
Ludwig von Mises and The Vienna of His Time

PART I

BY RICHARD M. EBELING

Ludwig von Mises was a passionate advocate of reason who deeply believed in the value of human freedom. He also was a patriotic cosmopolitan; that is, in the years before he left Europe in 1940, Mises was deeply loyal to the Austria of his birth, while adhering to a philosophy and an outlook on life that was universalistic in its principles. In other words, Ludwig von Mises was an Austrian Jew.¹

This may seem like a strange statement to anyone familiar with Mises's writings. In his memoirs, *Notes and Recollections*, he never once mentions the faith of his ancestors.² Nor does he speak in favor of Judaism—indeed, in his treatise on *Socialism*, he refers to Judaism as one of the stagnant and backward religions.³ And only in *Omnipotent Government*, written during World War II from his exile in America, does he discuss and criticize anti-Semitism in Germany in particular and in Europe in general.⁴ Yet, F. A. Hayek once commented that Mises considered himself to have been a victim of anti-Semitism in having never been awarded the academic position at the University of Vienna for which he considered himself rightfully qualified.⁵

Still, in many ways Mises's life from his birth in Lemberg in the old Austro-Hungarian Empire to his departure from the Austria of the interwar period reflects and parallels the triumphs and tragedies of the Jews of Austria. Mises was born September 29, 1881, in Austrian Poland, or Galicia, as it was called. In the last decades of the nineteenth century, 50 percent of the population of some parts of Galicia was Jewish, with

the center of Jewish life and culture being in the province's capital, Mises's birthplace.⁶

The documents that Ludwig von Mises's great-grandfather, Mayer Rachmiel Mises, prepared as background for his ennoblement by the Austrian Emperor Franz Joseph in June 1881 (just a few months

before Ludwig was born) record the history of the Mises family in Lemberg going back to the 1700s. Mayer's father, Fischel Mises, had been a wholesaler and real estate owner who had received permission to live and conduct business in the so-called "restricted district" reserved for non-Jews. At the age of 18, Mayer married a daughter of Hirsch Halberstamm, the leading Russian-German export trader in the Galician city of Brody.

Mayer took over the family business following his father's death and also served

for 25 years as a commissioner in the commercial court of Lemberg. For a time he also was on the city council and served as a full member of the Lemberg Chamber of Commerce. He also was a cofounder of the Lemberg Savings Bank, and later was a member of the board of the Lemberg branch of the Austrian National Bank. In addition, he was a founder of a Jewish orphanage, a reform school, a secondary school, a charitable institution for infant orphans, and a library in the Jewish community. Some of these charities were begun with funds provided by Mayer for their endowment. Indeed, it was for his service to the Emperor as a leader of the



Ludwig von Mises

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Jewish community in Lemberg that Mayer Mises, great-grandfather of Ludwig von Mises, was ennobled.

Mayer's oldest son, Abraham Oscar Mises, ran the Vienna office of the family business until 1860, when he was appointed director of the Lemberg branch of the Creditanstalt bank. Abraham also was the director of the Galician Carl-Ludwig Railroad. It is perhaps because of Abraham's connection with this railroad that his own son, Arthur Edler Mises, took up civil engineering with a degree from the Zurich Polytechnic in Switzerland, and then worked for the Lemberg-Czernowitz Railroad Company. Arthur married Adele Landau, the granddaughter of Moses Kallir and the grandniece of Mayer Kallir, a prominent Jewish merchant family in Brody. Arthur and Adele had three sons, of whom Ludwig was the oldest. His brother, Richard, became an internationally renowned mathematician who later taught at Harvard University. The third child died at an early age.

Members of the Mises family also were devout practitioners of their Jewish faith. The vast majority of the Galician Jews were Hasidic, with all the religious customs and rituals that entailed.⁷ As a small boy, Ludwig would have heard and spoken Yiddish, Polish, and German, and studied Hebrew in preparation for his bar mitzvah.

