

CHAPTER ONE

LUDWIG VON MISES, 1881–1973

THE PURPOSE OF this short work is to provide a picture of Ludwig von Mises, the economist and social thinker. Such a picture must consist primarily of lines and brush strokes representing Mises' ideas, and explaining how these ideas differed importantly from those of his contemporaries. The subsequent chapters offer such accounts and explanations. But a picture consists of more than lines and strokes; it includes the canvas upon which these are imposed. The story of Mises, the intellectual and the scholar, cannot be appreciated unless it also includes brief attention to the human and historical context within which Mises' intellectual contributions emerged. This chapter seeks to give a brief survey of this human and historical context, a survey that will be brief not only because of space limitations, but also because many of the details of Mises' life, interesting though they may be for a full-length biography, are not, in fact, directly relevant to an appreciation of his intellectual stature.¹ I include in this chapter only those salient features of his biography (and of its historical background) which seem necessary in order for the development of Mises' economic and social ideas to be rendered coherent and understandable.

Vienna: The Early Years

Ludwig von Mises was born on September 29, 1881, in the city of Lemberg in the Austro-Hungarian empire. His mother was Adele (Landau) von Mises; his father, Arthur Edler von Mises, a construction engineer in government service to the Ministry of Railroads, died at the age of forty-six (after a gall bladder operation) when Ludwig was a twenty-two-year-old university student. (Ludwig's only sibling to survive into adulthood was his younger brother Richard, who was to become a noted mathematician, Harvard professor, and probability theorist.) Although his birthplace was hundreds of miles away from the imperial capital, Mises was to spend some forty years of his life in Vienna. From the age of eleven he spent about eight years attending the Academic Gymnasium in Vienna, after which he became a student in the Faculty of Law and Political Sciences at the University of Vienna. With an interruption of about one year's military service (at the conclusion of which he received his commission as lieutenant in a reserve artillery regiment), Mises spent about five years at the university, winning high university honors in the areas of juridical studies, social sciences, and history of law, and being awarded the degree of Doctor of Laws in 1906.

The bulk of Mises' work in economics up to this time was under the influence of teachers imbued directly or indirectly with the ideas of the German Historical School (about which more will

be said in subsequent chapters), and Mises had, by the time he received his doctorate, already published several scholarly works in historical economics research. Mises was, however, already beginning to rebel against the methodological and ideological tenets of that school, presumably partly as a result of his reading Carl Menger's *Grundsätze* at the end of 1903²—an experience which, he later described, made an “economist” of him (NR, 33). It was apparently after receiving his doctorate that Mises came under the powerful personal influence of Eugen von Böhm-Bawerk (who, after retiring from prestigious service as Minister of Finance of the Austro-Hungarian empire, began to conduct his famous seminar at the University of Vienna in 1905.)³ Mises attended Böhm-Bawerk's seminar for a number of years until he was himself admitted to the (unsalaried) rank of *privatdozent*, permitting him to lecture at the university, in 1913. It was during this period that his own systematic understanding of economics developed, along the lines pioneered by Menger (with whom he had extensive personal discussions (NR, 35) and Böhm-Bawerk, culminating in Mises' own pathbreaking 1912 work on monetary theory. This book established Mises as an important economic theorist in his own right, and was the foundation of his subsequent fame as a leading exponent of the “Austrian School.”

After several years of engagement in various professional economic responsibilities, Mises obtained a position in 1909 at the Austrian Chamber of Commerce (a quasi-governmental body directly concerned with national commercial and industrial policy). It was his work in this capacity which, especially after the end of World War I, thrust Mises squarely into the controversial public issues of his time and brought him into contact with many of the leading Austrian political, industrial, and financial personalities. Mises' career as economist thus developed, from the very beginning, as one combining academic research and university teaching with the very practical work of an economic public policy specialist at the center of ferocious political and policy debates.

The state of academic economics in Austria (and the rest of the continent) will be outlined in the chapter following this one. And it is not difficult to recognize the obvious relevance of Mises' earlier work in monetary economics for the public policy issues which reached the crisis point in the hyperinflations of the early twenties. Here we simply note the fact that Mises' early years as doctoral student, university lecturer, and public policy economist were years of social and political change and turmoil. The old courtly world of Imperial Vienna, center of the vast but crumbling Austro-Hungarian Empire, was giving way to a postwar milieu in which entirely new economic and political winds were to blow with an unprecedented ferocity.

