The Cultural Background of Ludwig von Mises

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Writing for Americans about the cultural background of Ludwig von Mises, an eminent former compatriot of mine, poses some difficulties: how to present you with a world radically different from yours, a world far away, which in many ways no longer exists. For example, the birthplace of this eminent economist was for nearly fifty years within the confines of the Soviet Union. Who was this great man and scholar? In what ambiance did he live before he came to the United States, where he continued to publish his crucially important works and to inspire new generations of economists? We have to go back to the old Austro-Hungarian Empire, then the second-largest political unit in Europe. Only Russia was bigger, although Germany’s population was slightly larger. Mises was born in 1881 in Lwów, the capital of what was known as Galicia. A kingdom and crownland of Austria, Galicia was called “Lesser Poland.” At the time, the majority of the city was Polish; more than a quarter was Jewish; a small minority was Ukrainian; and a tiny percentage was Austro-German officials. However, the upper classes were distinctly Polish.

The eastern part of Galicia had belonged to Poland since the fourteenth century, but became Austrian at the first Polish partition in 1772, and it was returned to Poland in 1918. It is important to realize all this in order to understand Mises’s cultural as well as psychological upbringing, and the roots of his life-philosophy. His Jewish roots, his Polish culture, his Austrian political frame and allegiance are all intertwined. Variety was the keynote of his background, and by the time he was twelve years old, he knew the Germanic, the Latin, the Cyrillic, the Greek, and the Hebraic script. As to languages, he spoke German, Polish, and French, and understood Ukrainian. The year he was born

Karl, Ludwig, and Richard von Mises.

The Mises family with Ludwig at the left.

his grandfather—head of the Israeli Cult Community—was ennobled with the title Edler, which means The Noble, a distinction not so rare for Jews in the Austro-Hungarian Empire. His father, a very well-to-do railroad enterpriser, made sure Ludwig got the very best classical education. He did the same for his other son, Richard, who became a professor of mathematics at the University of Berlin and then later at Harvard.

The Poles enjoyed complete freedom in “Lesser Poland,” unlike in Russia or Prussia, and had two universities of their own. In the Austrian Parliament in
Vienna, they played a very important role as true pillars of the multinational Habsburg Empire, and many Poles saw in that dynasty the future rulers of a liberated and resuscitated Poland.

We must keep in mind that long before the catastrophe of the partitions, the Poles, as an aristocratic nation, strongly upheld personal freedom. Movements for liberty, as a matter of fact, have typically been carried on by the nobility, which always opposed centralizing pressure and control. We saw this in England with the Magna Carta, in Hungary with the Golden Bull, in Aragon by the stubborn Grandes, and in France by the Fronde. In this respect, Poland went further; it became an elective monarchy in 1572 and called itself a republic. One of the slogans of this very independent nobility was: “Menace the foreign kings and resist your own!” Political power rested with the nobility, which (before the partitions) had no titles, and its claimants comprised a fifth of the population. (For a comparison, take Alpine Austria with a third of one percent or Prussia with much less!) It was a nobility without legal distinctions and a proverb said: “The nobleman in his farmhouse is equal to the magnate in his castle.” And since all noblemen were equals, they could not be ruled by majorities. In the parliament, the Sejm, the opposition of a single man—the Liberum Veto—annulled any legal proposition.

A Sense of Freedom

This sense of freedom also pervaded the religious scene. Poland was not always a solidly Catholic country. In the sixteenth century it was one-third Presbyterian and one-third Unitarian (Socinian), but the Catholic Church regained its vast majority thanks largely to the Jesuits and their cultural endeavors: their schools accepted pupils from all denominations, and supported good architecture, painting, and, above all, theater. (The Jesuits were the initiators of our stage technology.) There was no inquisition, neither stake nor rope. Poland was, unlike England, the most tolerant European country. Polish liberty was such that when, in 1795, at the last partition, country, at the invitation of King Casimir the Great, and they came mostly from Germany. In Germany they had the privilege to settle in ghettos where they had complete self-government. (See Guido Kisch’s magistral work, The Jews in Medieval Germany, Chicago, 1942.) Since by their own ritual they were not permitted to take more than 2,000 steps on the Sabbath, they could not dwell too far from the synagogue. Of course, efforts were made to convert them, and if they accepted baptism, they automatically—as relatives of our Lord—became members of the nobility. Antisemitism? As anywhere else, it came from very simple people to whom the descendants of Abraham seemed odd in their rituals, their clothing, their language, and their behavior, although orthodox Jews, above all, were people of great piety and honesty.

