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The Early Reception of Carl Menger's *Grundsätze*: A Bibliographical Note

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Abstract

Carl Menger's *Principles of Economics* is one of the pillars of modern economics. It was neither ignored nor disregarded at the time of its publication, as some narratives suggest. Commentaries in journals and newspapers show a broad and auspicious reception, in no way an indifferent one. This new review of the reception examines the first fissures this book caused in classical political economy and the methodology of the social sciences. Menger's book was later recognized as one of the cornerstones of the marginal revolution and the turn to subjective value theory.

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150 years have passed since the appearance of Carl Menger's *Principles of Economics,* a book so essential to political economy that Knut Wicksell compared its impact to that of David Ricardo's *Principles* (Wicksell [1958] 1969, 191). George Stigler (1937, 250) proclaimed that the work has remained unsurpassed since Smith's *Wealth of Nations* and Marshall's *Principles.*

Despite having received such laudatory commentaries in the twentieth century, Hayek remarked that "the immediate reception of the book can hardly be called encouraging" (Hayek 1934, xvii). Wicksell argued that it would be no surprise if Menger was offended by the failure to grasp his work as exhibited by the German economists, one of whom, Lorenz von Stein, even lived in the same city but showed little sympathy toward Menger's "attempted reform" (Wicksell [1958] 1969, 190). Emil Sax added: "In every other science a publication with such content would have triggered the most enthusiastic discussions immediately… It was otherwise in German professional journals, which ignored this research almost completely, a fact that

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throws light on the precarious state of political economy today in Germany" (Sax 1887, 28, as quoted in Kurz 2004, 15).

"One can imagine," suggested Samuel Bostaph, "the frustrations of the young author (Menger was only thirty-one when he published the *Principles*) at the reception of his efforts." That reception, Bostaph maintained, led Menger to conclude "that his *Principles* was poorly received because the historicists granted no legitimacy to his method while failing to recognize the limitations of their own" (1978, 5). Joseph Salerno asserted that Carl Menger's debut was "coldly ignored" (2000, 2). Meanwhile Janek Wasserman suggested recently that the book was "poorly distributed" and that it "found a limited readership," while at the same time observing that the edition quickly went out of print, even though it was "published by a small Viennese press" (2019, 17).[1]

There was no such cold reception or lack of enthusiasm. When the *Grundsätze* appeared, Menger was not well-known as an economist and not yet a university professor. Menger had no reason to have felt "frustrated," especially considering his early career standing in the scholarly world.

Menger obtained the *venia legendi* to lecture on political economics on July 3. 1872, according to Ikeda (1997, 163 – 164) and Menger's records. In late August 1872, he was appointed to the official position of a *Ministerialsekretär.* A trade journal associates this appointment with the *Grundsätze:* "The editor of the economy section of the *Wiener Zeitung*, Mr. Dr. Karl Menger,[2] author of a very famous work on political economy, has been appointed by His Majesty the Emperor as ministerial secretary" [*Wiener Handelsblatt und Oesterreichischer Actionär* (Viennese Commercial Newspaper and Austrian Shareholder), September 3, 1872, 1].

Several researchers have addressed the history of the reception of Menger's debut. Given that their contributions are so widely scattered, I aim to collect them in one place, to offer several clarifications, and to add further sources:

Author	Title	Date	Page Numbers
1. Hayek	"Carl Menger"	1934	v–xxxviii
2. Hayek	"Carl Menger (1840 – 1921)"	1992, reprinted with additions from 1.	61 – 107, esp. 75

[1] Wilhelm Braumüller was not a negligible press: it was an official publishing house ("*kaiserlich und königlich*"), formally associated with the University of Vienna. "Founded in 1840," according to an article on the fiftieth anniversary of this publishing house, "the press's current catalogue includes 800 works in nearly 1,000 volumes, the contents of which encompass all of the sciences" (*Die Vedette*, February 10, 1871, 160).

[2] The K/C spelling was not handled as uniformly as it would be today. I quote the usage as in the original text.

