Was There Really a German Historical School of Economics?

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The German Historical School of Economics (GHSE) is a set piece in contemporary treatments of nineteenth-century economic thought. The rubric is deployed first and foremost to bracket the efforts of Wilhelm Roscher, Bruno Hildebrand, Karl Knies (together, the school's "older generation"), Gustav Schmoller, Georg Friedrich Knapp, and Karl Bücher (the "younger generation"); to a lesser extent it is intended to capture also the work of other scholars, ranging from the truly obscure to such larger-than-life figures as Friedrich List, Max Weber, and Werner Sombart. Like socialism and economic nationalism, the term functions in our historiography primarily as a foil to the dominant classical paradigm. Beyond this negative function, though, there lies a certain unease about what the GHSE stood for, how it "fits" (Betz 1988; Lindenfeld 1993). I will argue here that this is because the concept of a German Historical School of Economics is itself infelicitous, and that it will better serve our purposes as students and teachers to reconceptualize that literature as part of a broader movement in postclassical economics.

What is wrong with the received view of a GHSE, then? To put only slightly too fine a point on it: the heterodox movement in economics that we have learned to call the German Historical School was in reality neither German, nor historical, nor a school. Let us consider each of these three negations in some detail.

Not Historical

The idea of a specifically "historical" economics is no ex post facto invention; the aforementioned economists seem themselves to have welcomed the appellation. We see this already on the title page of the inaugural publication of Roscher, the "school's" first dean: Outline of Lectures on Political Economy, according to the Historical Method (1843). A clue to the true import of this adjective can be gleaned from the most oft-quoted line in the book, where Roscher (1843, 2) stated his desire to do for economics "something akin to what the method of [Friedrich Carl von] Savigny and [Karl Friedrich] Eichhorn has achieved for jurisprudence." In other words, Roscher was explicitly hitching his own research program to the coattails of the German Historical School of Jurisprudence. No one aware of the tremendous prestige of historical jurisprudence in modern German culture can doubt that Roscher’s claim was a masterstroke of marketing, itself no dishonorable thing. But the poignant question here is not whether it served the purposes of Roscher and his successors to claim the mantle of a better-established German Historical School--clearly it did--but whether it serves our own purposes to continue toting that mantle at third hand. Arguably, it does not. 1

On the one hand, the adjective historical does not serve well in what should be its primary task, namely, to distinguish German economics from the classical mainstream. How fair is it, after all, to call the classicals ahistorical? Was not a dynamic conception of long-term economic development the very raison d’être of their system, distinguishing them, far more than any analytical niceties, from their neoclassical heirs? There is a real sense in which classical economics was ethnocentric, not to say simply erroneous by any standard; but it is quite misleading to confuse weaknesses of that sort with ahistoricality.
Nor, on the other hand, is nineteenth-century German economics itself particularly well served by the word historical. In the first place, [End Page 548] few members of the GHSE published works that would normally be termed histories. And when in their thematic discourses they argued for the great variability of economic action and artifacts, they were as likely to adduce cross-sectional data (in the form of ethnographic and statistical reports) as longitudinal ones; even their longitudinal counterpoints to the present would often cite not the evidence of the past, but their own speculations about the future. This was a far cry from the practice of the historical jurists, not to mention that of professional historians. Roscher himself seems to have recognized as much by the time he wrote his History of Political Economy in Germany (1874, 1032), in which he began to give the broader adjective realistic pride of place over historical: "The tendency which now dominates economics in [German] universities has rightly been called arealist one. It seeks to take people just as they are in fact: as motivated by very diverse motives— including noneconomic ones—, as pertaining to a quite specific folk, state, epoch, and so forth." History, then, was but one strand in a cord meant to tether economics to the world of experience.

At this juncture it might be objected that we are missing a basic point, which is that history is not about the past per se, but that any empirical, individuating analysis (roughly, "splitting" as opposed to "lumping") partakes of the historical spirit and hence can justly bear that title. As Gottfried Eisermann (1956, 1) has put it in his Intellectual Foundations of Historicism in German Economics, "Historicism" (Historismus) should be taken to mean not simple historicity, but rather consciousness of "eternal becoming [der ewige Werdfuß], along with a sense for the uniqueness, indeed the inimitability of all phenomena." In other words, historical should be taken to denote historicist in the methodological sense of idiography, the renunciation of generalizing theory in favor of fidelity to actual events in all their irreducible individuality; no propositions in the human sciences can transcend time and place, the way physical laws seem to do. But if this is to be the connotation of "historical", it applies to the GHSE no better than do the more naive senses of the word. Anyone familiar with the literature of the school can confirm that its members typically reasoned just the way we would expect practicing scholars of the nineteenth century to do: they were children of their own positivist age, whose careful empiricism was no end in itself but a means to the higher end of robust generalization.

