbankautonomie. „Die sogenannte Unabhängigkeit der Notenbank ist in Deutschland nicht populär. Sie ist nicht aus dem Willen des deutschen Volkes hervorgegangen“ (Miksch 1949, 517).

genwachstums erlaubte (bei gegebener Umlaufgeschwindigkeit) Vollbeschäftigung nur bei der angestrebten Zielinflationsrate. Damit war eine neue Rollenverteilung in der Wirtschaftspolitik verbunden. Ebenso wie die Regierung keine stabilitätspolitische Verantwortung für den Geldwert übernehmen wollte, lehnte die Bundesbank nun grundsätzlich die Zuständigkeit für die allgemeine makroökonomische Stabilität ab. Die Ankündigung eines Geldmengenziels „clarified the rules of the game: monetary policy was no longer to be made responsible for employment“ (Hagen 1999, 696, vgl. Cassel/Thieme 1971, *Deutsche Bundesbank* 1975, 18, Emminger 1986, 258, Holtfrerich 1998, Neumann 1998).³⁸

Es ging also weniger um die Frage der Neutralität der Geldpolitik, sondern um eine organisatorisch und anreiztheoretisch effiziente Absteckung von Zuständigkeitsbereichen. Für die Regierungsseite (und selbst für die Gewerkschaften) war nun eine Art Selbstbindung institutionalisiert, die ausschließen sollte, dass der Verteilungsstreit um Ressourcen und Einkommen zulasten des Geldwerts ging. Diese Bindung war zugleich eine Entlastung, weil das langfristige Ziel der Währungssicherung nun an eine eigens dafür geschaffene Instanz delegiert war; man musste nicht selbst eine permanente Abwägung zwischen kurz- und langfristigen Interessen vornehmen. Für die Bundesbank andererseits war die Arbeit insofern einfacher geworden, weil das Beschäftigungsproblem mit Billigung der Wirtschaftspolitik an den Markt zurückverwiesen, d. h. privatisiert worden war.

4. Der pragmatische Monetarismus

Faktisch entstand Zentralbankgeld in der Bundesrepublik auf Bedarf, d. h. durch eine entsprechende Nachfrage der Banken. Geldangebot und Geldnachfrage sind damit nicht unabhängig voneinander (Gebauer 1996). Dagegen wird das Geldangebot nach der monetaristischen Theorie z. B. durch regelmäßige Offenmarktgeschäfte in den Wirtschaftskreislauf gegeben und wird dort zum Ausgangspunkt für die oben beschriebenen Portfolioanpassungen. Ab 1974 versuchte man zunächst, dieses Konzept umzusetzen. „Prinzipiell steuert nun die Notenbank unmittelbar die Schaffung von Zentralbankgeld“ (*Deutsche Bundesbank* 1974, 4, vgl. Irmeler 1972, Neubauer 1977). Unter der Nebenbedingung der erfolgten Beseitigung von Liquidi-

³⁸ Im Zentralbankrat spielte das Beschäftigungsziel in den 1970er Jahren intern jedoch weiterhin eine große Rolle. Es gab keine einhellige Zustimmung für das neue Konzept. Die Geldmengenziele in den ersten Jahren waren Kompromissformeln, denen verschiedene Fraktionen mit jeweils unterschiedlicher Problemsicht zustimmen konnten (Hagen 1998, 1999). Im übrigen waren auch die akademischen Anhänger des Monetarismus nicht immer für eine strikte Regelbindung. So plädierte Neumann für eine Notausstiegsklausel bei hoher Arbeitslosigkeit (Richter 1999, 80).

tätsreserven musste dies zu starken Zinsausschlägen am Geldmarkt führen, da die Geldnachfrage der Banken insbesondere für die Mindestreserven zinsunelastisch war. Alle Experimente einer konsequenten Geldangebotssteuerung zeigen dieses Muster einer gestiegenen Zinsvolatilität, die für die Stabilität der Finanz- und Devisenmärkte abträglich ist. Die Bundesbank kehrte denn auch rasch zu einem moderaten Kurs zurück, bei dem die von der Verwendung her definierte Zentralbankgeldmenge kurzfristig auf den geschätzten Bedarf hin kalkuliert wurde.³⁹ Verständlicherweise provozierte dies die Kritik der Monetaristen (*Neumann 1975, Hagen 1998*).