Mises was himself, in his old age, to write about the political and ideological currents already at work in continental Europe around the turn of the century. There is no doubt that the views he expressed reflect his youthful impressions of the social context within which his lifelong convictions were forged. Mises saw the controversies that raged between the dominant German intellectuals in social science and the Austrian economists led by Menger, and subsequently Böhm-Bawerk, as having

a significance extending far beyond the substance or methodology of economic theory. Most of the German professors, Mises wrote, “more or less eagerly made propaganda in their writings and in their courses for the policies of the Imperial Government: authoritarian conservatism, *Sozialpolitik*, protectionism, huge armaments, and aggressive nationalism” (HSAS, 23 f). Mises saw the Mengerian School as the champion of liberalism, as the last intellectual source of hope for the preservation of freedom and civilization in the face of the dangers posed by statism and by Marxism. From his perspective at the outset of the last third of the twentieth century, Mises saw, in fact, a “straight line that leads from the work of the Historical School to Nazism,” from “Schmoller’s glorification of the Hohenzollern Electors and Kings, to Sombart’s canonization of Adolf Hitler” (HSAS, 33-34). In memoirs written several decades earlier (1940), Mises also traced the cataclysmic twentieth-century events for which Marxism and Nazism have been responsible to the teachings of the German Historical School. He reports that Menger had (apparently well before the turn of the century) foreseen that the policies pursued by the European powers would “lead to a horrible war that will end with gruesome revolutions, with the extinction of European culture and the destruction of prosperity of all nations” (NR, 35). It was in this charged ideological atmosphere that Mises’ own ideas developed and crystallized.

Mises himself experienced the hardships of war. During World War I he saw active service at the front in the Carpathians as a first lieutenant, but after getting typhoid in 1917 he was called back to Vienna to work in the economics division of the Department of War¹⁰ (MYWM, 25 f). It was his work in that capacity, together with his reflections on the political turmoil which was to follow the conclusion of hostilities, which led him to publish his second book, *Nation, Staat und Wirtschaft*, in 1919. (The book was translated into English many years later by Professor Leland Yeager under the title *Nation, State and Economy*). Mises was later to describe that work as “a scientific book with political design. It was an attempt at alienating the affections of the German and Austrian public from National-Socialist (*Nazi*) ideas which then had no special name, and recommending reconstruction by democratic-liberal policy” (NR, 66). This tone of the work captured the passion which was to characterize Mises’ writings throughout his life. He saw the results of his scientific work as enormously significant for practical policy, if a civilized society was to be created and preserved.

Vienna After World War I

During the years immediately following the war’s end, Mises’ stature as a Viennese intellectual came to be well established. Several aspects of his work during these years contributed to his prominence in the Vienna of the twenties. His 1919 book did not receive extensive attention. But his 1922 work *Die Gemeinwirtschaft* (published in English in 1936 as *Socialism: An Economic and Sociological Analysis*)—a work thoroughly out of step with both the strong political momentum toward socialism in Austria immediately after the war and the generally favorable attitude of intellectuals at that time toward

socialism—placed Mises squarely in the eye of the storm of public debate. Expanding on a seminal 1920 article on the pure economics of socialist central planning, Mises laid out in this book not only his now-famous critique of the possibility of socialist economic calculation, but also his extensive economic and sociological critique of socialism in general. This work made Mises the archenemy of all those who saw Mises' ideal of a liberal (free-market) society as an old-fashioned reactionary ideology discredited by twentieth-century intellectual-progressive developments.

At the same time, Mises' rapidly expanding responsibilities at the Chamber of Commerce during these years of postwar turmoil involved him directly in the central political and policy issues of the day. Although formally only a staff member at the Chamber, in fact Mises' influence became national in scope. In Mises' own words (written some two decades later): "In the Chamber I created a position for myself.... My position was incomparably greater than that of any...Austrian who did not preside over one of the big political parties. I was the economist of the country" (NR, 73 f). In his memoirs Mises describes how he persuaded the Marxist Otto Bauer to refrain from installing a Bolshevik regime in Vienna during the winter of 1918-19 (NR, 18 f). But Mises' success was severely limited. "Supported only by a few friends I waged a hopeless fight. All I achieved was to delay the catastrophe. The fact that in the winter of 1918-19 Bolshevism did not take over and that the collapse of industry and banks did not occur in 1921, but in 1931, was in large part the result of my efforts" (NR, 74).⁴

It was during these early postwar years that Mises acquired the reputation of obstinacy and intransigence—character traits which more friendly observers would later interpret as the expression of Mises' consistency, incorruptibility, and intellectual (and political) courage.⁵ Mises himself recognized and defended his "intransigence," seeing himself as intransigent only in matters of science. "I always drew a sharp distinction between my scientific and political activity. In science, compromises are treason to truth. In politics, compromises are unavoidable.... In the Austria of the postwar period I was the economic conscience" (NR, 75).