Author	Title	Date	Page Numbers
3. Howey	"German Journal Literature and Menger's Publications, 1871–1889"	1989	139–142
4. Boos	"Rezeption der 'Grundsätze' in Deutschland"	1986	21–23
5. Caldwell	"Reception of the *Principles*"	2004	35–38
6. Yagi	"The *Grundsätze* and its Reviewers"	2016	50–53
7. Schumacher and Scheall	"Early Academic Career"	2020	30–35

According to this research and what can be found in today's digital resources, the following list of reviews and commentaries on Menger's book were published immediately after its printing between 1871 and 1874:

Number of Commentary and Author	Title	Publication	Date and Pages
[1] D.	Karl Menger, Grundsätze der Volkswirthschaftslehre. Wien, Braumüller, 1871.	Wiener Zeitung	October 20, 1871, p. 7
[2]	Grundsätze der Volkswirthschaftslehre. Von Dr. *Karl Menger.* Erster allgemeiner Theil. Wien. *W. Braumüller* 1872.	Vierteljahrschrift für Volkswirthschaft und Kulturgeschichte	Vol. XXXV, Nr. 3, 1871, pp. 194–205
[3]	Dr. Max Menger hat ein Buch "Grundsätze der Volkswirtschaftslehre" geschrieben	Die Presse	February 13, 1872, p. 15
[4]	An Herren Dr. Max Menger, Wohlgeboren, Wien.	Beilage zur Nr. 7. u. 8. des Figaro, humoristisches Wochenblatt	February 17, 1872, p. 1
[5] A.(rwed) Emminghaus	Ein wissenschaftlicher Gruß aus Oesterreich	Deutsche Zeitung, Nr. 92, Abendblatt	April 4, 1872, p. 4
[6] (Friedrich) Hack	Dr. C. Menger, Grundsätze der Volkswirthschaftslehre. Erster Allgemeiner Theil. Wien 1871.	Zeitschrift für die gesamte Staatswissenschaft, Erstes Heft, 28. Band	1872, p. 4
[7] Dr. V. P.	Menger, C. Die Grundsätze der Volkswirthschaftslehre. Erster allgemeine Theil. Wien 1871. Braumüller.	Oesterreichische Zeitschrift für Verwaltung, V. Jahrgang, Nr. 26	June 27, 1872, pp. 103–104
[8]	Drei neue Handbücher der Volkswirthschaftslehre	Jahrbücher für Nationalökonomie und Statistik, 18.	1872, pp. 342–345

Number of Commentary and Author	Title	Publication	Date and Pages
[9]	Die volkswirthschaftliche Literatur	Meyers Deutsches Jahrbuch. Erster Jahrgang	1872, pp. 660–677 (on Menger, p. 665)
[10] D.	Grundsätze der Volkswirthschaftslehre von Carl Menger. Wien, Braumüller 1871	Gerichtshalle, Nr. 97, 16.	December 2, 1872, pp. 456–457
[11]	Revue des Literaturjahres 1872	Blätter für literarische Unterhaltung, Nr. 2	January 9, 1873, p. 28
[12] G.(ustav) Sch.(moller)	Menger, Dr. Carl, Grundsätze der Volkswirthschaftslehre. 1. Allgem. Theil. Wien 1872. Braumüller (XII, 285 S. gr. 8)	Literarisches Centralblatt für Deutschland	February 1, 1873, pp. 142–143
[13] Wilhelm Roscher	Uebersicht der neuesten Entwicklungen	Geschichte der National-Oekonomik in Deutschland	1992 [1874], pp. 1004–1048, p. 1040

Below I summarize the contents of these comments on Menger's book.

Review [1]

The first review of the *Grundsätze* was published in October 1871, shortly after it became available in bookstores. This date matches the book's first appearance on the publisher's list, which includes the title among its new releases from October 21 to 28.[3]

Regarding Menger, the reviewer contextualizes the book by outlining how the new political economy researchers are essentially divided into two groups. Some seek to construct a system based on general principles, frequently with witty dialectics, but without any practical use; the others engage in the painstaking investigation of individual elements and from there seek general results.

The reviewer adds that Menger offers a detailed description of his procedure for explaining the most complex economic phenomena based on the simplest elements that can be subjected to accurate observation, quoting a passage from the book's preface.

Without disregarding the existing economic literature – the commentary continues – the author of the book reveals originality and consistency: "From start to end, his

[3] *Österreichische Buchhändler-Correspondenz*, Nr. 32, Zwölfter Jahrgang, October 28, 1871, p. 1.

work exhibits the most pronounced originality." The reviewer notes the straightforward, clear exposition, such that the layman can understand what is being said, although he believes the author goes too far.

