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Author(s): Joseph Dorfman

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## THE ROLE OF THE GERMAN HISTORICAL SCHOOL IN AMERICAN ECONOMIC THOUGHT

By JOSEPH DORFMAN  
*Columbia University*

Just as American economic thought has affected developments abroad, so have foreign streams left an impress on the American scene. The British stream of ideas has been by far the dominant one. But then the American cultural heritage is predominantly British. This is especially true of the political and economic institutions—the basic conditioning forces. To unfold the highly complicated story of the naturalization of British economic thought on American soil would require much more than one session. Let me restrict my address to a more manageable foreign stream. Let me take the German Historical School which was especially influential in the seventies and eighties. In the broad flow of history, this movement was a contributory force to the renaissance in American intellectual life that accompanied America's great industrial revolution in the post-Civil War era.

As they envisaged the promise of America's industrialization, enlightened men were anxious to avoid the ills that disfigured England's factory and machine age and threatened the Anglo-American tradition of liberty. In an effort to cope with the pressing economic issues of the new era, progressive-minded economists began to question the adequacy of traditional, classical economic theory which dominated America in a vulgarized form. They sought ways not only to explain but also to fructify the economy and build up social wealth. They were concerned, not only with analysis, but—in an incipient way of course—with social engineering.

Technically the origins of the German Historical School go back at least to the middle of the nineteenth century, but it received a strong impetus from the intellectual revolution symbolized by the name of Darwin and the effort in all fields to assimilate the doctrine of evolution. So far as the Anglo-American world is concerned, it was a movement to do for economics what Sir Henry Maine did for English jurisprudence in correcting the overanalytic emphasis of the dominant Austinian School by an infusion of historical and comparative methods. This was not the old-fashioned history, hardly distinguishable from belles-lettres but the new history that was concerned with detailed, objective inquiry. It was in this atmosphere that the German Historical School makes its appearance in America.

We may begin with a formal event. In 1877, the Trustees of Columbia appointed the German-trained Richmond Mayo-Smith to develop economics on an inductive basis. They hoped he would follow in the footsteps of Continental European pioneers who “brought together . . . the . . . information . . . gathered by the statistical bureaus of the several governments, and have sought to infer . . . the system most favorable to industrial development, to growth in national wealth and to the fairest and most equal distribution of the rewards of labor.”<sup>1</sup> Here was the formal acceptance of the German Historical School in the academic world.

The school—or more properly, members of the school—had come to the attention of Americans in various ways. There were, of course, the American students who had studied in Germany. Even before that movement took on large proportions, there was knowledge of the school through English and French periodicals which were widely read in the United States. There was also the deep interest of some American economists in statistics and therefore in the techniques developed by the Germans. For example, as early as 1863, Samuel B. Ruggles, as the official American delegate to the International Statistical Congress at Berlin, expressed his conviction that “abstract theories and historical traditions doubtless have their use and their proper place, but statistics are the very eyes of the statesman, enabling him to survey and scan with clear but comprehensive vision the whole structure and economy of the body politic.” A few years later, at the next Congress, Ruggles met and was deeply impressed by Ernst Engel, head of the Royal Statistical Bureau of Prussia and one of the most famous economists of Europe. His Bureau was unique in that it included a “seminary” to train university graduates who qualified for admission to the higher branches of the civil service. In this way, governmental offices, like the Statistical Bureau itself, would become laboratories of political science. Engel was deeply interested in social problems. He visited England to study labor conditions in the most advanced industrial nation. He was one of the promoters of the organization of German economists in 1872—the Union for Social Politics—that apparently first gave prominence abroad to the Historical School. The organization espoused social reform along English precedents and was soon confronted by hostile critics, who nicknamed the members *Kathedersozialisten* (Socialists of the Chair). Rumors soon circulated abroad that the organization advocated socialism, supported breaking of labor contracts, and favored strikes.

The picture was obscured abroad by the general lack of knowledge of German economics. To overcome this difficulty in England, the

<sup>1</sup> Cited in Joseph Dorfman, “The Department of Economics,” in *A History of the Faculty of Political Science of Columbia University* (New York, 1955), pp. 170-171.