Mises was able to use his prestige as a specialist in monetary economics to help stem, to some extent, the threat of disastrous inflation in Austria during the early twenties. "If it had not been for our passionate agitation against the continuation of the deficit and inflation policy, the crown in early 1922 would have fallen to one-millionth or one-billionth of its gold parity of 1892.... This catastrophe was avoided.⁶... The Austrian currency did not collapse like the German currency in 1923.... Nevertheless, the country for many years had to suffer from the destructive consequences of continuous inflation."

Looking back at Mises' activities during these early years of the twenties, it seems altogether remarkable that, at the same time as he was involved in such dramatic political and policy activity, he should have been able to find the time, the patience, and the peace of mind to write the scholarly works which poured from his pen. Moreover, Mises maintained his university affiliation during these years, lecturing and leading his university seminar. In addition he led his own famed *Privatseminar*,

which met every two weeks in his Chamber office. (This seminar, to which we shall refer again in chapter 2, attracted some of the finest young Viennese intellectuals. Some of these were to become world famous economists, historians, sociologists, or philosophers. They included F. A. Hayek, G. Haberler, F. Machlup, E. Voegelin, Alfred Schutz, Felix Kaufmann.) It is no surprise to read that, at least to his friends, Mises was seen, already in those years, as “the greatest living mind in Austria” (MYWM, 22).

The truth is that, although Mises would have much preferred a full professorship at the university—a position that would have permitted him to engage entirely in research and teaching—this opportunity was consistently denied him. Mises, admitted to the university as lecturer (“Privatdozent”) in 1913, received the title of Associate Professor (“ausserordentliche Professor”) in 1918, but never did obtain a full university professorship. Hayek tells us that Mises blamed this on anti-Semitism; but in his memoirs Mises makes no mention of any such “explanation.” Instead, Mises writes: “I recognized rather early that as a classical liberal a full professorship at a university in German-speaking countries would always be denied me” (NR, 93). “A university professorship was closed to me inasmuch as the universities were searching for interventionists and socialists” (NR, 73). One of Mises’ Vienna students, Dr. Fritz Kaufmann, referred to Mises’ often being treated, in those years, with hostility. “This hostility was apparently the reason for the fact, otherwise hardly understandable, that he never became a full professor at the Vienna University, which he certainly would have deserved on the basis of his scientific and scholarly importance” (MYWM, 2nd ed., 202). Mises’ influence at the university was limited, in particular, by the hostility of Hans Mayer (successor to the full professorship occupied earlier by Mayer’s teacher, Friedrich von Wieser), who, at least in Mises’ recollection, “occupied his time with...mischievous intrigues against me.”

It was in late 1925 that Mises first met Margit Sereny-Herzfeld, whom he was to marry some thirteen years later. She had been widowed several years previously, had earlier pursued a successful career as an actress in Germany, and was the mother of two young children. In her published recollections of her life with Mises, Margit von Mises included several letters which Ludwig von Mises sent to her in the years after they met. Clearly Mises had fallen deeply in love, and in fact proposed marriage to her in 1926. Mrs. Mises explained that soon after their engagement, Mises “grew afraid of marriage, the bond it would mean, the change that children would bring to a quiet home, and the responsibilities that might distract him from his work.” “Lu thought of the task he had set himself, the tremendous work that was ahead of him, all the writing he wanted to do.” He faced “the choice between his work and duty to his intellectual ideals on the one hand, and a life of love and affection on the other” (MYWM, 27).

