

Cultivating economic knowledge

The student of civilization in Paradies

*Manchmal denkt man sich, hat denn einen Sinn
 Diese ganze Problemspalterei?
 Draußen fließt derweil froh das Leben hin
 Und selbst ist man so wenig dabei.
 Wars nicht kliiger, im Strom zu schwimmen,
 Als die Wasserkraft zu bestimmen?
 Ließ man nicht besser alles Denken sein,
 Lebte einfach froh in den Tag hinein
 Und genosse des Augenblicks Rausch?
 Doch man weiß ja, hier gibts keinen Tausch.*

*Oh the time, it comes, when we must question why,
 Is such questioning really that smart?
 Life goes on and on, it just keeps flowing by,
 And we all play a very small part.
 We could swim along, take no notice
 Of the tide's direction, the world's focus.
 Should we not, perhaps, keep these thoughts at bay,
 Push our cares aside, and relish what's today.
 And yet there's no tradeoff at hand,
 Somehow we must take a stand.*

Felix Kaufmann, Final verse of the Mises-Kreis Song

Before we concern ourselves with the ideas of the Viennese students of civilization, we will first look at their practices. This will familiarize us with the most important figures as well as introduce the Viennese context that is so important to understand them. An important element of that context was the social space in which scholarly, intellectual and artistic work took place: the Viennese circles. Those circles, which existed next to the university, were the heart of the Viennese cultural and intellectual life, and membership to one or several of them constituted the intellectual identity

of economists and other intellectuals in Vienna. These circles, the most famous of which is appropriately known as the Wiener Kreis or Vienna Circle, have attracted attention in part because both fin-de-siècle and Inter-war Vienna were incredibly creative places. Perhaps the special structure of intellectual life in Vienna might help explain that extraordinary creativity.¹

The desire to explain some of that creativity is heightened if we just for a moment consider the breadth of fields to which important contributions have been made in fin-de-siècle Vienna: in physics Ernst Mach and Ludwig Boltzmann, in psychology Sigmund Freud and Alfred Adler, in economics Carl Menger, Eugen von Böhm-Bawerk and Friedrich von Wieser, in the visual arts Gustav Klimt, Oskar Kokoschka and Egon Schiele in music Gustav Mahler, Arnold Schönberg and Alban Berg, in architecture Otto Wagner and Adolf Loos, in literature Hugo von Hoffmanstahl, Arthur Schnitzler and Robert Musil and in cultural criticism Karl Kraus. In some of the sciences, however the more important period was the interwar period that has attracted less attention. In philosophy, the Wiener Kreis and Karl Popper shaped the interwar scene. In economics, Othmar Spann, a German romantic, competed with at least three alternative approaches to economics: Austro-Marxism, Austro-liberalism and the emerging mathematical economics. Hans Kelsen developed his pure theory of law, Hermann Broch, Stefan Zweig and Joseph Roth wrote their most important works and some of the artists mentioned earlier continued to contribute (Leser, 1981). Even though the Habsburg Empire had collapsed during World War I (WWI) Vienna continued to flourish intellectually. An obvious question that emerges from that fact is whether there was something special about Vienna during that period.

Schorske's explanation of the outburst of the fin-de-siècle period has attracted most attention, although his complex argument is not easily summarized. Schorske argues that political liberalism never gained a strong foothold in Vienna, and therefore the bourgeoisie turned to culture as an alternative outlet. He furthermore suggests that the collapse of the moral order and the failure of political liberalism generated a tension that allowed the Viennese intellectuals to foresee, as it were, the twentieth century (Schorske, 1980). Other commentators have emphasized the Jewish

¹ Some of the more notable cultural histories of the period are Johnston 1972; Janik and Toulmin 1973; Schorske 1980. There is a complete bibliography on the Habsburg Empire and its culture on my website: www.denktankvizier.org/wp-content/uploads/2015/02/Dekker-Bibliography-The-Habsburg-Empire-1700-1956-General-Surveys-and-Historiographies-2003.pdf.

background of many of the contributors to this Viennese culture (Wistrich, 1996). Additionally we should not neglect the fact that the Viennese society, especially during the Habsburg period, was extremely unequal. The cultural (and political) elite was formed by a couple of hundred families who were often related by blood or through more recent marriages. To give just one example, economists Böhm-Bawerk and Wieser were life-long friends, who attended the same prestigious gymnasium, later they both served in various political functions. Böhm-Bawerk later became minister of finance, and Wieser was appointed minister of commerce. Böhm-Bawerk also married Wieser's sister. Or take Hayek's description of the personal relations in Vienna:

I began to go through the list [of famous people from Vienna], and I found I knew almost every one of them personally. And with most of them I was somehow connected by friendship or family relations and so on. I think the discussion began, 'Did you know Schrödinger?' 'Oh, yes, of course; Schrödinger was the son of a colleague of my father's and came as a young man in our house'. Or, '[Karl von] Frisch, the bee Frisch?' 'Oh yes, he was the youngest of a group of friends of my father's; so we knew the family quite well. 'Or, Lorenz?' 'Oh, yes, I know the whole family. I've seen Lorenz watching ducks when he was three years old'. And so it went on.

(Hayek, 1979: 7–8)

And then Hayek is not even mentioning his family relations to the Wittgenstein family. We are familiar with Ludwig the philosopher, but Maurice Ravel wrote his famous 'Piano Concerto for Left Hand' for his Ludwig's brother Paul, an accomplished pianist, who lost his right hand during the war. The cultural world of pre-WWI Vienna in other words, is ill-described as cosmopolitan, it was a small village.