Poles and freedom! Not only in their own country did they practice it; Polish freedom fighters were active in many parts of the world. Two noblemen survive in the memory of the United States—Tadeusz Kościuszko and Kazimierz Pulaski, the only U.S. general who died in the War of Independence on American soil. (Nor should one forget Henryk Dębiński and Józef Bem, who played a similar role in the Hungarian Rising of 1848–49.) In the battle of Liebnitz, the Poles and the German Knights diverted the Mongols from the plains of Northern Europe; the Poles defeated the Turks in 1683 at the gates of Vienna; and in 1920 they defeated the Bolsheviks in front of Warsaw. Three times they
saved Western civilization. Does the world realize it? Of course not!

His Polish, more than his Jewish background, was decisive for Mises’s earliest years, but that did not conflict with his attachment to Austria and the monarchy. Indeed, I met Mises for the first time in New York, in the company of our former crown prince, Archduke Otto von Habsburg, whom he greatly admired.

Young Ludwig did not study in one of the two linguistically Polish universities of Lwów or Cracow, but in Vienna. In order, however, to understand his intellectual growth, it is important to realize how the Continental system of education works. It differs radically from the Anglo-American pattern. After four years of elementary training, one enters—if the parents are ambitious—a school which remotely resembles a combination of high school and college lasting eight (in Germany, nine) years.

There are three models of that school: a classic one with eight years of Latin and six of Greek, a semi-classic with Latin and one or two modern languages, and a more scientific one with only modern languages. In all three types (the classic one being naturally more prestigious than the others), the local language, mathematics, geometry, history, geography, and religion are taught regularly; physics, chemistry, biology, and mineralogy only occasionally; and there is an introduction to philosophy in the classic type for only two years. Often these very hard school years hung like a black cloud over families. Failure in just one subject required repetition of a whole year. This was the fate of professors, which constituted a self-perpetuating body.

On the Continent, the study of law—then as now—was radically different from legal studies in either Britain or in the United States. The first three semesters are dedicated entirely to the history and philosophy of civil and canon law. It is needless to say that in our countries we follow the tradition of a codified Roman law. Case histories play no role, because precedents would not bind us in any way. In the more practical areas which followed the long introduction, the study of economics is prominent.

Mises found the law lectures at the University of Vienna to be very one-sided and the teaching of economics, with a few exceptions, below par. Already as a young man he had a most critical sense. He was very much aware of the fact that our universities, all perfectly autonomous bodies, state-financed but not state-controlled, were inevitably dominated by cliques and factions; in the appointments, even family ties played a considerable role.

The rector was addressed as Your Magnificence, and the universities were so sacrosanct that the police were not permitted to enter them. Criminals hiding there had to be arrested by the Academic Legion, composed of students, and then were dragged outside where they were handed over to the “arm of the law.” The freedom to teach was limitless. (“Academic freedom” is a term translated from German.) Even a professor, who, instead of lecturing, read newspapers, could not be dismissed. Every professor had tenure up to the age of sixty-five or sixty-seven, when he had to retire at eighty-two percent of his final salary. The qualities of the professor as a teacher bore no weight: the professor was expected not to be an educator, but a scholar who gave the students a chance to listen to him. It is obvious that this system had serious drawbacks, but the professors, nevertheless, had immense status. As a matter of fact, no career was considered to be so desirable as that of a university professor, with
the possible exception of the diplomatic corps and the general staff.