The Years in Geneva

In her recollections (which she wrote in order “to reveal Ludwig von Mises as he really was: a great thinker, a great scholar, a great teacher—but still a lonely man with a great need for love and affection” [MYWM, 7]), Margit vividly describes the tense years in Vienna both prior and subsequent to the almost cataclysmic 1931 bankruptcy of the Credit Anstalt (a crash and the consequences of which Mises had predicted). She also opens up a window into Mises’ human character and personality. These were turbulent years; Hitler’s 1933 rise to power in Germany was to fatally endanger the independence of Austria.⁸ Mises was fully aware of the near inevitability of an eventual Nazi takeover. He had no illusions concerning the danger to his own safety. And indeed, later, on the very night in 1938 when the Germans marched into Vienna, they entered the apartment where Mises had lived with his mother and drove away with his library, writings, and documents in thirty-eight cases (MYWM, 35). No doubt this awareness was partly the explanation for the circumstance that, when in 1934 he was offered an opportunity to join the faculty of the Graduate Institute of International Studies in Geneva, Switzerland, he immediately accepted the offer. His departure for Geneva in October 1934 ended a major chapter (or several chapters) in his life and career, but was to open an entirely new series. By all accounts Mises’ six years at the “Institut” (as he often referred to it) in Geneva brought him satisfaction and peace. “For me,” he would write in his memoirs, “it was a liberation to be removed from the political tasks I could not have escaped in Vienna.... Finally, I could devote myself completely and almost exclusively to scientific problems” (NR, 137). In his preface to *Human Action* (1949), Mises would describe the “serene atmosphere of this seat of learning,” in which he was able to write a major treatise on economics. It is not difficult to understand why, in Margit von Mises’ assessment, “[he] never had been so happy as he was in Geneva” (MYWM, 54).

And it was in Geneva in 1938, twelve years after first proposing marriage to her, that Ludwig von Mises married Margit Sereny-Herzfeld. The witnesses were Hans Kelsen, famous international legal authority, and Gottfried von Haberler, eminent economist at the League of Nations. Mises, whom his friends viewed as the epitome of confirmed bachelorhood,⁹ had, after years of hesitation, finally married. If the first fifty-seven years of his life were largely years of loneliness, the last thirty-five were to be years of increasing reliance on the protective, loving care of his Margit. If his earlier hesitations had something to do with the fear that marriage might hamper his scientific work, it seems clear that his later work was to owe a very great debt indeed to the unswerving confidence, unstinting encouragement, and sustaining care with which Margit supported him to the day of his death in 1973. Indeed, Mrs. Mises was to devote her years following Ludwig’s death to the publication of his writings (as well as both of their memoirs). Margit was to write that, when they married, she knew that a successful marriage required that her husband’s “work should be more important to [her] than anything [she] could do” (MYWM, 45). There is no doubt that it was this conviction which was to sustain Mises for the rest of his life, and beyond.

Mises' Character and Personality

In her memoirs Margit von Mises gives us, if not an impartial picture of her husband and of their marriage, at least a nuanced and remarkably candid view of his character and personality. Ludwig von Mises was a strong man who carefully controlled his emotions, but to Margit his affection was overpowering (MYWM, 44). And his commitment to his responsibilities was impressive. On one occasion in Geneva, he slipped and fell on the ice, hurting himself severely. Despite his injury (which a subsequent x-ray was to reveal as a fracture) and the terrible pain he must have experienced, he proceeded to deliver his scheduled lecture and to direct the following discussion (MYWM, 53 f). Yet during the early years of their marriage (as well as during the Vienna years), Margit reveals, Mises was subject to frightening outbursts of temper. “His temper would flare up, mostly about a small, unimportant happening. He would lose control of himself...when it happened the first few times I was frightened to death.” Gradually, she writes, she came to realize that these “terrible attacks” were really “a sign of depression,” a hidden dissatisfaction and “the sign of a great, great need for love.” These occurrences became less frequent after their marriage and disappeared completely after a few years (MYWM, 44). But that Mises’ anger could continue to inspire fear is confirmed by his subsequent relationships with the former students of his Vienna days. Hayek has reported that “Mises was very resentful of any criticism by his pupils¹⁰ and temporarily broke both with Machlup and Haberler because they criticized him.”¹¹ Margit has described the episode in which (during a 1965 Mont Pelerin Society meeting) Machlup provoked his teacher’s anger (MYWM, 145 f). And Machlup has himself given an account of the episode, the outcome of which was that “for a number of years [Mises] refused to speak to [me].”¹² After Margit persuaded Ludwig to relent and was able to restore “the same friendly atmosphere that had existed in former years” (MYWM, 146), Machlup nevertheless “strictly avoided ever discussing again any questions of monetary policy with him or in his presence.”¹³ It is worthy of note that, in later years, several of these same pupils (including especially Machlup, Haberler, and certainly Hayek) consistently displayed remarkable personal loyalty and concern for Mises’ well-being—in spite of any resentment that Mises may have at one time or another expressed toward them.