The situation, however, was different during the interwar period. Far from turned inward many intellectuals were politically motivated and active. Economic as well as social differences were diminishing and many migrants arrived, especially from the east following the break-up of the Habsburg Empire. During that period, the most important Viennese economic circles were formed (although they sometimes had pre-WWI predecessors). To understand the outburst of the interwar period, it is essential to study the Viennese circles ('Kreise'). In a recent article, Timms has produced a visual representation of these scientific and artistic circles in Vienna in which he suggests that there were as many as fifty (Timms, 2009: 25). Perhaps even more striking than the sheer number of these circles is their overlap. Earlier, we have already emphasized the importance of personal relationships, but these were further cultivated through the participation in a number of partly overlapping circles. If one did not know

someone directly, he was never more than one or two circles away. The historian Friedrich Engel-Janosi, for example, belonged to four of such circles (Engel-Janosi, 1974: 108–128). It should hence come as no surprise that gossip was pervasive in Viennese society; social bonds were thick.

A proper understanding of these circles is crucial to understand the contribution of the economists from Vienna for three reasons. First, because their work was the outcome of the debates between ‘members’ of these circles, the circles are the most important intellectual context (on the appropriate term to describe the members/participants of these circles, see n.3). Secondly the character of the knowledge that emerged from these circles differed from that produced in strictly academic settings. While in many other European countries modern universities were coming to dominate the intellectual atmosphere, Viennese intellectual life took place within the social sphere. While knowledge production became organized along disciplinary lines in many other European countries (and the United States), intellectual life in Vienna remained both broad and relatively informal. While in many other countries theoretical concerns came to dominate scholarly discussions, in Vienna such discussions were invariably tied to social and cultural concerns as, for example, has been shown by Janik and Toulmin for the work of Wittgenstein (Janik and Toulmin, 1973). Third, the strong identities formed in these circles influenced the identity and prospective careers of these economists in significant ways when they migrated to the New World. The biweekly seminar was one such ritual that was identity-forming, but we will explore many more of them in Section III.

The analysis, in this chapter, of a number of intellectual communities ties in with a shift away from the study of individual scholars to creative communities. This shift occurred slowly when in physics, historians of science realized that many of the great breakthroughs including quantum mechanics were achieved in small communities of about a dozen scholars (Heims, 1991; Cushing, 1994). A milestone was Collins’ monumental study *The Sociology of Philosophies*, which showed that nearly every major philosopher had been part of a face-to-face community (Collins, 1998). As Collins puts it in a later book: “the major thinkers are those most tightly connected to other important intellectuals (. . .). Successful intellectuals are the most socially penetrated of introverts” (Collins, 2004: 358).

This trend is also reflected by a recent issue of the journal ‘History of Political Economy’ (Spring 2011) devoted to intellectual communities. Robert Leonard contributed an article on Vienna to this issue. He describes in great detail how Morgenstern established a community of mathematical

economists during the early 1930s, and how this community was broken up by the rise of fascism and the consequent migration. Leonard mentions all the important factors that will be taken up in this article: “a pervasive feeling of anxiety; the close geographical confinement; the lack of anonymity; the presence of a cultivated elite; and the existence of a lively public sphere in which politics, science, and culture were objects of serious attention” (Leonard, 2011: 84). He, however, does not develop any of these themes to explain the Viennese circles; instead they are the background to the story of Oskar Morgenstern. Consequently, Leonard does not reflect upon the nature of intellectual life in Vienna, and how practices in such circles differed from those in academia. This chapter will, to the contrary, focus explicitly on the practices in such circles, and how they were situated more generally in Viennese cultural life.

In that sense the analysis is in line with the efforts of Edward Timms, who has sought to examine the practices and institutions that have stimulated and hampered intellectual life in interwar Vienna. For him, the overlap between circles is especially important, to which, what he calls, the erotic subculture contributed further (Timms, 1993; Timms, 2009). Timms, the biographer of Karl Kraus, does not pay much attention to economists, however. He instead studies more literary and artistic circles. He does observe that political factors play an increasingly important role during the interwar period, which is true for economists as well as I demonstrate below. So, more than either Leonard or Timms, we will study the alternative strategies pursued by Viennese intellectuals to establish legitimacy for their contributions and the rituals that sustained Viennese intellectual life, and that consequently shaped the character and style of their work.

1 Wiener Kreise, in plural

The most important circle (or *Kreis* in German) for the Viennese students of civilization was undoubtedly the Mises *Kreis*. It was centered round, as the name suggests, Ludwig von Mises and was held biweekly from October to May.² The summer season was spent away from Vienna in the

² The song of the Mises-Kreis, which frequent participants knew by heart, contained the lines: “Und dort geh ich hin, auch wenn ein Maitag ist / Süß und duftend wie keiner noch war” or in English: “I’ll be there for sure, even if it’s May/ And the day is the sweetest thus far”. For the songs, including the verse in the epigraph, I have used the translation of Arlene Oost-Zinner available at mises.org.

mountains by most of the affluent Viennese. The subject matter would range from philosophy and problems of phenomenology, to social sciences, economics and history. Mises liked to describe himself as ‘*primus inter pares*’ of this seminar, but he was probably quite clearly its leader. Or as he describes it, the participants: “came as pupils, but over the years became my friends” (Mises, 1942/1978: 97). The circle was initially a kind of continuation of the famous seminar Böhm-Bawerk had held before the war for his advanced students such as Schumpeter, Rudolf Hilferding and Otto Bauer. The seminar evolved into an intellectual community in which he truly was ‘*primus inter pares*’, but this was also when several of its participants decided to start their own (complementary or rival) seminars.

