LUDWIG M. LACHMANN: A REMINISCENCE

Ludwig M. Lachmann was born February 1, 1906 in Berlin and died December 17, 1990 in Johannesburg, South Africa. He received his doctorate from the University of Berlin in 1930 where he studied under, among others, Werner Sombart. After leaving Germany in 1933 Lachmann studied with F. A. Hayek at the LSE. He became a University of London Leon Fellow in 1938 for his research on "secondary depressions." The fellowship allowed him to travel to the United States, where he visited Columbia, Harvard and Chicago. He attended Frank Knight's famous seminar at the last of these stops. From 1943 to 1948 Lachmann taught at the University of Hull. From then until his retirement in 1972 he held a chair at the University of the Witwatersrand in Johannesburg. Lachmann came out of retirement to serve as a Visiting Research Professor in the Program in Austrian Economics at NYU from 1975 through 1987.


Lachmann played an important role in the "Austrian Revival" that began in the early 1970s and the "interpretive turn" towards hermeneutic analysis taken by certain Austrians in the 1980s. Of equal importance was the effect of Lachmann's personality on the individuals who were lucky enough to know him.

I first met Ludwig M. Lachmann on February 4, 1982 at the first spring semester meeting of the Colloquium in Austrian Economics at New York University. I was spending the year there on a post-doc, and Lachmann had traveled from the University of the Witwatersrand in South Africa (as had been his custom over the preceding few years) to spend the spring semester with his fellow Austrians. Though we had not been introduced, as soon as the goateed man with the twinkling eyes spoke I knew who he was. He started slowly, even haltingly. At first he appeared to ramble, but as he went on an argument unmistakably began to take form. The crucial juncture was signalled by a long, overtly dramatic pause. Then came the main point, spoken forcefully and rapidly, with all r's rolled, his eyes scanning the seminar table, case established, who could disagree?

During that first meeting I had an exchange with Mario Rizzo about the concept of market-clearing. I argued that though the speed of adjustment problem was an empirical issue, it was not something that could be tested as a general proposition. I drew the implication that one's view of the rapidity of clearing was a matter of faith, nothing more than a metaphysical assumption, though obviously a crucial one. Lachmann nodded his head vigorously as I was finishing up, which pleased me immensely. We met on the elevator after the session and he invited me to his office the following morning, which pleased me even more. I didn't realize at the time that I had hit upon themes that were fully compatible with the Lachmannian vision.

The next day I walked into Lachmann's office at 10 AM and took a seat. He looked at me, smiled, and said, "How shall we begin?" I had no idea what he meant, so I asked him to start. We talked for nearly two hours, mostly about assorted methodological questions: about whether Lionel Robbins was best viewed as a neoclassical or a subjectivist economist; about Mises's search for a philosophical home; about the problems associated with an a priori approach to methodology. It was a fascinating experience, but even better, the beginning of an ongoing event. Every
Friday morning through the end of April we met for a couple of hours to discuss the colloquium of the day before, questions of general strategy for the newly emerging Austrian movement, and articles that I had read since the previous week's discussion.

This last requires some explanation. In the course of our Friday morning meetings Lachmann would mention five to ten articles that I should look over during the following week. The term “mention” is a bit of an understatement. Lachmann would not merely recall that economist x had made an interesting point about matter y in journal z sometime in the 1930s. He would recite the author, article title, journal name, journal number, month and year of publication, and frequently the pages within the article on which a specific argument had been made! I was flabbergasted the first time he did this, and would have suspected that there was some trick had I not seen him do it over and over again, citing articles published three generations ago with the same precision and ease as those found in last year's journals. One person Lachmann did not cite during these sessions was himself. I knew of his book on capital theory, but he never mentioned it. It was not until later that I found that he had written a superb (though neglected) collection of essays, some on methodological themes, entitled The Legacy of Max Weber (Berkeley: Glendessary Press, 1971), and that he was then working on another book, The Market As an Economic Process (Oxford: Blackwell, 1986).

The topics we discussed on those memorable Friday mornings ranged widely, from Menger's methodology to the widespread availability of high quality, mild cigars in the U.S. (Havana, though, made him sick); from Hicks's recantation of IS-LM to the brutality of the New York winter (it was, of course, summer when he had left South Africa). I learned of the myriad views that distinguished him not only from other economists, but from many Austrians as well. We talked of the significance of divergent expectations, the absence of a theory of the path, the variety of types of entrepreneurs, the past Austrian neglect (just then showing signs of being remedied) of the writings of Max Weber and Alfred Schütz, and the role played by Lachmann's old friend G. L. S. Shackle in carrying forward the mantle of subjectivism.

Questions of strategy also arose. Lachmann lamented the decline in Austrian influence that took place in the 1930s. He felt that the leadership of the movement missed a golden opportunity then to extend the subjectivist tradition. The villain of the piece was not Keynes, who in Lachmann's view was a subjectivist (hence Shackle's importance), and perhaps even a better subjectivist than either Mises or Hayek. Rather, it was the advent of Paretian modeling techniques, and specifically the general equilibrium approach, that forced the Austrians into their period in the wilderness. They remained there until the early 1970s, when the Austrian revival began. The revival surprised and delighted Lachmann, of course, but it also carried with it a disquieting sense of déjà vu. Would the Austrians miss another opportunity, as they had in the 1930s? What was the best way forward for the modern Austrian movement? We talked about this often and at length, though most of our conclusions took the form of what Austrians ought not to do. For example, neither of us saw a priorism as providing a viable epistemological underpinning for praxeological reasoning. Lachmann's general stance was to be open to new ideas, a pluralistic vision that was quite appealing.

