

KARL BRUNNER: IN MEMORIAM

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Karl Brunner was my friend—a generous, involved, and devoted friend. We shared many interests. Few men in my experience are as fortunate to have had such a long, deep, and lasting friendship. I was his student. Later, as collaborators and friends, we passed much of 36 years in close contact, much of it on the telephone.

There was hardly a week in these years that we did not talk. Almost to the end, Karl was enthusiastic about ideas. Ideas were a major part of his life. “Let’s toss it around a bit” was the way he welcomed a new idea.

Our discussions were not primarily social conversations. We used the telephone to go over our work, correct galley pages, and revise manuscripts. We speculated on philosophy, economics, politics, social organizations, and, in recent years, religion—a subject of increased interest to Karl. There were few subjects of interest to either of us that we did not discuss. Karl believed in learning through discussion. He liked both to discuss and to listen. It is not an accident that he founded, cofounded, and organized many conferences in Europe and the United States.

Karl was a gifted teacher who communicated his interest in ideas by presenting them with great enthusiasm. Our association began in a class he taught in logic at U.C.L.A. in the winter of 1953. It continued until the last weekend of his life, when my wife, Marilyn, and I came to say goodbye.

Karl died peacefully in his sleep on Tuesday, May 9, 1989. For me, in retrospect, he died on the February morning of that same year, when he called to say that he could work no more. The pain

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was too great when he sat at his desk, and he had lost control of his left hand (which he had learned to use when his right hand failed two years earlier). That was a bitter day for Karl and a sad day for me. Karl had had two lodestars in his life—his wife, Rosmarie, and his work. Both were gone, and Karl believed correctly that the end of his life was near. At our last meeting, I asked what to tell his friends in Europe when I went to the Interlaken and Konstanz conferences. He said, “Tell them that my body failed me.”

Karl’s life was one of accomplishment. He wrote about 200 books and papers, not counting articles for newspapers. He packed the little over 73 years of his life with adventures, achieving renown beyond the reach of most people. Wherever people talk about economics and economic policy, he is known and respected. He worked hard, almost compulsively. He enjoyed his work for its own sake and for the rewards that came from his efforts. And, although Karl read widely, he had some surprising outside interests. When my children were young, he often knew more than I about the adventures of the cartoon character Yogi Bear. He also liked to dance. He had not learned to dance when he was young, however. So he set out to learn in characteristic Brunner fashion: he started by reading a book on dancing. He explained that his approach was to first learn the theory, then do the practice. He also was fond of the opera and theater. During telephone calls on Saturdays, opera would often be playing in the background.

Karl was an adviser to governments and a friend and counselor to central bankers. It is well known that he had a major influence on the policy of the Swiss National Bank. Although he was pleased by the bank’s ability to carry out a successful, low-inflation policy, he never claimed credit or spoke of his role. The same was true of his conversations with other government leaders, including Prime Minister Thatcher. On occasion, he persuaded her to reconsider positions proposed by her ministers.

It is important, finally, to speak of Rosmarie. She was his wife, friend, companion, and a major influence for 50 years. She was devoted to him, and he to her. He overcame many obstacles in later years—loss of vision and hearing, and the operation on his spine and partial paralysis. He never overcame Rosmarie’s death. Before she died, she had charged him to complete his work. At age 70, when he lost the use of his right hand, he taught himself to write with the left. Despite pain of growing intensity and loss of mobility, he worked to keep his promise. In the two years after her death, he completed two books and many papers, some of which will be published posthumously.

Karl was born on February 16, 1916. His father was a professor of astronomy at the Swiss Institute of Technology. Karl believed that his intellectual interests and abilities came from his father. His mother was from a peasant family. To her, Karl attributed his not inconsiderable stubbornness and determination. Self-described as an indifferent student in high school, he started to study history at the university, but shifted to economics out of what he described later as a fascination with the subject. He was not motivated principally by a concern for social problems. His concern was man and how he had developed. He sustained the interest throughout his life. One of the papers of his later years has the title, "The Perception of Man and the Conception of Society: Two Approaches to Understanding Society."