**TO BE A PROFESSOR**

I mention all these details because they played a major role in the life of Mises. As one can imagine, it was his ambition from his student days to become a professor. (The same was true of his brother, Richard.) Yet Ludwig’s dream was never completely fulfilled, neither in his home country nor in the New World. The primary reason for this was that the universities of Austria, and especially that of Vienna, were dominated by two factions: the National Liberal and the Left. There was also a very small minority of professors who could be termed “Clerical” Conservatives. Bear in mind, however, that Emperor Francis-Joseph, who symbolized that whole age in Austria, was a Liberal in the worldwide (as opposed to the American) sense, and that the Liberal parties for a very long time dominated the Austrian scene until 1908, when the disastrous “one man-one vote” principle was introduced. Conservatism in Austria was limited to the church, the army, the aristocracy, and part of the peasantry. It had no influence in the administration, in the schools, and not really at court.

**A STRANGE SYNTHESIS**

The synthesis of ethnic nationalism (German, Czech, Polish, Slovene, Italian, or Ukrainian), and classical liberalism, might seem a bit strange to Americans, but it was nevertheless a reality. A similar situation prevailed in Germany where Bismarck, originally a Conservative and a Prussian patriot, had broken with the Conservatives and received wholehearted support from the National Liberal party, whose backers were the grande bourgeoisie moneyed interests, big industry, and the adherents of a mild form of Pan-Germanism. The National Liberals were also motivated by an anticlerical bias directed against the Catholic rather than against the Lutheran clergy. Bismarck’s *Kulturkampf*, his struggle against the Catholic Church leading to the imprisonment of bishops, the expulsion of the Jesuits, and the introduction of compulsory civil marriage (apart from the French), fit very well into this pattern. Obviously, all this was not to the liking of Prussian Conservatives, to whom Bismarck was a man of the Left. Of course, the “Iron Chancellor” was anything but a traditionalist. The new German flag, Prussia’s black and silver, was broadened with the red of the Revolution. Prussian Conservatives naturally stuck to the old colors.

In Germany, as well as in Austria, two areas, which prior to the German–Prussian War of 1866 had belonged to the Austrian-led German League, the National Liberals were, oddly enough, culturally and politically, though not economically, Liberals. As nationalists they wanted a strong state and thus they were by nature interventionists; in order to arrest the growth of socialism, they promoted the Provider State. Bismarck alternatively fought the Socialists (who called themselves Social Democrats) or cooperated with them, especially in the earlier days when Ferdinand Lasalle was still alive, a man hated by Marx who persecuted him with the worst antisemitic insults.

This fact has to be faced: our German Liberals were secretly state-worshippers because they hoped that a powerful state would break the “forces of yesterday.” Hence they were by no means identical with, let us say, the British Liberals of the Gladstone type. Thus a situation arose, even in the Austrian universities, in which Liberals and Socialists were not so far apart. Yet, at the same time, one also could perceive the growth of some sort of Romantic Catholic Conservatism that was anti-capitalist, anti-liberal, and anti-socialist. It was desperately looking for an economic “Third Way” and, unavoidably, toyed with the idea of a state based on the ancient corporations and guilds rather than on parties. There always existed a Continental Catholic Conservatism based on a deep-seated suspicion of the Calvinist and Lutheran manufacturers and the Jewish bankers. (In
1930, of the ten regents of the Bank of France, five were Protestants, four were Jews, and one was “nondescript.”) Hence, also, the Catholic opposition against “Old Liberalism.” One finds this clearly in Article eighty of the famous Syllabus Errorum.

**FOUR SCHOOLS**

Here again we have to inject another digression. There are four genuine Liberalisms. Pre-Liberalism’s outstanding representative is Adam Smith (and one might add: Edmund Burke). The Pre-Liberals did not use the Liberal label simply because this term was only born in 1812, when it was applied to the supporters of the Spanish Constitution of Cádiz. The Liberal appellation was promptly adopted in France, and in 1816 Southey used the Spanish word liberales for the first time in an English text, and Sir Walter Scott spoke of libéraux with a French spelling. Soon we see the rise of the “Early Liberals” on the Continent, mostly aristocrats with Catholic roots, initiating an intellectual movement which lasted until the end of the nineteenth century. Tocqueville, Montalembert, and Acton were its main representatives, but I would like to add the name of an agnostic Basel patrician—Jacob Burckhardt. This second phase of Liberalism had a primarily cultural and political, not an economic character. The Old Liberals constituted a third phase.

