

Hayek Translated: Some Words of Caution

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Abstract: This note points to the problems arising from the translations of Hayek's early German-language writings on monetary theory before 1931. Two issues are emphasised. First, some examples of misleading translations of outdated terminology are provided. Second, it is shown that contemporary as well as more recent translations exhibit the tendency of 'smoothing' Hayek's intellectual development, that is, of interpreting (or translating) the early Hayek in the light of knowledge of his later writings. As an example, Hayek's evolving views on the effects of forced saving and the trade-off between progress and cyclical stability are examined more closely.

1 Introduction

Hayek's seminal work on monetary and business cycle theory was published in German until 1931, when, following his emigration to Great Britain and his professorship at the LSE, most of his writings were to appear in English. Remarkably, the English version of *Prices and Production* (Hayek 1931a) already preceded the German one (1931b). Of his earlier works, *Geldtheorie und Konjunkturtheorie* (Hayek 1929) was soon translated by Nicholas Kaldor and H.M. Croome, in an edition revised by Hayek himself, as *Monetary Theory and the Trade Cycle* (Hayek 1933a). However, significant articles from this period had to await translation until more recently. Hayek (1928) and a section of Hayek (1925) were included in McCloughry's edition of Hayek (1984), and recently full versions of these two articles, translated by Grete Heinz and edited by Stephen Kresge, appeared in volume 5 of the *Collected Works* (Hayek 1999). So, all of the relevant sources should now be available to those without a sufficient knowledge of the German language.

Yet, with respect to these translations, some words of caution are in order. Apart from the general difficulty of translating from German, which in this case is aggravated by Hayek's typically long and convoluted sentences, two specific problems arise with regard to his monetary writings. First, the technical terms used in the 1920s were often only loosely defined and some of them have become uncommon, thus posing the danger for any translation of being anachronistic. And, secondly, there is the temptation to read (and translate) the early Hayek in the light of knowledge of his later writings, that is, of a kind of 'smoothing' of the intellectual development of the author in question. We will deal with these two issues in turn.

2 Terminological Issues

The following tries to highlight the inherent difficulties of adequately translating old (and often outdated) terms, and we turn here to Hayek's 1925 article and its new translation (Hayek 1999), which provides some examples of doubtful decisions in this regard, especially when contrasted to the earlier translation in Hayek (1984).

A first conspicuous example concerns the naming of the different phases of the business cycle. In the original, Hayek refers repeatedly to *Krise* and *Depression*, which in Hayek (1984) are translated literally as ‘crisis’ and ‘depression’. In the 1999 translation things are more complicated. In most instances *Krise* is translated as ‘recession,’ sometimes as ‘depression,’ once as ‘crash,’ and never as ‘crisis,’¹ whereas *Depression* is translated either as ‘depression’ or ‘recession’ (and once as ‘slump’).

This rather confusing choice of words warrants a closer look. Mitchell’s (1927) classic study of the business cycle suggests that the term ‘recession’ was not in common usage at the time. Mitchell refers to the four phases of the cycle as ‘prosperity, crisis, depression, and revival’ (*ibid.*, p. 378) and he points out that the term ‘crisis’ is ambiguous, as it can be used with two different meanings, denoting either the upper turning point (from prosperity to depression) or a condition of financial strain or panic. To remove this ambiguity he then proposes henceforth to use ‘recession’ instead of ‘crisis’ as the name of the cyclical phase in question, and to retain the term ‘crisis’ in its second meaning only (*ibid.*, p. 381). Arguably, this was – two years after Hayek (1925) – the first time the term ‘recession’ appeared in a major work on the business cycle.² Notably, in the German translation (Mitchell 1931, p. 380) ‘recession’ is not translated as (the nowadays common) foreign word *Rezession* but as *Rückschlag* (i.e. ‘setback’).

Apparently, the members of the Austrian school never converted to Mitchell’s terminology. For example, Hayek – to the best of my knowledge – never uses the term ‘recession’ in his writings of the 1930s, and in particular in Hayek (1931a), his first main work published in English, he sticks to the terms ‘crisis’ and ‘depression’.³ Similarly, Haberler in his League of Nations study retains the old meaning of ‘crisis’ as referring to the upper turning point or the (short) phase between prosperity and depression (see Haberler 1937, pp. 161 and 169); the term ‘recession’ is not even included in the subject index. The case of Schumpeter is slightly different. In his earlier writings (e.g. Schumpeter 1927, p. 294) he reserves the term ‘depression’ for the whole contraction from the upper to the lower turning point and then distinguishes two phases of the depression – the primary or normal one (leading back to equilibrium) and the secondary or abnormal one (overshooting equilibrium). However, he takes notice of Mitchell’s substitution of ‘recession’ for ‘crisis’ in his review (Schumpeter, 1930, pp. 170-71), and, from 1935 onwards, he switches to the terms⁴ ‘recession’ and ‘depression’, in order to denote the two phases (normal and abnormal depression) in his own work on the business cycle (see Schumpeter 1935, p. 6).

