

# **Economists and economics: history matters**

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Eighth Young Economists Conference

Wien

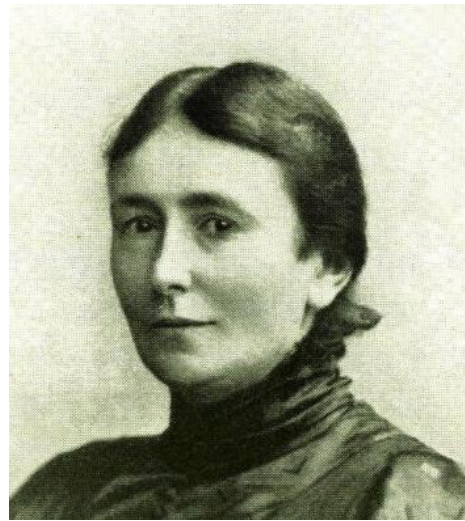
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# History matters – two “story lines”:

- **Economists’** biographies
  - individual
  - epochal
- **Economics**
  - internal to the field / the sciences
  - external to academia

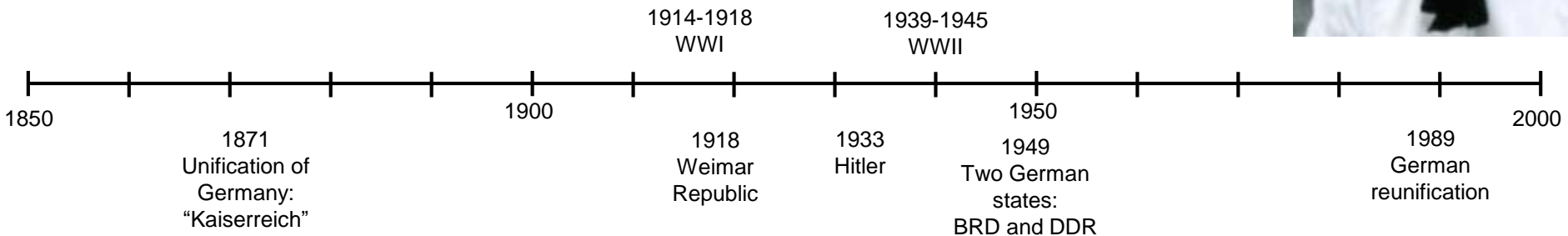
- Economists´ biographies: three individuals
- From “social policy” to the “economics” of social policy?
  - 1872: “Social policy” in the *Verein für Socialpolitik*
  - Around the turn of the century
  - Weimar years: “crisis of social policy”?
  - Post WWII: sociology and/vs. economics
- Conclusions

**Elisabeth Gnauck-Kühne (1850-1917)**



**Elisabeth Flitner (1894-1988)**

**Elisabeth Liefmann-Keil (1908-1975)**



# Three individuals – three generations

Elisabeth **Gnauck-Kühne** (1850-1917)

- Special permit allowed her to attend seminars at Berlin's university. Activist in the women's movement.

Elisabeth **Flitner** (1894-1988)

- Part of the first generations of “regular” women students, finished her degree in the Weimar years with a dissertation.

Elisabeth **Liefmann-Keil** (1908-1975)

- Studied in the interwar years, advancing her academic career was severely restricted by the National Socialists. After WWII: first female full professor in Germany, advisor to the federal government.

## Three economists working on / in social policy

- “Nationalökonomie” and “social policy”
- Economics and social policy in view of “social work”
- An “economic theory” of social policy

- Economists´ biographies: three individuals
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# Verein für Socialpolitik

- Founded in 1872 – just a year after the German Empire was established
- Gustav von Schmoller (1838-1917) is co-founder and leading figure
- „Socialpolitik“: reform – will prevent revolution (Kathedersozialisten)



# Gustav Schmoller's address at the inaugural meeting of the Verein für Socialpolitik 1872

Schmoller characterizes the **current state of affairs**:

- The “principle of unlimited economic freedom” had been pursued “with ultimate consistency” („Princip unbedingter volkswirtschaftlichen Freiheit“ ist „bis zur letzten Konsequenz verfolgt“).
- “Increasing inequality of income and wealth” („Steigende Ungleichheit des Einkommens und Vermögens“).

Schmoller (1920 [1872], 89 und 92-93)

## “Social policy” in the *Verein für Socialpolitik*

- Social reform: the “German” answer to (British) liberalism – based on a shared sense of justice
- Social policy overcomes the ills of the capitalist system by integrating the working class into (a middle-class) society, paternalism:
  - workers’ protection
  - workers’ education
- agent: imperial state, its impartial bureaucracy

# “Social policy” in the *Verein für Socialpolitik*

- explicit position
  - politically: supporting the monarchy („Kaisertreue“)
  - policy: the (paternalistic) authorities design, regulate, intervene in economic affairs.
- The Verein perceives its central task in shaping public opinion. Members from academia, the private and public sectors, journalists, politicians.
- Influence on authorities responsible for universities, esp. in view of professorships.