In Figure 1, I have collected circles that are most relevant to the group of scholars that we will analyze.³ In the middle, we see the Mises Kreis.⁴ The second prominent circle for us is the Geistkreis.⁵ This circle was formed by a group of advanced students around 1921 led by Herbert Fürth and Hayek. The regular participants of this group overlapped to a large extent with that of the Mises Kreis, but its focus was quite different. Members were asked to lecture on a field that was not their specialty and hence the focus was broader than in the Mises Kreis. Rather than just science the Geistkreis also discussed contemporary developments in literature, music

³ In the notes that follow, I will present lists of members or rather regular participants to these circles. Membership to most of them was not a formal but an informal affair; nonetheless there was a degree of adherence to the shared perspective from some participants that others did speak of members. Such a distinction is nicely illustrated by what Alfred Schütz recounts about the involvement of his friend Felix Kaufmann with the Wiener Kreis: “Kaufmann was never a member and refused to be considered as such, yet attended their meetings regularly” (Schütz quoted in Helling, 1984: 144). In the following lists you will find regular participants.

⁴ An alphabetical complete list of regular participants: Ludwig Bettelheim-Gabillon, Viktor Bloch, Karl Bode, Martha Stephanie Braun (later Steffy Browne), Walter Fröhlich (later Froehlich), Herbert Fürth, Gottfried von Haberler, Friedrich von Hayek, Marianne von Herzfeld, Felix Kaufmann, Fritz Kaufmann, Rudolf Klein, Helene Lieser-Berger, Rudolf Löbl, Getrud Lovasy, Fritz Machlup, Karl Menger, Ilse Mintz-Schüller, Ludwig von Mises, Oskar Morgenstern, Elly Offenheimer-Spiro, Paul N. Rosenstein-Rodan, Ewald Schams, Erich Schiff, Karol Schlesinger, Fritz Schreier, Alfred Schütz, Alfred Stonier, Richard von Strigl, Gerhard Tintner, Erich Vögelin (later Voegelin), Robert Wälder, Emmanuel Winternitz (list compiled from Kurriild-Klitgaard, 2003 and Craver, 1986).

⁵ An alphabetical complete list of regular participants: Otto Benesch, Friedrich Engel von Janosi (later Engel-Janosi), Walter Fröhlich (later Froehlich), Herbert Fürth, Franz Gluck, Gottfried von Haberler, Friedrich von Hayek, Felix Kaufmann, Fritz Machlup, Karl Menger, Max Mintz, Oskar Morgenstern, Georg Schiff, Alfred Schütz, Erich Vögelin (later Voegelin), Robert Wälder, Johannes Wilde, Emmanuel Winternitz (list compiled from Craver, 1986).

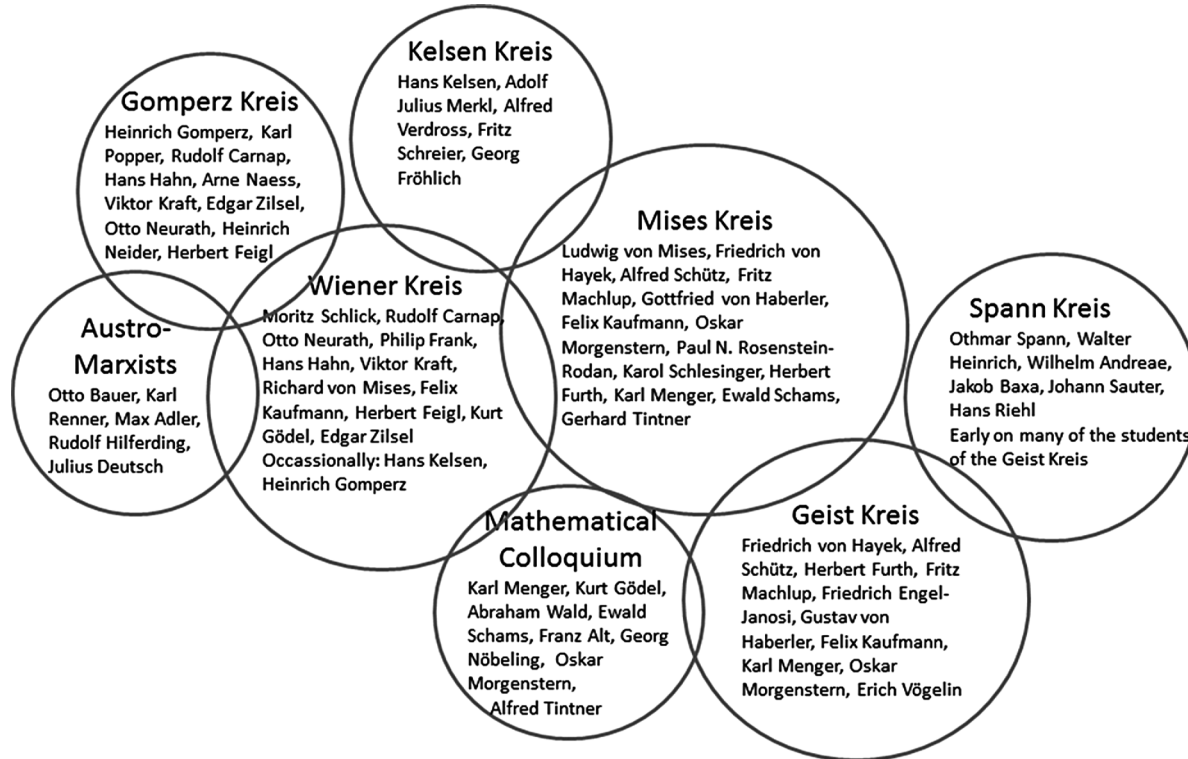


Figure 1: The Wiener Kreise most directly surrounding the Mises Kreis around 1928. For the sake of clarity I have limited the visual overlap between the circles, which in reality is often greater.

and art (for a list of subjects discussed see Engel-Janosi, 1974: 225–228). Some of its members graduated in law and later became well-established art historians. Since all members were roughly from the same generation there was less hierarchy than in the Mises Kreis. The Geistkreis did not meet in a fixed place, but circulated from one member's home to the next. Its focus was not only more cultural but they also frequently discussed the political situation in Vienna and when the time came, the possibilities of migration (Craver, 1986: 16–17).

