

I always regret it when those few Rhodes scholars that we (Germans) have use their time in Oxford to pursue a particular specialization, when it is the strength and purpose of the Oxford system to provide an education for citizenship. This education, which means a really general education, is best provided by Modern Greats. This is the most characteristic course that England can offer as well as being the most beneficial for a German ... as far as I am concerned, there is nothing that can show a young person what constitutes England's strength better: the citizens' feeling of responsibility. That seems to me to be the key to the English person. And I don't think one need worry about learning things that one won't be able to 'use' later. One might quickly forget many details; understanding, empathy and overall view remain ... I see that England's great strength lies in the availability of people for the highest positions who, apart from hard work in their careers, have a really comprehensive education - who have the courage in their youth not to specialize for three years but to concern themselves with the most general problems of human existence and society.³

*In New York One Walks
on Air*

'People say about me - "he seems to enjoy just everything; - one of those jolly Germans" - whereas before I always had to hear: "You don't seem to enjoy life, what's the matter with you?" ... Something must have been the matter; but it seems unfair to blame Oxford for all of it,' Fritz wrote, in a series of letters to his parents in which he gave a detailed account of his impressions of America. Though Fritz had not been able to enjoy Oxford, he could not do otherwise than enjoy New York. He came to the New World and appropriately a new life began for him. He sailed from Southampton on September 2nd, 1932 in a Canadian Pacific steamship, *The Duchess of Richmond*, armed with two books with which he hoped to prepare himself for the new life ahead: not books on America or economics but books which he hoped would nourish his spirit: Albert Schweitzer's *Life and Thought* and Ortega y Gasset's *Rise of the Masses*. Both books stimulated him enormously and were a foretaste of the way his own thinking was to develop. But in 1932 he had few of the convictions which were later to become an integral part of his thinking, both about the developing countries and the West.

The voyage itself was symbolic of the change in Fritz's life. It began in England in 'typical English weather'. Dull and dreary, visibility nil and company, in his opinion, awful. He survived as an amused observer. 'If the public travelling First

Class are hardly attractive, they do offer something for the eyes of the humorist. One could make a film that would make René Clair pale into insignificance. There are primarily elderly people on board, whose ugliness would be hard to beat. One would have to search for a long time to find such a collection again.' His other amusement was an elderly lady theosophist who tried to convert him to her views over tea each afternoon. He made fun of her constantly but she remained, as far as he could make out, unaware of his sport.

Suddenly, as the ship passed the point of no return and the end of the journey was in sight, everything changed. The weather brightened, Fritz's spirits rose and, as if from nowhere, there appeared a group of young American girls with whom Fritz was able to dance the remaining nights away. It seemed a good omen and he disembarked in Canada in high spirits.

Fritz had chosen to travel to New York via Canada not only to see as much of the world as possible but also because he was aware of the enormous contrast between America and Europe, between the hectic life of New York and the stifling atmosphere he had found at Oxford. Canada seemed a gentle introduction to the possible shocks that awaited him. But he also wished to begin his studies at once and so he was not entirely sorry when, due to the sudden illness of his host and friend from Oxford, Clunie Dale, their sightseeing tour had to be cancelled and Fritz unexpectedly found himself with time on his hands. He used it to visit all the banking contacts he could muster and within a few days he had formed a useful picture of the Canadian banking system. He was exhilarated and impressed by the courtesy with which he was received by men whom he believed had 'the best monetary brains in Canada'. The chance to throw himself into independent work was like an injection of adrenalin. By the time he reached New York on September 23rd, he was prepared for the euphoria he was to feel in the next few weeks declaring: 'In New York one walks on air.'

I find New York glorious, comfortable, wonderful, interesting, stimulating - everything! The people are most obliging, most of them particularly charming ... Healthwise I seem

to be on the road to the best recovery ... In fact I haven't felt in such good form for the whole two years at Oxford. I intend to do great things ...

New York appeals to me enormously. The climate is so wonderful that one always feels refreshed. The food is good ... So everything is provided for bodily needs. And there is masses of stimulation. The university life particularly appeals to me. Oxford really suffers in comparison. Never mind, it was useful to me in other ways. (For example, bringing me over here!)