"In the future, it will be up to the specialized critics to establish if (and which of) his theories will be recognized as sound achievements in the field." The author must be acknowledged and commended, the reviewer concludes, for his various novel points of view and the propositions he sets forth regarding the main issues at stake. The reviewer then closes his commentary with a mention of the book's dedication to Wilhelm Roscher.

This commentary is signed "D." Little more than a year later, another review would appear, once again signed by "D," with similar contents and the same quote from the preface (see Review [10]).

Review [2]

One of the most important commentaries on Menger's work appeared in the *Vierteljahrschrift für Volkswirthschaft und Kulturgeschichte* (Quarterly Journal for Political Economy and the History of Culture). Here, the publication date of the *Grundsätze* is given as 1872, a fact that was clarified by Menger years later: "In some recent works, especially in Meyers and Brockhaus *Konversationslexikon* (Meyer's and Brockhaus' Encyclopedia), the date at which my *Principles* first appeared is given as 1872. The book appeared, as it says on the cover, in 1871. The publisher put 1872 on the jacket of a certain number of copies, which perhaps led to the aforementioned error." This is a handwritten note by Menger himself, found by his son in his papers. It is quoted in the second (posthumous) edition of the *Principles*, based on the notes and drafts that the author was preparing for this edition (Menger 1923, VI, fn. 1).

The reviewer begins by saying that in Menger's *Principles*, there is a distinct sense of the emergence of a renewed enthusiasm (*neue Kraft*) for productive work. The focus on the matter of methodology includes a lengthy quote (seven paragraphs) from the preface: "We read this with satisfaction, especially given that the author stands out from those who, under the slogan of the so-called 'method of the natural sciences', merely tend to use such cover to evade any intellectual work through comfortable, although wholly unfruitful, commentaries on statistical models" (200).

The reviewer concurs with Menger in his criticism of statistics as a source of economic knowledge, saying: "Statistics is not a discipline of any aid to true research; it is used, rather, only by misguided researchers. It is impossible to gain any knowledge from it. It merely illustrates the play of immutable laws throughout history. As a discipline, it is auxiliary to the research conducted in the history of civilization" (201).

The review highlights Menger's classification of goods into different orders, based on the extent and degree to which they meet human needs. However, the reviewer

disagrees with these ordinal numbers for different kinds of goods, whose basis, he argues, are purely arbitrary, and thus do not correspond to science.

The mistrust of this classification is rooted in the practical consequences that it might have for trade. According to the review, Menger "supports this classification, which would be given a privileged place by the protectionist school – raw materials – intermediate goods – finished goods – as a causal relationship of goods for the basis of their classification" (202).

There is a certain instability of concept in the classification of orders, the commentator remarks, since the same good might correspond to one or another order, depending on the country in question if we take international trade into account. "The definition of this latter consideration [on which order a good belongs to] is what raises the risk in itself of getting carried away with unhealthy trade policy criteria, as we find with Friedrich List, while also failing to clearly establish that the vast majority of the orders [of goods] in the most developed civilizations are nothing but the expression of the more advanced stage reached by division of labor" (204).

The author mistakenly calls Menger "Rudolf" and asserts that he uses his division of goods to set forth a series of logical consequences, stating that "what makes a thing a commodity is not at all in the thing itself, but in human beings, in their nature, and in their history. He fails to state this – notes the reviewer – "as firmly and clearly as Bastiat did nearly thirty years ago now" (204).

Ultimately, the reviewer concludes that, "based on our present impression, [this author] has at least proven his capability and stands out from many of his contemporaries, who – along with their publishers – waste a great deal of paper and ink only to demonstrate that they lack even the most basic talent for the task of economic research" (205).

Review [3]

In November 1871, a bookstore in the university town of Graz announced the sale of the *Grundsätze*.[4] The third review appeared in *Die Presse*, mistakenly attributing the book to Carl's brother Max Menger, a member of parliament who was much better known at the time, entitled "Dr. Max Menger has written a book: Principles of Economic Theory."

The reviewer recommends recognizing those researchers who reassess the basic theories of the science without allowing themselves to be intimidated by the thought and ideas deemed conclusive well before they themselves came along. After quoting the same passage from the preface as the first review, the article ends with a similar conclusion: "The author's independent viewpoints will have to prove their validity

[4] *Tagespost.* Morgenblatt, November 19, 1871, 18, ad announcing the "new literary releases" for sale at the J. A. Kienreich bookstore in Graz.

and value as they are taken into account and put to test by experts in the field. Only such a critique, especially the progressive work of science that so diligently facilitates real accomplishments and discards errors will decide whether and which of the investigator's findings stand the test of time as permanent achievements of the field."