Later in the 1920s the third important community for (future) economists was founded by Karl Menger (Carl's son), the Mathematical Colloquium.⁶ He and some of his friends became increasingly dissatisfied with the antimathematical atmosphere in the Mises Kreis. Discussions in the mathematical colloquium instead focused almost completely on mathematical subjects, and were in fact frequented more by mathematicians than social scientists. Like Mises emphasized the unity of the social sciences under the banner of human action, so the members of the mathematical colloquium felt that mathematics could be applied across a whole range of fields. Karl Menger himself would end up writing a mathematical book about moral beliefs and ethics, and the colloquium was the place where the existence problem of the economic general equilibrium model was first discussed. It was also where Kurt Gödel first presented his famous impossibility theorems about logical systems. While there was some overlap between this circle, the Geistkreis and the Mises Kreis, this community increasingly distanced itself from the other two circles, a process that Leonard documents in detail. Hayek and Mises increasingly wrote in defense of a civilization they believed was quickly disappearing, Morgenstern and Menger were increasingly attempting to purify their economics, increasingly emptying it of any 'political' content (see Leonard, 1998; Leonard, 2010; Leonard, 2011).

To do so, the participants of the Colloquium could draw inspiration from the discussions in what has become the most famous of the Wiener Kreise, *the Wiener Kreis* (or Vienna Circle).⁷ The Vienna circle was not a

⁶ An alphabetical (but perhaps slightly incomplete) list of regular participants: Franz Alt, Gustav Beer, Gustav Bergmann, Kurt Gödel, Hans Hahn, Bronisław Knaster, Karl Menger, Oskar Morgenstern, John von Neumann, Georg Nöbeling, Ewald Schams, Karl Schlesinger, Otto Schreier, Alfred Tarski, Olga Taussky-Todd, Alfred Tintner, Abraham Wald (compiled based on Ingrao and Israel, 1990 and Leonard, 2011).

⁷ A more or less complete list of regular participants: Gustav Bergmann, Rudolf Carnap, Herbert Feigl, Philip Frank, Kurt Gödel, Heinrich Gomperz, Hans Hahn, Olga Hahn-Neurath, Béla Juhos, Felix Kaufmann, Hans Kelsen, Viktor Kraft, Karl Menger, Richard

homogenous whole, as it has been portrayed in the past. There was at least an important division between the left wing of the circle, consisting of Neurath, Carnap, Feigl and Waismann, and a more conservative wing. In especially the work of Otto Neurath, but also in the pamphlet published by the circle *Wissenschaftliche Weltauffassung* (Scientific World Conception), there was a clear link between socialist and emancipatory ideals and scientific knowledge (Hahn, Neurath and Carnap, 1929/1979). The conservative wing of the circle headed by professor Schlick was more interested in pure science, free of values and metaphysics, the philosophical program for which the Wiener Kreis has become famous post- WWII (see also Reisch, 2005 and Dekker, 2014). At the same time there were links with the Mises Kreis via the phenomenologist Felix Kaufmann. One might expect the same via the Mises brothers Ludwig and Richard, but both brothers hardly talked to one another and pursued very different intellectual goals. Karl Menger, at various points in time, frequented all four circles we have discussed so far and was thus well informed on a very broad spectrum of intellectual discussions, and consequently was socially very well connected.

The left wing of the Wiener Kreis was closely connected with the Austro-Marxists who governed Vienna during the 1920s via the social-democratic party. The community of Austro-Marxists however is not really a circle, since many of the people associated with it held official political positions, and many of their organizations were far more institutionalized. There were, however, also links with the Mises Kreis, because many of the intellectual leaders of this movement had met Mises before the war at Böhm-Bawerk's seminar and at other occasions in the Viennese coffeehouses (Mises, 1942/1978: 88–90). Closely associated with the left side of the Wiener Kreis was Heinrich Gomperz, who, for several years also organized a circle.⁸ Gomperz was for a couple of years the most important teacher of Karl Popper and his seminar was frequently attended by many of the younger members of the Wiener Kreis.

Two other circles deserve to be mentioned. The first circle was formed around Hans Kelsen,⁹ a prominent law scholar who developed 'A Pure

von Mises, Otto Neurath, Rose Rand, Josef Schächter, Moritz Schlick, Olga Taussky-Todd, Friedrich Waismann, Edgar Zilsel (Stadler, 2003: n. 5).

⁸ I compiled a somewhat tentative list of its frequent visitors: Rudolf Carnap, Herbert Feigl, Heinrich Gomperz, Hans Hahn, Arne Naess, Olga Hahn-Neurath, Viktor Kraft, Heinrich Neider, Otto Neurath, Karl Popper, Robert Reininger, Edgar Zilsel (Heyt, 1999 and Stadler, 1994).