**MISES’S LIBERALISM**

This is where Mises more or less fitted in. The Old Liberals were strongly interested in economics, but also in cultural and political matters; they were “progressive,” anticlerical, in philosophic matters profoundly skeptical, and convinced that dogmatic beliefs automatically led to intolerance. They frequently (though not always) failed to share the antidemocratic feelings of the Early Liberals, favored the separation of church and state, and not rarely were allied with (deistic) Freemasonry.

The Neo-Liberals appeared only after World War II. They were strongly inspired by Early Liberalism and differed from the Old Liberals by their greater sympathy for Christian values, their greater tolerance for some state intervention, and their leanings toward Conservatism. Their most eloquent spokesman was Wilhelm Röpke. The rupture between Old and New Liberals became evident in 1961 when the Neo-Liberals left the Mont Pèlerin Society. However, what today is called Liberalism in the United States (and nowhere else) is the very opposite of all forms of Liberalism and is nothing but watered-down socialism. North America, being a gigantic island in the world ocean, is frequently the victim of the perversion of terms. I described the sad fate of the term “Liberalism” in the United States in an essay published by the *Intercollegiate Review* (Fall 1997). To confuse my readers even more, let me mention the fact that I write for a Polish periodical called *Stańczyk* which calls itself Conservative, Liberal, and Monarchist.

**NATIONAL LIBERALISM**

Still, the Germanic type of National Liberalism held illiberal, mercantilistic views in the domain of economics. Reflecting upon the collectivistic character of Nationalism, our word for ethnicity, this is not so surprising. Any collectivism must come into conflict with genuine Liberalism. The old order, in our part of the world, was “vertical” and patriotic, not “horizontal” and nationalistic. Our dynasties, as a rule, had foreign origins, were ethnically mixed, and usually married foreigners. The same was true of the aristocracy. With the powerful rise of the middle classes all this was challenged. And it was obvious that Mises did not feel Jewish or Polish or German, but Austrian. With profound anxiety he looked into the future, terrified that collectivism—ethnic and socialist—would tear the monarchy asunder. He feared once the Dual Monarchy was destroyed, the area would fall under the sway of Berlin or Moscow or be partitioned between them. All these events took place between 1938 and 1945. The immediate menace, however, was what Sir Denis Brogan and Raymond Aron called “The Second War of Austrian Succession,” which started in 1914, to be followed by a third one in 1939.
Mises Stands Alone

All these frightening historic events Mises faced as an isolated thinker. He never fully belonged to a specific camp. He was always a square peg in a round hole, a fact which Friedrich August von Hayek emphasized in his preface to Mises’s memoirs entitled Erinnerungen (Stuttgart, 1978). He said that one knew Jews who were confirmed leftist intellectuals of the socialist stamp, one also knew Jewish bankers and industrialists who advocated free enterprise, but here was a solid thinker who stood for a truly rightist, genuinely liberal doctrine. To make matters worse, Mises was consciously a nobleman, a true gentleman, who rejected all compromise and never concealed his thoughts or his convictions. If somebody or something was plainly stupid, he said so, nor could he tolerate cowardice or ignorance. A man with these qualities was suspect to the philistines who were so well represented in the various departments of our universities. Thus he had difficulties even in becoming a privadozent (an unpaid assistant professor) and later an ausserordentlicher Professor (let us call it an unpaid associate professor).

He never became a full professor. Envy, the old cancer of Austria (and not only of Austria), made itself felt especially in the domains of intellectual and artistic life—and that included the universities.

Besides studying the humanities, Mises concentrated on economics. Without a certain philosophic, theological, psychological, historic, and geographic background, economics is not understandable. The “economist” who knows nothing but finance, production, and sales data is, according to Mises (and to all devotees of the Austrian School), a barbarian—and a bad economist. Of course, the Austrian, especially the Viennese scene, even during the First Republic, which lived off the intellectual capital accumulated during the monarchy, provided Mises with a rich heritage. It was also obvious that many brilliant minds were not connected with the university. Freud had merely the honorary title of a professor, but no professorship. (Nor had his antagonist, Alfred Adler.) Freud was politically a man of the Right—vide also his devastating judgment of Woodrow Wilson. The situation in Germany was not dissimilar: neither Schopenhauer nor Spengler were university professors.

