

# REFLECTIONS OF A “SECOND GENERATION” GERMAN EMIGRÉ: THE IMPACT OF MY EMIGRÉ PROFESSORS ON A FUTURE ECONOMIST

BY  
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My reflections are at least partly those of the child of an emigré who grew up to become an economist. Since my father was an engineer from Germany’s Barmen-Elberfeld textile city—also the city of Friedrich Engels—he clearly is not among the first generation of German scholars who were deprived of their professional positions as the Hitler regime came into power. Indeed, somewhat like Joseph Schumpeter, he came to America to grasp an opportunity rather than to avoid a threat. Like many of educated men of his generation, he was fluent in five languages and an ardent student of philosophy, history, and political economy. His move to America, after three or four trial visits, preceded my birth, because in those days before international air travel the seven day ocean voyage between Bremerhaven and New York was so daunting for a woman approaching childbirth that I was close to a year old before our arrival in America. My early childhood was uneventful except for the arrival of two siblings, and the only negative I recall from those early days was that I hated my first name, Ingrid (so carefully chosen by my parents), and longed to be called Jane, Anne or anything other than Ingrid.

My father was, as many intellectual Germans were, a social democrat. By the time I was ten or twelve we were having almost daily conversations. His favorite topic was the problem of unemployment and how the Roosevelt administration was helping with its approach towards national planning. I did the listening and was supposed to ask questions. It was probably inevitable that when I got to college I would become an economics major (in spite of my almost equally strong interest in studying ballet). I was probably weaned away from the latter ambition by my father’s observation that as a ballerina my legs would give out around age thirty-five, and I would be finished, while as an economist of that age, I would perhaps start to be taken seriously.

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At Hunter College I studied under several emigré German economists. I don't know whether their biographies are included in the Hagemann volumes, yet I can assure you that the perspective from which they taught was quite different from that of the American-born professors with whom I also had classes. I especially remember a course with a Professor Hoenegger, which was an amalgam of economics, business management, and sociology quite typical of the German approach. His lectures, as I remember them, proceeded from the philosophical conception that each state (i.e., economy) is an organic whole, with a unique construction. The task of the economist as a historian is to study the unique institutional relationships that are required to facilitate growth and promote outcomes consistent with the social welfare. Thus, economics is the science that has to do with the laws of the development of the economy or a nation and its national economic life. In turn, political economy is the vehicle for the administration of public affairs. His criticism of orthodox economists was that they treated the economy as separate from the State as an organic entity.

I also studied business cycle theory with a young Professor Stolper, probably not Gustav Stolper, for he seemed far too young, but German was assuredly his mother tongue. It was also in this course that I was presented the opportunity to focus on the phenomenon of unemployment, in particular technological unemployment. At one point we had a visit from Hans Neisser, whose paper on the subject is still considered a classic. His topic was also of central interest to my father, whose great ambition for me was to become a political economist with whom he could have intelligent conversations. In the absence of an American role model for his young daughter, he possibly thought of Rosa Luxemburg, with whose writings he was familiar.

A third topic to which I was introduced by my German professors was the cartel as a legal construct for the avoidance of destructive price and output competition. I can still hear Professor Michaels telling us "Das Kartell ist das Kind der Not"—(The cartel is the child of necessity). Clearly it was somewhat of a puzzle to me that in the price theory course that I studied the very next period under a young Harvard Ph.D. who did a dissertation under Edward Chamberlin, that economic optimum is best achieved when competition is pure and that policy is ideally directed toward various trust-busting techniques. So the obvious impact of studying under German trained emigré economists made me cognizant while I still was an undergraduate, that not only do different economists have different beliefs with respect to what the relationship between individuals and their governments ought to be, but also different ideas about the methods by which economic knowledge should be acquired.

I myself came into economics with the idea that government had a positive role to play via economic planning in a democratic society. This was partly an idea nurtured by the Roosevelt administration. Roosevelt was, after all, the only President I had ever known to that time, though I cast my first vote for Harry Truman. It was also a view nurtured at home by a father who, as a superintendent in a textile factory whose workers daily confronted the prospect of job loss, gave thanks every day for the National Recovery Act and the subsequent wage and hour legislation that enabled him to keep his weavers employed by cutting the work week. But in a more formal sense, it reflected a point of view that was at least implicit in the lectures of my German professors. It was also implicit during the early post-war years when we looked to government quite as much to win the peace as to win the war. No doubt, if I had gone to the New School to do my graduate work and studied with

Adolph Lowe, who would then have been still in an early phase of his long career at that institution, I would have learned first hand the ideas which matured into his deservedly famous “instrumental analysis.” Lowe had probably not yet fully articulated instrumental analysis to address the problem of melding personal and political freedom with economic stability, because *On Economic Knowledge* was not published until 1965. But in principle this was the concept of political economy that I learned from my German emigré economists, and which I took with me to the University of Pennsylvania where I did my graduate work. Of course, I had no idea then that some thirty years later, when I had already become active in the newly established Eastern Economic Association and become the editor of its *Journal*, that I would meet Harald Hagemann and his colleague Heinz Kurz. It was they who brought me back to the economic perspective of my undergraduate days, so that in the 1980s I made it a point to study Lowe’s “instrumentalism.” So impressed was I that I brought together a most able group of young, mostly European, scholars to contribute to a special issue of the *Eastern Economic Journal* in 1984 as a tribute to Adolph on his ninetieth birthday, which I was able to deliver to him personally at his home in Wolfenbuettel the following summer.