Finally, in the postwar literature and up to the present, following the NBER dating procedures for peaks and troughs introduced by Burns and Mitchell (1946), ‘recession’ stands for the entire contraction phase of the business cycle, that is from peak to trough (see recently Romer 1999, pp. 28-32). If at present ‘recessions’ are distinguished from ‘depressions’ at all, then this tends to be according to the severity of the contraction of output rather than as two different phases of the cycle, so that ‘depression’ denotes a more severe contraction than ‘recession’ (see e.g. Zarnowitz and Moore 1986, p. 542).

Summing up, the translations used for *Krise* and *Depression* are indeed awkward and confusing. For, on the one hand, although Mitchell (1927) used the terms ‘recession’ and ‘depression’ roughly similarly to Hayek’s *Krise* and *Depression*, Hayek always refrained from Mitchell’s terms in his writings of this period. And, on the other hand, the translation is wholly inadequate for the modern

reader as the present-day meaning of ‘recession’ and ‘depression’ is certainly not equivalent to Hayek’s *Krise* and *Depression*.

As a second example we examine the concept of the ‘natural rate of interest.’ As is well known, the introduction of this term and its distinction from the money rate of interest originates with Knut Wicksell. Hayek (1925, p. 38) refers to this distinction when he writes of *ein Fallen des Geldzinses unter den Realzins* (Wicksell). In the new translation this reads as ‘in Wicksell’s terminology, ... a monetary interest rate below the natural interest rate’ (Hayek 1999, p. 81),⁵ augmented by an editorial note, which suggests that ‘Hayek adopted Mises’s formulation of the Wicksellian natural rate of interest’ and then refers to the definition given in the 1981 reprint of Mises (1934).

A host of problems arises from this translation as well as from the note. The simplest to resolve is how to translate the terms *Geldzins* and *Realzins*. First, the usual equivalent of *Geldzins*, in contemporary as well as in present-day texts, is ‘money rate of interest,’ and not ‘monetary interest rate.’ Secondly, one might ask why *Realzins* is not translated literally as ‘real rate of interest,’ instead of ‘natural rate of interest,’ as the latter is equivalent to the German *natürlicher Zinssatz*. However, we may turn for the answer to Hayek himself, according to whom ‘Wicksell ... made use in his later works of the term “real rate” (which to my mind is less suitable than “natural rate” ... since it coincides with Professor Fisher’s “real interest”)’ (Hayek 1933a, pp. 209-10 [1929, p. 124]).⁶ Therefore, the translation just substituted the more usual synonym for the original German term. For exegetical reasons a literal translation supplemented by an explanatory note might have been preferable, but not much harm is done by this decision.

Yet, the more enigmatic question is which of the definitions of the natural rate Hayek really adopted. To begin with, in Wicksell’s writings there are two slightly different definitions of the ‘natural rate.’ In *Geldzins und Güterpreise* (Wicksell 1898), the natural rate is defined in two places, as the rate *welche durch Nachfrage und Angebot reguliert würde, falls die Realkapitalien in natura ausgeliehen würden* (*ibid.*, p. iv) and, again, as *welche durch Angebot und Nachfrage festgestellt werden würde, falls man sich überhaupt keiner Geldtransaktionen bediente, sondern die Realkapitalien in natura dargeliehen würden* (*ibid.*, p. 93). In the English version⁷ (Wicksell 1936) these definitions are expressed, respectively, as: ‘the rate that would be determined by supply and demand if real capital goods were lent in kind’ (*ibid.*, p. xxv) and ‘the rate of interest which would be determined by supply and demand if no use were made of money and all lending were effected in the form of real capital goods’ (*ibid.*, p. 102). The alternative definition appears in the second volume of Wicksell’s *Lectures*.⁸ In the German version (Wicksell 1922) the relevant definition is: *Der Zinsfuß, bei welchem die Nachfrage nach Darlehenskapital und der Vorrat an ersparten Mitteln sich gerade miteinander decken* (*ibid.*, p. 220). And in the English version: ‘the rate of interest at which the demand for loan-capital and the supply of savings correspond exactly to each other’ (Wicksell 1935, p. 193). Neglecting minor criticisms of these translations,⁹ the main and substantive difference between these two definitions of the natural rate is that in the later 1922 definition the reference to the fiction of transactions taking place in the absence of money is omitted.