Ludwig's father, Arthur, like many of his generation, chose to leave Galicia and make his life and career in the secular and German cultural world of Vienna. But from the documents among Ludwig von Mises's "lost papers" in the Moscow archives,⁸ it is clear that his mother maintained ties to her birthplace, contributing money to several charities in Brody, including a Jewish orphanage.⁹ In Vienna in the 1890s, Arthur was an active member of the Israelite Community's Board, a focal point for Jewish cultural and political life in the Austrian capital.¹⁰

Denied Civil Liberties

Until the early and middle decades of the nineteenth century, Jews throughout many parts of Europe were denied civil liberties, often being severely restricted in their economic freedom and, especially in Eastern Europe, confined to certain geographical areas. In the 1820s Jews were still not permitted to live and

work freely in Vienna; special permission from the Emperor was required.¹¹ Commercial and civil liberation of the Austrian Jews only occurred in the aftermath of the Revolution of 1848, most especially with the new constitution of 1867, which created the Austro-Hungarian Dual Monarchy following Austria's defeat in its 1866 war with Prussia.¹² The spirit and content of the 1867 constitution, which remained the fundamental law of the Empire until the collapse of Austria-Hungary in 1918, reflected the classical-liberal ideas of the time.¹³ Every subject of the Emperor was secure in his life and private property; freedom of speech and the press was guaranteed; freedom of occupation and enterprise was permitted; all religious faiths were respected and allowed to be practiced; freedom of movement and residence within the Empire was a guaranteed right; and all national groups were declared to have equal status before the law.¹⁴

No group within the Austro-Hungarian Empire took as much advantage of the new liberal environment as the Jews. In the early decades of the nineteenth century a transformation had begun among the Jewish community in Galicia. Reformers arose arguing for a revision in the practices and customs of orthodox Jewry. Jews needed to enter the modern world and to secularize in terms of dress, manner, attitudes, and culture. The faith had to be stripped of its medieval characteristics and ritualism. Jews should immerse themselves in the German language and German culture. All things "German" were distinguished as representing freedom and progress.¹⁵

With the freedoms of the 1867 constitution, Austrian and especially Galician Jews began a cultural as well as a geographical migration. In 1869 Jews made up about 6 percent of the population of Vienna. By the 1890s, when the young Ludwig von Mises moved to Vienna with his family, Jews made up 12 percent of the city's population. In District I, the center of the city where the Mises family lived, Jews made up over 20 percent of the population. In the neighboring District II, the portion was over 30 percent.¹⁶

But in the late-nineteenth and early-twentieth centuries, there was a stark contrast between these two districts of the city. In District I the vast majority of the Jewish population had attempted to assimilate

with their non-Jewish neighbors in dress, manners, and cultural outlook. On the other hand, in District II, bordering on the Danube, the Jewish residents were more likely to have retained their Hasidic practices and orthodox manners, including their traditional dress. It was the visible difference of these Jews, who often had more recently arrived from Galicia, which so revolted the young Adolf Hitler—who was shocked and wondered how people acting and appearing as they did could ever be considered “real Germans.” They seemed such an obviously alien element in Hitler’s eyes.¹⁷

The characteristic mark of most of the Jews who migrated to Vienna (and other large cities of the Empire, such as Budapest and Prague) was their desire and drive for assimilation; in many ways they tried to be more German than the German-Austrians. The Czechs, Hungarians, and Slavs, on the other hand, often were still focused on their traditional ways; the Hungarians in particular were suspicious of the Enlightenment, civil liberties, and equality—these threatened their dominance over the subject peoples in their portions of the Empire. To constrain the Hungarians, the Emperor increasingly put the Czechs, Poles, and Slavs under direct imperial administration on an equal legal footing with the German-Austrians.¹⁸ For the Jews, Austrian imperial policy meant the end of official prejudice and legal restrictions, and the advent of civil rights and educational opportunities.¹⁹ Their continuing and generally steadfast loyalty to the Habsburgs, however, led many of the other nationalities to be suspicious and anti-Semitic as the years went by. The Jews were viewed as apologists and blind supporters of the Habsburg Emperor, without whose indulgence and protection the Jews might have been kept within the ghetto walls.²⁰

Civil liberties and practically unrestrained commercial and professional opportunity soon saw the Jews rise to prominence in a wide array of areas of Viennese life.²¹ By the beginning of the twentieth century more than 50 percent of the lawyers and medical doctors in Vienna were Jewish. The leading liberal and socialist newspapers in the capital were either owned or edited by those of Jewish descent, including the *New Free Press*, the Viennese newspaper for which Mises often wrote in the 1920s and 1930s. The membership of the

journalists’ association in Vienna was more than 50 percent Jewish. At the University of Vienna in 1910, professors of Jewish descent constituted 37 percent of the law faculty, 51 percent of the medical faculty, and 21 percent of the philosophical faculty. At the time Mises attended the university in the first decade of the twentieth century, almost 21 percent of the student body was Jewish. The high proportion of Jews in literature, theatre, music and the arts was equally pronounced.²²