One can, of course, write volumes about fascinating, impossible, mad New York. The Empty (sic) State Building (that actually is empty) is a dream of marble, glitter, light, lifts and technical daring. In fact the architecture of most of the skyscrapers is of unqualified barbarity; but the idea is so outrageous, so fantastic, that one cannot stop gaping. The Grand Central, the most astonishing station in the world, and the Washington Memorial Bridge: fantastic! The greatest beauty attainable in engineering. Like a Fata Morgana! Hovering over the river ... although it is the longest, most expensive, widest (etc. etc.) suspension bridge in the world, there is nothing of that crass, crazy desire to break records, of that childlike and naive desire of the masses for superlatives, but the greatest triumph of technical elegance, the conquering of space, the most convincing example of beauty of the appropriate. However, now they do want to bungle a lot of it: there is to be a restaurant on one of the bridge's pillars and with that the whole thing will become stupid.

Within days of his arrival Fritz was registered as an independent research student, had been welcomed by his professors and staff and had begun to attend the lectures of Professor Parker Willis, the professor of banking. 'What a contrast to Oxford', he wrote home in relief to his parents. 'Prof. Willis alone makes the course at Columbia University extremely worthwhile.' 'An unbelievably clear thinker and of such wide experience that one can only listen open-mouthed.' At last Fritz had found a teacher from whom he could really learn.

Parker Willis immediately recognized Fritz's ability too and admitted him to his 'inner study group', a group of about twelve students from his banking seminar. This group was set the task of studying the American banking crisis of 1929-32, each member given a related topic to prepare for eventual publication. Thus Fritz, without even a degree, suddenly found himself in intensive research work on 'the Gold position of the U.S. 1929-32'. Not only was this useful for his B.Litt. but more important to Fritz, he was at last free to immerse himself in his work in his own way.

Fritz soon discovered that Parker Willis was more than just an inspiring teacher. He was a controversial figure in the world of banking and in the inner sanctum of Wall Street. Within a few weeks Fritz gained the confidence and co-operation of several important banking houses - the International Acceptance Bank, one of the major dealers in gold on the New York financial market, and the Federal reserve bank, both of which allowed him free access to their statistics and papers for his research. His position required tact and diplomacy. Parker Willis was strongly disliked, indeed, 'stood on an absolute war footing' with Wall Street. The outspoken professor had dared to criticize the handling of the American banking crisis by the banks; he considered the crisis extremely serious and was regarded as a prophet of doom. The mere mention of his name elicited a contemptuous reaction. Mr Sproul, the deputy governor of the F.R. Bank, who took Fritz under his wing, begged him: 'All right if he is a stimulating teacher, but for Christ's sake don't let him convince you of his ideas.' Mr Sproul did what he could to ensure that Fritz was in complete possession of all the facts against Parker Willis's idea, and Fritz, sufficiently confident to judge for himself, kept quiet and revelled in the battle for his intellectual assent. It was the ideal learning situation from which he could only benefit, although, as far as he could see, those whom he thought really knew what they were talking about were not amongst Parker Willis's enemies.

While backing Wall Street's prophet of doom, Fritz also shared Parker Willis's diagnosis of the American economic crisis. He was thoroughly pessimistic about Roosevelt's 'New Deal', a view very much out of step with many other Americans in academic life, government and industry who viewed Roose-

velt's policies optimistically and with excitement. In March 1933 Fritz feared that Roosevelt's economic policy would cause inflation of German proportions; the only difference between Roosevelt and Hoover was that Roosevelt had a more positive approach but

everyone knows that there is virtually no difference between the economic programme of the Republicans and the Democrats . . . The Northerners say: he [Roosevelt] is the greatest president since Lincoln; the Southerners say he is the greatest president since Jefferson, and the economists say he is the greatest president since Hoover . . .

As the crisis deepened, banks closed and the government gave increasingly huge loans through the Bank of Reconstruction and Development. Fritz saw bribery and corruption to an extent unheard of in Europe. After reading about one particular scandal where a prominent senator of Louisiana had managed to poll a total of 3,000 votes in an area with a population of just under 2,000 Fritz could only sadly conclude: 'One sees a great deal here, but only a very small part seems worth copying.' He could not help comparing the economic problems with those he had experienced in England and Germany. He wrote home: 'My experience of the crisis in England and Germany has come in very useful. But the chaotic situation here did not occur in either of these two countries.'