*Fortnightly Review* published an article in 1873, written by Professor Gustav Cohn, on the state of German economics. Cohn pointed out that the Union was influenced by the widespread revolt in the learned community against the highly abstract reasoning of the eighteenth century with its emphasis on natural rights, state of nature, laws of nature. They insisted on the need to understand "the facts which preceded the modern state of society" before any reasonable conclusions concerning the future could be drawn. These economists were, he continued, affected by the success of the inductive method in the natural sciences and the progress of a philosophy which asserted the authority of society and the organic character of the state against the workings of extreme *laissez faire*.

Two years later, the same magazine published a review article that set off a controversy in the United States over the German Historical School. Wilhelm Roscher, the patriarch of the school, had just published *The History of German Political Economy*. Professor T. E. Cliffe Leslie of Queen's College, Belfast, in the review defended the school against the charge of being socialistic. In this essay he said:

Man, in the eyes of the historical or realistic school, is not merely an "exchanging animal" . . . with a single unvarying interest, removed from all the real conditions of time and place—a personification of an abstraction; he is the actual . . . human being . . . history and surrounding circumstances have made him, with all his wants, passions, and infirmities.

He pointed out the wide range of the publications by members of the German Historical School and insisted that:

A great diversity of opinion is to be found among the economists of this school . . . ; some being conservative and others liberal in their politics; but no revolutionary or socialist schemes have emanated from its most advanced Liberal rank. Their principal practical aims would excite little terror in England. Some legislation after the model of the English Factory Laws, some system of arbitration for the adjustment of disputes about wages, and the legalization of trade unions under certain conditions, are the main points in their practical program.

Leslie's essay attracted the attention of the *Commercial & Financial Chronicle* of New York. In a eulogistic editorial it declared that the new German school treated the forces that caused a nation to grow in wealth. Interest in the school was stimulated by another eulogy which appeared at the same time in a French organ, *Revue des Deux Mondes*. The article was written by the eminent Belgian economist, Émile de Laveleye. He fanned the flames of controversy by contending that the erroneous belief in natural laws strengthened the opposition to bi-metallism and protectionism, both of which, he argued, were essential to business prosperity.

This brought the *Nation* into the arena, a journal which exercised the greatest influence on respectable opinion. The editor, E. L. Godkin, was a firm adherent to the creed of free trade and the gold standard. He wrote an editorial asserting that the new group of German economists

were erudite university teachers with little public experience and long accustomed to accepting militarism and bureaucracy. In fact, they were socialists. Immediately the *Nation* received protests from several of its prominent readers.

One defender of the school was W. F. Allen, of the University of Wisconsin, who had studied in Germany. He was an orthodox Ricardian in his foundations. He strongly opposed, however, the extreme *laissez faire* of the dominant economics. It is all very well, he said, to point out the socialistic tendencies and the disastrous effect of public poor relief, for example, but after all was it proper for the state to "suffer its citizens to die of starvation in open day"? ("Fawcett's Essays," in the *Nation*, September 25, 1872, page 204.) He was, therefore, in sympathy with a school which he felt accepted the foundation laid by Adam Smith but built a new structure on it.

The *Nation* conceded that the German economists were not socialists but insisted that they had been blinded by resentment against the incidental, wild speculation of the prosperous era, which unification had brought to Germany.

The following year the controversy was intensified by the attack of the French economist, Maurice Block, which appeared in translation in the *Penn Monthly*. In the name of the "scientific school," he denounced the German Historical School and Leslie as "empirics" seeking to substitute sentiment for principle and holding that "the state . . . should conduct everything, direct everything, decide everything." Leslie asked the *Penn Monthly* to reprint a small extract from his article, "On the Philosophical Method of Political Economy," which would show that far from being an opponent of the philosophical spirit, as Block had claimed, his object had been to explain what the philosophical method ought to be. The journal decided to reprint the essay in full, because "it . . . represents a real advance in the development of economic science."

In 1878, with the aid of Allen, John J. Lalor, a sound money and free trade journalist, brought out the English translation of Roscher's famous *Principles*. This was immediately attacked by William Graham Sumner, who presented the view of dominant orthodoxy. Sumner stated that the work was distinguished by its pervasive faith in the state. History and statistics could not be merged with "dogmatic economics" but were separate disciplines.