German High-School System

The main avenue for social and professional advancement was education in the *gymnasium* system—the high-school system in the German-speaking world. The *gymnasium* education not only offered the path to higher education and a university degree for many Jews, but it also was an avenue for acculturation and assimilation into European and especially German culture. For example, Mises and his fellow student Hans Kelsen (who later became an internationally renowned philosopher of law and the author of the 1920 constitution of the Republic of Austria) attended the *Akademisches Gymnasium* in the center of Vienna. It was meant for students preparing for the university and professional careers. Here a wide liberal-arts education was acquired with mandatory courses in Latin, Greek, German language and literature, history, geography, mathematics, physics, and religion, with electives in either French or English—Mises selected French. At the core of the curriculum also was the study of the ancient Greek and Roman classics. Mises and other Jewish students at the *Akademisches Gymnasium*, as a part of their religion training, had courses in Hebrew.²³

According to memoirs written by people who attended the *Akademisches Gymnasium* in the 1880s and 1890s, most of the students ridiculed the religion classes as “superstition.” The Greek and Roman classics were considered literary avenues to the mainstream of modern European and Western culture. And while contemporary writings in history, social criticism, literature, and the sciences were not assigned, the students absorbed these works on their own as a way to integrate themselves into modern and “progressive” society.²⁴

In the 1890s, during Mises's time at the school, 44 percent of the student body was Jewish. But there were some *gymnasiums* at which Jewish admission was informally restricted. For example, the Maria Theresa Academy of Knights in Vienna was reserved for the children of the nobility and senior officials. Joseph Schumpeter attended it in the 1890s, but only because his stepfather was a lieutenant field-marshal. No matter what his academic qualification, Mises would have had virtually no chance of having been accepted there. There were clusters of these *gymnasiums* that were clearly closed to Jews, even if they were converts to Christianity, while other clusters represented the high schools where middle-class Jewish businessmen, professionals, and civil servants sent their children.²⁵

But for all their assimilationist strivings—their conscious attempts to be German-Austrians in thought, philosophy, outlook, and manner—they remained distinct and separate. Not only was this because they belonged to schools, professions, and occupations in which they as Jews were concentrated, but because non-Jewish German-Austrians viewed them as separate and distinct. However eloquent and perfect the Jews' German in literature and the spoken word, no matter how valuable their contributions to Viennese society and culture, most non-Jewish Viennese considered these to be Jewish contributions to and influences on German-Austrian cultural life.

Name, family history, gossip, and mannerisms made it clear to most people who was Jewish and who was not. The wide and pronounced success of so many Viennese Jews made non-Jews conscious of their preponderance and presence in many visible walks of life. And it served as the breeding ground for anti-Semitism.²⁶

In the Habsburg domains, part of this anti-Semitism was fed by conservative and reactionary forces in society that often resented the Emperor's diminishment or abolition of the privileges, favors, and status of the Catholic Church and the traditional landed aristocracy. The high proportion of Austrian Jews involved in liberal or socialist politics made them targets of the conservatives who said they were carriers of modernity, with its presumption of civil equality, unrestrained market competition, and a secularization that was said

to be anti-Christian and therefore immoral and decadent. Preservation and restoration of traditional and Christian society, it was claimed, required opposition to and elimination of the Jewish influence on society. Jews were the rootless "peddlers" who undermined traditional occupations and ways of earning a living, as well as the established social order of things. They pursued profit. Honor, custom, and faith were willingly traded away by them for a few pieces of gold, it was said. Craft associations became leading voices of anti-Semitism, especially when economic hard times required small craftsmen and businessmen to go hat in hand to Jewish bankers for the borrowed sums to tide them over these times of economic trouble.²⁷

Anti-Jewish Sentiment

German nationalism also was a vehicle for growing anti-Jewish sentiment. The paradox here is that in the 1860s and 1870s a sizable number of Jewish intellectuals were founders and leaders in the Austrian and German nationalist movements. German culture and society were viewed as representing the universal values of reason, science, justice, and openness in both thought and deed. German culture and political predominance within the Austro-Hungarian Empire restrained the backward-looking forces of darkness, that is, the Hungarian, Czech, and Slavic threats. At the same time, German influence in Central Europe offered rays of enlightenment in Eastern Europe.