At the end of this review it also mentions that the "promising" work is dedicated to the "master" of political economy, Wilhelm Roscher.[5]

Review [4]

On January 20, 1872, the book appeared once again in the list of publications of the Braumüller publishing house.[6] Shortly after that, the book received a sarcastic commentary in a satirical weekly, which apparently used the mistaken reference in the *Presse*, once again confusing Carl with his brother Max:

> To Mr. Max Menger, His Eminence, Vienna.
>
> Dear Herr Doctor!
>
> Many thanks for your kind dedication and for sending me your *Principles of Economics.* After reading the first five pages, I went out and bought all remaining copies of my *System of Economics* and used them to fuel the fireplace that heats my living room. I shall now withdraw to private life!
>
> With special admiration, your humble servant,
>
> Wilhelm Roscher.

The mockery emulates a supposed letter from Wilhelm Roscher, the most renowned German-language economist at that time, pretending that the *Principles* were of such academic significance and historical importance that it would cause the German scholar to retire and burn his books.

Review [5]

The fifth review is signed by A(rwed). Emminghaus, a liberal German economist and occasional contributor to the *Deutsche Zeitung* in Vienna. He was one of the editors of the journal *Vierteljahrschrift für Volkswirthschaft und Kulturgeschichte* (Quarterly Journal for Political Economy and History of Culture), the most crucial academic publication for what was known as the "free trade movement" (*Frei-*

[5] The mistake in the author's name was corrected in the evening edition the following day: "It was not Dr. Max Menger, but Dr. Karl Menger, who is also a very well-known journalist, and who wrote the book *Principles of Economics*, which we praised in our review" (*Local-Anzeiger der "Presse,"* Beilage zu Nr. 44, February 14, 1872, 3 (15)).

[6] *Oesterreichische Buchhändler-Correspondenz*, January 20, 1872, 7.

handelbewegung). Menger was not a so-called "free-trader" and indeed voiced his objections to *laissez-faire* throughout his life.[7]

The article appeared in the *Deutsche Zeitung* (German Newspaper) in April 1872 under the fraternal title of "Academic Salutations from Austria." It begins with a quote from the preface to the *Principles* in which Menger implicitly declares himself a follower of the German economists and states that the reform he seeks to make to the most important principles of economic science was "built upon the foundation laid by previous works that were produced almost entirely by the industry of German scholars" (Menger 2011, 49).

Emminghaus reminds the reader that Germany has produced innovative, original, and highly singular works in science's pure theory (which he differentiates from simple economic history). Even so, "if we compare Menger's entirely original, brilliant, and noteworthy contribution with the most recent German works on the same subject to which a parallel may be drawn, then one cannot consider the conclusion drawn in his preface as merely a form of courtesy."

The approach set forth in the book "is completely new and original." Its author has completely moved away from all known schemes in this field of research, investigating instead developing economic processes and seeking out causal relationships among the phenomena while attempting to verify their consistency.

"However, such unfamiliarity draws the reader in here, as it is the very product of an original spirit, forged entirely from scratch." Among other things, the reviewer highlights the division of goods into different orders. He describes the theory of price formation as "original and masterful." To his knowledge, Menger has no predecessor in the matter. After offering a few criticisms on style, Emminghaus ends his review by stating that "for the moment, we offer our thanks for the cordial salutations from Austria."

Review [6]

One of the most critical reviews in the early history of the *Grundsätze* is that of Friedrich Hack, published in early 1872 in the *Zeitschrift für die gesamte Staats-*

[7] See especially Ikeda (2010) and Menger's texts on this topic, particularly his articles written to mark the hundredth anniversary of the death of Adam Smith (Hayek 1970a, 219–45; Menger 2016, 473). His thought was rooted in an intensive study of German economics, as confirmed by those who have analyzed his manuscripts (Streissler 1990; Silverman 1990; Ikeda 1997; Yagi 2016, 48–50), as well as brief commentary by Hayek (2011, 13–4), Kauder, who includes an Austrian forerunner (1965, 83–5), Howey (1989, 25 ff.), Boos (1986, 17–20), and the anthology on the German tradition of the subjective theory of value prior to Menger (Priddat 1997). Menger also received an anonymous review in the *Vierteljahrschrift* (second review). In his price theory, Menger refers to several studies published in this journal on markets and their effect on price formation, including one by Emminghaus (Menger 2011, 218–19, fn. 7).

wissenschaft (Journal for the Political Sciences), edited by Albert Schäffle, who was at the time in Vienna. The commentary is brief, but it played a decisive role.