Nevertheless, interest in the school continued to grow. John Kells Ingram, of Trinity College, Dublin, gave an important address before the British Association for the Advancement of Science in 1878. Ingram condemned the extremely abstract method of current English economics and declared that the study of the economic phenomena of society

should, in accordance with the historical method, be systematically combined with that of the other aspects of social existence. He pointed out that the essentials of the method were presented by the Secretary of the Union for Social Politics. Adolf Held, a student of Engel, had published elaborate inductive studies in taxation. He warned against too abstract theorizing on tax incidence and against overestimating the income tax as the sole means of reaching the entire taxable capacity. At the moment, Held was attempting to meet the challenge of socialism by supporting an advanced program of social security that culminated in Bismarck's legislation of sickness, accident, invalidity, and old age insurance. Ingram presented Held's standpoint in his own words:

1. The new school . . . opposes . . . the view . . . that the production and acquisition of wealth by individuals is the single . . . object of human life; wealth, it regards as a means used by Humanity in its struggle towards moral ideas of life, and for the furtherance of universal culture

2. It . . . seeks to understand present economic phenomena through the study of their historical development, and to ascertain them as accurately as possible through statistical investigations. It uses the knowledge of the nature of man's intellect and will for the rational explanation of economic facts, but does not construct those facts themselves out of one-sided assumptions respecting the nature of man.

3. It . . . recognizes the right of the state to positive intervention in the economic relations of the community, for the support of the weak and the strengthening of public spirit. As the Political Economy of the last century applied itself chiefly to the liberation of the economic forces from antiquated and useless restrictions, so the new school specially meets the acknowledged need of new social arrangements, the need of social reform in opposition to social revolution on the one hand and to rigid *laissez-faire* on the other.

4. It takes up, therefore, a less isolated position in relation to the other Moral and Political Sciences.

In a quiet way the school had already struck root. Already in 1875, Colonel Carroll D. Wright, chief of the Massachusetts Bureau of Statistics of Labor, had introduced Engel's law of consumption. He drew upon Engel's studies to make a comparison of the condition of the workmen in Massachusetts with that in other states and foreign countries. Wright went a step beyond Engel and concluded also "that the higher the income . . . the greater the saving, absolutely and proportionately." Thanks to Wright, the study of family budgets was developed which, whether in the form of "Engel tables" or "Engel curves" has become so pivotal in economic analysis in our day. Engel also influenced Wright's fundamental work on the structure for a price index which has provided the statistical substance for many far-reaching decisions, such as adjustment of wages to cost of living. Inspired by Engel's success in training statisticians, Wright successfully promoted among American colleges the establishment of courses in statistics.

The German influences were summed up by Wright himself. The new school, he exclaimed, "bids fair to include on its roll of pupils the men in all civilized lands who seek by legitimate means, and without revolution, the amelioration of unfavorable industrial and social relations." (*The Relation of Political Economy to the Labor Question*



[1882], page 13.) The rigidly orthodox promptly castigated Wright as being infected by the socialists of the chair who stress moral forces and ignore the primitive and more elementary force of self-interest. Wright, however, continued to plead for social reform, in terms of the idiom of the Historical School. Thus, while the United States Commissioner of Labor in 1893, he described the German social legislation as a brave attempt to reduce economic insecurity.

Equally receptive to the school was a scholar who was to become the country's foremost economist and statistician, General Francis A. Walker. He insisted that the classical economics, as formulated by John Elliot Cairnes, furnished the skeleton foundation for sound economics, but he questioned the wage-fund doctrine and supported international bimetallism. Walker castigated the reigning orthodox economics for its extreme conservatism. He observed their neglect of historical methods, and their overemphasis upon an a priori method which achieved a simplicity in classification to which the subject matter was not susceptible. These factors, he said, in 1879 had cost the science of economics public regard, especially among the laboring classes. As a remedy for this, the Historical School, it seemed to him, offered the greatest promise. "The economists of Germany, Italy, Belgium, and France," he wrote, "are doing the work which Adam Smith began, in his spirit, but with larger opportunities and a wider and ever widening view."<sup>2</sup>

The movement reached a high pitch in the eighties, especially under the impact of English writings, that opened up the field of economic history. Indicative of the temper of the times was the fact that the article on "Political Economy," in the ninth edition of the *Encyclopaedia Britannica* (1885), was prepared by Ingram; and the *Encyclopaedia*, of course, was an authority here as well as in England. The essay was quickly reprinted here for use in college classes, largely through the efforts of F. W. Taussig.

The Historical School was scoring, again because an ever increasing number of college graduates were going to Germany for advanced work in the seventies and eighties. Germany had long been known as the land of scholarship, a land where, it was said, professors achieved a "degree of perfection . . . that astonishes the world." (F. W. Taussig, "College Graduates in Germany," in the *Nation*, April 2, 1885, page 275.) And it was pointed out in 1876 by Charles F. Dunbar, of Harvard, that the lead in economics had now passed from England and France to Germany.

