

Carl Menger, Crown Prince Rudolf, and Public Policy

A Liberal Critique of Feudal Privilege

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The renowned economic theorist Carl Menger is remembered by the economics profession as a scholar who abstained from the political and policy controversies that agitated his contemporaries, devoting himself to fundamental principles and economic methodology rather than to ephemeral public issues. On one occasion, however, Menger advanced liberal, highly controversial views. In 1878, Menger daringly coauthored an anonymous pamphlet that one historian (May 1951, 163) termed a "shrill castigation of the nobility." Menger took a considerable risk, because his coauthor was his former pupil, Crown Prince Rudolf. Had the authorship become public knowledge at the time, Menger would have incurred official wrath for encouraging the heir apparent in offending the aristocracy and military, instead of restraining him. Professorial appointments in Austria then required ministerial approval.

Erich W. Streissler (1990) has used the lecture notebooks of Crown Prince Rudolf of Austria-Hungary as a unique source on Carl Menger's views on economic policy, and, together with Monika Streissler, has edited them (1994). Menger's chair of economic theory at the University of Vienna was separate from the chair of economic policy. He did not publish on policy, and lectured on the subject only privately, after his appointment in 1876 as economics tutor to the Crown Prince, who was then eighteen years old. Unlike William Whewell's lectures on political economy at Cambridge to the future King Edward VII (Whewell 1862), these lectures were not published. Their content is known only from notes written from memory by Rudolf and corrected by Menger. Streissler (1990, 110-11) reports that "In the centenary year of *The wealth of nations* the Austrian crown prince was in effect taught pure Adam Smith - and Smith pared down, at that. ... In fact Menger was the rediscover of Adam Smith in Austria - and he communicated this discovery to the crown prince."

Streissler (1990, 111) states that Menger "had only half a year for teaching the crown prince, though it was half a year of intensive studies" before, as Friedrich Hayek (1976, 22) reports, Menger "accompanied him [Rudolf] during the next two years on his extensive travels through the greater part of Europe, including England, Scotland, Ireland, France and Germany", a travelling tutorship recalling that of Adam Smith to the young Duke of Buccleuch. Rudolf wrote a book on his travels in the Near East, for which the University of Vienna conferred a doctorate on him, "an honor which the recipient believed would not have been granted to an ordinary person for a comparable contribution to knowledge" (May 1951, 153).

The intellectual relationship between Menger and Rudolf extended beyond tutoring to coauthorship, unmentioned by Streissler. According to Oscar Jászi (1929, 150), "In 1878 a book was published in Munich under the title *Der österreichische Adel und sein constitutioneller Beruf, Mahnruf an die aristokratische Jugend, Von einem Österreicher* ('The Austrian Nobility and Its Constitutional Mission: An Admonitory Appeal to the Aristocratic Youth. By an Austrian'). The author of this sensational pamphlet was the Crown Prince himself who wrote this document in collaboration with his professor and friend, the brilliant Austrian scholar, the founder of the so-called Austrian school of economy, Charles Menger. One can say without exaggeration that the reigning Austrian caste has never been analyzed in a deeper and more just way either before or after this publication."

The bibliography of Frederic Morton (1979, 327) also attributes the anonymous pamphlet to Rudolf, who wrote extensively and anonymously on public issues, mostly in Moritz Szeps's *Wiener Tagblatt* (Morton 1979, 34, 36-38, 100, citing Julius Szeps 1924). Jászi, who attributed coauthorship to Menger (as did Arthur May 1951, 163), was a prominent Hungarian liberal during the last years of the Habsburg Empire, and was a leading minister in Count Károlyi's republican regime in 1918. His book on *The Dissolution of the Habsburg Monarchy* (1929) is a scholarly work, with an emphatic point of view, but is not sensationalist: A. J. P. Taylor (1948, 294) held that "this book would be most valuable if it were not unreadable."

Israel Kirzner (1990, 106), citing work by Stephan Boehm, argues that "the principal frontier of ideological and political conflict in late nineteenth-century Austria was not that which separated proponents of pure laissez faire from those of aggressive state intervention. Rather it was between champions of the older, entrenched privileges of the clergy, aristocracy, army, and bureaucracy and the exponents of 'Josephinismus, the Austrian version of enlightened absolutism.' The Austrian economists endorsed a 'liberalism ... deeply rooted in Josephinic traditions, whose primary [purpose] was to do away with feudal privileges and guilds.' Menger's scientific work did not need to address these concerns." Menger's 1878 pamphlet with Crown Prince Rudolf did, however, address those very concerns.

Rudolf and Menger argued that the nobility had failed to justify its privileges by military or administrative service to the state. They attributed the crushing defeat of Austria by Prussia at Königgrätz in 1866 to the monopoly of military office at the time by the Austrian nobility, who were courageous but far behind the times in military science:

The only speculation and aspiration of the aristocratic commanders was directed towards an easy, chivalrous tone in the officers corps and to educate excellent horsemen. But all organic reforms were carefully avoided. ... The bravest sons of Austria bled to death on the Bohemian battlefield as victims of this delusion. (Translated by Jászi 1929, 151.)

After Austria-Hungary responded to military defeat by modernizing the army and introducing rigorous training and examination, aristocratic youth proved incapable of serious study because of "unlimited laziness" and avoided military service "where the law puts the nobility on a completely equal footing with the other classes", a situation in which the nobility "cannot serve joyfully" (translated by Jászi 1929, 151). Similarly, the aristocracy contributed little to the life of constitutional institutions, despite dominating through feudal privilege the House of Magnates, the upper house of the Austrian parliament (of which Menger was later appointed a member for life). Such lack of aristocratic participation in the armed forces and public administration was due to both apathy and lack of capacity: what talents could be developed in a life devoted to hunting, riding, and dancing? This last criticism presumably owed more to Menger than to Rudolf, an avid hunter of bears, eagles and other prey (Morton 1979, 115, 221). The authors also felt that the Jesuit education of the Austrian nobles failed to introduce them to ideas relevant to modern society, even conservative ideas. The pamphlet called on young Austrian nobles to do better, and to earn their privileges with public service. One may suppose that the Austrian aristocracy would not have received such criticism and exhortation warmly, and that the authors were wise to remain anonymous. The aristocracy, as Rudolf and Menger noted, did not read avidly, compared to the Austrian middle class, but they would have reacted to that work, had they known that the Crown Prince was one of the authors.

Jászi (1929, 151-52) reported that "The conclusions of the Crown Prince and his professor were verified by the consequences almost to the last word. In the later decades the old aristocracy was eliminated more and more from all those positions for which real work and qualification were required." Rudolf's suicide at Mayerling in 1889 ended whatever modernizing influence his ideas may have had on Austrian policy. The 1878 pamphlet by Rudolf and Menger strikingly reveals an unfamiliar side of Menger. Just as Rudolf's 1876 lecture notebooks reveal Menger as a classical liberal on economic policy, the 1878 pamphlet shows Menger as a sharp critic of unmerited

aristocratic position in the armed forces and the House of Magnates and as someone daring enough to engage in unauthorized, unsigned political pamphleteering with the heir to the throne.

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