His own life reflected the extremes of living produced by the chaos. A depreciation of sterling (in which his scholarship was paid) against the dollar had reduced his income by almost a third. He had to take drastic economy measures. For some time he lived in digs where the squalor was such that he was able to negotiate a reduction in his weekly rent based on the number of bed bugs he had caught. He spent as little as possible on food, living almost exclusively on grapenuts and pigs' brains which he would eat late at night after he had finished his work. Not surprisingly he was unable to withstand the rigours of the New York winter and succumbed to a severe bout of influenza which he got over only through the kindness of a friend who took him into his own flat and nursed him.

Yet throughout this period of poverty Fritz was conducting a social life of breathtaking pace in prominent and wealthy

circles. He had come to New York armed with letters of introduction from his father to former colleagues who received Fritz warmly. The disadvantage was that his father wanted reports of all these friends and Fritz found it hard to find time to look them all up as well as meeting the demands of his own contacts in the banking world and the Rhodes Scholarship circle. Within the first few weeks of arriving in New York he managed to dine with Mrs Rockefeller, be taken by the vice-president of the Chase National Bank, Mr Shephard Morgan, to hear Leopold Stokowski conduct *Tristan and Isolde* (to which Fritz commented that 'Wagner would have turned in his grave') and get himself invited to the country for the weekend by President Aydelotte of the Rhodes Foundation. From then on it was a string of parties, dinners, concerts and weekend invitations. Fritz was in constant demand. In January 1933 he wrote home ruefully: 'If one is not extremely impolite one gets socially harassed to death. Tonight I was very strict in that I refused a dinner invitation to the Woodbridges, an invitation to a ball, a dinner invitation to the Burns's, another very enticing invitation to a dance and an after-dinner invitation to some friends. So I shall stay at home.'

He wrote very little to his parents about the girls he met. They too compared favourably with the girls he had met in Oxford. Many of the invitations were from affectionate match-making mothers who adored the handsome German who charmed and amused them. Of the many girls Fritz met, two stood out: Virginia and Joan. For Joan, a fellow student, he risked his neck climbing up to her room at night. They remained in contact long after both had settled down to marriage. Virginia lived on in his memory well into middle age, until he named his second daughter after her. His eyes always lit up with a twinkle when he mentioned her name, leaving his family to imagine what they had been up to. Fritz was glad that his social life took him away from student life. He found it no more attractive in America than he had in Oxford. Nor was he prepared for the multi-racial aspect of American student life he found when he first lived at the universities' International House. He wrote home: 'For my taste there are rather too many coloured people, but that is very bad and, for God's sake, I am not allowed to say that here (that brotherhood may

prevail) ... there are all sorts of different types of people here whom you mainly get to know under the shower in their original state of nakedness.'

In view of his aversion to students it was fortunate that Fritz did not remain among their ranks for long. In April 1933, barely seven months after he had arrived in New York, Parker Willis made him a surprising offer: would Fritz consider giving a course of lectures and seminars the following autumn term? Fritz was both amused and flattered by this unexpected suggestion. To be invited to take a place on the academic staff of a prestigious institution like Columbia University without even having a degree appealed to his sense of humour. But it was also a welcome gesture of recognition for Fritz had been feeling low in health and spirits ever since his bout of flu earlier in the year. He had been very depressed by the lack of news since Hitler had come to power in January 1933. American newspapers were more concerned with America's internal economic problems than events in Germany and only gave ill-informed snippets of news which Fritz did not want to believe but which worried him so much that he could not work. Parker Willis's offer gave him new zest. Within one week he had advanced his thesis by thirty pages. But the German situation still preoccupied him and he wondered whether he should return home at the end of the academic year. For once his father came up with advice which he warmly welcomed. Professor Schumacher had been overwhelmed by Parker Willis's offer to his son and in May wrote Fritz a rare letter of unqualified praise:

Your last letter gave us huge surprise, which filled us equally with pride and joy. I congratulate you on your great distinction. Even in Germany it would have been difficult if not impossible for you to achieve the post of assistant lecturer at your young age. That you have achieved it in a foreign country, particularly as the post of assistant includes even wider duties than is the case here, is a great achievement.

Professor Schumacher added that it was a relief to him that both his grown-up sons were out of Berlin during this period of political uncertainty and that Fritz would be well advised to

accept Parker Willis's offer without any feeling of obligation towards Germany.

With these doubts removed Fritz accepted the offer and prepared himself for another year's stay in New York. Ahead of him was the long summer vacation and rather than accept one of the holiday jobs that had been offered him he decided to celebrate his transition from student to semi-academic by an ambitious trip across the United States. It was a risky venture for someone not of the strongest build, with an aversion to students. He was to travel with three other students, two of whom he did not know at all, in two old Fords, and only one tent.