The young men who went to Germany were imbued with a lively

<sup>2</sup> Walker, "The Present Standing of Political Economy," 1879; reprinted in Walker, *Discussions in Economics and Statistics*, Vol. I, edited by D. R. Dewey (New York, 1899), p. 318.

interest in statistics. A number who studied with Engel and his assistant, August Meitzen, at the Royal Statistical Bureau, achieved considerable prominence. Henry Carter Adams became the first statistician of the Interstate Commerce Commission and devised its pivotal accounting system which served as a model for the regulation of public utilities here and throughout the world. Roland P. Falkner was the first man to hold a leading American university post devoted exclusively to statistics, at the Wharton School of the University of Pennsylvania. He prepared the translation of Meitzen's *History, Theory, and Technique of Statistics*. His work on the famous Aldrich Report of 1893, *Wholesale Prices, Wages and Transportation*, was one of the landmarks in statistical investigation. Richmond Mayo-Smith became the outstanding teacher in statistics, and turned out such students as Walter F. Willcox and the inventor of the electrical tabulating machine, Herman Hollerith.

Another area which left a definite impress on American students was the systematic treatment of public finance or, as the Germans called it, the "Science of Finance," a subject which the English had neglected as comparatively unimportant. Interestingly, in line with this emphasis, the American pioneers in the field followed a German precedent in substituting the term economics for political economy, as the more comprehensive term. Political economy was restricted to private finance, or the domain of voluntary association. The term public finance covered the "wants of the state and the means by which they are supplied." Political economy and the science of finance became branches of economics. (See Joseph Dorfman, "Henry Carter Adams: Harmonizer of Liberty and Reform," introductory essay in Adams, *Relation of the State to Industrial Action and Economics and Jurisprudence* [New York, 1954], page 13.)

Students were also impressed by the scope of national economy covered in the massive works of such leaders as Roscher and Adolph Wagner. For example, comprehensive instruction was given, not only in principles, but also in agriculture (including forestry), transportation, commerce, manufactures, and finance. It was under this impact that Adams urged the need for a course on "American Technics" which would comprise the contributions of agriculture, manufacturing, and transportation.

To clarify the nature of the influence of the German Historical School, let me discuss specifically five German-trained economists who were the leading promoters and the first officers (along with Walker) of that landmark in the development of economic thought in America, the American Economic Association.

J. B. Clark (in "Unrecognized Forces in Political Economy," the



*New Englander*, October, 1877, page 712) warned that the assumed man of orthodoxy "is too mechanical and too selfish to correspond with the reality; he is actuated altogether too little by higher psychological forces."

E. J. James was more positive. He attracted attention through his contributions to the authoritative *Cyclopaedia of Political Science, Political Economy, and of the Political History of the United States* (1883-84). His articles ranged from the "History of Political Economy" and "Finance" to "Banks of Issue" and "Factory Laws." In the spirit of his German training, he declared that factory legislation could be justified, not only as protection for the helpless, but as an essential movement in the interest of society. To quote: "A state has other and nobler ends to follow than the accumulation of mere material wealth. . . . Moderate wealth and happy homes are better than a degraded proletary and ability to underbid all competitors in the industrial world."

Richard T. Ely was the most provocative of the group. He had not only studied in Germany but found it desirable to spend there a good part of each of the three years, 1911-13, in order to complete his most substantial book, *Property and Contract*. On his return in 1880 from his first trip to Germany he found academic openings scarce. Forced "to wander about the streets of New York . . . in a most wretched desperate state," he vowed to "use every opportunity to benefit those who suffer."<sup>3</sup> After a year and a half he obtained a foothold at Johns Hopkins. To aid in devising the best methods of carrying out proposed reforms and executing the laws, he lectured on the "Principles and Practices of Administration with Special Reference to Civil Service Problems and Municipal Reform." City planning, the mother of modern planning, likewise owes much to Ely. He was deeply impressed with the efficient administration of German cities by a permanent civil service which included the highest officials. A considerable advantage of a civil service, he wrote in 1880, was the permanence and steadiness of policy. Plans could be laid for a number of years and carried out gradually as a city could afford to execute them.