⁹ I compiled a somewhat tentative list of frequent participants: Josef Dobretsberger, Georg Fröhlich, Walter Henrich, Felix Kaufmann, Hans Kelsen, Josef L. Kunz, Adolf Julius Merkl,

Theory of Law' along positivist lines. He was widely known because he drafted the Austrian Constitution on behest of the Austro-Marxist chancellor Karl Renner. Kelsen was a good friend of Ludwig von Mises, although not a political ally – a combination of relationships with Mises not many could sustain (Hülsmann, 2007: 41). The other circle worthy of mention is that of Othmar Spann,¹⁰ who developed a universalist philosophy, and was a supporter of German nationalism (and consequently of the Anschluss). His romantic political-economic philosophies initially attracted many of the young students of civilization we have been analyzing, but they soon left Spann's circle. Spann was able to exert this influence over these young students because he held one of the professorships in economics at the University of Vienna. The other heir of the chairs once occupied by Wieser and Böhm-Bawerk, the two giants of Austrian economics, was Hans Mayer who failed to attract a circle of like-minded scholars (for more details see Craver, 1986).

These Kreise were not only important for the overlap between them and the mutual inspiration, but also for their mutual rivalry. The interwar work of Mises, Hayek and Morgenstern can only be understood as part of the ongoing conversations and discussions between these circles. The famous socialist-calculation debate was waged between Otto Neurath and Ludwig von Mises, and Morgenstern increasingly objected to the 'political' nature of the work of both the Austro-Marxists and the work of Mises. On a deeper level these communities were identity forming, one's membership to a Kreis or various Kreise formed one's intellectual identity, frequently well into the postwar years when many of the scholars had migrated.

2 Between coffeehouse and university

To describe the intellectual scenery in Vienna we need more than a description of the intellectual breadth of its circles, especially since we

Leonid Pitamic, Fritz Sander, Fritz-Schreier, Alfred Verdroß, Erich Voegelin (for an introduction to this circle see Jabloner, 1998 and the website of the Hans Kelsen Institute: www.univie.ac.at/staatsrecht-kelsen/kreis.php).

¹⁰ I compiled a somewhat tentative list of frequent participants: Wilhelm Andrae, Jakob Baxa, Walter Brand, Walter Heinrich, Hans Riehl, Johann Sauter, Othmar Spann, Friedrich Westphalen and early on many of the students of the Geistkreis (Haag, 1976; Wasserman, 2014; Craver, 1986). The most comprehensive work on the Spann-Kreis is the recent monograph by Wasserman, he argues: "Conservatively, the Spannkreis included several hundred active members in Vienna, most of whom were university-educated, often with advanced degrees" (Wasserman, 2014: 92). The Kreis, as we discuss it here, is smaller and consists of the active participants in the most advanced conversations. But at public lectures audiences were far greater, both for Othmar Spann as well as for members of other Viennese circles, see also the remarks by Karl Menger below.

started the chapter with the purpose to partially explain why cultural and scholarly life was so vibrant in Vienna. The cliché about cultural life in Vienna is that it took place in the famous coffeehouses, where one could sit and chat all day while paying for only one cup of coffee. As with all clichés, there is some truth to this. In fact, for many Viennese these coffeehouses were much more than just a pub, it was closer to a living room. It was where they read the newspapers, met their friends, and regularly had their mail and washed clothes delivered. Like any living room, there were very specific rules to be observed by its visitors. In certain cafés, for example, tables or even specific chairs belonged to some of the intellectual hotshots, and in some of the literary coffeehouses, each group of authors had their own table. Quarrels over such tables and the rights to it would not infrequently lead to physical disputes. As an homage to this tradition, one can find a life-size figure of the author Peter Altenberg who still sits in his regular chair in Café Central. To many it was a semipublic space where one could be together alone. The entire Mises-Kreis, to take one example, set off on their regular Fridays toward Café Kunstler. But contrary to the cliché, one might expect that they sometimes had more than one drink.

On a more serious level, the coffeehouse cliché is also in need of some correction; private spaces were at least as important for the circles (Fuchs, 1949: 5–16). None of the Kreise we discussed earlier actually met for their discussions in one of these coffeehouses, they all met in private homes or offices. The availability of such private spaces depended on private wealth and professional positions. We should not forget that the various ‘von’s’ we have been talking about were (inherited) titles of nobility. Some circles depended on more recently acquired wealth, the prime example was the Wittgenstein family who had acquired its wealth through iron and steel, and was estimated to be the wealthiest family of Vienna (after the Habsburgs presumably). On the other hand, social stratification did become less during the 1920s in Red Vienna.

Such processes of social integration did not always go smoothly. Take the Wiener Kreis where Moritz Schlick was the most prominent individual; not only was he the only one holding a professorship but he was also much wealthier than most other members. Schlick had always refused Otto Neurath into his house. Neurath had grown up in a working-class environment and he cultivated this background to some extent, frequently wearing a characteristic working man’s cap and refusing to adjust his language and accent. This led Schlick to exclaim: “I cannot invite this man; I cannot bear his loud voice” (Schlick quoted in Neider, 1973: 48). Neurath was undoubtedly somewhat offended that Schlick refused to receive him at his house,

but at the same time he made fun of the ‘aristocratic’ accent of Schlick. Such social inequalities had further consequences. Schlick could arrange certain jobs for his students, Feigl for example, became librarian at the philosophy faculty, but this also meant that Feigl was merely his assistant.

Mises too was quite good at arranging jobs for his students. In 1927 he even managed to set up a new institute under the umbrella of the Chamber of Commerce where he was secretary: the ‘Institut für Konjunkturforschung’ (Institute for business-cycle research). The first director of this institute was Hayek who could hire Morgenstern as his assistant. And Morgenstern was able to take over this position when Hayek left for a position as professor in London, first as managing director and later as director (Klausinger, 2006: 622). On the one hand, this can be interpreted as evidence that there were various opportunities for the Viennese scholars to get a job. On the other hand, it exemplifies the uncertainty in which they operated. The University of Vienna did not hire Jews and more generally offered very few opportunities for young (liberal) scholars (Klausinger, 2006; Klausinger, 2014). This made young intellectuals highly dependent on a few wealthy and powerful individuals. No wonder that the topic of migration frequently came up in the discussions of the *Geistkreis*. Even Mises was subject to these uncertainties and dependencies.