The foregoing assertion needs little defense as regards the "older" GHSE (Roscher, Hildebrand, and Knies). Most scholars accept in large part the well-known barb that Roscher had done no more than serve up "historical sauce on a classical dish" of nomothetic reason. Hildebrand and Knies are more problematic figures, in that they criticized classical method for facilely transposing the universal laws of physics into the far more complex realm of human action. But even Knies, the more antinomian of the two, allowed that the cultural artifacts of very disparate times and places could be generalized, so long as the correlations posited were understood to be statistical and not causal. All told, we may accept Schumpeter's (1954, 507) verdict that the "older Historical School . . . while appreciating the importance of historical research, displayed no hostility toward 'theory.'" It is more of a challenge to say the same of the "younger" GHSE, but still it can be done. The towering figure in this group was Schmoller, who, it must be admitted, came as close as has any economist to the idiographic pole of historicism. In his capacities as both author and editor, he brought forth a truly impressive quantity of historical monographs. Moreover, in his famous Methodenstreit with Carl Menger during the 1880s, Schmoller seemed willing to associate himself with a programmatically antitheoretical inductivism. And Menger, to judge by the title of his broadside Errors of Historicism (1884), was ready in turn to tar the whole GHSE with the brush supplied to him by Schmoller. Was he right to do so? [End Page 550]
No, he was not. On the one hand, practicing members of the "younger" GHSE felt no particular obligation to eschew generalization. Some of them worked on relatively "pure" theory, like Knapp (monetary theory and the economics of transportation), Bücher (industrial organization), Lujo Brentano (wage theory), and even Schmoller himself (taxation and insurance). And even when they wrote descriptive economics, theory peeked through: in their ready recourse to "ideal types" and other factual generalization that enjoyed provisional validity across time and space, and in their repeated efforts to reduce diverse economic outcomes to the operation of rational (i.e., economizing) adaptation to variable environments or preferences or both. By the time the "youngest" GHSE rose to prominence with Weber and Sombart, the association of German economics with curatorial obscurantism was altogether untenable.

On the other hand, by the turn of this century Schmoller was retreating from the more dubious theoretical positions he had defended in the heat of the Methodenstreit. His magnum opus, the Outline of General Economic Theory (1901-4), was, as the title suggests, not hostile either to generalization or to theory. Still later, in an encyclopedia article titled "Economy, Economics, and Economic Method," Schmoller ([1890-94] 1911, 434) explained his mature position. Like the neo-Kantians, he made a fundamental epistemological and methodological distinction between the idiographic "cultural sciences" (Geisteswissenschaften) and the nomothetic natural sciences, and reckoned history to the former category. But he went on to insist that economics "belongs to those sciences which must apply the methods of both natural science and cultural science, according to circumstance." Like Adam Smith, "modern German science put man and society at the center of [economics], but in so doing they did not exclude natural-scientific methods, general concepts, or regularities (Gesetzmäßigkeiten); they did not claim that all the phenomena of economic life are individual and unique." 7

A related point is that the term historical misleads in so far as it implies that the GHSE won substantial acceptance within the guild of historians proper. In fact, historians were more likely to hold up the economists as exemplars of how not to do history (Pearson 1997, 131-35). Fritz Hartung (1938, 295-96), for example, faulted Schmoller--and by extension, of course, the many "historical" economists who[End Page 551] were less monographically inclined--for "the slight exactitude of his statements," and for his goal of "arriving at a 'big picture' [Gesamtbild], in which the details are blurred" (quoted in Kaufhold 1988, 229). As Georg von Below (1904, 148), a leading German economic historian of his generation, summed the matter up in his article "Toward an Evaluation of the Historical School of Economics," the problem with Schmoller (and thus his whole school) was that "he does not take seriously enough the 'historical' economics which he purports to represent." Any professional historians so bold as to follow the social scientists in their quest for the "big picture"--most notoriously Karl Lamprecht--were far likelier to discredit themselves than to draw their colleagues in tow.