While still fresh at Johns Hopkins, he published widely read studies on the "new political economy." He granted that the older political economy had considerable merit. It separated wealth from the other social phenomena for special study. It showed the impossibility of understanding society without investigating the processes of the production and distribution of goods. In serving to pull down outworn institutions, it answered satisfactorily the needs of the latter part of the eighteenth century and the early part of the nineteenth century, but

<sup>3</sup> Ely to Labadie, August 14, 1885, in "The Ely-Labadie Letters," edited by Sidney Fine, *Michigan History*, March, 1952, p. 17.

like the French Revolution it was negative. Not least among the merits of the new view, Ely said, was that it gave a more concrete interpretation of economic history, by attempting to understand past doctrines in the light of their environment. He especially commended Wagner for his statement of the three ethical principles underlying economic policy. The first was the principle of individualism. This was modified by the social principle which acted through the state. Finally, there was the "caritative" principle—the principle of brotherly love expressed in voluntary action on behalf of others. Charity was only one form. The principle softened the rigors of life in ways that the social principle could not, for it was not obliged to operate according to fixed rules. Ely also noted Wagner's program for comprehensive social security that would eventually include protection against unemployment during hard times. Ely's emphasis, as early as 1882, on the acceptance of German social legislation, was prophetic. "It behooves . . . Americans to follow diligently the course of these experiments," he stated, "for we may be sure the same social problems which now vex Germany, will one day confront us." ("Bismarck's Plan for Insuring German Laborers," in the *International Review*, May, 1882, page 526.) To this end, he, along with Henry Farnam, later promoted the American Association for Labor Legislation.

Ely also pointed out that government regulation of industry provided the means of effectively applying the inductive method, for the legislation necessitated the systematic gathering and classification of data. He got John R. Commons and other students to prepare the famous *History of Labour in the United States*. In his widely used *Introduction to Political Economy*, Ely not only presented Engel's law, but called attention to Engel's basic objective "that it might be possible by a careful study of a sufficient number of family budgets for a period of years to construct a sort of *social signal service*"; in other words, "that changes in total expenditures and in expenditures for various items in a sufficient number of typical families could enable one to predict the coming of industrial storms."

Henry Carter Adams, though he found the Germany of Bismarck's day an example of efficiency and enlightened reform, warned against the dangers to liberty implicit in indiscriminate state intervention. He admired the German methods of study and their skill at systematization, but he was disturbed by their worship of the state. This lay at the heart of his warning, in speaking of German university training. "It is not possible," said Adams, "for an instructor whose lectures are worth the hearing to separate himself from the peculiar influence of his time and immediate environment, and in Germany especially do the lectures one hears upon political sciences reflect the bias of German local and

national policy." ("Political Science in German Universities," in the *Michigan Alumnus*, January, 1899, pages 137-138.) On the other hand, Adams was also disturbed by the workings of unrestrained private enterprise in America, which in another century, he felt, would contradict the theory of freedom and destroy the government. "From this dilemma must arise," he said, "an American Political Economy—an Economy which is to be legal rather than industrial in its character." ("The Position of Socialism in the Historical Development of Political Economy," in *Penn Monthly*, April, 1879, page 294.) In this he was deeply impressed, as he wrote in 1878, with Wagner's view that the tendency in economic study was towards jurisprudence.

Adams noted the need for forest conservation, and he pointed out that corporations could not undertake such a task because the fruits of the investment were too remote. In the famous monograph, *Relation of the State to Industrial Action*, he declared that there were two important functions that the government could perform in the industrial area. First, the state could raise the ethical plane of competition. For example, factory legislation need not curtail competition, but it could remove serious abuses in the factory without eliminating the benefits of individual action. Second, the state may realize for the public good the benefits of monopoly. For this purpose, Adams developed the principle of "increasing returns" to cover industries which lend themselves to public control; for example, the railroads.

Government control, Adams argued, would not necessarily lead to corruption. Corruption was due to the lack of correlation between the public and private functions. The inducements offered in the two varied widely. Extension of the state's functions, manned by a well-paid civil service, would restore the harmony between state and private service, for it would bring social distinction, the chance to exercise one's talents, and the pleasure of filling well a responsible position.

Factory legislation and monopoly regulation, however, did not touch the problem of the rights and duties under which work is done. This brought Adams, in 1886, to the need of building up a common law of labor relations, through collective bargaining.