Mises estimated that before World War II, Jews made up 50 percent of the business community in Central Europe and 90 percent of the business community in Eastern Europe.²⁸ Indeed, in *Omnipotent Government* he asserted that in Eastern Europe "modern civilization was predominantly an achievement of Jews."²⁹ What the Jews in these parts of Europe introduced and represented, at least in their own view, was the enlightened German mind, with its culture and institutions. But to the nationalities being introduced to and "threatened" by this German cultural influence, it was perceived as Jewish as much as German—a dominating, imperial, and "foreign" culture.

At the same time, in both Germany and German-Austria, many of the Christian German nationalists viewed the Jews in the forefront of the Pan-German

nationalist movements as interlopers. As a consequence, in the second half of the nineteenth century, rationalizations emerged to justify the rejection of Jewish participation in the cause of German nationalism and culture. It was said that only Christians and the Christian faith were consistent with true German life and culture. But when a significant number of German and Austrian Jews converted to Christianity, it still was found not to be enough. Now it was claimed that to be a true German it was not sufficient to be a convert to Christianity. “Germanness” was a culture, an attitude toward life and a certain sense of belonging to the *Volk* community.

As a growing number of Jews immersed themselves in all things German—language, philosophy, literature, dress, and manner—it was found, again, not to be enough. Really to be a German was to share a common ancestry, a heritage of a common blood lineage.³⁰ This was one barrier the German and Austrian Jews could not overcome. In the emergence of racial anti-Semitism in the 1880s and 1890s were the seeds of the “final solution.”

In Vienna the spirit of anti-Semitism was represented by Karl Lueger, who was mayor of the capital city in the first decade of the twentieth century and a leader of the Christian Social Party. He insisted that only “fat Jews” could weather the storm of capitalist competition. Anti-Semitism, Lueger said, “is not an explosion of brutality, but the cry of oppressed Christian people for help from church and state.”³¹ He blended anti-Semitism with social-left reforms, which included civil-service and municipal-government restrictions on Jewish access to city jobs or contracts. On the other hand, when Lueger was challenged on why he had Jewish friends and political associates, he replied, “I decide who is a Jew.”³²

But in spite of the presence and growth of anti-Semitic attitudes in the late-nineteenth and early-twentieth centuries in Austria in general and Vienna in particular, Mises’s lack of attention to his own Jewish family background or any hint of the impact of anti-Semitism around him—there were anti-Jewish student riots at the University of Vienna during the years when he was a student there around the turn of the century—was in fact not uncommon. One can

read Stefan Zweig’s fascinating account of everyday life in the Vienna of this time and have the distinct impression that anti-Semitic attitudes and municipal-government policy were virtually nonexistent.³³

Invisible Walls

Yet the circles in which people moved in Viennese society both before and after World War I existed with many invisible walls. Traditional or orthodox Jews lived and worked within a world of their own in the city.³⁴ Secular and assimilated Jews, like Ludwig von Mises and Hans Kelsen, moved in circles of both Jews and non-Jews; but even the nonreligious and German-aculturated Jews clustered together. A review of the list of participants in Mises’s famous private seminar in Vienna, for example, shows a high proportion of Jews.³⁵ And even after Mises had moved to Geneva, Switzerland, in 1934, his agenda books for this time show that many of his social engagements were with other Jews residing in that country.

The end of the nineteenth and the beginning of the twentieth century saw the eclipse of liberalism in Austria and the rise of socialism in its place, centered in the political ascendancy of the Social Democratic Party. A sizable number of Jews were prominent in the Austrian socialist movement; they were anti-capitalist and viewed the entrepreneurial segment of the society as exploiters and economic oppressors. The capitalist class would be swept away in the transformation to socialism, including the Jewish capitalists in the “ruling class.” Most of the Jews in the socialist movement were not only secular and considered themselves harbingers of the worker’s world to come; they were also contemptuously opposed to cultural and religious Judaism as well.³⁶

These three political movements in Austria and Vienna when Mises was a young man—conservatism, German nationalism, and radical socialism—were, each for its own reasons, enemies of liberal society, opponents of free-market capitalism, and therefore threats to the ideas and occupations of those middle-class, or “bourgeois,” walks of life heavily populated by the Jews of Austria and Vienna.