Hayek points out that none of the reviewers in the German journals grasped the true nature of Menger's principal contribution, except for Hack (Hayek 1992, 75).[8] Howey recognizes no such insight, not even by Hack: "Despite his good intentions, Hack clearly missed the book's central idea and consequently failed to describe or appraise it accurately. The revolution in value theory lost one of its first opportunities to gain support, not because the reviewer opposed it, but because he did not understand it" (Howey 1989, 139).

However, the theory of value aside, Hack's commentary is certainly encouraging. It begins with praise: "We consider this text one of the best works to appear in recent times on economic theory. Scrupulousness, straightforwardness, and certainty are some advantages it offers; its particular value lies in the method" (Hack 1872, 183). Here, Hack quotes the passage from the preface on the procedure for tracing the most complex phenomena back to the simplest.

Hack adds that based on a strict systematic order, the book offers a commentary, one after the other, on the topics of goods, economy, value, exchange, price, commodities, and money.

> We do not concur with the author on all these essential developments; our opinion, for example, is that the so-called causal relationship [*Causalzusammenhang*] between objects and needs should not be conceived of as a cause-and-effect relationship but rather one of means and ends. Furthermore, the author should have addressed the famously polemical issue of how the laws of economic activity can be made compatible with free will rather than resorting to the claim that the science of economic theory does not occupy itself with practical recommendations for economic activity but instead only the conditions under which human beings carry out activities aimed at ensuring the satisfaction of their needs (*ibid.*, 184).

Hack ultimately concludes that these differences and disagreements do not prevent him from reaffirming his initial judgment on the work and hoping that the remaining volumes would appear in due course (the *Principles* was a first, general part of a work intended in several books).

Menger took Hack's comments very seriously. While preparing a second edition, the author procured several copies of his book with alternating blank pages to make notes.[9] In one of those copies (Copy 1, Duke), Menger wrote, "In his critique of my book, Hack asserts that there is no cause-and-effect relationship between need and good, but rather one of end and means." In another of the copies (Copy 3, Hitotsu-

[8] Friedrich Hack (1843–1911) was a municipal administrator (*Stadtschulheiss*) who modernized Stuttgart (1872–1892). He received his doctorate at Tübingen under the direction of Albert Schäffle, who was one of Menger's inspirations for the subjectivism inherent to his theory of value.

[9] One of those copies is kept at Hitotsubashi University in Tokyo, and the other two at Duke University in North Carolina.

bashi), he added: "A connection can be dual; a mechanistic [*mechanistischer*] connection and a teleological connection. The former must be the grounds for the latter."[10]

On one of the alternating blank pages in Copy 1 (Duke), Menger included a lengthy note:

> As Hack correctly remarks, goods are to the human wants in the relation of means to ends (*Zeitschrift für die gesamte Staatswissenschaft* (Journal for the Political Sciences), 48. B. [sic: 28. B.] 1872, p. 184). However, it is important that the same goods by themselves deny their causal connections (cause-and-effect connection) for the teleological connection (*Zweck-Verhältnis*) has the causal connection (*CausalitatVerhältnis*) as its necessary condition and ground. Except that a thing can be the cause of a phenomenon, it cannot be the means for the relevant end. Teleology and causality in the strict sense are two different forms of the more general law of causality (Yagi 2011, 9–10).

Yagi maintains that Hack's commentary and Menger's assimilation enabled him to consciously expand upon the subjectivism of his theory (Yagi 2010, 2).

Menger tries to reconcile the objectivity to which causality leads with the subjectivity resulting from the teleological approach of ends and means. This is a recurring theme in German economic literature, from Hufeland to Roscher. The former states, "[t]he term 'good' is used to refer to each means [intended] to some end of a human being, and the value is always established based on the ability of a thing to become a means to [achieve] a human end (good)" (Hufeland 1807, 17–8). For his part, Roscher (1864, 1–3) begins his treatise on the *Foundations of Political Economy* with a quote from Hufeland on the connection of the good to the representation of ends and means.[11]

Review [7]

In June 1872, another review appeared in the *Oesterreichische Zeitschrift für Verwaltung* (Austrian Journal of Administration), discussing Menger's book alongside two others. According to the reviewer, the works of Menger and Emanuel Herrmann reveal the influence of Wilhelm Roscher "on every page." Both, he claims, "are not only convinced of his doctrine of the need for precise analysis based on the grounds of experience, but they also use the inductive method confidently and deftly, more through the results achieved than through words, a preference they make clear."