As a normative program, moreover, historicism has long been associated with ethical relativism and, ultimately, with moral and political quietism. After all, once one has followed Leopold von Ranke to the point of accepting that all ages are equally close to God, what scope remains for social criticism and reformist zeal? This is a question fraught in both theory and practice, but we can state without reservation that members of the GHSE did not shy away from value judgments or from political engagement, as witnessed by the close association of the GHSE with Germany's "social question," and especially with the Association for Social Policy (Verein für Socialpolitik), founded in 1872 specifically to address that question. Once again, our conclusion must be that historical obscures more about the GHSE than it clarifies.
Finally, and perhaps most compellingly, historical is an unhappy choice because of its high opportunity cost, by which we mean the fact that it displaces other terms that suit the GHSE better. One might, for example, prefer "evolutionary" to "historical" economics. Evolution was a key concept by means of which the economists in question reconciled universality (of process) to riotous diversity (of observed data); the prominence of economic stage-theories (Stufenlehren) from the time of List through that of Sombart attests to its centrality, as does Roscher's definition of economics as "the theory of the laws of evolution of the economy" (quoted in Schmoller [1890-94] 1911, 430), or Schmoller's injunction that economic theory "should be subordinated to the idea of evolution, which dominates contemporary science" (448). 8 [End Page 552]

One notable drawback of the term evolutionary is that it applies far better to the GHSE's broad summary statements than to the careful monographic studies that, quantitatively at least, constitute the bulk of its literature. In this respect a better choice is institutional, for that literature is truly shot through with a concern for (a) showing how various rules and customs impinge upon economic activity, (b) explaining those institutions, preferably in terms of economic structure, and (c) asking which social and political constitutions best succeed in cultivating functional institutions. Even moreso than evolutionary, institutional succeeds in drawing a sharp and revealing line between the GHSE and the classicals, who surely understood that institutions could vary, but who were not interested in tracing out the implications of that fact (Pearson 1997, 6-20). And like Roscher's original appropriation of historical, the term institutional serves today to draw the attention of academic fashion, in this case to turn the GHSE from a derelict cul-de-sac into the lost anteroom of the new institutionalism and constitutional economics.

Best of all, in my opinion, would be to reconceptualize the GHSE as a "cultural economics." Cultural shares the substantive advantages of institutional, with the added advantage of a gesture toward tastes and ethics alongside rules and customs. All four of these variables were treated with care and subtlety by the GHSE--usually from an ultimately materialist perspective, but by no means dogmatically so. This much is apparent not only in the GHSE's political engagement, but strikingly also in their analytical reflections, for example in the long introduction to Schmoller's Outline (1901-4, 1:6-75), the lion's share of which is taken up by a section titled "The Psychological, Moral [sittlich] and Legal Foundations of the Economy, and of Society in General." 9 Although not notably marketable in this day and age, cultural economics has a pleasingly oxymoronic ring about it, and it serves further the very practical purpose of reminding us just how narrow a hand's breadth separated the GHSE from the nascent fields of sociology and anthropology. Even if the invocation of culture causes a few economists to reach for their revolvers, it is a price worth paying. 10 [End Page 553]

Terms like evolutionary, institutional, and cultural economics have yet another advantage in that they invite connection to other German economists who were mining the same intellectual vein as the GHSE, but whose work may have lacked sufficient explicitly historical content for the conventional wisdom to include them in the "school" itself. Likely candidates for inclusion in this new, more ecumenically defined movement would include:

1. Weber, who is often considered a marginal figure in the GHSE, but who was in fact in the thick of things.

2. Adolph Wagner ([1876] 1892-94) and Albert Schäffle ([1858] 1873, 1875-78), who had a great deal to say about institutional selection even though they used little in the way of historical evidence.
3. The "Austrian School" of economists, especially Menger and Friedrich von Wieser, who pursued institutional analysis alongside their other microeconomic projects. 11

4. The "social law" movement in economics (Sozialrechtliche Richtung der Nationalökonomie) associated especially with Karl Diehl and Rudolf Stammler.

5. Schumpeter, who built his theory of business cycles around the "entrepreneurial personality," and whose Capitalism, Socialism and Democracy (1942) identified institutional trends and traced them to economic structure.

6. The ORDO movement, centered around Eucken and others in the second third of the twentieth century, which rediscovered the centrality of institutional structure in economic performance.