Around WWI all chairs in economics, then occupied by Eugen von Böhm-Bawerk, Friedrich von Wieser and Eugen von Philippovich, opened up. Böhm-Bawerk passed away and was succeeded by Carl Grünberg, an economic historian (Craver, 1986: 2). Othmar Spann filled the vacancy that opened up when Philippovich retired. Hans Mayer, who had already been considered for the position of Philippovich, ultimately succeeded Wieser in 1922 (Klausinger, 2014: 2–3). Perhaps more important, however, than individual factors – why Mayer and not Mises? and why not Schumpeter? – was a general trend at the University of Vienna. It failed to hire and/or attract the most talented individuals, and hence became increasingly marginalized in Viennese intellectual life. The effects for this were different for the various circles. Students of Spann had many opportunities within the University, but gained little international recognition. While members of the *Wiener Kreis* as well as those of *Mises Kreis* and the *Mathematical Colloquium* gained international recognition, but failed to acquire positions in Austria (Wasserman, 2014: 91). This was further reinforced by a growing anti-Semitism in Vienna generally and at the university in particular. Janik and Toulmin in their cultural history of Vienna even speak of an ‘authority gap’, by which they mean the absence of any legitimating

institutions in Viennese society and for intellectuals especially (Janik and Toulmin, 1973: 248, see also Fleck, 1996).

This authority gap was not complete, as Janik and Toulmin also recognize. For the left-leaning Viennese intellectuals, there was the opportunity to associate themselves with the social-democrats. During the 1920s Vienna was ruled by the social-democratic party, hence its nickname 'Red Vienna'. The social-democrats set up extensive social programs most famously to improve the housing conditions in Vienna. This development did not improve matters for the liberal-conservative students of civilization. For them, the changing political wind meant that political positions that many Viennese economists had occupied before WWI had become unavailable. Schumpeter, as an exception did obtain such a position. His position as liberal economist, but officially neutral expert, in a socialist government however was bound to cause insurmountable problems, which it quickly did, greatly damaging his reputation (McCraw, 2007: 96–103).

Another institution that was still standing strong was the gymnasium system, which provided a solid basic intellectual knowledge for many in the Viennese elite. Gymnasiums such as the Schottengymnasium that Böhm-Bawerk, Wieser and no less than three twentieth-century Nobel Prize winners attended were of a high quality. This gymnasium system, however, was also a reflection of the highly stratified society of Vienna. In his reminiscences Karl Menger points to yet another factor that contributed to Viennese intellectual life:

The unusually large proportion of professional and business people interested in intellectual achievement. Many members of the legal, financial, and business world; publishers and journalists, physicians and engineers took intense interest in the work of scholars of various kinds. They created an intellectual atmosphere which, I have always felt, few cities enjoyed.

(Menger, 1994: 9)

This interested group of professionals regularly participated in the *Kreise*. To give some examples from the participants of the Mises Kreis: Mises combined it with his work at the Chamber of Commerce, and established the business cycle institute. Karl Schlesinger was also a banker, Machlup worked in his parents' cardboard factory, and Schiff was a newspaper editor (Schulak and Unterköfler, 2011: 133–135). It was also from this professional class that a more general audience could be drawn, for example, for the public lecture series that various members of the Wiener Kreis organized.

Intellectual life, as a consequence, became separated from the official institutions. Famous is the artistic Viennese 'Sezession' movement

(literally: separation), which sought independence from the existing artistic styles and institutions. It is not unhelpful to think of Viennese intellectual life as also separating itself from the official institutions. This is in line with Schorske analysis of the failure of political liberalism in Vienna. For the scholar, however, it meant that, like the artists of the Sezession, he or she was in need of alternative institutions, alternative sources of finance, alternative sources of legitimacy, even an alternative identity.

3 The rituals of the Kreise

Academic life is so full of rituals, that we sometimes hardly notice them: extensive rituals when (PhD) students graduate, or when a professor accepts a chair or retires and smaller rituals such as the celebration of centenaries of famous predecessors, or the opening of our academic year. Such rituals have a double function: they honor the people involved, the renowned scholar or the graduate, but they also legitimize the institutions that organize such rituals. A conference about economics is an opportunity for individuals to present themselves and their scholarship, but it also legitimizes the discipline of economics, and its particular subdisciplines. Not least importantly, such rituals keep a discipline alive, if they are successful at least. They ensure the continued scholarly conversation about a particular subject. Such legitimization was not self-evident in Viennese intellectual life. A position at the University of Vienna was the exception rather than the rule, and the continued conversation often depended on particular individuals within the Kreise, rather than on more formalized and official institutions. It should thus perhaps come as no surprise that Viennese intellectual life was full of rituals, and alternative strategies to establish legitimacy. These rituals could also help to establish a scholarly identity for the intellectuals in Vienna, so that they could give an answer to those piercing questions: who are you and what do you do?