Explicitly building on Held, Adams contended that in the scheme of petty industry, the regime of tools, the ordinary rights of personal freedom, secured to men an enjoyment of the fruits of their labor. In the great industries of today, however, the laborer was dependent upon the owner of machines, of materials, and of places for the opportunity to work. It followed that laborers must unite or they would surely get the worst of any bargain. Underlying labor's demands was the "idea" that the laborers had some right of proprietorship in the industry to which they gave their skill and time. Thus collective bargaining and the labor

contract envisaged a crystallization of a common law of labor rights which was in full harmony with the development of Anglo-Saxon liberty.

Finally, E. R. A. Seligman did much to clarify the objectives of the Historical School. He said, in 1883, that the difference between the orthodox school and the modern German school was not between deductive and historical methods. The exclusive use of either led to absurdities, producing an unreal science or a body of archeological facts. A judicious combination of both was the only permissible procedure. The chief point of difference was that the orthodox had an atomistic, individualistic point of view; the other had a social standpoint. The orthodox posited the universal spirit of self-interest; the other stressed the "multiplicity of motives which cannot be jumbled together in the phrase, 'desire for wealth.'" It emphasized, also, the importance of legal systems and historical causes and the close connection between ethics and economics as sister moral sciences. Seligman felt that only extremists would deny any value to the views of those on the other side. He called attention, however, to the "practical use to which the bald, unqualified, and therefore untrue theories" have been put in late years. For example, the so-called "scientific socialism" of Lassalle and Marx was the "logical conclusion from the premise that labor is the cause of all value, and many of Mr. Henry George's wild fallacies are traceable to an almost superstitious acceptance of the Ricardian law of rent." The state, concluded Seligman, had a duty to interfere where free competition ends disastrously, and "where the powers of state themselves are threatened . . . by corporate monopolies." ("Sidgwick on Political Economy," the *Index*, August 16, 1883, pages 75-76.)

Despite the numerous attacks on it, the "new school" had made its way. In the seventies and eighties, it furnished a rationale for combating the arrogant individualism of the time. Its emphasis on history and statistics was a powerful force in developing these mighty instruments for the expansion of economics. Its impact is epitomized in the statement of principles of the American Economic Association on its formation in 1885:

1. We regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress.
2. We believe that political economy as a science is still in an early stage of its development. While we appreciate the work of former economists, we look not as much to speculation as to the historical and statistical study of actual conditions of economic life, for the satisfactory accomplishment of that development.
3. We hold that the conflict of labor and capital has brought into prominence a vast number of social problems, whose solution requires the united effort, each in its own sphere, of the church, of the state, and of science.
4. In the study of the industrial and commercial policy of governments we take no partisan attitude. We believe in a progressive development of economic conditions, which must be met by a corresponding development of legislative policy.

Having given so much, let us take something away. The statement of principles was in a few years dropped. For a while there occurred an overwhelming emphasis on the doctrine of marginal utility as the key to all economic analysis. Interestingly, the German-trained contingent was the first to welcome Jevons' theory as a part of the new economics (Clark attributed his own version of marginal utility to the inspiration of his German teacher, Karl Knies), but they had hardly intended that economics should be restricted to this doctrine, a development which was accelerated by the popularity of the translations of the nonmathematical, "Austrian" works. The creation of chairs of economic history, sociology, and social ethics tended to remove from economics the issues that had made the Historical School a vital force, especially the concern with the moral problems presented by industrial changes.

We are ready to sum up. From the beginning, the Americans followed the German Historical School in a discriminating fashion. They distinguished between its methods and its political philosophy. The first they adopted with enthusiasm, and made it an enduring feature of American economic thought. They diversified their scientific study. They developed new realms of interest, such as public finance, railroads, agriculture, labor, and the history and significance of technological and legal relations. They kept alive a serious interest in the systematic treatment of "commercial crises." They enriched economics with historical and sociological material. It became difficult henceforth to discuss even the most abstract doctrines without reference to statistics, history, and environment. Yet Americans adapted the attitudes of the German Historical School to their own traditions. For the Germans, the organic character of society was reduced to a question of action by a centralized and almost dictatorial state authority. This is not what organism meant to the Anglo-American mind. The national state was not the only embodiment of society. In the United States, particularly, there was a multitude of state and local authorities. There were, in addition, entities of a social or economic sort that exercised organic functions. In the new doctrine, therefore, as transformed by the Anglo-American mentality, doctrinaire individualism was modified or corrected by the encouragement of the powers and functions of a great many aggregates. This spelled the fundamental distinction in political outlook between the Historical School in its native land and its American heirs.