The history of Austrian Jewry during this time is a story of triumph and tragedy. The winds of

nineteenth-century liberalism freed the Austrian Jewish community, both internally and externally. Internally, the liberal idea pried open orthodox Jewish society in places such as Austrian Galicia. It heralded reason over ritual; greater individualism over religious collectivism; open-minded modernity over the strictures of traditionalism. Externally, it freed the Jewish community from legal and political restrictions. The rights of freedom of trade, occupation, and profession opened wide many opportunities for social improvement, economic betterment, and political acceptance.³⁷

Within two generations this transformed Austrian Jewish society. And within that same span of time it saw the rise of many Jews to social and economic prominence, with greater political tolerance than ever known before. If these two liberating forces had not been at work, there would not have been Ludwig von Mises—the economist, the political and social philosopher, and the notable public figure in the Austria between the two world wars.³⁸

At the same time these two liberating forces set the stage for the tragedy of the German and Austrian Jews. Their very successes in the arts and the sciences, in academia, and in commerce fostered the animosity and resentment of those less successful in the arenas of intellectual, cultural, and commercial competition. It set loose the emotion of envy, the terror of failure, and the psychological search for excuses and scapegoats. It ended at the gates to the Nazi death camps.³⁹ 

1. On the general meaning of liberalism among many of the Austrian Jews in the late nineteenth and early twentieth centuries as representing a belief in the importance and role of reason in human affairs, a universal or cosmopolitan philosophy of individual rights and equality before the law, an advocacy of voluntary association outside of state regulation and control, and a loyalty to a multinational political authority (the Habsburg emperor) as a defender and protector of these ideas, see Pieter M. Judson, “Rethinking the Liberal Legacy” and Malachi Haim Hacohen, “Popper’s Cosmopolitanism” in Steven Beller, ed., *Rethinking Vienna, 1900* (New York: Berghahn Books, 2001), pp. 57–79 and 171–94; and Marsha L. Rozenblit, *Reconstructing a National Identity: The Jews of Habsburg Austria During World War I* (Oxford University Press, 2001), pp. 14–38.

2. Ludwig von Mises, *Notes and Recollections* [1940] (South Holland, Ill.: Libertarian Press, 1978); these memoirs were written in the autumn of 1940 shortly after Mises and his wife, Margit, had arrived in the United States from war-torn Europe.

3. Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* [1922; revised ed., 1932] (Indianapolis: Liberty Classics, 1981), p. 370: “Today the Islamic and Jewish religions are dead. They offer their adherents nothing more than ritual. They know how to prescribe prayers and fasts, certain foods, circumcision and the rest; but that is all. They offer nothing to the mind. Completely despiritualized, all they teach and preach are legal forms and external rule. They lock their follower into a cage of traditional usages, in which he is often hardly able to breathe; but for his inner soul they have no message. They suppress the soul, instead of elevating and saving it. . . . Today the religion of the Jews is just as it was when the Talmud was drawn up. The religion of Islam has not changed since the days of the Arab conquests. . . . But it is otherwise in the living [Christian] Church of the West. Here, where faith is not yet extinct, where it is not merely external form that conceals nothing but the priest’s meaningless ritual, where, in a word, it grips the whole man, there is a continuous striving after a social ethic. Again and again do its members go back to the Gospels to renew their life in the Lord and His message.”

4. Ludwig von Mises, *Omnipotent Government: The Rise of the Total State and Total War* (New Haven, Conn.: Yale University Press, 1944), pp. 169–92, a chapter on “Anti-Semitism and Racism.”

5. F. A. Hayek, “Ludwig von Mises (1881–1973)” in Peter G. Klein, ed., *The Collected Works of F. A. Hayek, Vol. 4: The Fortunes of Liberalism: Essays on Austrian Economics and the Ideal of Freedom* (Chicago: University of Chicago Press, 1992), p. 128.

6. See William O. McCagg, Jr., *A History of Habsburg Jews, 1670–1918* (Bloomington, Ind.: Indiana University Press, 1989), pp. 105–122 and 181–200.