But most of all, by reconceptualizing the GHSE we may reasonably hope to right the most glaring of historiographical wrongs, namely the divorce of this school from the Marxian system. Karl Marx and the GHSE held one another in mutual contempt, to be sure, but theirs was the hostility of close relatives. Conventional wisdom has long held that Marx and the GHSE were fundamentally at odds over G. W. F. Hegel and the Hegelian conception of history, the former repudiating it while the latter embraced it. Now, Marx scholarship over the past six decades has come increasingly to accept a substantial residuum of teleological and metaphysical reason even in Marx's most mature work; less remarked upon, but equally remarkable, is the skepticism with which the GHSE generally viewed Hegel and his style of thought (Betz 1988, 417-21; Pearson 1997, 22). The upshot is that, all protests and postures notwithstanding, Marx and the GHSE shared a conflicted patrimony in the idealist and materialist impulses of German scholarship. Once the false antinomy has been swept away, the strong analytical affinity of the two movements, whether we choose to call it an "evolutionary," "institutional," or "cultural" approach, should help lay the groundwork for a typically German conception of economics.

Not German

But was cultural economics really a German economics? Yes, in the limited sense that the German-speaking world was known to be the Mecca of this style of thought, the intellectual milieu in which it came closest to hegemony. But it was emphatically not a German economics in the sense in which it has commonly been interpreted (not least by many Germans themselves), as an emanation of the Teutonic Sonderweg that barely resonated elsewhere. 12

Early institutional economics can indeed be traced in large part to early modern German social thought, and especially to the tradition of Staatswissenschaft, which sought to equip policymakers with a firm grasp of social formations past and present (Pearson 1997, 20-22). But while it is heuristically convenient to see all culturally sensitive social thought as rooted in the German Enlightenment, it does not bear very close scrutiny. After all, Great Britain--and especially Scotland--can claim several pioneers in the empirical analysis of social institutions, including David Hume, Adam Ferguson, and Smith (especially in his Lectures on Jurisprudence); in the nineteenth and early twentieth centuries it was home to Henry Sumner Maine, Sir John Lubbock, and Paul Vinogradoff. France, of course, was the land of Montesquieu, and was later a center of social history and sociological inquiry.

Within economics proper, too, German speakers could never have managed to establish any national claim to the institutional approach. To do so would have been to invite ridicule from those who knew the literature best. The British Isles had produced Richard Jones, T. E. Cliffe Leslie, John Kells Ingram, and Walter Bagehot; their empirical scruples were later reflected in
the theoretical treatises of J. Shield Nicholson and Alfred Marshall. The francophone world also produced institutional analysis, in the work of Emile de Laveleye (whose Primitive Property ([1874] 1878) was as epoch-making as anything by his German counterparts), Jean-Gustave Courcelle-Seneuil, Jules Dupuit, Gustave de Molinari, Paul Leroy-Beaulieu, and others. Among Italian economists, the work of Marco Minghetti, Fedele Lampertico, and Augusto Graziani addressed those same issues, as did particularly that of Achille Loria, whose Economic Foundations of Society ([1893] 1910) rivaled Marx in its commitment to evolutionary determinism. This movement found expression also in the United States in the writings of Arthur T. Hadley (Cross and Ekelund 1981) and E. R. A. Seligman, and especially in the so-called American Institutionalism (now often termed "Old Institutional Economics") associated with Richard T. Ely, Thorstein Veblen, and John R. Commons. With the later development of economic anthropology under the influence of Karl Polanyi, cultural economics became an established mode of dissent from the neoclassical mainstream of American economics. All these counterparts to the German literature shared its brief moment of prestige in the late nineteenth century, and all were similarly swept into relative obscurity by the formalization and professionalization of the discipline early in the twentieth century.

Not a School

Intellectual historians often sketch out "schools" without defining their terms exactly; but most would probably assent to a ready definition of a school as a group of thinkers so like-minded that they not only agree on the relevant questions, but tend also to arrive at the same answers. In Kuhnian terms, a school practices "normal science." Along these lines, Schumpeter (1954, 507) concludes that the "older" GHSE did not, "in any useful sense, form a group, let alone a school." 13 How much less likely, then, is the GHSE as a whole to merit that title? And how much unlikelier still the international movement of cultural economics with which we have proposed to supplant it?

It is hard to identify the exact genesis of this misnomer, though a likely source is Roscher's 1874 History of Economics in Germany. His final chapter, "Overview of the Most Recent Developments," included some thirteen pages (1032-45) on the intellectual patterns we have been reviewing here. In the text of these pages Roscher did not refer to the emergence of a "school," but merely a "tendency" (Richtung). Where the term school did appear prominently was in the individual page headings, presumably as the choice of an editor rather than of the author himself. Whether or not we can blame this terminological folly on editorial idiosyncrasy, we can certainly stipulate the following: to call this diverse group a school makes about as much sense as, say, lumping Keynes and Friedman in a single "monetary school of economics" merely because they were likewise motivated by similar questions.