Now which of these definitions did Mises and Hayek adopt, respectively? The definition given in Mises (1924), as translated in Mises (1934), just recapitulates Wicksell’s 1898 definition in nearly identical wording (and without giving a reference)

as follows: it is the rate *die durch Angebot und Nachfrage festgestellt werden würde, falls die Realkapitalien ohne Vermittlung des Geldes in natura dargeliehen würden* (Mises 1924, p. 364), that is, in English: ‘the rate of interest that would be determined by supply and demand if actual capital goods were lent without the mediation of money’ (Mises 1934, p. 393). Hayek in his 1925 article gives no hint as to the specific definition of the ‘natural’ or ‘real rate’ that he attributes to Wicksell – and so we might ask for the evidence on which the editor’s note is based. However, four years later Hayek clearly differentiates between the two definitions given by Wicksell, with an unequivocal preference for the later one. According to him, the 1898 definition is an ‘unfortunate formula’ (Hayek 1933a, p. 211) – *eine unglückliche Fassung* (Hayek 1929, p. 126); while in the 1922 version (of the ‘Lectures’) the rate is ‘correctly defined’ (Hayek 1933a, p. 210) – it is *einwandfrei* (Hayek 1929, p. 125). Therefore, we have to conclude that, firstly, Mises adopted Wicksell’s 1898 definition of the ‘natural rate’; secondly, that there is no evidence which definition Hayek adopted in his 1925 article; and, thirdly, that in 1929 Hayek clearly rejected the 1898 definition adopted by Mises. Thus, in sum, the editorial note on the natural rate lacks an exegetical basis and may mislead the reader into attributing, in this regard, a greater impact of Mises on Hayek’s writings than is justified.

We end this section by pointing to some less important examples of misleading terminology. First, the Austrian theory of production and capital analyses the vertical structure of production by means of the concepts of the *Produktionsstufe* and the *Produktionsperiode*, as used by Hayek (1925, pp. 259 and 261n.). Whereas the 1984 translation provides the correct synonyms, ‘stage of production’ (Hayek 1984, p. 9) and ‘period of production’ (*ibid.*, p. 28n.), the more recent one uses the newly invented terms ‘production level’ (Hayek 1999, p. 104) and ‘productive cycle’ (*ibid.*, p. 106n.), thereby ignoring received terminology.

Second, in a passage where Hayek describes the accelerator principle as a driving force of the business cycle, he also points out with regard to the demand for finished products that *die Wirkung jedes partiellen Rückgangs im Weitergreifen sich vervielfältigt und so zu allgemeiner Depression überleitet* (Hayek 1925, p. 260). The following are the alternative translations provided: ‘the effects of any partial retrogression are multiplied in their further repercussions ultimately leading to a general depression’ (Hayek 1984, p. 9), or: ‘Each partial reduction has a multiplier effect and eventually culminates in a general recession’ (Hayek 1999, p. 105). The first is a somewhat clumsy, but literal translation; the latter, however, is deficient from an exegetical point of view. Apart from the misleading use of ‘recession’ (instead of ‘depression’) and the doubtful improvement of ‘culminate’ instead of the weaker ‘lead to,’ its main drawback is the reference to a ‘multiplier effect,’ which an unsuspecting reader might misinterpret as an anticipation of the Keynesian concept.¹⁰

Finally, a simple substantive error should also be mentioned. Hayek’s discussion of proposals for price level stabilisation is reproduced in two different versions:¹¹

A proposal of this type has been advanced by Irving Fisher in the United States and J.M. Keynes in England, and most sharply argued against by B.M. Anderson. (Hayek 1984, p. 17)

The main objection raised [against these proposals] by Irving Fisher in the United States, John Maynard Keynes in England, and, most vigorously, by B.M. Anderson, Jr., ... (Hayek 1999, p. 114)

Although anyone familiar with the monetary debates of the 1920s will notice that only the 1984 version can be true, the 1999 version¹² would mislead the uninitiated reader with regard to the views of Fisher and Keynes (or of Hayek's perception of them).

3 A Substantive Issue: Hayek's Early View of Forced Saving

In this section, we will show how subtle deviations of the English text from the German original may easily mislead in interpreting the substance of Hayek's position in the 1920s. As an example we pick out Hayek's view on the possible long-term effects of forced saving, a view closely related to his evolving version of Austrian business cycle theory.