Despite the loyalty of his pupils, Ludwig von Mises was a man who inspired sharply divergent personal assessments. His strong doctrinal positions inspired persons hostile to those positions to see him as intransigent, extreme, and lacking in compassion. As Machlup was to put it several years after Mises’ death, “[n]o wonder...that interventionists, monetary expansionists, socialists, egalitarians, and laborites disliked Mises, or even detested him.”¹⁴ And it was of course precisely Mises’ strong doctrinal positions that led those supporting those positions to see him in a brilliantly favorable light. “With an indefatigable enthusiasm, and with courage and faith undaunted, he has never ceased to denounce the fallacious reasons and untruths offered to justify most of our new institutions,” wrote

one admirer.¹⁵ In addition, however, to the substance of his doctrinal positions, it seems clear that the “intransigence” and passion with which Mises pursued his doctrinal positions (and perhaps the violent temper which Margit von Mises has described for us) contributed to the list of excuses used by those who chose to reject not only his teachings but also Mises as an individual—while his admirers saw only “his poise, his bearing, his European graciousness...his kindness and understanding to graduate students.”¹⁶ They marvelled that he had “at his disposal a store of historical culture, the treasures of which are animated and illuminated by a form of humanity and Austrian wit rarely to be found on the surface of this globe.”¹⁷

The First Years in New York

The happiness and serenity of Mises’ life in Geneva was sharply interrupted by World War II. Although neutral, Switzerland was not seen as providing any assurance for the safety of Mises, blacklisted by the Nazis, in a European continent overrun by the German armies. When France fell in June of 1940, Mises reluctantly agreed to his wife’s insistence that they migrate to the U.S. (MYWM, 54). (Soon after arriving in the U.S., Mises himself wrote, somewhat cryptically, that he left his position at the *Institut* “because [he] could no longer face living in a country that considered [his] presence a political liability and a danger to its security” [MYWM, 138]). In a chapter in her memoirs entitled “Escape from Europe,” Margit von Mises has provided us with a fascinating account of the month-long journey—parts of which were fraught with some danger—that took Ludwig and her from Geneva by bus, train, plane, and finally ship through France, Spain, and Portugal until, on August 2, 1940, they landed in the U.S.

Their physical safety was now assured, but this move was clearly a major setback to Ludwig von Mises’ career. He was leaving a well-paid faculty position at a prestigious institution of higher learning, in a continent where his name was widely known in both academic and political circles, for a new country where—largely unknown, at an age close to sixty, and without complete familiarity with the language—his chances of resuming a successful academic career must surely have seemed slim. Although Mises entered the U.S. with a non-quota visa based on a hastily arranged invitation to take a six-month position as “lecturer and research associate professor” at the University of California, Berkeley, it seems doubtful if he ever expected that position to offer a permanent opportunity for him (MYWM, 55). In any event, soon after arriving in New York he “decided not to go to Berkeley. He felt that New York was the cultural center of the United States and it was here that he wanted to stay” (MYWM, 64). And, indeed, his first years in the United States were difficult ones, both professionally and financially. A number of Mises’ friends from Europe were helpful, and a number of his former students (including Alfred Schutz and Fritz Machlup) did their best to find a suitable academic position for their former mentor, but none such was ever offered to him. Mises gave guest lectures at Columbia, Harvard, and Princeton, but received no serious offers from any prestigious university.

And it was not until 1945 that Mises was appointed to a “Visiting” Professorship at what was then a fledgling, hardly top-flight institution, New York University’s Graduate School of Business Administration.

Clearly, apart from his age, Mises’ unfashionable political and methodological positions in economics rendered him less than welcome in the front tiers of the U.S. economics profession. It would not have been surprising were Mises, after his arrival in the U.S., to have receded into a bitter, penurious old age, nourished only by memories of his former prominence. It is a tribute to his resilience, determination, and personal and intellectual courage that this was not the case. We may perhaps be tempted to raise our eyebrows at Margit von Mises’ assertion that the twenty-five years beginning with the year 1943 “were the most productive and creative of [his] life” (MYWM, 89). But it is certainly the case that this period was one during which Mises built for himself a virtually new career, published a remarkable list of books and papers in the English language, won the friendship of a loyal group of new, American supporters, and inspired a number of American academic disciples who would, decades later, successfully spread his ideas to at least a significant minority of the economics profession around the world.