Let us illustrate this dissension on the example of the economic analysis of law. As I have argued at some length elsewhere (Pearson 1997, chaps. 2-4), the findings of early "law and economics" were substantially more diverse than those of the latter-day movement. To begin with, there was no consensus on what the ultimate factors were that had made the institutions of the empirical world so multifarious. Many explanations, indeed most, reduced the differentiation of rules to varying geographic, demographic, or technological environments, to which homo economicus was constrained to adapt. But many other explanations stressed that, at determinate times and places, such principles as [End Page 557] altruism and group solidarity could and did overbalance the acquisitive urge. In particular it was often argued--most famously by Weber, Sombart, and Polanyi--that economic man was only one genus among several that had risen to undue prominence in modern western social thought, because the modern West was where it had come to predominate in fact. Once the
anthropological blinkers of classical political economy were lifted, it was revealed that economic man had indeed evolved out of something different, and that even the contemporary world held examples of cultures where something more complex and interesting than sheer cupidity governed economic action. And according to Schmoller, for one, future human evolution would probably issue in greater moral refinement than was known to the present or the past. At the extreme (here Veblen and Pareto are the loci classici) it was sometimes argued that human action, and not least economic institutions like property and slavery, never resulted from the rational pursuit of consistent preferences. Their genesis was in human "instincts" or "propensities," which could not be reduced to some universal principle but had, rather after the fashion of behaviorist psychology, to be accepted at face value.

Opinion was similarly divided over the question of which economic institutions best served the public interest. The received view of the GHSE is that it toed a basically dirigiste line, one that accepted private ownership and enterprise while reserving to the political authorities full discretion to intervene wherever and whenever they saw fit. 14 Closer inspection, however, reveals a wide plurality of institutional prescriptions, ranging from Roscher's fairly doctrinaire vindication of negative liberty through to Karl Rodbertus's flirtations with state socialism. And once we broaden our scope of vision to cover the whole range of "cultural economics," any attempt to capture in one conception the liberalism of Bagehot, the communitarianism of Laveleye, and the statism of Wagner, is bound to fail.

Finally, regarding the political constitution itself, the matrix in which so many social institutions are generated and sustained, "cultural economics" again spoke in many voices. Many idealized representative government as the political system best suited to the reconciliation of [End Page 558] divergent interests (e.g., Roscher 1892; Laveleye [1874] 1878; Bücher 1879; Oppenheimer [1907] 1914). Others objected that in many instances only a strong executive authority could ensure the common weal (e.g., Hildebrand 1869; Loria [1893] 1910; Schmoller 1901-4; Wieser 1905, 1910). Others argued that the task of articulating law would often be best left to a judicial mandarinate (e.g., Commons 1924; Diehl 1929); still others argued that optimal rules could evolve spontaneously, as social equilibria, in the absence of any overarching political constitution (e.g., Menger [1883] 1985; Scheel 1877; Hildebrand [1896] 1907; Pareto 1896-97; Wieser [1914] 1928; Weber [1922] 1978). Once again, the conclusion must be that the GHSE was no school, and the broader movement still less so.

Conclusions

This article's rhetoric has been primarily negative, pointing to the inadequacies of the conventional wisdom of a GHSE. In closing, let us adopt a positive tone and state briefly the pedagogical value of folding the GHSE into a larger movement of "evolutionary," "institutional," or "cultural" economics. First of all, simplicity is a virtue in and of itself. By linking Roscher and Schmoller to Marx, Weber, Loria, Veblen, and Polanyi, we wield Occam's razor to its best effect. Second, it is clear that while "historical economics" can hardly be called a living movement, "evolutionary economics" and "institutional economics" are both "hot" topics in their own right today, and there are at least some indications that culture is of growing significance in economic analysis, albeit from a very low base (North 1990; Hahn 1991; Casson 1993; Greif 1994; Bergstrom 1996; Gray 1996; Temin 1997). Third, lest we forget that a history of economics curriculum should deepen a student's knowledge of history as well as of economics, these broader reconceptualizations provide more robust insight into the intellectual timbre of the century between about 1830 and 1930. True, it was a century of historical consciousness, but this in itself was not particularly novel. What set that century
apart from the ones preceding was a new way of looking at the human story, one concerned more with evolution than with divine providence, with understanding than with judgment, with social practice rather than with high politics. History was a part of this, of course, but it was not the defining feature.