As a first step of this investigation we must clarify the meaning and importance of forced saving.¹³ In Austrian business cycle theory (and in many related approaches) a state of monetary equilibrium (or neutral money) is a precondition for the absence of business cycles. Monetary equilibrium is maintained as long as – in Wicksell's terminology – the money rate equals the natural rate of interest, that is, the volume of investment demand just matches the supply of voluntary saving. If the money rate is fixed below the natural rate, then investment will exceed voluntary saving, and the difference – called forced saving – will typically be financed by inflation, that is, an increase in the (effective) quantity of money.¹⁴ In the absence of fluctuations in the velocity of money, the goal of neutral money could be realised by holding the quantity of money constant. However, in practice, all conceivable monetary systems will deviate from neutrality to some extent and admit forced saving and therefore cyclical fluctuations. In the Austrian view, it is such forced saving, financed by inflation, that sets the upswing in motion, yet this movement is necessarily self-reversing and inevitably leads to crisis and depression. Therefore the short-run benefits of the inflation-induced prosperity are offset by the losses of the depression.

Now the crucial question centres on a possible connection between (short-term) cyclical instability and (long-term) economic progress.¹⁵ In contemporary thought two competing views can be distinguished in this regard.¹⁶ The view usually attributed to Austrian orthodoxy rejects the possibility of any beneficial effects of forced saving (and cyclical instability) on the long-term evolution of the economy. The logic inherent in this view is that business cycles are monetarily-induced deviations from (a path of) intertemporal equilibrium and that eventually the economy will return to this path, which is independent of the cycle. In this sense forced saving is considered an evil in any case.¹⁷ The opposing view holds that, at least to some extent, business cycles are the engine of progress, so that if cyclical fluctuations were eliminated, the rate of economic progress would be diminished. As a conclusion, some positive amount of forced saving can be justified as a measure to speed up economic progress, in spite of its role as a cause of crisis and depression.

How do Hayek's early writings fit into this framework? We start with Hayek (1925). The three relevant paragraphs on cycles versus progress are to be found on pp. 276-7, where Hayek notes that there is a price to be paid for cyclical stability in terms of a slower speed of progress; that is, he accepts, in modern terminology, a trade-off between stability and progress.¹⁸ As there are two different translations available, we may contrast the more literal old (1984) with the new (1999) one.¹⁹ Thus, the relevant paragraph begins:²⁰

Although theory seems to offer the possibility of eliminating the cause of *crises* [a] by thorough-going changes in the present organization of economic life, it must be asked whether too high a price would have to be paid to achieve such stability. Thus, it is not improbable that any ‘*additional*’ *credit newly created by the banks* [b] in excess of the current accumulation of savings must sooner or later lead to a reaction against the more rapid progress of the economy *which it has made possible* [c]. *The reason is that* [d] the development of the productive apparatus of society *to the same extent* [e] would have swallowed up a part of its income greater than that which it wanted to or is able to permanently withdraw from consumption. (Hayek 1984, p. 21)

But even to the extent that theory offers the possibility of eliminating the causes of *recession* [a] by a thoroughgoing overhaul of the current organization of economic life, the question remains whether the price of attaining this degree of stability would not be too high. For it is by no means unlikely that any ‘*additional*’ *credit* [b] – that is, credit exceeding the current accumulation of savings – must sooner or later lead to a backlash against the more rapid economic progress *to which it gave rise* [c], *for the simple reason that* [d] a *continuing* [e] development of the society’s productive apparatus *at the same pace* [e] would have absorbed a larger part of its income than it was either willing or able to withhold from consumption. (Hayek 1999, p. 118)

We may note, at first, that Hayek (1984) keeps more closely to the wording of the original, while Hayek (1999) is translated more freely. In this regard the latter exhibits some slight deviations from the German text: [a] *Krise* is translated by ‘recession’ (instead of ‘crisis’); [b] the explanation of “‘additional’ credit’ given in the German text as *von den Banken neu geschaffener Kredit*, i.e. ‘credit newly created by the banks’, is ignored (and deleted); [c] *ermöglichter Fortschritt*, i.e. ‘progress ... which it has made possible’ is given as ‘progress to which it gave rise’; [d] *weil*, i.e. ‘because’, is transformed into ‘for the simple reason that’; and [e] *die Entwicklung ... im gleichen Umfang*, i.e. ‘the development ... to the same extent’, becomes ‘a continuing development ... at the same pace’. Anyway, irritating as these translations may be, they do not alter the substance of the text.