7. But it is clear that Mayer Mises’s family were active in the Jewish reform movement in Galicia, including the assimilation into German culture through the learning and use of the German language, as well as a desire to politically and socially cooperate with the ethnic Poles in the neighboring Galician community. See McCagg, *A History of Habsburg Jews*, pp. 114–17.

8. See Richard M. Ebeling, “Mission to Moscow: The Mystery of the ‘Lost Papers’ of Ludwig von Mises,” *Notes from FEE* (July 2004).

9. In the late 1920s, Adele Mises dictated her memoirs about her life in Galicia and Vienna. She refers to the emphasis on charitable work within her family in Brody, saying that “the memories of my youth all relate to charitable activities. They occupied our parents’ lives so completely that we children naturally became involved with them as well from an early age.” And she recalled “my aunt Halberstamm angrily remarking to her sister (my dear mother-in-law): ‘You heartless Lembergers’ (there was always an antagonism between Brody and Lemberg) ‘you sit behind closed doors and care about nothing at all!’ Actually, my mother-in-law also came from Brody and was compassionate and charitable. The accusation was most unjust. Of course, in Lemberg people had bells and locked their front doors, but the back door to the kitchen remained open just as in Brody” to the poor and orphaned who needed charitable assistance.

10. Robert S. Wistrich, *The Jews of Vienna in the Age of Franz Joseph* (New York: Oxford University Press, 1990), p. 165.

11. On the history of the Jews in the Austro-Hungarian Empire, see Wistrich, *The Jews of Vienna in the Age of Franz Joseph*; McCagg,

A History of Habsburg Jews, 1670–1918; Steven Beller, *Vienna and the Jews, 1867–1938: A Cultural History* (Cambridge, Mass.: Cambridge University Press, 1989).; George E. Berkley, *Vienna and Its Jews: The Tragedy of Success, 1880–1980s* (Lanham, Md.: Madison Books, 1988); and Max Grunwald, *History of the Jews in Vienna* (Philadelphia: Jewish Publication Society of America, 1936).

12. Full legal and economic rights were extended to Jews in Germany only in 1871, following the Franco-Prussian War and the unification of the German Empire under Prussian leadership.

13. In 1867, the Lower Austrian Chamber of Commerce located in Vienna (where Ludwig von Mises was to work as an economic analyst from 1909 until he left Austria in 1934) declared that “The state has fulfilled its task if it removes all obstacles to the free, orderly activity of its citizens. Everything else is achieved by the considerateness and benevolence of the factory owners and above all by the personal efforts and thriftiness of the workers.” See Robin Okey, *The Habsburg Monarchy: From Enlightenment to Eclipse* (New York: St. Martin’s Press, 2001), p. 206.

14. The Fundamental Law Concerning the General Rights of Citizens from the Austrian Constitution of 1867 may be found at: www.h-net.org/~habsweb/sourcetexts.auscon.htm.

15. This transformation of the Jewish communities in Central and Eastern Europe, especially in the German-speaking lands, is usually associated with the influence of Moses Mendelssohn beginning in the middle of the eighteenth century. See Marvin Lowenthal, *The Jews of Germany: A Story of 16 Centuries* (Philadelphia: The Jewish Publication Society of America, 1938), pp. 197–216; Ruth Gay, *The Jews of Germany: A Historical Portrait* (New Haven, Conn.: Yale University Press, 1992), pp. 98–117; Nachum T. Gidal, *Jews in Germany: From Roman Times to the Weimar Republic* (Köln, Germany: Konemann Verlagsgesellschaft mbH, 1998), pp. 118–23; Amos Elon, *The Pity of It All: A History of the Jews in Germany, 1743–1933* (New York: Metropolitan Books, 2002), pp. 1–64.

16. On the demographics of the Jewish community in Vienna, see Marsha L. Rozenblit, *The Jews of Vienna, 1867–1914: Assimilation and Identity* (Albany, N.Y.: State University of New York Press, 1983).

17. Adolf Hitler, *Mein Kampf* [1925] (Boston: Houghton Mifflin, 1943), p. 56: “Once as I was walking through the Inner City [of Vienna before the First World War] I suddenly encountered an apparition in a black caftan and black hair locks. Is this a Jew? was my first thought. For, to be sure, they had not looked like that in Linz. I observed the man furtively and cautiously, but the longer I stared at this foreign face, scrutinizing feature after feature, the more the first question assumed a new form: Is this a German?”