Regarding Menger, the reviewer quotes the passages from the preface on complex phenomena and the procedure for reducing them to the simplest elements. "And this point of view," he adds, "is firmly maintained throughout the entire course of the

[10] For the full account on the notes made in response to Hack's commentaries, see Yagi (2011).

[11] Cf. Karl Milford's study on "Hufeland as a Precursor to Menger and Hayek" (in Priddat 1997, 120 ff). See, also, notes 61, 64, and 67 on Menger's remarks on his book found in his manuscripts, as compiled by Campagnolo (Menger 2020, 327–8).

investigation before us. Each chapter proves that the author has taken his task seriously."

In this reading, Menger considers the latest advances in the field and brings an in-depth knowledge of the prevailing opinions to his study. As a result, he can use a wide range of observations, thus putting him in the position to carry out "a revision of fundamental concepts and to find a solution to each one of the problems."

The reviewer adds: "Among the positive results for which our field must be grateful to him, we shall mention only one: the author establishes a new classification of goods. He differentiates them, according to the degree of quality of the goods, into higher-order goods and goods of lower order. While this differentiation may initially seem academic, it is, in fact, of great scientific importance, given that, on such a basis, the theory of trade takes on an essentially different configuration."

Review [8]

One of the most prestigious German journals to review Menger's book was the *Zeitschrift für Nationalökonomie und Statistik* (Journal for Political Economy and Statistics).

The piece begins by lamenting the "madness" among specific authors who, after having spent four weeks studying economics, throw themselves into writing a textbook. Could we possibly expect, asks the author, that some new "system" might emerge among these writers? Unfortunately, he concludes that the word "system" means nothing more than stringing a few paragraphs together for the youth engaged in this science. It can be no surprise, then, that Richter is lacking almost all – and Menger only some – of the fundamental concepts of political economy.

In Menger's book, he says, "we note with great satisfaction how the author liberates himself from those old schemata of the textbook – production, distribution, and consumption – to conduct a reasonable type of conceptual research."

Furthermore, he notes,

> we would have welcomed the book as a skillful approach to further investigations into certain fundamental concepts if it were not for the fact that it claims to be a textbook on general economic theory. Based on a simple mechanical succession of studies on the concepts of goods, value, exchange, price, and money – regarding which the author has sought to establish some new points of view – the only thing further achieved by the work are original, merely formal results, such as, for example, the division of goods into first and highest orders, as an indicator for the gradation of the value of goods (in the definition of value, the author offers a particular synthesis of Schäffle and Carey, while failing to go beyond the old representation of the value of the private economy). The textbook madness is thus at fault for the fact that the author of these investigations has not published them – as would have been welcome to the science – in the form of a monograph in journals or as pamphlets, rather than

> [as] ingredients that merely serve to supplement the book. However, the field may still use them in the future, as, for example, the whole part on the money (344).

The conclusion of the commentary is undoubtedly uncongenial. The author even sneers at the "salutations from Austria" that Menger offers to his German peers in the preface: "We would have responded, then, with great satisfaction and gladly clasped the hand of our 'peer from Austria,' without reservations, recognizing his effort. As things stand, however, we cannot help but feel a certain regret over the fact that he is spending his energy in a way so unconducive to science in general."

Review [9]

Menger's *Grundsätze* also warranted a mention (it might be an exaggeration to call it a review) in the overview of economic literature included in *Meyers Deutsches Jahrbuch* (Meyer's German Journal), which says: "K. Menger has published the first, general part, which has been commented on widely, of an economics textbook, the *Principles of Economics* (Vienna). The book is notable for the precision of its language and the clarity of exposition, and is developed based on the painstaking, independent investigations of the author, who is methodical, wise and well-read." It goes on to note: "In his sequencing and exposition of the subject matter, the author places less value on the system itself than on methodologically correct observation and knowledge" (665). The article then proceeds to quote the preface on the complex phenomena of human economics.

According to Schumacher and Scheall (2020 31, fn. 40), the author of this commentary was Gustav von Schönberg,[12] although they offer no proof for this claim.