This is, however, not true of the next sentence. In German it reads: *Die Verluste, die dadurch entstehen, daß der gemachte Kapitalaufwand sich als ökonomisch noch nicht gerechtfertigt erweist, sind der Preis für einen ungewollt schnellen Fortschritt, der das Maß übersteigt, das die Menschen sich durch entsprechende freiwillige Opfer an gegenwärtigem Genusse zu erkaufen bereit sind.* (Hayek 1925, p. 276) The translations are:

The losses which arise from the revelation that the capital outlay made is *not yet economically justified* [f] are the price of an *undesirably* [g] *rapid progress* [h], a rate of progress which exceeds that which people are ready to purchase

The losses incurred because of *economically unjustified* [f] capital expenditures are the price that must be paid for an *unsuccessful attempt to impose a more rapid progress* [h] than can be exacted from people by

for themselves by a corresponding voluntary sacrifice of current enjoyments. (Hayek 1984, p. 21)

a voluntary sacrifice of current consumption. (Hayek 1999, p. 118)

Again, Hayek (1984) is the more literal translation, with one major (and significant) exception, namely the translation of *ungewollt* by ‘undesirably’ instead of ‘unintentionally’ [g]. Yet, whereas in other respects the 1984 translation is true to the meaning of the German text, the 1999 translation must be criticised on at least two counts: it deletes the ‘yet’ (before ‘unjustified’) [f], and it transforms Hayek’s ‘unintentionally rapid progress’ into ‘an unsuccessful attempt to impose a more rapid progress’ [h] – yet there is no indication in Hayek’s text that this attempt must be unsuccessful. First, if it were so, ‘the price of attaining this degree of stability’ could not ‘be too high’, as it would be just nil; and secondly, there is no phrase in the German text that could be translated by ‘unsuccessful attempt’. So these two deviations from the original, in my view, significantly distort the meaning of the text, as they contradict the notion that there might indeed be a positive price to be paid for cyclical stability, that is, that not all forced saving need be harmful.

The possibly beneficial effects of forced saving are attested to by Hayek in the next paragraph:²¹

There can be no doubt at all that the development of the capitalistic economy *over the last 100 years* [j] would not have been possible without the ‘forced *saving*’ [k] effected by the extension of *additional* [l] bank credit. (Hayek 1984, p. 21)

There is no doubt that capitalist economies could not have developed as they did without the ‘forced *savings*’ [k] resulting from the extension of ‘*additional*’ [l] bank credit. (Hayek 1999, p. 118)

Here Hayek (1999) is an accurate rendition of the original except that it deletes, for no clear reasons, the phrase ‘over the last 100 years’ [j], transforms ‘forced saving’ into ‘forced savings’ [k],²² and adds quotation marks to ‘additional’ [l].

Hayek concludes with a description of the possible effects of eliminating forced saving: ‘The complete elimination of fluctuations would require a very sharp reduction in the pace of development, that is, to whatever tempo voluntary savings would allow’. (1999, pp. 118-19)²³ And he continues:²⁴

But if one is not ready to take this step, one will have to adopt a more modest goal. After a careful weighing-up of the advantages and disadvantages to be expected, an attempt could be made to maintain a more rapid growth rate within such limits as will lessen the all too severe damage wrought by crises. Growth will thus not be permitted to exceed the rate which appears justified by the *more rapid progress* [m] whose causes are the same as those of crises. (Hayek 1984, p. 22)

If such a slowdown is not acceptable, while both *rapid progress* [m] and recessions spring from the same causes, the best one can do is to weigh the pros and cons carefully and restrict development to the point where the harm inflicted by recessions does not outweigh the benefits of a more rapid possible progress. (Hayek 1999, p. 119)

At first sight, one might not easily suspect that these are translations of the same text. While the 1984 version is not without fault,²⁵ the translation in Hayek (1999) is not only rather condensed, but one of the alterations made is substantial

and possibly misleading. Hayek explicitly concedes that forced saving, while a cause of crises, may lead to *schnellere Entwicklung*, that is, ‘more rapid progress’, again permitting the possibility of a trade-off. The 1999 version, however, by dropping the ‘more’ before ‘rapid’ [m], makes this contrast less visible.

So a careful reading of Hayek (1925) establishes that Hayek was ready to accept the possibility of beneficial long-term effects of forced saving. Yet it seems to me that the translation in Hayek (1999), by virtue of some slight alterations, veils Hayek’s moderate deviation from (what ultimately became) Austrian orthodoxy.

Next we look at Hayek (1928). In this case the new edition, Hayek (1999), uses the translation in Hayek (1984) with some revisions, not discernible in the part quoted below. The following passage confirms that the idea of a trade-off is then still present:²⁶

Probably [n] it has been fortunate for mankind that the organization of the monetary system has forced it into taking a step forward for which it would not have been prepared to accept the sacrifice involved. ... it can never be the goal of monetary policy to ensure that money exerts as little influence as possible upon the path which the economy traverses. On the contrary, the aim must always be to ensure that the unavoidable influences exert their effect in as a desirable a fashion as possible. (Hayek 1999, pp. 217-18 [= 1984, p. 103])

There is only a minor error in that the *vielleicht* of the German text is translated as ‘probably’ instead of the correct ‘perhaps’ [n]. It should be noted that this error has the opposite effect to those mentioned previously, as it adds more weight to the trade-off argument than Hayek did.