Ulli Solmssen, Heinz Lessing and Werner Brückmann soon discovered that Fritz's idea of a holiday was not quite the same as most. He was unable to relax and did not attempt to put aside the work that had been occupying his mind for the past months. Not only did he talk about it to the others, but he also insisted on visiting every conceivable factory, industrial concern, mine and bank until he felt that he had genuinely gained an impression of the diversity and complexity of American life to qualify him for his new role as teacher at Columbia University. His companions generally found these excursions interesting but they were less taken with Fritz's air of assumed superiority. He made sure that they were aware that he, the youngest of the group, had also reached the highest distinction by his appointment at Columbia University.

The trip, lasting fifty days, was remarkably harmonious although there were moments of tension. Werner Brückmann kept an extensive diary of the trip and Fritz later had to read how his sharp tongue sometimes stung his friends who grew to dread the evenings around the camp fire if Fritz was in a mood to show off. Brückmann saw it as a power struggle for leadership:

Fritz remained the victor in that our scale of values were subordinated to his either in so far as we were naturally able to agree with the demands of his values or by an effort demanded by our travels. This was possible because Fritz had the strongest conviction of the validity of his values and because his demands were in fact those of the day ... Now

what were Fritz's scale of values? They were Western, modern, of world and life-affirmation – but after all, we all agreed with world-and-life affirmation. But he represented the extreme of this world view, he rejected every kind of reflection, basically his nature was not contemplative. His scale of values was based on speed and efficiency, and Fritz not only possessed both but was also unlovable, a quality which he regarded highly. He presumably considered the sharp wits which he possessed to be the highest of intellectual qualities. He was the youngest of us ... and the most successful ... From time to time he made suggestions about the problems of life, about the really serious questions; and he usually did this when things were moving a little slowly for him, when nothing much seemed to be happening. Activity was his religion; on the whole he regarded the trip, at least in part, as a waste of time ... His intellect did not find enough nourishment on the way so he occupied it by making fun of us in the evenings, which got on our nerves more and more. For those who could not master this technique, and none of the rest of us could, it was as good as impossible to defend ourselves ... Actually he didn't really intend harm. One could see this when one was alone with him. Then he was the most pleasant and companionable person. He only became sarcastic when he had an audience, and one need hardly say that he needed one. Perhaps he really was the best man of us all, but he had to show us every evening that he was the best, the cleverest and most amusing. His jokes were biting, but hilarious ... He, who was the most dangerous, sharpest and least merciful critic was also, if it came to it, the most loyal and best friend.¹

The journey from New York to California took Fritz through every state except Florida. The four young men met in Chicago on June 9th, 1933 at the World's Fair (its theme was 'A Century of Progress': Fritz called it 'A Century of Madness'), and finally they reached the Pacific Ocean on July 29th. A short step further through the Californian Redwoods brought them to Berkeley, the end of their journey. They had travelled 10,000 miles in fifty days. Fritz summed up the trip for his parents:

We saw how big America is, we experienced the variety of nature and tasted the charm of a new, unfamiliar way of life. We were so involved that we often failed to notice the most impossible situations in which we found ourselves. But we hope to return better people. We discovered what it means when only 500,000 live in the rich state of Montana which is as big as Germany; when there are still areas where, if they bother to make the effort, people can obtain land from the government free of charge - fruitful land, and animals and equipment thrown in.

But Fritz was glad that it was all over and that he could return to work. While his friends continued their holiday in California he took up with his older and dearer friends, Keynes, Schumpeter, Robertson and Beckhart, whose books, treaties and articles awaited him at Berkeley, until he was able to find a new travelling companion for the journey back east. Then he bought Werner Brückmann's Ford and drove flat out, non-stop back to New York.

In New York Fritz had a new status. He was no longer a Rhodes Scholar in receipt of funds to finance his thesis but an inadequately paid part-timer. He was faced with the prospect of earning a supplementary living with very little time in which to do it. With time at a premium it was clear to him that an additional job had to do more than enlarge his income; it had to complement his academic work.

This was more difficult to arrange than he expected, both because of his lack of formal qualifications and because the serious banking crisis was forcing unemployment on to the banking world, where he wished to work. He turned to his contacts, pulling what strings he could until eventually he was offered not one job but two. Fortunately the second offer was one he could postpone, ensuring that he had work until well into the new year.