These references contrast with the one made in the second volume of the *Meyers Deutsches Jahrbuch*, from 1873, edited by Max Wirth. There we read: "Of more significant independent books with the year 1872 on their title page, remarkably little is recorded for Germany. The production of new textbooks has decreased somewhat, and what has appeared […] – Contzen and Schramm's *General Economic Theory* (Leipzig, Spamer), C. Menger's *Principles of Economics* (Vienna, Braumüller), E. Dühring's *Course of Social and National Economy* – has not offered any new ideas."[13]

[12] Gustav von Schönberg (1839–1908), considered one of the so-called "socialists of the chair," was the editor of an economic anthology that was reviewed by Menger in 1883.

[13] Max Wirth (ed.), *Meyers Deutsches Jahrbuch.* Zweiter Jahrgang. Hildburghausen: Verlag des Bibliographischen Instituts, 1873, p. 742. The commentator is a further figure misdating the book. In his handwritten remark about this mistake, Menger refers to this second volume of the *Jahrbuch* (1873), not the previous one. The reviewer apparently did not read the *Grundsätze*, nor even *Meyers Jahrbuch* of 1872, which highlights Menger's independent thought.

Review [10]

This commentary from December 1872 is almost propagandistic, or at least laudatory to the highest degree. It was signed with the same initial, "D.", as is the case for review [1], and it appeared in the journal *Gerichtshalle* (Court of Justice).

The first paragraph of this short commentary discusses the earlier reviews of Menger's book by prestigious authors or publications, noting that: "This work by the young Austrian scholar has already garnered some warm acknowledgments, perhaps most notably from non-Austrian Germany (*ausserösterreichisches Deutschland*). We are referring, specifically, to the comments by Professor A. Emminghaus at Karlsruhe, Professor Hack at Tübingen, and most recently, in *Meyers Deutsches Jahrbuch*, published by Damers [sic]."

The reviewer asserts: "It is clear from the start that the book's incisiveness, independent investigation, and clarity of exposition are virtues that will rightfully earn it widespread fame. It is rich in new suggestions and ideas that will doubtlessly inspire lively debates and renewed explorations in certain areas that will serve to guide the steady perfection of the science of economic theory."

Review [11]

In another review of the literature, in *Blätter für Literarische Unterhaltung* (Newspaper for Literary Amusement), a more fleeting and perhaps surprising mention is made of Menger's book regarding criticism of socialism as part of the broader ongoing dispute over the social question. The commentary gives a list of books appearing in 1872, such as the second edition of Marx's *Capital*, along with texts by the so-called "Kathedersozialisten" (socialists of the chair). "Nor are textbooks on political economy free any longer of certain suggestions of socialism." The text mentions several authors, such as C. W. Zöllner and E. Dühring. "Here, too, a note should be made of C. Menger's *Grundsätze der Volkswirthschaftslehre.*"

Review [12]

In early 1873, a review of Menger's first book also appeared in *Literarisches Centralblatt* (Central Literary Newspaper), which contains an early hint to the famous *Methodenstreit.* The author is Gustav von Schmoller, who is highly critical of Menger's "orientation" from the very start:[14] "Our author, as a fellow researcher from

[14] I quote from the English translation of this review (Caldwell 2004, 409–10). *Literarisches Centralblatt* was a journal dedicated exclusively to reviews in all fields of science and knowledge, with contributors of the highest caliber. Many years later, Menger himself would

Austria, extends his greetings to German economics; he is also totally familiar with it, but his point of view is thoroughly independent. His strength lies in abstract, detailed pondering of simple processes; he loves mathematical forms and formulas; the basic idea that dominates him is to ascribe, with consistent urgency, the elementary manifestations of economic life to the simple economic motivation of mankind, the inclination toward the improvement of one's economic condition" (407).

According to Schmoller, this makes the author's approach more reminiscent of Ricardo than the main currents of German economics: "Lucidity in abstract theory is his objective; very detailed, indeed, tiresomely extensive, discussion of examples, which is much more tied to Robinsonades than to current economic conditions, is how he proceeds. The results are the unmistakable products of a not ordinary insight; still, they amount to no more than new formulations of conventional abstract topics rather than real solutions to real problems" (407).