The last extensive discussion of the issue of stability versus progress is to be found in Hayek (1929). This book was translated just four years later, yet the English version (Hayek 1933a) is not a reliable guide to Hayek’s position in 1929, as he himself took the opportunity to revise the text (see *ibid.*, p. 15). Thereby, as will be shown, the relevance of possible beneficial effects of forced saving was somewhat downplayed. This reflects Hayek’s evolving view on this question. After 1929 the possibility of a trade-off between stability and progress no longer figures prominently in Hayek’s writings (e.g. it is not referred to in Hayek 1931a) and, when mentioned, it is characterised as doubtful and possibly valid only if an ever more restricted set of specific conditions is fulfilled.²⁷

In the following we provide some examples where Hayek’s own revisions lead to substantive deviations from the German text. Thus in one passage Hayek (1933a, p. 189 [1929, p. 111]) rejects the view that the banks – by furthering inflationary credit and thereby forced saving – are to blame for ‘causing fluctuations in economic development’. And he explains:

Es hat nicht nur niemand je von ihnen eine andere Politik verlangt, als jene, die Konjunkturschwankungen bedingt, *und es wäre aus den sogleich zu erörternden Gründen auch wahrscheinlich gar nicht wünschenswert, daß sie diese Politik aufgeben* [o], sondern es steht gar nicht in ihrer Macht, die Ursachen der Konjunkturschwankungen zu beseitigen ... (Hayek 1929, p. 111)

Nobody has ever asked them to pursue a policy other than that which, as we have seen, gives rise to cyclical fluctuations; and it is not within their power to do away with such fluctuations (Hayek 1933a, p. 189)

Here in the revised translation the italicised sentence [o], meaning ‘and for reasons to be explained below it would probably not be desirable that they abandon this policy’ (my translation), is simply left out. Similarly, the next paragraph contains some modifications designed to moderate Hayek’s earlier position:²⁸

[Trade cycles] are, in a sense, the price we pay for a speed of development exceeding that which people would voluntarily make possible through their savings, and which therefore has to be extorted from them [p]. And even if it is a mistake – as the recurrence of crises would demonstrate – to suppose that we can, in this way, overcome all obstacles standing in the way of progress, it is at least conceivable [q] that the non-economic factors, such as technical and commercial knowledge, are thereby benefited in a way which we should be reluctant to forgo. (Hayek 1933a, pp. 189-90).

Compared to the German text, forced saving is now ‘extorted from’ the people, instead of ‘tricked out of them’ as the literal translation of *abgelistet* [p]; and the beneficial effects are ‘at least conceivable’, whereas in the original ‘there can hardly be a doubt’ (*kann kaum ein Zweifel bestehen*) [q] about their existence.

Nevertheless, the revised version preserves some of the spirit of the original when it discusses the possible effects of a complete elimination of cyclical fluctuations: ‘The stability of the economic system would be obtained at the price of curbing economic progress’. (Hayek 1933a, pp. 190-1 [1929, p. 112]). And as a final statement on such a scheme:²⁹

The utilization of new inventions and the ‘realization of new combinations’ would be made more difficult, and thus there would disappear a psychological incentive towards progress, whose importance cannot be judged on purely economic grounds. It is no exaggeration to say that not only would it be impossible to put such a scheme into practice in the present state of economic enlightenment of the public [r], but even its theoretical justification would be doubtful [s]. (Hayek 1933a, pp. 190-1).³⁰

Here again, two modifications should be noted: the German text not only refers to the ‘economic enlightenment of the public’, but adds ‘and of scholarship’ (*und der Vertreter der Wissenschaft*) [r], and instead of ‘would be doubtful’ it ends with the more stringent ‘hardly justifiable’ (*kaum zu rechtfertigen*) [s].