The several years between his arrival in the United States and his appointment at New York University were years of adjustment for Ludwig and Margit. In Margit’s words, Mises “missed his work, his books, and his income”; his spirits, she writes, were at a low point (MYWM, 63). A reading of his memoirs (which he wrote during the first months after his arrival in New York) not only confirms this, but also brings to one’s attention a certain tone of bitterness toward his academic and political foes of earlier years. Yet Mises did not permit any such antipathy to cloud his dealings with his new surroundings. By his wife’s account of those years, Mises plunged vigorously into the New York scene, making new friends and contacting old European acquaintances, colleagues, or students. The West Side of New York’s Manhattan was the area where Ludwig von Mises wished to live; its nearness to the theater district and to the New York Public Library meant much to him. A December 1940 grant from the Rockefeller Foundation to the National Bureau of Economic Research (NBER) to support Mises’ work initiated an affiliation that was to last until 1945, and this provided a modest source of livelihood.

A small but growing number of American friends and admirers also developed, partly as a result of the enthusiasm and influence of Henry Hazlitt and Lawrence Fertig. Hazlitt was a prominent economic journalist, financial editor of the *New York Times*, who had become enormously impressed by the 1936 English edition of Mises’ *Socialism*. This had led him to correspond with Mises in Geneva; he was to be a constant source of support for Mises in the years ahead. Hazlitt arranged for Mises to write a series of articles for the *Times*, and these 1942-3 articles caught the attention of key officers of the National Association of Manufacturers (NAM), leading to a series of assignments for Mises during the subsequent years. Lawrence Fertig had an influential weekly economic column in

the *World Telegram*; he often mentioned Mises and his ideas in his columns (and in his frequent television appearances). In addition, beginning in 1952, Fertig was for many years a member of the New York University Board of Trustees (MYWM, 148). Margit von Mises writes of Hazlitt and Fertig that “they had recognized immediately that Lu was not a man interested in money for himself. So they both did for Lu what he could not do. They made sure that, financially, Lu got ground under his feet again” (MYWM, 90).

Perhaps as a result of his NAM connections, Mises was in 1943 brought into contact with Leonard Read, then General Manager of the Los Angeles Chamber of Commerce. Read was deeply impressed by Mises’ strongly held convictions concerning the dangers of government intervention into the free market. In 1945, with the help of a number of influential and wealthy businessmen of vision, Read established the Irvington, New York–based Foundation for Economic Education (FEE). The Foundation’s goal was educational, not political. Read and his colleagues wished to communicate the philosophy of free markets to the American public. Soon after its founding, Read made Mises a regular member of the FEE staff. Mises’ association with FEE was to be a gratifying part of his work over subsequent decades. By late 1946, therefore, Mises had established himself in his new country, both personally and professionally. And in that year he acquired U.S. citizenship—something he valued greatly (MYWM, 70). He and Margit had, since 1942, occupied a comfortable West Side apartment where his study had a view of the Hudson River. His personal library had arrived from Geneva. He held a visiting professorship at New York University and a staff position at FEE. These two positions enabled him to maintain both his teaching and his writing activities. Most important of all, perhaps, was that by 1946 he was in fact busy at work on his magnum opus, *Human Action*, the expanded, rewritten English version of the treatise he had published in Geneva in 1940, *Nationalökonomie*.

The 1945-1973 Years

Human Action, published by Yale University Press, crystallized Mises’ lifelong contributions to economic understanding. It was a major 889-page statement which systematically surveyed Mises’ original ideas concerning economics, economic method, the market process, monetary and business cycle theory, and comparative economic systems (socialism and interventionism as contrasted with the market economy). But the work also included Mises’ appreciation for the crucial significance of economic understanding for the preservation of freedom and civilization in human society. It was a work the size and intrinsic importance of which, despite the unpopularity and unfashionability of its positions, did not permit it to be entirely ignored. For those who valued Mises’ passionate defense of free markets, the work was to become something of a manifesto. In more general terms, this work was to define Mises’ role in the postwar economics profession and his place in postwar American social thought.

The truth is that the dynamics generated by changes in mainstream economics since the thirties, by Mises' migration to the U.S., and by his attempts to reestablish his career in his new surroundings, resulted in his occupying a position in American social discussion which subtly altered his image. During his Geneva years (and, with certain qualifications, also in his Vienna years), Mises was seen primarily as an academic economist whose contributions to the science were recognized, despite their controversial implications for social policy. But by the 1950s, after the publication of *Human Action*, Mises was almost completely ignored by the U.S. economics profession. The dominant changes in economic theorizing and economic methods (characterized by the explosive growth of mathematical economics and econometrics) since 1930—not to speak of changes in economic ideology—made Mises appear, to U.S. economists, thoroughly old-fashioned and out of step, both doctrinally and methodologically. (In subsequent chapters I shall suggest that the economics profession unfortunately failed to understand the economics which Mises was articulating.) The circle of friends and admirers who were attracted to Mises' insights and ideas were, in general, not academicians, but businessmen and professionals in law, medicine, and other fields.