Karl's doctoral thesis, completed at the London School of Economics, was "Investigations in the Anglo-Saxon Theory of International Trade." Although he wanted an academic career, there were few opportunities after the war, and no one to help him. His first job was at the Swiss National Bank, followed by a tenure-track position at a research institute at St. Gallen. Although he was discharged in 1948 for his criticism of the quality of the work, the institute awarded him an honorary degree 35 years later.

Karl came to the United States on a Rockefeller Foundation fellowship. After one semester at Harvard University, he moved to the University of Chicago. The years at Chicago were a turning point in Karl's life. Milton Friedman, Aaron Director, and Frank Knight saw economics as more than a set of technical tools about resource allocation in a market economy. For them, economics was concerned with a broader set of issues. It was a way of thinking about society, its institutions, and the relationships between individuals in society. Karl retained this way of thinking throughout his life. At Chicago, he developed his view of economics as an empirical science and his interest in econometrics.

In 1951, Karl began his career at U.C.L.A. and his long friendship with Armen Alchian. He undertook the study of logic and the philosophy of science. It was at U.C.L.A. in the winter of 1953 that I met Karl. Although he later became a leading critic of the Keynesian model, the graduate class in macroeconomics that I took from him was thoroughly Keynesian. Later, he rejected Keynesian economics. During this period, he also began his work on the theory of money supply. Karl's aim was to develop a theory linking the behavior of the central bank, the public, the commercial banks, and other financial institutions to determine the stocks of money and credit. He wanted to join this to an economic theory of aggregate behavior. The main issue for him was the relation of money to income. Karl wanted to

explain how monetary institutions worked and to understand the effects they had on the relation of money to output.

About this time, we began the early discussions of money as a social institution. A few years later, after much discussion, these ideas were the foundation for our paper, "The Uses of Money." Though deeply involved in work of monetary theory, Karl continued his broader interests. In 1969, he published a paper on the philosophy of science, "Assumptions and the Cognitive Quality of Theories." A few years later, while at Ohio State University, he organized two conferences on econometrics and edited a book of papers on that subject. These are very critical of the foundations of the large-scale econometric models that had begun to appear.

Another strand of his work was motivated by his early interest in human behavior, specifically that of the central bankers and government officials he met in the course of his career. The analytic basis of his model was that of man as resourceful, evaluating, and maximizing—the REMM model, developed with William Meckling at Rochester. This compared the sociological concept of man to REMM, or the economic concept, and applied the idea to the theory of justice and to religion. Karl traced the differences between the two concepts to the differences between the French and Scottish philosophers—one leading to sociology, the other to economics. In the sociological, man was a role player, a passive agent—as Karl would say, an empty slate. In the economic, man was a purposeful, creative being, who responded to opportunities in his environment. In his work on justice, Karl used the REMM vision to compare the idea of justice as a process to the idea of justice as a static state. These ideas underlie man's commitment to rules as opposed to the imposition of authority.

Although I have only touched on Karl's scholarly achievements, it would misrepresent him to ignore the other sides to his life. Many former students, faculty, secretaries, and research assistants remember him as someone who took an interest in their lives. Karl left his mark on people, and he retained friends from all walks of life throughout his lifetime. There is no scale on which to measure his greatness as a person.

What do we learn from Karl Brunner's life? I would have to say, courage. Courage to learn new ideas. Courage to say unpopular things when they are right. Courage in the face of affliction. Karl's courage and personal integrity led him to take up the problems that he thought were important and to pursue them. For him, social science was the way to learn about life and man. More than any other economist I can think of, Karl was a builder. He founded three journals—the *Journal of Money, Credit and Banking*, the *Journal*

of Monetary Economics, and the Carnegie-Rochester Conference Series on Public Policy. He also started the Konstanz Seminar on Monetary Analysis and Policy, the Interlaken Seminar on Analysis and Ideology, renamed the Karl Brunner Symposium, and the Shadow Open Market Committee. All of these activities will continue as the kind of memorials to Karl that he would appreciate and understand.

Karl would tell us not to mourn. One day, he told me that we had spent so much of our lives on the telephone that he undoubtedly would call me from the “other side.” Through his memory living in us, that telephone will ring often for me—and for all of us. We won’t ever forget this great and good man.