Vienna’s Intellectual Scene

The intellectual scene in Vienna was rich, richer than in Berlin, because Vienna, until 1918 was the metropolis of an empire comprising a dozen nationalities and six large religious bodies. The German-speaking area had, however, no intellectual center like France—with Paris and the Sorbonne. The University of Vienna was just one of the many places of higher learning, but there remains the impressive fact that if one speaks of the “Austrian School” one has to make it clear which of the Austrian Schools is meant. There is a musical, ethnological, philosophical and, last, but by no means least, an Austrian Economic School known all over the world except in Austria itself. Mises was one of the most outstanding representatives of this Austrian School, along with Friedrich August von Hayek.

The Chamber of Commerce

Given the opposition Mises encountered at the university, he looked for steady employment in the Handelskammer, the semi-official Chamber of Commerce. After 1920, the Austrian government was mostly in the hands of the Christian Social Party, a Clerical–Conservative party, which eventually fathered the dictatorship of Dollfuss and his Patriotic Front. This party had to fight the international socialists, and, later, the National Socialists. Mises, as an agnostic and a genuine Liberal, had no innate enthusiasm for the Christian Socials, but, judging Austria’s precarious situation dispassionately, knew that a decent, responsible man had to collaborate with that government. As a financial and economic advisor, he had close contacts with the Federal Chancellor, Monsignor Seipel, whom he called “a noble priest,” a wonderful man who eventually died from a bullet fired by a Socialist fanatic. (Dollfuss was later murdered by the National Socialists.) Mises’s advice was often
taken, but at other times ignored. Let us bear in mind that in the years of a clerical government, this aristocratic Jewish intellectual was an “odd man out,” and fit into no established pattern.

**The Menace of Socialism**

Mises had a most constructive mind, but given the situation of the First Austrian Republic, he was and remained a pessimist because he realized that he lived in an age when the appetites and the idiocies of the masses dominated the scene. The sole advantage he saw in democracy was the same one emphasized by Sir Karl Popper, i.e., the bloodless transition from one government to another, though Mises also knew only too well that such a change could be for the worse, infinitely worse if one remembers the years 1932–33 in Germany. Reading his *Erinnerungen* one is struck by his contempt not only for the *Spiesser*, the philistine, but also for the unthinking masses. One should not forget that, as Allan Bloom told us in *The Closing of the American Mind*, first-rate European minds were always on the Right. Mises, naturally, had no political ambitions, but as an independent thinker, he wanted to be heard. He always expressed his views in a straightforward manner, and tolerated no cant.

In the First Republic (1918–1933), he saw not only the incompetence of the various governments, the totalitarian menace of socialism, and German nationalism—racism degenerating into National Socialism, but also the bottomless ignorance and weakness of the Western Powers, which gave the small Alpine Republic no effective help. The only possible protector of Austria was Fascist Italy, which, unlike France or Britain, bordered on the remainders of the Danubian monarchy, but Anthony Eden drove Mussolini into Hitler’s hands. “The British are simply unteachable!” was Mises’s frequent outcry. He foresaw the *Anschluss* (blessed by the “democracies”) and, just in time, accepted an invitation from the *Institut Universitaire des Hautes Etudes*, a postgraduate school in Geneva, where after 1934 he taught while still keeping in touch with his beloved Chamber of Commerce in Vienna. But even in Geneva he did not feel completely safe and the Swiss government, terrified by the aggressiveness of the Third Reich, tried to silence the refugees living within its borders. Thus, Mises strove for the safer shores of the New World, and succeeded in attaining them during the war.

**Mises as Teacher**

How effective was he as a teacher? His lectures at the University of Vienna were well attended and he put the emphasis, quite naturally, on his seminar. But most professors disliked Mises, and a student whose record proved that he had studied under him was treated with the utmost severity. Thus some of the students asked Mises to admit them to his seminar without entering this fact in the *Index*, the passbook. Needless to say these timid students did not receive “credit” (to use an American expression) for the seminar. They simply wanted to profit from the richness of the thought of this intellectual giant.

The works of his colleagues are by now all forgotten, but the unpopular Mises lives on, and will do so for all time to come. Whether those in power will follow his advice and take heed of his admonitions is, of course, a very different matter.