Finally, there is the not inconsiderable matter of doing greater justice [End Page 559] to the members of the so-called German Historical School of Economics themselves. As things stand, "historical economics" no longer evokes the grand tradition of the German historical jurists, but instead has been locked into an association with a dogmatic aversion to generalization and synthesis. But this position is simply untenable; and in filiating the critique of classicism with larger, more constructive projects, we may recover for the movement some of the relevance it is due.

Notes

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1. An analogy might be drawn to the mischief wrought by our uncritical acceptance of the term mercantilism, a "school" stylized by detractors whose interests in so doing were also as much rhetorical as analytical.

2. It is worth noting that one member of the GHSE, Knies, is remembered as a pioneer in economic statistics.

3. Joseph Schumpeter (1954, 808) seems to have allowed as much in his own treatment of the GHSE: "Of course the term History must be interpreted broadly so as to include both prehistoric and contemporaneous fact and the contributions of ethnology."

4. Here we, like Eisermann, are of course following the lead of Friedrich Meinecke ([1936] 1972, Iv), who argued that "the essence of Historismus is the substitution of a process of individualizing observation for a generalizing view of human forces in history" (quoted in Betz 1988, 412).

5. Thus we cannot accept the oft-pressed claim (e.g., Winkel 1977, 83-89) that the "historical consciousness" of the GHSE points to an intellectual filiation with German Romanticism.

6. Eisermann (1956, 237) makes the same point, negatively: "When one subjects their testimonials to a profound analysis, as we have, [one sees that] the representatives of the older Historical School of Economics, despite their ever-repeated declamatory demand for a 'historical method,' clearly did not ever seriously believe in the possibility of creating such a 'historical method' for theoretical economics; indeed, in the strict scientific sense, they never could have taken it seriously."

7. On Schmoller's theoretical outlook, see also Bruch 1988, 230-32.

8. Thus in one sense, the rather idiosyncratic Popperian one, the GHSE might fairly be termed historicist. It is by no means implied here that these broad evolutionary theories were notably
convincing, only that they were assiduously cultivated. On the various stage-theories of economic history, see Hoselitz 1960.

9. Thus we agree with Walter Eucken's (1940, 474) assessment of Schmoller as presenting the evolutionary process "in the form of an ethical-biological conception of progress. The whole historical process appeared to him to be a process of moral progress, the upshot of which was better institutions" (quoted in Kaufhold 1988, 227).

10. It is telling that some historians of economic thought have seen fit to define historical economics in a way that rings far closer to our stylization of cultural economics than to anything having to do with history. We may cite in this connection A. W. Coats (1954, 147-48), whose depiction of the "historist reaction" in English economics features his observation that "a change of emphasis in the interpretation of the scope of economics occurred during [the second half of the nineteenth century] as a reliance on an economic 'approach' to social phenomena tended to supplant references to a specifically 'economic' range of subject-matter"; or Harald Winkel (1977, 92), who states with regard to Carl W. C. Schüz that "his attention to the ethical-moral element, the concern for . . . solidarity as the leading principle in economics is the true quest of economic historicism."

11. See, for example, Menger [1883] 1985, book 4, chap. 2; appendix 8. According to Menger, "The solution of the most important problems of the theoretical social sciences in general and of theoretical economics in particular is thus closely connected with the question of theoretically understanding the origin and change of 'organically' created social structures" (quoted in Boettke 1989, 80; cf. also Grimmer and Romani 1996, 17). This evolutionary approach to social institutions was passed into the strand of contemporary Austrianism associated with Friedrich Hayek (e.g., 1967, 1973-79), though not into that of Ludwig von Mises.

12. The term Sonderweg (special path) denotes the widely held belief that German historical development in the modern period has been essentially distinct from that of its neighbors, especially those to its west and south. It is worth noting that early histories of economic thought (e.g., Gide and Rist [1909] 1948 and Bell 1953), while they did employ the unfortunate term historical school, were less prone to the third error of labeling it German. That latter error, at least, is of more recent vintage.

13. See also Lindenfeld 1993, 406. T. W. Hutchison’s (1953) seminal history of economic thought similarly avoided ascribing to this tendency the term school (thanks to Grimmer and Romani 1996 for this point).

14. As H. K. Betz (1988, 411) puts it, "Common to all [members of the GHSE] was a belief in progress and in the perfection of man by means of deliberate action by the state, representing the Gemeinschaft of which the individual is part."

References