Das Geldmengenwachstum fungierte nun formal als monetäres Zwischenziel, das mit Hilfe der Variation der kurzfristigen Zinsen angesteuert werden sollte (*Deutsche Bundesbank 1975, 42, 1976, 9 ff., Schlesinger 1976*). Faktisch orientierte sich die Zinspolitik aber nur sehr vage an der durch das Wachstumsziel gegebenen Restriktion. Bundesbankpräsident *Emminger* (1986, 417) hielt im Nachhinein die dabei auftretenden Zielverfehlungen für unwichtig, solange die monetäre Stabilität gewahrt blieb. Die Zielüberschreitungen waren jedoch so erheblich, dass interne Stimmen davor warnen, die Bundesbank würde sich mit ihrem Geldmengenkonzept lächerlich machen. Ein Abrücken von der Geldmengensteuerung erschien wiederum politisch inopportun, da Regierung und Öffentlichkeit dieses Konzept positiv aufgenommen hatten.

Schließlich wurde die Geldmengenpolitik durch die Etablierung des Europäischen Währungssystems gerettet: Da die Bundesbank hier aufgrund der symmetrischen Interventionsverpflichtungen im Festkurssystem abermals den Verlust der monetären Kontrolle befürchtete, war es geboten, neben dem Wechselkurs die Geldmengensteuerung als internen Anker für die Geldpolitik beizubehalten (*Hagen 1998, 1999*). Dieser konnte dann im Konfliktfall als unverzichtbar für die Wahrung der Geldwertstabilität dargestellt und als Argument für ein Abrücken von der Wechselkursbindung genutzt werden. Die Bundesbank ließ sich in einem internen Papier eine derartige Notausstiegsklausel aus dem EWS zusichern. Die Existenz dieses „Emminger-Briefes“ hat dann Anfang der 1990er Jahre die Spekulanten zu erfolgreichen Angriffen auf die Schwachwährungen im EWS ermuntert (*Kenen 1995, Eichengreen 1996, 212 ff., Neumann 1998*).

³⁹ „Es wäre falsch anzunehmen, dass die Geldmenge – auch die von uns anvisierte Zentralbankgeldmenge – kurzfristig und exakt gesteuert werden könnte“ (*Klassen 1975, 4, vgl. Deutsche Bundesbank 1974, 26, Bockelmann 1974, Caesar 1976/77, Emminger 1986, 402, Richter 1999, 90*).

IV. Resümee

Die theoretische Debatte zwischen Postkeynesianismus und Monetarismus war nicht sehr ergiebig. Vieles wurde zu einem konzeptionellen Gegensatz aufgebauscht, was in Wahrheit nur ein Reflex unterschiedlicher Theoriesprachen oder divergierender empirischer Einschätzungen war. Beide Schulen konnten sich theoretische Mängel in der Argumentation vorwerfen. Partielle Stärken des Monetarismus in analytischer Hinsicht bedeuteten nicht unbedingt auch eine hohe wirtschaftspolitische Relevanz. Die währungspolitischen Gegebenheiten des Bretton-Woods-Systems mit ihren Konsequenzen für die nationale Geldschöpfung wurden von beiden Schulen kaum angemessen berücksichtigt. Die Kritik am *Radcliffe-Report* muss von daher relativiert werden. Schließlich ist es als ein Mythos anzusehen, dass die Keynesianer eine Überbeschäftigungspolitik vor dem Hintergrund der Phillips-Kurve favorisierten oder betrieben hätten.

Insbesondere in Deutschland unterschied sich die makroökonomische und wirtschaftspolitische Konstellation von dem Szenario, das Friedman in seiner berühmten Rede über die Rolle der Geldpolitik skizziert hatte. Dagegen war es das Verdienst der Monetaristen, die theoretischen Schwächen der herrschenden deutschen Schule in der Geldtheorie herausgearbeitet zu haben, denen entsprechende Mängel im geldpolitischen Konzept der Bundesbank gegenüberstanden. Dennoch hat nicht die Anerkennung der theoretischen Überlegenheit des Monetarismus den Kurswechsel in der deutschen Geldpolitik bewirkt.⁴⁰ In stabilitätspolitischer Hinsicht war der entscheidende Punkt der aus der Verzweigung gewachsene politische Mut, eine starre Geldversorgung als makroökonomische „Budgetbeschränkung“ gegen den inflationären Verteilungskampf einzusetzen, den man analytisch noch ganz im Denkmuster des Keynesianismus sah. Die Bundesbank nutzte die monetaristische Konterrevolution in der Wissenschaft, um interne und externe Strategieprobleme zu lösen (*Hagen* 1999). Das Konzept der Geldmengensteuerung beförderte wegen seiner Inkompatibilität mit einem Festkurssystem den Ausstieg aus dem Bretton-Woods-System, befreite darüber die Bundesbank vom Druck der Devisenmärkte⁴¹,

⁴⁰ Zu einem ähnlichen Ergebnis kommt eine Studie über die Hintergründe des strategischen Wechsels der amerikanischen Geldpolitik. „The available record does not suggest that the F[ederal] O[pen] M[arket] C[ommittee] was converted to monetarist ideology. The ‚monetarist experiment‘ of October 1979 was not really monetarist! Rather, the new techniques were conditionally adopted for pragmatic reasons“ (*Lindsey* u. a. 2005, 77).