4 Conclusion

The primary conclusion that emerges from this note is that the English translations of some of Hayek’s early writings should be used with caution. There are two main reasons for this. First, the more recent translations, in particular those of Hayek (1925), suffer from some unnecessary problems. Whereas the (incomplete) 1984 translation is probably too close to the wording of the original to provide a text that makes for easy reading, the more fluently written 1999 version is marred by a confused and anachronistic terminology. Consequently, for exegetical purposes the 1984 version is to be preferred where possible, while the 1999 version is perhaps more suitable for the general reader. Secondly, some of the existing translations do not fully convey, although for different reasons, the views that Hayek held in the 1920s. Not only did Hayek himself, by revising the 1933 translation of Hayek (1929), play down the extent to which his earlier views diverged from his later ones, but moreover the recent 1999 translation of Hayek (1925) contains some

‘smoothing’ of Hayek’s intellectual development, as the translation deviated significantly from the original if on only some occasions. For historians of economic thought a preferable solution for future volumes of Hayek’s *Collected Works* would be to provide a more literal (and still readable) translation and to supplement this with editorial notes where clarification is needed. Of course, with regard to Hayek (1929) and its translation Hayek (1933a), a variorum edition would be a welcome addition to the literature. In the meantime, non-German-speaking specialists in the field would be well advised to beware of the inevitable dangers of translations from original sources.

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Notes

- 1 The approximate numbers are ‘recession’: p. 30, ‘depression’: p. 5, ‘crash’: p. 1.
- 2 The term ‘recession’ is absent from Mitchell (1913).
- 3 See e.g. Hayek (1931a, pp. 87, 92, 109, 111). In the German version the equivalents are again *Krise* and *Depression* (Hayek 1931b, pp. 97, 103, 118, 120).
- 4 Though without citing Mitchell.
- 5 For another example, see also Hayek (1925, p. 262) compared with Hayek (1999, p. 106).
- 6 See also Hayek (1933a, p. 139n. [1929, p.75n.]).
- 7 The English version was translated from the German original by Richard Kahn.
- 8 The original version of the *Lectures* appeared in Swedish (first edition 1906). The German version was a translation of this edition, whereas the English version was a translation (by E. Classen) of the third Swedish edition of 1929.
- 9 Marget (1938, pp. 201-2) discusses this issue; for example, he proposes to substitute the Latin expression *in natura* for ‘in kind’ (in Wicksell 1936, p. xxv) and ‘saved media’ for ‘savings’ (in Wicksell 1935, p. 193).
- 10 By the way, the primary meaning of the German term *vervielfältigt sich* is ‘to duplicate, to reproduce’ and only its secondary meaning is ‘to multiply’, of which the literal German equivalent would have been *vervielfacht sich*.
- 11 In German: *Der Haupteinwand, der gegen diesen, besonders von Irving Fisher in den Vereinigten Staaten, J. M. Keynes in England vertretenen und am heftigsten von B.M. Anderson bekämpften Vorschlag vorgebracht wird* (Hayek 1925, p. 271)
- 12 This version also supplies information on first names and amendments like ‘Jr.’, not present in the German original.
- 13 See on the following Klausinger (1995, pp. 97-100).
- 14 Note again that the contemporary definition of inflation differs from the modern one.
- 15 It might be tempting to use the modern (but anachronistic) term ‘growth’ instead of ‘progress’; on the contemporary terminology of economic change see e.g. Schumpeter (1935).

16 Schumpeter (1952, p. 252) characterised the opposing views as follows: ‘There is the “theory” that the economic process is essentially non-oscillatory and that the explanation of cyclical as well as other fluctuations must therefore be sought in particular circumstances ... which disturb that even flow ... And there is the “theory” that the economic process itself is essentially wave-like – that cycles are the form of capitalistic evolution’. Schumpeter adhered to the latter ‘theory’.

17 For a summary of the established Austrian view in this regard see Machlup (1940, chapter 12 [1931, chapter 7]).

18 The notion of a trade-off is also present in Robertson, who entertained his ‘own private heresy’ of not being sure ‘that a little forced saving now and again may not be the necessary price for ... progress’ (1928, p. 57; cf. Laidler 1999, p. 97), and in Schumpeter (1927, p. 308), who notes conversely that ‘some slackening down of improvement might even be held to be no more than a reasonable price to pay for [the] benefits’ of avoiding the evils of depression.

19 In the following those parts of the translations to be discussed in the text are emphasised by italics and marked by bracketed letters.

