

Campagnolo, Gilles: *Criticism of Classical Political Economy: Menger, Austrian Economics and the German Historical School*

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Classical economics or classical political economy was severely criticized not only from the camp of marginal revolutionists but also from the German Historical School. The latter especially put Ricardian theory of “compared individual advantages” into a radical question. This school had a concern for how to save their “little Germany” and asked how to build a “true” nation upon a basis of a people conscious of its potential greatness. From this concern, this school questioned the individual-based methodology of classical economy and its policy implications. However, at the end of 19th century, Carl Menger, a founder of Austrian school, debated both frameworks of classical economics and the Historical School. After his criticism, the latter gradually lost its identity and paradigm. Now, what kind of implications can we learn from this School? The author sees that its implications were developed to some degree by New Institutional Economists, such as R. H. Coase and D. C. North. However, he also sees that there remain various implications.

Part I and II out of three parts in this book deal with how the German Historical School rose and developed. Part I investigates its academic background. German philosophers such as Fichte and Hegel provided significant sources for this School’s concern for building a block of national economy. Chapter 2 of Part I traces how List, the

founder of this school, succeeded these philosophers’ arguments and designs on national political economy. The author also pointed out that some Historicists rediscovered German and Austrian Cameralists.

In Part II, the author especially examines some methodological differences between “older (ex. Schmoller’s)” and “younger (ex. Weber’s)” school of historical economics. What the author observes in Part II is that so-called “cultural economics” has already existed in the literature of the German Historical School. Its academic achievement is shown to be more than merely overturning the rhetoric of mainstream of economics, as D. McCloskey would put it.

The most prominent contribution of this book would lay in Part III especially in its treatment of documents and notes in Carl Menger library located at Hitotsubashi University in Japan. Before the author examined it, almost no one came to examine it except the notable historian of marginal utility, Emil Kauder in 1959. Prof. Campagnolo stayed at Tokyo for two years (1997–99) and examined the library with his intensive study of Japanese language. Carl Menger has abundantly written notes on the volumes he owned. He has also written notes on his texts. There can be found strict correspondence between the notes on the volumes he owned and the notes on his texts. Thus we can find

what Carl Menger had really in mind when he wrote his texts. For example, Carl Menger's notes on Aristotle's *Nicomachean Ethics* gives us a certain solution for the riddle of Menger's debated "Aristotelianism," as Chapter 7 of this book examines.

Carl Menger, his descendent Austrian economists and a number of their commentators generally attribute victory of the *Methodenstreit*, the methodological debate between Menger and the German Historical School, to Menger's side. However, the author asked, "whether all the issues had been dealt with effectively and the 'cry for victory' has to be discussed." Since the German Historical School has collapsed partially due to Schmoller's death in 1917, we come to pay little attention to the possible development of its methodology. However, in place of looking into this question, the author pays attention to how Menger differentiated himself from other precursors and founders of Marginalism.

Prof. Campagnolo also focuses on what Hayek did in his editing of Carl Menger's *Collected Works* (1934–36). In fact, Hayek's edition was mere "reprint," constituted by 4 volumes of Menger's works. In his editing, Hayek had a concern for establishing himself as Menger's heir. However, the author points out that some useful materials for understanding Menger's ideas has been kept in boxes in Carl Menger library in Japan. The author also points out that Menger's French paper is worthwhile to examine because it clarifies chapter 11 of the first version of the article *Geld*, which was written for the *Handwörterbuch für Sozialwissenschaften*. The French paper, entitled "La monnaie mesure de valeur," written in 1892, and printed on

Revue d'économie politique, was not included in the *Collected Works* either.

Following Menger's own ideas from his various papers, manuscripts and notes, this book is more or less successfully achieving its original aim to provide us elements of a benchmarking process that shows evidence of what is "Mengerian" in today's Austrian claims. The most annoying thing as for the interpretation of what is "Mengerian" lies in the status of the second edition of Menger's masterpiece, *Principles of Political Economy*, published in 1923. This edition was edited and revised by his son, Karl Menger, but we cannot trace back the textual evidence to decide what should be attributed to the father or the son. The author examines the differences between the first and the second editions of *Principles of Political Economy* and found there are divergences of ideas, not ambiguity of its logic. Karl Menger had migrated to the US in 1938 and there are certain documents at Duke University including two other copies of the *Principles*. The author examines them as well and provides us a picture of the divergence of Carl Menger's ideas.

Although one of the original contributions of this book lies in its treatment of unpublished documents and notes in Carl Menger library, the whole picture of this book is more comprehensive than its detail as the title shows. There are several paths to criticize classical political economy in terms of worldview (*Weltanschauung*). As several commentators have already showed and this book conforms it, it would be interesting to see that Carl Menger had an Aristotelian worldview in his alternative theory of value.

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