In Schmoller's understanding, Menger seeks "to proceed in a way similar to that in which the natural sciences have proceeded," that is, to discover economic laws that are independent of the investigator's will. The author, he insists, "…wants to reduce economic life to its simplest observable elements and acknowledges herewith the following proposition: whether and under what conditions a thing is useful to me, whether and under what conditions it is an economic good, whether it has value for me, and whether and under what conditions an economic exchange takes place (from which price will ensue) – all this is independent of my will, just as the laws of chemistry are independent of the will of the practicing chemist" (407–8).

In response, Schmoller argues the falsity of this claim, stating that the psychological underpinnings of economic life change depending on the people and the time (*Volk und Zeit*). He cannot help but wonder: "Is the author not herewith reviving the old, slanted English fiction, namely, that economic life could be properly derived from the constant basic driving force of the abstract average man" (408)? Were that to be the case, he suggests, all economic problems would be rendered mere questions of the private economy. In passing, he also defends the methodological approach of the Historical School:

> The natural sciences have done their thorough research with scales and microscopes; the approaches that correspond to them in economics are the historical, statistical, etc.; if the natural sciences wanted to proceed, as Dr. Menger does in economics, they would have to abstractly explore the concept of the cell, the chemical element, and the like and derive their arguments from there. This too has its worth and its justification, but it is not so much exact method as speculation about concepts (408).

Menger's book consists of an "ingenious analysis of some of the basic concepts of economics." However, its entire approach is "too one-sided." He goes on to suggest that "perhaps the author would have done better not to have presented the results of his

publish, among others, a review of Simmel's *Philosophie des Geldes* (The Philosophy of Money) in this same journal (Menger 1901).

studies to the public in textbook form. It has by now become proverbial that each newcomer to economics begins with a textbook, instead of first proving his legitimacy with research on specific topics."

Review [13]

In his *Geschichte der Nationalökonomik in Deutschland* (History of Political Economy in Germany), Wilhelm Roscher mentions Menger's work in the section dedicated to "the most recent developments" found in the final chapter XXXV. He alludes to Menger's "highly abstract conceptual analyses, supported primarily by the history of theory, always original and frequently quite fruitful, which address, for example, price formation, first in isolated exchange; then through monopoly trade; and finally, under the influence of free competition" (Roscher [1874] 1992, 1040).

According to Yagi, "Roscher's commentary on the *Grundsätze* in his *Geschichte der Nationalökonomik in Deutschland* was unexpectedly short and indifferent ('very abstract' though 'original.'). Along with Schmoller's comments, Yagi suggests that the Historical School's generally critical reception "must have hurt his [i. e. Menger's] pride" (2016, 50 and 153).

Roscher's commentary on Menger was not as brief as some of his other references. The book attempts to cover German economic thought since the Middle Ages, and Menger's book was one of the most recent works mentioned when Roscher's book appeared in 1874. Indeed, Roscher was quite considerate in including it. The appreciative descriptors are nothing to scoff at, coming from the most prestigious economist in the German-speaking world at that time. Roscher declares Menger's analyses to be supported by the history of theory (*Dogmengeschichte*) and "quite fruitful." He demonstrates that he has read the book by quoting Menger's treatment of price formation in different contexts.

More than resentment or hurt pride, we should note the clarity with which Menger saw the difference in method with the Historical School and the partiality of that approach laid bare in a history of economic thought such as Roscher's.

"None of the reviewers in the German journals – Hayek (1992, 75) noted – seem to have realized the nature of its main contribution." He was correct in this appreciation, but we cannot say that it was "coldly ignored." Today, a different point of view prevails. The *Principles*, according to Schumacher and Scheall, was "favorably reviewed in several outlets. Karl [Menger's son] explicitly mentions two reviews, one written by the German economist Arwed Emminghaus (1872) and another written by someone named Hack" (2020, 30 – 1). They reject the idea that the book's reception was discouraging since "three of the four academic economic journals published in Germany at the time reviewed the book."

As we have seen, multiple reviews of the *Grundsätze* appeared in Austrian newspapers and German journals. It was mentioned in more general surveys and was

included in the foundational history of German economic thought. It is difficult to regard the work's reception as cold, and we can definitively rule out the suggestion that it was ignored. The reactions and responses varied and influenced Menger's further academic research. We can see such an impact in his preparations for a book's second edition – which Menger would not release in his lifetime – and in the formulation of his methodological program, part of which can also be found in his second book (Menger 1883). This program would continue to inform the debate stirred up by his work on the social sciences' epistemology and political economy which would soon trigger the *Methodenstreit.*

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