In his New York University classes and seminars, Mises attracted over the years only a small handful of students prepared to follow Misesian scholarship in economic theory as a matter of science (although in the long run those students would make a not insignificant impact on late-twentieth-century perceptions of Austrian Economics.) To the outside world, it appeared, Mises in the 1950s was not only a figure from an earlier era, but one whose ideas catered to the conservative prejudices and practical objectives of business interests. The very unpopularity and unfashionability of Mises' work within the economics "establishment" seemed to reinforce the impression that he had somehow changed the character of his work from contributions to economic science to ideologically charged apologetics for capitalism. The uncritical manner in which some of Mises' admirers fiercely defended his work must have strengthened this impression even further. Moreover, at least some of Mises' supporters probably did see Mises primarily as a social thinker who defended capitalism, rather than as the continuator of the Austrian tradition in pure economics. Indeed, it was during this period that the term "Austrian Economics" came to refer, for many of Mises' supporters, not so much to the subjectivist, Mengerian tradition in pure economics as to "economic argumentation in favor of laissez-faire public policy."

Whether he was or was not fully aware of the way in which he was now perceived, Mises proceeded imperturbably to teach his classes, conduct his seminars, and write his books, as if he was, so to speak, still the respected academician at his Geneva *Institut*. Though he passionately believed in the significance of his economics for public policy if a free, prosperous, and civilized society was to be preserved, Mises was utterly convinced that he was engaged in *wertfrei* (i.e., "value-free," a term to be discussed in later chapters) economic science. And he offered warm encouragement to his small

number of close students, pointing them toward academic careers and nurturing their efforts at continuing the purely intellectual tradition of Austrian Economics.

Mises' admirers, and his New York University seminar audiences, included traditional conservatives who saw Mises' attacks on American liberalism (representing the ideology of interventionism) as making him one of their own. Other admirers were those who used his critique of excessive government as the foundation for a more radical intellectual case for pure anarchism. Mises presided over the somewhat uneasy alliance among his admirers with imperturbable calm. Rejecting anarchism, Mises embraced conservatism only to the extent that it offered support for his own staunchly held convictions concerning the desirability of classical liberalism. Mises articulated this view at his weekly New York University seminar, where he had not only students who were formally registered (as part of their work completing master's degrees in accounting, marketing, management, or finance), but also a number of non-registered regular seminar participants from outside the university.¹⁸ Although this seminar did not include economists who could reach the stature of the participants in Mises' Vienna *Privatseminar* of the 1920s, it was from this seminar that Mises' influence toward the late-twentieth-century resurgence of Austrian Economics was to radiate outwards. Murray Rothbard, Hans Sennholz, George Reisman, and the present author, were all, at one time or another, participants in this seminar. Percy Greaves, Bettina Bien (later Bien-Greaves), who were subsequently active in translating, editing, and publishing important portions of Mises' work, were also regular participants for many years (as were a number of others). Yet even at New York University, Mises' academic colleagues did not treat him with the respect that might have been expected for a world-renowned senior scholar. He was viewed as being at least faintly embarrassing to the faculty; sometimes students were steered away from his courses.

In 1956, to mark the fiftieth anniversary of Mises' doctorate from the University of Vienna, a festschrift edited by Mary Sennholz was published in his honor. This volume reflects well the role which Mises had assumed in the United States. The distinguished contributors to the volume included internationally renowned European scholars such as Jacques Rueff, William E. Rappard, Bertrand de Jouvenal, Wilhelm Röpke, Friedrich Hayek, and Fritz Machlup. Younger American economists included F. A. Harper (later the founder of the Institute for Humane Studies, but at that time a staff member of FEE), Murray Rothbard, Louis Spadaro, and William Peterson. The South African scholars William H. Hutt and Ludwig M. Lachmann contributed to the volume; and the volume also included papers by non-academic friends and admirers such as Leonard Read, Henry Hazlitt, and Percy Greaves. Many of the contributors were members of the Mont Pelerin Society, the international society founded in 1947 by Hayek in order to promote scholarship and inquiry into classical-liberal values and ideas. Mises had been a founding member of the Society (although, as the years went by, he became increasingly disturbed by what he considered to be faulty views expressed at its periodic meetings by some of its newer members).