⁴¹ Nur Stützel hatte schon in den 1960er Jahren geahnt, dass die folgende Epoche flexibler Kurse die Notenbanken vor mindestens ebenso große Probleme stellen würde (*Stützel* 1983, *Richter* 1999, 46).

stellte ihre Autorität im Banksystem wieder her und festigte ihre Unabhängigkeit von der Regierung.

Wirtschaftspolitische Strategien werden nicht in zeitloser Perspektive nach dem Ergebnis eines theoretischen Wettstreits um das „beste“ Modell gewählt. Bei *Kuhn* (1962, 131, 150) findet sich vielmehr umgekehrt die These, dass ein Theorienstreit auch durch wissenschaftsexterne Faktoren entschieden werden kann; dazu können auch gesellschaftliche und wirtschaftspolitische Kräfte gehören. Wirtschaftliche Krisen – verstanden als gesellschaftliche Entscheidungssituationen – sind aus wirtschaftshistorischer Sicht stets einmalige Ereignisse, obwohl es inhaltlich um ähnlich gelagerte Fragen gehen kann. Der drohende Verlust der währungspolitischen Autonomie mit der Folge einer eskalierenden Inflation in Deutschland hatte einen historischen Vorläufer in der Dilemmasituation Englands nach dem Ersten Weltkrieg, als die anstehende Wiederherstellung der währungspolitischen Bindung das spiegelverkehrte Szenario einer drohenden Deflation erwarten ließ. *Keynes'* (1923, 143 ff.) *erfolgloses* Werben um eine Politik, die nationale Preisniveaustabilität als Ziel an die Stelle von Wechselkursstabilität setzen sollte, fand fünfzig Jahre später eine Parallele in der *erfolgreichen* Kampagne zugunsten der Stabilisierung des nationalen Wertstandards. In beiden Fällen ging es um die Herstellung der institutionellen Autonomie der Geldpolitik. In beiden Fällen war die Entscheidung zu der jeweils gewählten Strategie pfadabhängig, d. h. geprägt von den historisch gegebenen Problemperzeptionen und Interessen.

Eben dies spricht gegen eine verschiedentlich geforderte Rückkehr zur Geldmengenpolitik in der gegenwärtigen Lage. Die Zentralbanken haben in der Politik eine starke Position, die Inflation ist unter Kontrolle. Dabei wird zwar in Europa nach wie vor auf den engen Zusammenhang zwischen Geldmengen- und Preisentwicklung hingewiesen. Aber es fällt eben auch immer mehr auf, dass bei diesen Nachweisen die Geldmenge so lange undefiniert und gefiltert wird, bis sich das gewünschte empirische Resultat einstellt.⁴² Die erkenntnistheoretische Problematik eines solchen Vorgehens muss hier nicht weiter ausgeführt werden (*Bofinger* 2001, 14 f.). Die Geschichte der Quantitätstheorie wurde stets von der Diskussion um den Geldbegriff begleitet. Die im Laufe der Zeit immer weiter gefasste Geldmenge bestätigt letztendlich insofern den *Radcliffe-Report*, als Notenbanken sich um die Erfassung der Gesamtliquidität in einer Volkswirtschaft bemühen.

⁴² Ein Beispiel ist das Konzept des „core money“, bei dem aber ebenfalls Schwankungen des Geldmengenwachstums mit einem Zyklus bis zu 8 Jahren (!) als nicht relevant für die Inflation gewertet werden (*Neumann/Greiber* 2004, *Deutsche Bundesbank* 2005). Inwieweit eine derartige Erkenntnis für Notenbanken noch hilfreich ist, sei dahingestellt.

Die Quantitätstheorie gerät so von mehreren Seiten in Bedrängnis. Nicht nur der Geldbegriff, auch die Definition des Preisniveaus wird mit der aktuellen Debatte um die Einbeziehung der Vermögenspreise undeutlich. Der Streit um die Frage von Exogenität oder Endogenität der Geldmenge ist zugunsten der letztgenannten Position entschieden (*Schefold 2002*); schließlich war ja schon die Goldmenge im 16. Jahrhundert eine endogene Größe, ein Reflex der vorangegangenen Deflation, die die Suche nach dem gelben Metall zu einer lukrativen Investition machte. Der Monetarismus war im Weltmaßstab gesehen eine historische Reaktion, die wissenschaftliche Antwort auf die Geldpolitik in den USA, „deren Währungsbehörden im wesentlichen die Rolle spielten, welche die Geldtheorie des 19. Jahrhunderts den Goldgräbern zuschrieb“ (*Laidler/Nobay 1976, 142*).

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