18. On the “nationalities problem” and its respective goals and perspectives, see Robert A. Kann, *The Multinational Empire: Nationalism and National Reform in the Habsburg Monarchy, 1848–1918*, 2 Vols. (New York: Columbia University Press, 1964); and Oscar Jaszi, *The Dissolution of the Habsburg Monarchy* (Chicago: University of Chicago Press, 1928).

19. Habsburg enlightenment was more advanced in many ways over that of the German government. For example, before the First World War it was virtually impossible for a Jew to be commissioned as an officer in the German Army, no matter his qualifications and

merit. On the other hand, Jews were accepted as officers in the Austrian Army with no similar prejudice, which enabled Ludwig von Mises to be commissioned as a reserve officer in the Austrian Army as a young man, and serve with distinction in the First World War on the Russian front. See Wistrich, *The Jews of Vienna in the Age of Franz Joseph*, pp. 174–75: “In striking contrast to the Prussian regiments, there was no deliberate exclusion of Jewish officers and anti-Semitism was not officially tolerated. Indeed, anti-Semitism appears to have been notably weaker in the army than in many other sectors of Austrian society in spite of persistent nationalist agitation and the fact that most officers were Roman Catholic Germans. . . . In this supranational institution par excellence which was loyal to the Emperor and the dynasty alone, Jews were by and large treated on equal terms with other ethnic and religious groups. The army could simply not tolerate open racial or religious discrimination which would only undermine morale and patriotic motivation.”

20. On the perception of the Jews before the First World War by the various nationalities of the Austro-Hungarian Empire, including the Austrian-Germans, see Henry W. Steed, *The Hapsburg Monarchy* [1913] (New York: Howard Fertig, 1969), pp. 145–94.

21. See Jerry Z. Muller, *The Mind and the Market: Capitalism in Modern European Thought* (New York: Alfred A. Knopf, 2002), pp. 350–52.

22. On the occupational demographics, see Rozenblit, *The Jews of Vienna, 1867–1914*, pp. 47–70; Beller, *Vienna and the Jews, 1867–1938*, pp. 165–87.

23. On the Vienna *gymnasiums*, and Jewish assimilation and social and economic advancement, see Rozenblit, *The Jews of Vienna, 1867–1914*, pp. 99–126; Beller, *Vienna and the Jews, 1867–1938*, pp. 49–70.

24. See Arthur Schnitzler, *My Youth in Vienna* (New York: Holt, Rinehart and Winston, 1970), for a rich memoir on the *Akademisches Gymnasium* in Vienna a few years before Mises attended as a student. Also, see the fascinating account of Viennese *gymnasium* life during this time in, Stefan Zweig, *The World of Yesterday* (New York: Viking Press, 1943), pp. 28–66.

25. On the Maria Theresa Academy of Knights in Vienna during the time when Schumpeter attended, see Robert Loring Allen, *Opening Doors: The Life and Work of Joseph Schumpeter*, Vol. 1 (Brunswick, N.J.: Transaction Books, 1991), pp. 18–22; and, Richard Swedberg, *Schumpeter: A Biography* (Princeton, N.J.: Princeton University Press, 1991), pp. 10–12.

26. On the nature and evolution of anti-Semitism in Germany and Austria, see Peter G. J. Pulzer, *The Rise of Political Anti-Semitism in Germany and Austria* (New York: John Wiley, 1964); and Bruce F. Pauley, *From Prejudice to Persecution: A History of Austrian Anti-Semitism* (Chapel Hill: University of North Carolina Press, 1992).

27. That the real target behind much of the anti-Semitism in Germany and Austria was economic liberalism has been suggested by Frederick Hertz, *Nationality in History and Politics* (New York: Oxford University Press, 1944), p. 403: “It was rightly felt by many that the real object of [anti-Semitic attacks such as those by the Germany historian Heinrich von Treitschke, who coined the

phrase, 'The Jews are our misfortune'] was not the Jews, but liberalism, and that the Jews were only used as a means for working up public opinion against its fundamental principles." See also F.A. Hayek, *The Road to Serfdom* (London: George Routledge and Sons, 1944), p. 104: "In Germany and Austria the Jew had come to be regarded as the representative of capitalism because a traditional dislike of large classes of the population for commercial pursuits had left these more readily accessible to a group that was practically excluded from the more highly esteemed occupations. It is the old story of the alien race being admitted only to the less respected trades, and then being hated still more for practicing them. The fact that German anti-semitism and anti-capitalism spring from the same root is of great importance for the understanding of what has happened there, but this is rarely grasped by foreign observers."