His first job was to prepare a series of briefing papers for Congress on various aspects of the New York stock market. It was an enormous task to be completed in only six weeks under the supervision of two professors living several hundred miles away in opposite directions. Fritz plunged into the new project, blossoming under the pressure and the stimulation of a new

subject. The inaccessibility of his supervisors did not bother him at all. He was quite confident on his own, making this clear by pointing out a series of errors in one of the professor's calculations. They had little alternative but to let him get on with it.

The job of lecturer at the School of Banking at Columbia University was another milestone in Fritz's own education. After his first lecture, when some of his students had joined him for coffee, he learnt that he had failed completely in getting the ideas of Keynes, which were so clear to him, across to them. He began again over coffee and felt later that his real teaching had taken place then. Thereafter it became a regular feature of his course to meet informally afterwards, but he took greater care to make simplicity and clarity one of the hallmarks of his lectures.

Part of the clarity of Fritz's own understanding was due to the visual element in his mind. For example, he saw numbers in a specific pattern curving out into space and it was with astonishment that he learnt much later that his was not everyone's experience. His visual image was so clear that he could literally read off the answers to mathematical problems as on a graph in his mind. His mental picture of economics was similarly clear. There was a precise moment when, sitting in the library at Columbia University, all the pieces of information dropped into place and he suddenly realized that economics was simple, and, as he liked to express it, could be written on the back of an envelope. He made little use of calculators once they became available, relying always on his slide rule which he kept in his breast pocket.

Unexpectedly, he also had some teaching duties in his second supplementary job which he began in the new year as rotator at the Chase Bank. He worked through the bank's departments much in the same way as he had done at M.M. Warburg's two years earlier, using the opportunity to learn as much as he could about American banking. Then one morning he was sought out by a member of the personnel department. The bank was running a special training course for young employees and their lecturer had suddenly been taken ill. Could Fritz step in?

'Gladly,' Fritz replied.

'Could you talk about the German Banking system?' he was asked.

'Well, of course,' Fritz said, 'but it's a difficult subject. At what time?' It was then 10.15 a.m.

'At 11.00' came the answer.

By the time he had gathered his wits, Fritz had only twenty minutes left to put together the framework of a talk. He was very pleased with the result. Not only did he feel that his lecture and the discussion that followed had been a success, but he had discovered that his English was good enough to enable him to speak more or less off the cuff for a good one and a quarter hours. Modestly, for once, he wrote home that it must have been the fact that English lent itself so much better than German to public speaking.

Although necessity had forced Fritz to combine his theoretical work with a practical job in his second year in New York, his practical experience had an unexpected effect on his thinking. He came to believe that economics could in fact only progress through a rigorous application of pure theory. He thought the School of Banking lacked the courage and energy to do this and was determined not to make the same mistake himself. In early 1934 Parker Willis asked him to contribute a chapter to a book he was compiling with his banking seminar students on inflation. It turned out to be the most theoretical piece of work Fritz ever produced, so much so that Fritz was worried that Parker Willis would find it unacceptable. He admitted that his dry work might be 'complicated to the point of unintelligibility to the untrained' but did not think that this should constitute an argument against it because all his conclusions were based on his observation of reality. There is little in this work of the man who was later to declare that 'an ounce of practice is worth a ton of theory'. Nor does the summary of his approach to economics which appears in one of the drafts of this paper give any indication of how his thinking was to develop:

The dismal science of Economics has driven many a good man into despair. At times people have thrown up their hands and declared that there is no mind great enough to understand its complexities; they have given up pure theory and have taken to collecting facts - data - statistics ...

The empirical approach has broken down - not because it could not collect a sufficient number of facts, but because facts have to be interpreted and understood - and in their effort to interpret our economists have allowed themselves to be guided by theories they themselves were not fully conscious of, and some of these theories turned out to be fallacious ...

But today, it seems, that economists realize that it is better to go about our measurements with a theoretical background which we have worked out logically and consistently, rather than be guided by unconscious theories.

Just as the engineer who was called upon to design the Washington Bridge, did not have to decide whether the bridge would be desirable on economic grounds, or whether it was good to establish another connection between New York and New Jersey, or whether it was at all proper to spoil the beauty of nature with a construction of that kind (which does not mean that all these considerations would not have to be taken into account) - in the same way the economist should not be bothered with politics and psychology or such hybrid and pseudo-science as sociology - which of course does not mean that there are not other considerations to be made than economic ones.²