20 In German: *So weit die Theorie überhaupt die Möglichkeit zu bieten scheint, durch ganz durchgreifende Änderungen der gegenwärtigen Organisation des Wirtschaftslebens die Ursachen der Krisen zum Verschwinden zu bringen, muß man sich aber auch fragen, ob der Preis, der für die Erlangung solcher Stabilität gezahlt werden müßte, kein zu hoher wäre. Es ist nämlich nicht unwahrscheinlich, daß jeder ‘zusätzliche’, das heißt von den Banken neu geschaffene, die gleichzeitige Ansammlung von Ersparnissen übersteigende Kredit die Wirkung haben muß, früher oder später zu einem Rückschlag gegenüber den durch ihn ermöglichten rascheren Fortschritt der Wirtschaft zu führen, weil die Entwicklung des Produktionsapparats der Gesellschaft im gleichen Umfang einen größeren Teil ihres Einkommens verschlungen hätte, als sie dauernd dem Konsum vorenthalten konnte oder wollte.* (Hayek 1925, p. 276)

21 In German: *Es kann wohl kein Zweifel darüber bestehen, daß die Entwicklung der kapitalistischen Wirtschaft in den letzten 100 Jahren nicht möglich gewesen wäre ohne das ‘erzwungene Sparen’, das die Gewährung von zusätzlichem Bankkredit bewirkt.* (Hayek 1925, p. 276)

22 The German equivalents, *Sparen* vs. *Ersparnisse*, correspond to the different meaning of ‘saving’ as an activity and ‘savings’ as the result of this activity; for a similar distinction see Robertson (1940, p. 5). This distinction is pertinent to the question whether the equality between saving(s) and investment should be considered an equilibrium condition or a tautology.

23 In German: *Man wird ... den Wechsel der Konjunkturen ... nur ganz unterdrücken können, wenn man gleichzeitig auch das Tempo dieser Entwicklung wesentlich, das heißt auf das durch das freiwillige Sparen ermöglichte Maß beschränkt.* (Hayek 1925, p. 276). Apart from minor differences of the two versions, the literal translation of *wesentlich* is ‘substantial’ (Hayek 1984, p. 21), and not ‘very sharp’.

24 In German: *Soweit man aber dazu nicht bereit ist, wird man sich damit bescheiden müssen, unter sorgfältiger Abwägung der auf beiden Seiten zu erwartenden Vor- und Nachteile die mögliche schnellere Entwicklung in solchen Grenzen zu halten, daß die allzu heftigen Schäden der Krisen gemildert werden und nicht das Maß übersteigen, das durch den schnelleren Fortschritt gerechtfertigt erscheint, der denselben Ursachen wie die Krisen zuzuschreiben ist.* (Hayek 1925, p. 277)

25 The translation of *Entwicklung* (i.e. literally ‘development’) as ‘growth’ is dubious (compared to the superior choice of ‘progress’ in Hayek 1999).

26 In German: *Vielleicht ist es ein Glück für die Menschheit gewesen, daß die Organisation des Geldwesens ... sie zu einem Fortschritt gezwungen hat, für den sie freiwillig nicht die notwendigen Opfer zu bringen bereit gewesen wäre. ... Gewiß ist, daß*

... das Ziel einer Geldpolitik daher nie allein sein kann, den Ablauf der Wirtschaft möglichst wenig zu beeinflussen, sondern daß immer gleichzeitig getrachtet werden muß, die unvermeidlichen Einwirkungen möglichst erwünscht zu halten. (Hayek 1928, p. 66)

27 For evidence of this increasingly critical position see Hayek (1932, p. 217; 1933b, pp. 115-16; 1934, p. 158).

28 In German: *Sie [die Konjunkturschwankungen] sind gewissermaßen der Preis des Fortschritts über jenes Maß, den die Menschen freiwillig durch ihr Sparen ermöglichen, und der ihnen darum abgelistet werden muß. Und wenn es auch ein Irrtum ist, der gerade durch die Krisen widerlegt wird, daß auf diese Weise die wirtschaftlichen Hemmnisse beseitigt werden können, so kann doch andererseits kaum ein Zweifel bestehen, daß die außerwirtschaftlichen Faktoren des Fortschritts, wie die technischen und kommerziellen Kenntnisse, dadurch in einer Weise gefördert werden, die wir nicht missen möchten.* (Hayek 1929, p. 11)

29 In German: *[Es würde] dadurch der technische Fortschritt verlangsamt ..., weil die Ausnützung von Erfindungen und der 'Herbeiführung neuer Kombinationen' erschwert und damit ein psychologischer Antrieb für die Entwicklung in Wegfall gebracht würde, dessen Bedeutung nicht nach rein ökonomischen Erwägungen ermessen werden kann. Es ist wohl nicht zuviel gesagt, wenn man behauptet, daß eine derartige Politik bei dem heutigen Stand der Einsicht des Publikums und der Vertreter der Wissenschaft nicht nur praktisch völlig undurchführbar, sondern auch theoretisch kaum zu rechtfertigen wäre.* (Hayek 1929, p. 112)

30 The term 'new combinations' (*neue Kombinationen*) is, of course, an implicit reference to Schumpeter (for an explicit reference see Hayek 1929, p. 95 [1933a, p. 168]).

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