## “Social policy” in the *Verein für Socialpolitik*

- Social policy is an encompassing endeavor: the issues pervade all of “Nationalökonomie”
- Historical-ethical economics: empirical and institutional focus
- Broad research agenda
- Offered women a role in research – especially in survey studies / gathering observations

in the following decades:

- “Nationalökonomie” established / extended at German universities
- “Nationalökonomie” becomes attractive beyond Germany – especially for US and Japanese students
- “Verein für Socialpolitik” as model for e.g. the American Economic Association, founded in 1885 (20 of the first 26 AEA presidents had spend time studying at German Universities)

Elisabeth Gnauck-Kühne (1850-1917)

## **The situation of female workers in Berlin's stationary industries. A social study.**

Die Lage der Arbeiterinnen in der Berliner Papierwarenindustrie. Eine soziale Studie. *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich* (1896)

Field study, taking the contributions of Beatrice Potter Webb to Charles Booth's *Life and Labour of the People / Life and Labour of the People in London* in the 1880s as a lead.

- Participation and observation
- Systematic survey study + information collected by (mutual) health insurance cooperatives
- evaluation and recommendation (strengthen self-help, institute factory inspection etc.)

Elisabeth Flitner (1894-1988)

***The concern of neediness in aid to soldiers' families.***

*Das Problem der Bedürftigkeit in der Kriegsfamilienfürsorge.* Dissertation, Univ. Jena. (1925)

Her work reflects the (original) research program of the Verein für Socialpolitik:

- field study, based on her own experiences as volunteer in three cities, printed reports, results of a survey done by an organization of cities, interviews.
- educational effects.
- “neediness” defined as a “social minimum” with the aim to preserve the social position of the recipient families.

Elisabeth Liefmann-Keil (1908-1975)

**An economic theory of social policy.**

*Ökonomische Theorie der Sozialpolitik* (1961)

- microeconomic analysis
- “so-called” redistribution
- public choice theory: legislation / measure as the result of the democratic process

Ordoliberalism informs Liefmann-Keil’s approach: institutional analysis



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## Around the turn to the 20<sup>th</sup> century

- Specialization within economics
- “Theory”
- Value judgements

# Cracks

1905 “Mannheimer Tagung”: syndicates / cartels

1909 “Wiener Tagung”: productivity

1912-1914 Disputing “value judgements”

# The “value judgement dispute” – who is the winner?

Schmoller still dominates the „Verein für Socialpolitik“.

However:

- large number of critics
- several lines of critique

The younger members of the Verein now take openly “Schmoller-critical” positions

- theoretical research (instead of historical-ethical and institutional)
- liberal policy positions (opposed to monarchical and conservative)
- Esp. after 1918: socialdemocratic economists succeed within academia

# Struggling with value judgements

Otto von Zwiedineck-Südenhorst (1911) *Sozialpolitik*.

- a “**neutral**” **definition** of social policy: “policy safeguarding the enduring attainment of the society’s purpose” (die auf Sicherung fortdauernder Erreichung der Gesellschaftszwecke gerichtete Politik, p. 38)
- social policy is a **sociological phenomenon**

# Struggling with value judgements

Ludwig Heyde (1920)

**An outline of social policy.**

*Abriß der Sozialpolitik.* Leipzig.

Social policy is presented as a sub-discipline of economics –  
an analysis of the institutions of social policy measures

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## Weimar years: “crisis of social policy”?

- After the elections of 1919: what is left to be done?
- Warnings: misuse of social policy as instrument of class struggle
- other pressing issues dominate the public debate (inflation, reparations...)
- business cycle analysis and (stabilization) policy – “production policy” as social policy?
- Degree program: “Diplom Volkswirt”



## Weimar years: “crisis of social policy”?

- **Repudiation of historical-ethical economics**
- instruments of social policy are discussed: “technical” approach instead of advocating social reform

Weimar years: “crisis of social policy”?

But:

Eduard Heimann (1929)

**Social theory of capitalism: theory of social policy.**

*Soziale Theorie des Kapitalismus: Theorie der Sozialpolitik.*

Tübingen: Mohr.

**By the mid-1950s: disciplines of sociology and economics are very clearly separated**

Hans Achinger (1958)

**Social policy. From the workers' question to the welfare state.**

*Sozialpolitik als Gesellschaftspolitik. Von der Arbeiterfrage zum Wohlfahrtsstaat.*

Elisabeth Liefmann-Keil (1961)

**Economic theory of social policy.**

*Ökonomische Theorie der Sozialpolitik.*

# Conclusions

## History matters!

- **Economists' biographies**
- **Economics**

# Conclusions

- **Economists** are part of (the) history
- **Economics** is embedded in history
- meaning of “theory” – economics vs. sociology
- “disappearance” of social policy from economics: curricula, teaching and denomination of chairs at German universities post-WWII – apparent or real?
- does the term disappear and (some of) the subject(s) stay? Reappear with the “empirical” turn?
- social reform and social policy vs welfare economics – comparative perspectives