Although no one has, to my best knowledge, ever paid very particular attention to the function of such rituals in the Wiener Kreise, we are fortunate to know quite a bit about the rituals themselves. Kurrild-Klitgaard for example, describes a whole series of them. The meetings of the Mises Kreis always started punctually at seven on a Friday evening. Mises would be sitting at his desk and usually he had a large box of chocolates that he passed around. The meeting would last until half past nine or ten, after which the participants would have dinner at the Italian restaurant 'Anchora Verde'. Those who wanted to continue the discussion would then head to Café Künstler (Kurrild-Klitgaard, 2003: 47). But

undoubtedly the most striking ritual of the Mises Kreis has to be the songs that Felix Kaufmann wrote in honor of the seminars. The songs deal with the critical spirit of the circle ('Geschliffener Geist in Mises-Kreis'), particular debates within the circle, the Austrian tradition ('Der letzte Grenadier der Grenznutzenschule'). Other songs were written for special occasions; there is a song of celebration for the opening of the statistical institute, a goodbye song to Mises when he departed for his position in Geneva in 1933 and a song lamenting this departure. One of the most striking of these songs is called 'Der Nationalökonom im Paradies' (The economist in Paradise). So no, that is not a typo in the subtitle of this chapter in case you were wondering.

Now it is easy to think of these songs as a kind of curiosity, but that would be too easy. Many years later, Haberler was still able to sing these songs word for word, and he emphasizes that all regular participants could recite these songs (Haberler in Kaufmann, 1992: 9–10). The songs were written to well-known melodies and Haberler stresses that these songs were meant to be sung, not to be read (although even reading them is a delight). Such rituals established a certain rhythm to the meetings of the Mises Kreis, and provided a sense of belonging where the university could not do so. The songs legitimized the discussion taking place in the Mises Kreis. Take for example, the following fragment: "An economist moved to Germany/ A learned position to pursue / This should have been a certainty /For in Wien he'd learned a thing or two / But the good man learned the tragic tale / Marginal Utility was deceased" (Kaufmann, 1992: 21–22).¹¹ In the official Mises-Kreis song, all the rituals discussed, including the delicious chocolates, are celebrated. In the final verse of the song – the epigraph to this chapter – Kaufmann wonders whether all these intellectual discussions lead anywhere, while life outside goes on as usual. Was it not easier to follow the stream, instead of attempting to change its course? Only to conclude affirmatively: "And yet there's no tradeoff at hand/ Somehow we must take a stand" (Kaufmann, 1992: 28).¹²

Such rituals established internal coherence and legitimacy, the overlap between the circles meant that a strong internal identity would also become known in other circles. In fact, there was a curious interdependence

¹¹ In German: "Nach Deutschland zog Jüngst ein Volkswirt hin/ Der wollte sich unterfangen / Auf Grund einer venia legendi in Wien / 'ne Professur zu erlangen / Da hörte der Brave die traurige Mär / Die Grenznutzenschul' sei gestorben".

¹² Once again I have used the translation by Arlene Oost-Zinner. In German Kaufmann concludes: "Doch weiss man ja, hier gibts keinen Tausch".

between all these Kreise. The identity of such circles was often defined in opposition to other circles. The Mises Kreis was opposed to the positivism of the Wiener Kreis and the romantic universalism of the Spann Kreis. The Geisteskreis was more informal and more cultural than the Mises Kreis. It was also only open to men and restricted to twelve members. A degree of secrecy was not alien to these circles, Mises in his recollections written around 1940 explains: "Outsiders knew nothing of our meetings; they merely saw the works published by the participants" (Mises, 1942/1978: 98). But who in the intellectual elite of Vienna was really an outsider? The Mises Kreis was well known in intellectual circles in Vienna and far abroad, and regularly foreign visitors joined the seminar. The most prominent foreign visitor was perhaps Lionel Robbins, who would later offer Hayek a professorship at the LSE. That who was, and who was not, invited to the meetings was, however, sometimes a sensitive issue becomes instantly clear from the following passage from Popper's autobiography:

The Circle [Wiener Kreis] was so I understood, Schlick's private seminar, meeting on Thursday evenings. Members were simply those whom Schlick invited to join. I was never invited, and I never fished for an invitation. But there were many other groups, meeting in Victor Kraft's or Edgar Zilsel's apartments, and in other places; and there was also Karl Menger's famous 'Mathematisches Colloquium'. Several of these groups, of whose existence I had not even heard, invited me to present my criticisms of the central doctrines of the Vienna Circle.

(Popper, 1976: 84)

The reliability of Popper's autobiography has been questioned by some, but it is beyond doubt that the tension between him and the Wiener Kreis was as much social as intellectual. Popper's biographer Hacoen writes about the issue: "his personality made collaboration difficult. Even Popper's defenders [within the Wiener Kreis], Carnap and Kraft, admitted that he was a social problem" (Hacoen, 2000: 209). So we should perhaps also read Popper's claim that he did not know 'these groups' with some suspicion. Perhaps he did know them, but was upset for not being invited to join.¹³ His recollections at least make the extent to which rivalry was part of this intellectual environment somewhat clearer.

¹³ The insider-outsider discussion is also interesting with respect to the very negative essays that both Schumpeter and Hayek have written about intellectuals (Schumpeter, 1943/1976: 145–155; Hayek, 1949). One is tempted to think of the Viennese scholars of the interwar period as (public) intellectuals but in their search for legitimacy they had to distance themselves from outsiders. Their repeated arguments against intellectuals or men of science are perhaps best understood as an attempt to create a professional identity outside academia, they are testimonies of a certain existential angst.

The Wiener Kreis is also interesting to study for its search for legitimacy. Its most famous publication is a manifesto *Wissenschaftliche Weltauffassung*, which is usually translated somewhat awkwardly into ‘Scientific World-Conception’. Let us pause for a moment, to realize what is happening here. A group of philosophers (!) who seek to purify science from metaphysics and values publish a manifesto. The pamphlet or manifesto was, and is, a rather revolutionary form: Marx and Engels published a manifesto, and the Italian Futurists published one to declare a revolution in art. It is, however, not the form one would expect from a group of philosophers. In fact, the most traditional of them, Moritz Schlick, was seriously taken aback by the publication (Mulder, 1968). The pamphlet as a scientific form is of course still far from accepted, but understood as an alternative strategy to seek legitimacy it makes sense. It succeeded in providing the Wiener Kreis with a clear identity, and the movement soon attracted followers in other countries (McGill, 1936; Gruen, 1939). It also provided the stimulus for cooperation between members of the Wiener Kreis and the cultural avant-garde in Europe. Especially Otto Neurath and those around him set up connections with the Bauhaus in Weimar and later with the CIAM (Congrès International d’Architecture Moderne). Neurath had also founded a museum for the education of the public through visual statistics, where he and others found employment. If not through the University these communities could build a strong reputation through associations with other social institutions and movements.