28. Ludwig von Mises, "Postwar Economic Reconstruction of Europe" [1940] in Richard M. Ebeling, ed., *Selected Writings of Ludwig von Mises*, Vol. 3: *The Political Economy of International Reform and Reconstruction* (Indianapolis: Liberty Fund, 2000), p. 27.

29. Mises, *Omnipotent Government: The Rise of the Total State and Total War*, p. 185.

30. This attitude was expressed, as one example, during the 1930s by the ardent National Socialist Adolf Bertels, who said about Heinrich Heine, possibly the greatest German writer of the nineteenth century, that "however well he handles the German language and German poetical forms, however much he knows the German way of life, it is impossible for a Jew to be a German." Quoted in Alistair Hamilton, *The Appeal of Fascism: A Study of Intellectuals and Fascism, 1919–1945* (London: Anthony Blond, 1971), p. 109.

31. Quoted in, J. Sydney Jones, *Hitler in Vienna, 1907–1913: Clues to the Future* (New York: Cooper Square Press, 2002), p. 155.

32. *Ibid.*, p. 157; also, Berkley, *Vienna and Its Jews*, pp. 103–111; on the history of the Christian Socialist movement and Lueger's role and participation in it, see John W. Boyer, *Political Radicalism in Late Imperial Vienna: Origins of the Christian Social Movement, 1848–1897* (Chicago: University of Chicago Press, 1981), and John W. Boyer, *Culture and Political Crisis in Vienna: Christian Socialism in Power, 1897–1918* (Chicago: University of Chicago Press, 1995).

33. Stefan Zweig, *The World of Yesterday*. Zweig was born the

same year as Mises, 1881, and was forced to leave Vienna with the rise of Nazi power in Austria. He went into exile in Brazil, where he committed suicide in 1942.

34. Harriet Pass Freidenreich, *Jewish Politics in Vienna, 1918–1938* (Bloomington, Ind.: Indiana University Press, 1991), p. 138.

35. Mises, *Notes and Recollections*, p. 100.

36. See Robert S. Wistrich, *Socialism and the Jews* (East Brunswick, N.J.: Associated University Presses, 1982).

37. And many of the Jews in Germany and Austria understood that connection between economic liberalism and individual opportunity that had enabled so many in the Jewish community to prosper in spite of anti-Semitic sentiments. Thus, for example, in 1897, Emil Lehmann, head of the Dresden Jewish community argued against the Social Democrats, "In the Mosaic teaching the ideals of justice and equality before the law find their substantiation just as envy and hatred—which the Social Democracy share with the anti-Semites—receive the sharpest condemnation. Thou shalt not covet! Other demands contrary to civilization such as the abolition of the family, State education of children, etc. etc, which are desired by the Social Democrats, are firmly rejected in the Ten Commandments." Quoted in Wistrich, *Socialism and the Jews*, p. 69.

38. On Mises's role and prominence in the Austria of the interwar period, see Richard M. Ebeling, "The Economist as the Historian of Decline: Ludwig von Mises and Austria between the Two World Wars," in Richard M. Ebeling, ed., *Globalization: Will Freedom or World Government Dominate the International Marketplace?* (Hillsdale, Mich.: Hillsdale College Press, 2002), pp. 1–68.

39. That the loss due to anti-Semitism did not only fall upon the Jews who were robbed of their property, exiled, imprisoned, or murdered in the concentration and death camps was pointed out by Hugo Bettauer in his fictional account *The City Without Jews: A Novel of Our Time* (New York: Bloch Publishing, 1926). Originally published in German in Vienna in 1923, it imagines a complete expelling of the Jews from Vienna at some future point in the city's history. And with the Jews goes much of the city's cultural, social, and economic achievement and potential. Indeed, the city decays in cultural and economic poverty without the contribution of Vienna's former Jewish citizens.