Clearly, Mises in the mid-1950s, at the age of seventy-five, was a world-renowned figure—even if one celebrated only by a relatively small (but prestigious) band of erstwhile European colleagues and former students, by a similarly small group of younger American economists, and by several other non-academic admirers. When, about fifteen years later, the Institute for Humane Studies published a two-volume festschrift in honor of Mises' ninetieth birthday, the list of contributors was much longer, but the make-up of that list was rather similar to that of the earlier volume. Mises' influence had certainly spread considerably—but it was confined to scholars and others around the world who, whatever their professional distinction in their own fields, did not, for the most part, stand high in the ranks of the professional economists of the time. All this will prove of considerable relevance in the later chapters of this volume, when we consider Mises more narrowly as economic theorist.

Besides his authorship of his massive treatise, *Human Action*, Mises produced a steady stream of books and articles during these American years. These included *Bureaucracy* (1944), *Omnipotent Government* (1944), *Planning for Freedom and Other Essays and Addresses* (1952; this volume includes the important paper, "Profit and Loss," first presented to a Mont Pelerin Society meeting), *The Anti-Capitalist Mentality* (1956), *Theory and History* (1957), and *The Ultimate Foundation of Economic Science: An Essay on Method* (1962). Many of Mises' books (including his major German-language books of the European days) were translated into a number of languages. Mises' influence as perhaps the foremost intellectual defender of pure capitalism spread around the world, and was especially felt in the countries of Central and South America, to a number of which Mises made lecture tours during his American years.

As Mises entered his ninth decade in the early sixties, he could look back on his two decades of life in the U.S. with quiet satisfaction. He had continued to write and publish on the themes he held to be of vital importance to human society; he had seen his influence, while negligible insofar as the mainstream of U.S. academic economics was concerned, spread to a modest but significant degree all over the world. He was still teaching at New York University, and still lecturing and writing for FEE. Indeed, in 1969, even the American Economic Association recognized the lifelong contributions to economic science of Ludwig von Mises, when, a short time before his eighty-eighth birthday, it named him a Distinguished Fellow. And it was on May 29, 1969, that Mises delivered his final seminar presentation at New York University (he kept up his seminars at FEE until 1972, at the age of ninety!) (MYWM, 169). There is every reason to believe that Mises' last years were happy ones. His health, mind, and stamina (apart from a deterioration in his hearing during his later years) were sound until about the last year of his life. The cold treatment which American academia and the professional economics establishment had given to him had never disturbed his equanimity. The honors he received from more friendly quarters during the last decades of his life (including several honorary degrees, a medal of honor from the Austrian government, a 200-guest dinner in honor of his eightieth birthday, and the festschrift in honor of his ninetieth birthday, which included seventy-

one contributors) cannot but have contributed to his quiet satisfaction. Margit von Mises reports that after his ninetieth birthday Ludwig “read all the articles that were published about him in magazines and papers all over the world.” He told her “The only good thing about being a nonagenarian is that you are able to read your obituaries while you are still alive” (MYWM, 178 f).

Ludwig von Mises died less than two weeks after his ninety-second birthday, on October 10, 1973. His wife Margit devoted the years after his death to publishing (and encouraging the publication of) hitherto unpublished writings of Mises, including his own memoirs (written upon his arrival in the U.S. and therefore covering only his earlier years), as well as her own *My Years with Ludwig von Mises*. In the decades after Mises’ death, Bettina Bien-Greaves assembled a massive two-volume bibliography of Mises’ writings (including many fascinating excerpts from book reviews concerning those writings), as well as a collection of shorter pieces by Mises. Richard Ebeling also edited a new collection of earlier papers by Mises. A memorial volume marking the hundredth anniversary of Mises’ birth was edited by the present author. New editions and translations of Mises’ books were published. In the coming chapters we will have the opportunity to define and explore the economic contributions of Ludwig von Mises, and to assess the extent and nature of his long-run impact on twentieth-century economic thought and beyond.

Margit von Mises aptly summed up her husband’s character by quoting a passage which Mises himself wrote about Benjamin Anderson (an American twentieth-century economist and financial expert whom Mises much admired). The following excerpts from that passage do indeed precisely fit Mises himself. Both those who admired Mises fiercely, and those who detested the positions which he championed, can agree wholeheartedly that “[h]is most eminent qualities were his inflexible honesty, his unhesitating sincerity.... He never yielded. He always freely enunciated what he considered to be true. If he had been prepared to suppress or only to soften his criticism of popular, but obnoxious policies, the most influential positions and offices would have been offered to him. But he never compromised. This firmness marks him as one of the outstanding characters of this age” (mywm, 181).