Even though there were, thus, clear alternative strategies to establish legitimacy, looking back on the interwar situation in Vienna, it becomes clear that the situation was ultimately unstable. The uncertainty and the lack of official positions made it tempting to migrate. The more senior and successful scholars and artists were the first to migrate, not uncommonly before the political situation in Vienna became critical. Hayek for example, already migrated in 1931, when the circles were still operating as usual. The domestic situation did become more problematic in 1934 when the Dollfuss government came into power. Between 1934 and 1938, the year of the Anschluss, Austria was ruled by the Austrofascists and public life was increasingly restricted. Mises, who expected the worst for the future, left for Geneva in 1933, only to move to New York in 1940. The Wiener Kreis was particularly disturbed by the shooting of Moritz Schlick, by a former student. Although the murder was not motivated by anti-Semitic sentiments, the press did justify the murder in such terms (Stadler, 2003: xvi). Migration was not easy for everyone. Those with little international visibility depended on friends from Vienna who migrated earlier. Karl Popper

for example, had to migrate to New Zealand in 1937 where he held a low-prestige job at the university. The adaptation to these foreign *and* academic cultures would require a separate chapter, but it is safe to say that this process was not always easy. Individuals with considerable prestige in the Kreise of Vienna sometimes ended up at the bottom of the ladder at rather marginal universities.

It is tempting to argue that first Austro-fascism and later the Anschluss with Nazi-Germany caused the migration, but that might also be too easy. The social situation for many of the intellectual talents was uncertain even apart from the political situation. On the one hand, the Viennese intellectuals were, as Fürth wrote years later to Hayek, 'spoiled' by the intellectual stimulation around them (Fürth quoted in Hennecke, 2000: 25). On the other hand, they could not obtain an official academic position, they were dependent on not more than a handful of powerful and wealthy individuals, and there were few signs of future improvement. So when Hayek was offered a position at the LSE, he knew what he left behind, but also what he stood to gain. What also helped in his particular case was that he was offered a full professorship. Overall it is doubtful how long Vienna would have been able to retain its greatest talents, even if the political situation would have remained stable.

4 Conversation as scholarly practice

Another central aspect of the Viennese tradition is emerging from our analysis of the Kreise: the importance of the conversation. They were opportunities to meet *face-to-face*, to share ideas, to spar, to argue, to stimulate one another and to interact. The conversation, or the seminar was the center of Viennese intellectual life, it was the scholarly *practice* par excellence for Viennese intellectuals. Not experiments, not armchair observations, not statistical methods, not modeling, but talking. One of the downsides for the historian is that little remains of such conversations. All we have left are some lists of topics discussed during the seminars. In fact if one looks back on the interwar period one notices a peculiar absence of written work. Hayek hardly published anything during the 1920s, and was hired at the LSE based on the *lectures* he delivered there. Mises *wrote* his most important books before and after the flourishing period of his seminar. I certainly do not want to claim that there was no output, but it seems that the conversations were indeed more important than the written word. On the other hand, I do believe that many of the participants of the Viennese Kreise were able to draw on these conversations for the rest of

their careers. As such, much of the visible output only came much later, when they migrated to an academic culture in which the written word, and academia itself was far more important than it was in interwar Vienna.

If they did write, it was just as often a contribution to some contemporary political debate as it was an academic paper. In fact, a recent volume that collects the writings of Mises during the interwar period shows that his reflections on political and economic developments far outweigh the more traditional academic-economic issues (Mises, 2002). Additional in-depth research is needed to definitively answer the causal question of whether this different character of their work was caused by the specific intellectual culture of interwar Vienna, I certainly do get that impression from my study of the Wiener Kreise. This impression is further strengthened by the image that Reisch paints of the Wiener Kreis in Vienna. He portrays them as a practical, a political *and* philosophical movement. He shows to what extent this practical and political side of their work was misunderstood and ultimately smothered by the American academic culture and Cold War political pressure (Reisch, 2005).

This, as we will discuss in more detail in Chapter 9, is also evident in Hayek's nostalgia for the Viennese circles and his desire to recreate them when the opportunity presented itself. He realized that to some extent they had been 'in Paradies'. Kaufmann's song with that title emphasizes the negligible role of the economist in a world without scarcity, the Viennese students of civilization, however, thrived in this world of abundance: the abundance of intellectual conversations. It has also become clear that while the intellectual culture might have been ideal, the situation was far from ideal in other respects. The Viennese intellectuals longed for more security, both politically and careerwise. Nonetheless, I think it should make us pause for a moment that some of the major contributions in economics, philosophy, political philosophy and so many other fields originated in an intellectual environment that was free from disciplinary boundaries and other academic constraints. These contributions originated from an environment in which interaction was absolutely central, and in which scholars mainly practiced the art of conversation. In these conversations there were no clear borders between science, society, culture and politics (they were all part of the conversation about civilization). The goals that these scholars consequently pursued were often as much social, cultural and political (civilizational, if you pardon the neologism) as they were academic. But enough for now, about the practice of conversations, let us turn to what they were about.