**The Private Seminar**

Besides the official seminars attended by ordinary students, Mises, always eager to spread his ideas, also held a private seminar. In one large room of the Chamber of Commerce, he invited every fortnight a group of postgraduate students and persons of distinction, men and women, who later in their lives left their mark in the field of economics and other domains. Here I would like to mention Friedrich Engel von Jánosi, a noted Austrian historian, who also taught in American universities. But the three best known economists in the group were Friedrich August von Hayek, Gottfried von Haberler, and Fritz Machlup, all three later became professors in the United States. Hayek, I would like to point out, did not start out as an economist, but as a biologist. He took part in the last year of World War I (trying, like Mises, who was quite
gravedy wounded, to prevent the “world from being made safe for democracy”). This experience changed his mind. He decided to take up a career which would bring him in contact with people, with real life, and not leave him isolated in a laboratory. But, as one knows from his writings, he never gave up his interest in the hard sciences as well as the other humanities, above all political science.

Economics, too, can be housed in an ivory tower, but in such a structure Mises refused to live. He who remained a bachelor for such a long time enjoyed wholeheartedly the social life of imperial Vienna and even of the much shabbier republican Vienna. What could Vienna offer to a cultured man like Mises? There was a plethora of authors—Schnitzler, Zweig, Broch; composers like von Webern, Mahler, Berg, Schönberg; and philosophers like Carnap, Schlick, and Wittgenstein. Max Weber was guest-professor in Vienna and he became a close friend of Mises. There were also names such as Robert von Musil, Rainer Maria Rilke, Hugo von Hofmannsthal, painters like Kokoschka, Klimt or Schiele, and not forgetting the great medical men, many of them members of the nobility, who enjoyed in Vienna a status available nowhere else. In the republic they were honored on coins and stamps. In addition, there were the great entertainments: first-rate concerts, the two opera houses, the Burgtheater, the Emperor’s private theater, but quite naturally accessible to the public, the Theater in der Josefstadt, Reinhardt’s repertory theater, where the most original plays were staged, and many other well subsidized theaters. Mises was a great theater goer and the other fine arts meant a great deal to him. As a cultured Continental, he obviously loved to read what we, in German, called schöngste Literatur (and in French belles lettres)—not just “fiction.” When I met Mises the first time he deplored the death of Robert von Musil in his Swiss exile. I can understand why Mises admired the work of Musil, a somewhat kindred and “very Austrian” soul. Mises needed the arts to counter his growing melancholy mixed with a real indignation at the gradual collapse of Western civilization and culture to which he was so deeply attached.

**Mises in America**

In the United States, Mises had a considerable resonance in what are called conservative and libertarian circles. His university career, however, was hampered by pettiness and prejudices similar to those he had encountered in Vienna—although they came from very different quarters. Without the aid of generous foundations, his living conditions would have remained rather limited. It is a well-known fact that scholarly books of a truly high level do not become bestsellers (although *Human Action* was a selection of the Book of the Month Club).

Mises, as one could expect, had a good grasp of the American scene. He quickly discovered the sociopsychological reasons why academic America was veering to the Left. To the halls of academe Mises seemed a very eccentric thinker laboring under the “Germanic shortcoming” of a far too systematic, rigid, and uncompromising way of reasoning. He was, indeed, not prepared to “assimilate” to his surroundings. He was perhaps not generally liked, but had faithful disciples and, very deservedly, genuine admirers. He preached individualism and was an individualist. Adverse to all shilly-shallying, he did not strive for popularity, but for truth. To many Americans and Englishmen, some of his ideas appeared hyperbolic, as for instance, to hand over the mail to private enterprise (today a reality in many countries). He was not a “regular fellow,” but very much a gentleman of the old school, and, above all, a great scholar who had rediscovered forgotten permanent truths and deflated new superstitions. He never gave up. He battled until his last breath. Perhaps he remembered the first line of the Polish National Hymn, which he heard often in his childhood: “Poland is not lost yet!” Since then it has risen twice from the ashes. Well, freedom is not lost yet, if we, like Ludwig Edler von Mises, really fight for it.