



518297-LLP-2011-IT-ERASMUS-FEXI

THE GERMAN EDITION OF IRVING FISHER'S *THE PURCHASING POWER OF MONEY*

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The German edition of Irving Fisher's *The Purchasing Power of Money. Its Determination and Relation to Credit, Interest and Prices* (1911) was published five years later as *Die Kaufkraft des Geldes. Ihre Bestimmung und ihre Beziehung zu Kredit, Zins und Krisen* (Fisher 1916) in the middle of the First World War. Ida Stecker made a good translation, it was examined by Professor Stephan Bauer in Basel and was published by Georg Reimer in the German capital Berlin.

The publication in the middle of World War I, and despite the paper shortage, was the more remarkable since, for example, the publication of Gustav Cassel's *Theoretische Sozialökonomie* was postponed for more than four years until the end of 1918, although the Swedish author had finalized the manuscript already in summer 1914. Ironically Cassel's *Theory of the Social Economy* became the leading textbook in Weimar Germany and went into five editions between 1918 and 1932.

Fisher, who had studied German in college, improved his knowledge of the German language considerably during long stays in Vienna and Berlin in 1893/94, so that he was able to read German texts including the reviews that had been published on the first American edition of his *Purchasing Power of Money*. Thus, his preface to the German edition, which for the most part is a translation of the preface to the first and second American editions, concludes with thanks to Dr August Carl Mahr from Yale University for his participation in the translation which contributed to its success, and with a detailed reference to the reviews by Persons, Sprague, Kinley, Kemmerer and Mitchell in the US, Chapman in Britain, Francois and Aftalion in France, and Loria and Gini in Italy before finally commenting on the reviews of Fisher (1911), which had been published in the German language area. Fisher (1916: XI) also thanks Dr V. Furlan, who was Professor of Statistics at the University of Basel, for checking the mathematical expressions in the Appendix to the Book. On the positive side, Fisher refers to the reviews by Furlan (1912), Eggenschwyler (1913) and, in particular, Robert Meyer (1912) in Vienna, but does not mention explicitly all those critiques "which are directed against the results of the book", and concludes his preface to the German edition, written at Yale on 4 January 1916, with the statement "that there exists particularly in Germany a certain prejudice against every theory which resembles the old quantity theory. For this reason I wish that the book may speak for itself with the German readers" (Fisher 1916: XII).

Although Knut Wicksell's *Interest and Prices* had been published in the German original *Geldzins und Güterpreise* as early as 1898, there existed a widespread antipathy against any form of quantity theory. In contrast to the Anglo-Saxon countries, the quantity theory never had gained much ground in Germany which can be attributed to the long prevalence of the link between law and economics, so that juridical aspects of the means of exchange were placed in the centre of analysis as in Knapp's *State Theory of Money*. Furthermore, leading representatives of the younger Historical School such as Schmoller either did not take greater notice of the quantity theory or were hostile against it. The situation changed due to the disastrous hyperinflation in the wake of World War I. Fisher's *Purchasing Power of Money* was published in a second German edition in the middle of the great inflation in 1922. However, even the unhappy experience of the hyperinflation did not induce a rapid diminution of the hostility towards the purchasing power doctrine as indicated, for example, by the heavy opposition from the balance of payments school, directed by Karl Helfferich. Helfferich, who himself had been



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the author of a bestselling textbook on *Money*, which went into six editions between 1903 and 1923, as Secretary of State in the Treasury Office during WW I was the architect of German war financing making recourse to extreme borrowing rather than raising taxes, a method which was mainly responsible for the inflationary consequences.

However, there were some notable exceptions, particularly among younger economists who later became prominent. Schumpeter, who appreciated “Fisher as the greatest of America’s scientific economists up to our own day” (Schumpeter 1954: 872) took the earliest interest in and was the greatest admirer of Fisher’s work. Schumpeter had already made a notable contribution to the quantity theory in his “Money and the Social Product” (Schumpeter 1917-18). In the younger generation Marschak’s 1922 Heidelberg PhD thesis on *The Equation of Exchange* (Marschak 1924) and particularly Neisser’s Kiel habilitation thesis on *The Exchange Value of Money* (Neisser 1928), a critical re-examination of the quantity theory and a systematic treatment of the determinants of the value of money, stood out.¹

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¹ For greater details see Hagemann (2013) on which this text is mainly based.



518297-LLP-2011-IT-ERASMUS-FEXI

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