This openness was not a pose, as demonstrated by Lachmann's attitude towards the infamous Viennese economist Hans Mayer. Many Austrian economists hated Mayer for his despicable behavior following the Anschluss: as president of the National Economic Association, he issued an order expelling its Jewish members. Lachmann, a Jew who fled Berlin in 1933 after Hitler came to power, frequently referred to Mayer's work on causal-genetic explanation and path dependence as important, and lamented that it had been overlooked.

In the course of our discussions we occasionally found ourselves disagreeing over some point. Lachmann's way of calling this to my attention was to begin a sentence with the disarming phrase, “My dear Brrrruce, surely you don't mean to say that...” He would then enumerate the flaws in my analysis. I cannot recall winning any of these arguments, but neither did he let me go away feeling that I had lost. This was clearly an enviable trait, and one eminently useful for an academic.

My Friday morning sessions with Ludwig Lachmann are a wonderful memory, one of the peak intellectual experiences of my academic career. Here was a man who had lived through some of the most exciting episodes in twentieth-century economics. Most scholars of his stature busy themselves with their own work. Fame is not best pursued by conversing with one's juniors. But instead of working on his own projects, Ludwig Lachmann took the time to share his considerable knowledge with someone else, someone whom he had never met before. He could have done all of this in a way that would have felt overwhelming to the young academic lucky enough to receive his attention. Instead, he offered this most valuable of gifts humbly, without pretense or self-importance. A more inspiring role model is hard to imagine.

After I had left NYU, I discovered another side of Ludwig Lachmann: his skills as a correspondent. Lachmann wrote nearly as well as he spoke. Since this is high praise indeed, let me illustrate my claim. The topic under
discussion was the shift towards an interpretive, or hermeneutical, economics that was being undertaken by a group of subjectivist economists at George Mason University. I had expressed some reservations about the movement; what follows is Lachmann’s response:

To take your main point first: Why am I anxious that we establish our eligibility for membership of the Hermeneuts Club? What matters to me is our access to a broad reservoir of ideas that, at this moment, look interesting; our ability to meet in the club lounge (and not by appointment), informally, a number of interesting people and exchange thoughts with them.

What use we are going to make of our club membership, how often we visit it, are quite different matters. I am anxious that we establish our eligibility. Perhaps the cuisine is not to our liking or more likely, has its ups and downs. Perhaps they serve at the bar a brand of vodka that is bad for our health. If so we shall have to take obvious precautions. What matters is our ability to participate in the commerce of ideas.

Let me briefly give you three examples of harm we have suffered in the past when we had no such broad reservoir to fall back on. The 1930s were a decade of calamity anyway. When in 1938 Hutchison hit out at Austrian methodology, Robbins gave in. He had no reservoir of GENERAL ideas to fall back on. Knight, by contrast, had one, but its texts were mostly in German and thus, in 1940, not much good in the Anglo-Saxon world. Thus in his 1940 paper he had to improvise, to write as Max Weber would have written had he confronted Hutchinson. Finally, who can doubt that Shackle would have had much less difficulty establishing himself as an authoritative thinker on human action if he had been able to draw on a broad body of thought, of general ideas? (As a matter of fact he did not even draw on Bergson!)

As you say, there are of course “dangers of association.” There is the possibility that the more radical deconstructionists take over the Hermeneutic movement. Seems to me that our chance in helping to stave off such an event will be greater to the extent to which we have established an accredited place within the Club. (March 21, 1987)

A few months ago I got the chance to browse through the Hayek archives at Stanford. Ludwig Lachmann’s letters were some of the best in the whole collection. They always concerned IDEAS (he would have capitalized the word), and his references to books and articles were typically so numerous that he adopted the convention of using the red ribbon on his typewriter whenever any references were made. (He even switched to a red pen one time when the letter was handwritten!) The life of the mind was ideally suited to his personality.

I learned something else in the archives. In some of his letters to Hayek in the late 1950s and early 1960s Lachmann raised many of the same objections to the application of Karl Popper’s philosophy within economics as I

had raised during our Friday morning conversations. Yet Lachmann had sat and listened to me then, just as if the thoughts were new ones to him. He understood that education is a continual discovery process—and did not grow impatient when others made discoveries that for him were already long-established premises.

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The last time I saw Ludwig Lachmann was on February 18, 1987 at NYU. I presented a paper at the Colloquium, then spent three hours talking with him in his office. When we got up to leave he held my coat for me, something no one has done for me since I was a child. Later, he insisted on paying for the cab that took us to our hotel, even though had I paid the fare, I would have been reimbursed. (He refused to listen to this argument.) Both gestures suggest the magnanimity that came so naturally to this kind and modest man.

As we parted that day he said to me, “I will say farewell rather than au revoir, since at my advanced age I am never certain that I can keep the promise implied by au revoir.” Farewell, Professor Lachmann. You inspired more people than you would ever have imagined. The world is a duller place, and a less gentle one, with your passing.