

## Biography of Prof. Dr. Heinrich Rittershausen

Heinrich Rittershausen was born on August 5th, 1898, in Schleswig, Germany, the son of a government official. He attended grammar school in his hometown, received his diploma in Erfurt, began technical studies at the University of Hannover, and was drafted into the military in 1918. Afterwards, probably motivated by war experiences, he changed his focus to economic and social science studies at Jena, Greifswald and Frankfurt on Main, studying under Adolf Weber, Fritz Schmidt and Wilhelm Kalveram. He earned his doctorate in 1922, writing his dissertation on the subject, *The Raising of the Reparations*. In that same year, Foreign Minister Walther Rathenau appointed him to a position within the Department for Foreign Affairs. However, Rathenau was assassinated on the very day that Rittershausen went to Berlin to assume his post. From 1921 to 1923 he was employed by the department of taxation in Frankfurt and by the Thuringian State Bank in Weimar. In 1924, he co-founded a trust company in Berlin. After experiencing severe health problems, he went to London as a scholarship holder. His first book, *Die Reform der Muendelsicherheitsbestimmungen und der industrielle Anlagekredit, zugleich ein Beitrag zum Erwerbslosenproblem* (*The Reform of the Trustee Acts and the Industrial Investment Credit, a Contribution to the Problem of Unemployment*), appeared in Jena in 1929. In 1930, he published "Arbeitslosigkeit und Kapitalbildung" (*Unemployment and Capital Formation*), which J.M. Keynes appreciated with the comment, "... I am quite on your lines ...".

Rittershausen began his academic career in 1930, teaching mortgage banking at Frankfurt University. After two "politically incorrect" book publications and a complaint of Nazi student leaders in 1933, his teaching credential was revoked, despite the fact that he had been granted his postdoctoral lecture qualification in political economy. He then took a job as an authorized bank officer. In Berlin in 1938, he served as chief referent in the price control office, a known centre of the July 20<sup>th</sup>, 1944, resistance under count Yorck, with whom he became friends. When count Yorck and many executives were put to death after the failed tyrannicide against Hitler, Rittershausen and Ulrich von Beckerath, who also worked in that office in 1939, had feared for their lives. However, they were both saved, because many of the Gestapo files with Rittershausen's and Beckerath's names in them had disappeared, a strange circumstance still unexplained up to the present day. It is assumed however that a former student of Rittershausen, working at this vindictive tribunal ("Volksgerichtshof", which ordered the arrests of about 5000 people and execution of many involved in this liberation attempt, including their family members, had destroyed the files. Not until 1939, after two stays abroad (1931 in Paris and 1935 in Madrid) Rittershausen succeeded in returning to the academic world as a substitute lecturer at Berlin University of Economics, and from 1940 to 1944, as adjunct professor for financial sciences in Breslau. He co-founded a construction company in Neustadt, which later became one of the biggest cement consumers in Southwest Germany on whose advisory board he served for decades.

Being friends with people of the July 20<sup>th</sup>, 1944, resistance and being politically unblemished, he became in 1945 executive officer and later head of the department of "Prices" in the economics administration in Minden, an organization which was later transformed into the federal ministry of economics of West Germany. He was one of the most outspoken critics of the continuing price controls and other "Zwangswirtschaft" measures; his last important operation in the department was to prepare for free markets with free prices. Starting in 1948, he worked for two years as a columnist for the "Neue Zuericher Zeitung", the "Tagesspiegel" and the precursor of the "Frankfurter Allgemeine Zeitung". At the same time, he taught at the University of Frankfurt on Main. In 1950 he became a professor at the University of Mannheim, staying there for three years. Afterwards he held the position of professor of business economics

at Cologne University from 1953 until 1966, when he retired. For several years he was also Dean of the University of Cologne. During that time, he initiated the so-called "practitioner-seminars", in which high ranking practitioners were invited to lecture. This approach facilitated the interchange between the University and those involved in the business of banking, which was widely imitated by others.

Heinrich Rittershausen was also engaged in social reform. His technical studies and practical banking work, as well as his entrepreneurial and financial activities, combined with his studies in three foreign countries, certainly helped him to better understand the whole economy. In his still mostly unpublished correspondence with Ulrich von Beckerath spanning several decades, he also attacked "caesarism", his cover word for Nazism. Together with von Beckerath, he was one of the seven co-authors of the "Four Law Drafts" which were about to be passed by the German Chancellor Bruening in 1932 and could have changed the history of Germany and mankind by their radical transformation of the prevailing dysfunctional monetary system, but unfortunately were never enacted. His proposals for monetary reform articulated in "Das andere System" (1933) and later revised in manuscript form just before the German currency reform of 1948 followed and enhanced the tradition of the German school on money.

Besides being a monetary theorist and academic lecturer, whose interests encompassed the subjects of national economy, management, and banking, he published extensively. There are several books of extraordinary importance. A combination of his banking and finance teachings, translated into Spanish, was for many years used as an academic textbook in Spain. His publications and lectures were, often, very well timed, especially his: "Der Neubau des deutschen Kreditsystems" (The Reconstruction of the German Credit System) and his "Am Tage nach dem Zusammenbruch" (On the Day after the Collapse). On the other hand, his book "Das andere System" (The Other System), in which he discussed at length the "Four Law Drafts," was printed just a bit too late and, accidentally most copies were destroyed on the way from the printer to the publisher in the great book burning by the Nazis. Unfortunately, the 1948 update of this book was not printed in time to influence the 1948 German currency reform and was published much later only on microfiche.

Among his numerous sophisticated publications is also an 820-page scientific textbook about central banks, *Die Zentralnotenbank, ein Handbuch ihrer Instrumente, ihrer Politik und ihrer Theorie* (The Central Bank, a Compendium of its Instruments, its Policy and its Theory). According to Ulrich von Beckerath, he wrote this book to help to make as good use of such an institution as could be made, with the object of avoiding the worst kinds of mistakes that are all too common in such institutions. Many outside the academic world came to know Heinrich Rittershausen as the author of an economics dictionary (the Fischer Lexikon "Wirtschaft") which has achieved a large circulation of several hundred thousand copies. His most outstanding work, however, might well be *Monetary Theory* ("Geldtheorie" in German), which was never completely finished and remained unpublished until 2005. In this manuscript, Rittershausen has developed a new groundbreaking scientific approach to money, far surpassing both mainstream Keynesian and dogmatic Austrian doctrines.

Rittershausen's wife once said that, despite his reputation, he did not get as many or as profitable consultation jobs as other professors did. This was probably because of his critical frankness regarding financial and banking practices in Germany, by which he had created too many enemies in banking, commerce and industrial circles, for example his comment that, "It is not the gold standard that has failed but those to whom it was entrusted!" Highly respected by his colleagues during his lifetime, Heinrich Rittershausen died on June 15<sup>th</sup>, 1984 in

Cologne, leaving behind a treasure of ideas far ahead of his time, yet still not fully understood by most, nor appreciated in their significance for social reform and monetary science.

T. Megalli

Many thanks to John Zube and Thomas H. Greco for their assistance. Also, to Prof. Hans E. Büschgen for his biographical notes on Prof. Rittershausen on the occasion of his 70th birthday. Some biographical data were found in the antiquarian bookshop catalogue of Rittershausen's library.

This biography draft should be regarded as a work in progress, appealing to all his students, fellow academics and readers as well as his surviving relatives to help flesh it out with their information.

#### Literature

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