Besides the influential ideas that I learned from my emigré professors at Hunter, I also brought with me to the University of Pennsylvania a deep appreciation of the History of Economic thought. I studied under Dr. Dorothy Lampen. Her book, *Adam Smith’s Daughters*, has recently been reprised by an honored fellow-member of the History of Economics Society, Dr. Bette Polkinghorn.

It was at the University of Pennsylvania, or perhaps more precisely through the University of Pennsylvania, that I encountered a quite different German speaking emigré economist—the Austrian variant—in the person of none other than Friedrich August Hayek, who visited in the early 1950s to talk about *The Road to Serfdom*. By that time I had already experienced considerable confusion induced by the IS-LM reinterpretation of Keynes, sensing it was somehow a perversion, (though I could not quite figure why) of *The General Theory* I studied as part of my senior honors course at Hunter. I eventually met Sidney Weintraub, and so discarded that IS-LM religion. But Hayek’s message that “order emerges spontaneously as the unforeseen result of individual activities” (1948, p. 8), which became the view of most mainstream economists everywhere, came close to becoming the source of intellectual crisis for me, because it was substantially opposite to what I learned from my other German speaking emigré economists.

I mention this because I cannot help but wonder whether in writing about German-speaking emigré economists categorized according to their shared language that it is clear that a very large philosophical and methodological gulf lies between those coming from Germany and those coming from Austria, specifically from Vienna. Hayek was a third-generation Austrian economist, after its founder Carl Menger, and, according to the Hagemann census, a first generation emigré, and the only one to be honored as a Nobel Laureate. So, clearly, the German-speaking emigré arriving from Austria had a far greater impact on economists worldwide than those arriving from Germany. Those emigrés who went to Chicago, Harvard, and Yale had a very different impact than those who like Lowe took up their profession at, say, the New School. In effect, the Austrians and their intellectual progeny defined in the decades to come, the American mainstream. The traditional political economy approach, say

as represented by Lowe, has been substantially abandoned in favor of abstract models, except among that branch of heterodoxy represented by evolutionary institutionalists and Post Keynesians. When we categorize emigré economists primarily in terms of their common language this important methodological difference may well be obscured, though I am confident that it is not intended by the Hagemann classification. It also obscures their different approaches to that critical question that still confronts us as economists in the twenty-first century, which is to re-address what is the appropriate relationship between individuals and their government, along with the role of economists in helping to suggest and develop policy measures. It is a question about which I experienced a great deal of confusion when as a graduate student at the University of Pennsylvania I found myself in a very different intellectual environment from that experienced as an undergraduate in New York City with my German emigré professors.

While at Penn, I had little choice but to become steeped in the mainstream paradigm that remains the core to this day. I read the Robbins essay which was, of course, required reading, and directed my efforts to mastering the mathematical economics which was, by then, *de rigueur*. By good fortune my mentor, Raymond Bye, whose *Principles* text I assisted in revising, steered me towards a teaching position at Temple University as an alternate to the offer of a research position at the Philadelphia Federal Reserve, which my very wonderful finance professor, Ray Whittelsey helped me to get. Again, fortunately, at Temple there was an opening for an historian of economic thought. The assigned text was Eric Roll's, with which I was already familiar. While I found it fascinating as an undergraduate, having passed through the much more technical approach to economics that had by then come to dominate economics, the Roll text seemed quite out of keeping with the new rhetoric. Teaching the course the second or third time I soon started substituting my own sample chapters for the text. By 1967 they emerged as my first real publication under the title *Development of Economic Analysis*. Blaug's book *Economic Theory in Retrospect* preceded it by about a year, and I was both surprised and delighted that Richard D. Irwin took on a second text in the history of economic theory. My approach was basically a reflection of the perception I absorbed from my emigré professors that political economy is *analytical* as well as descriptive. It is hard to guess whether I would have conceived the idea for that book without their influence. In fond memory of the impact of their teaching, I like to think that I owe a good part of the success of the book, which went through five editions with Irwin. The sixth was published by Routledge, and the seventh is in preparation.

This kind of emigré economist influence clearly cannot be captured by an "impact index" of the sort Fred Scherer has undertaken to construct, based on the number of citations attributable to the economists identified in the Hagemann volumes. However, the impact index approach sparked an immediate interest for me. While I was editor of the *Eastern Economic Journal* I published a number of articles critical of this kind of citations-index for evaluating the professional standing of economics departments at universities and schools around the country. Scherer himself is very forthright in recognizing that a universe predicated on Blaug's tally of *Who's Who* in the economics profession is indeed very narrow, not only in identifying who is an economist worthy of inclusion, but also who is an emigré. I can well remember how startled I was when ten or more years ago Harald asked me what was my

experience as an emigré? I never thought of myself as an emigré, though of course I am one. I thought of myself as first generation American, for until quite recently the children of immigrants were very much encouraged to become part of the “melting pot”—assimilated if you will—in spite of pride in their heritage. So, Harald, it was my father, not I, who was the emigré, though he became a citizen as quickly as possible and reared his children as Americans, but I think he remained forever an exile, because, like Schumpeter, the Germany he remembered was so different from what followed. Thus the negative impact in Germany, Austria, and Middle Europe of losing at least two generations of latent talent as a consequence of the Hitler period is probably of greater magnitude than the positive effect of this “brain drain” on the U.S. and England. Though it probably cannot be quantified, we owe Professor Hagemann a very large debt for generating the record of those who fled and left us their intellectual legacies.