Some Facets of Life and Work of Rugina

Gerrit Meijer*

University of Maastricht
Faculty of Economics and Business Administration
Larixlaan 3
1231 BL Loosdrecht
T 035 5779977
F 035 5779979
E g.meijer@hetnet.nl

To the Memory of Rijkje Meijer-Kuipers (1940-2003).

Abstract
In this paper a few aspects of the contribution of Angel N. Rugina (born 1913) to science will be treated. After a description of his career, I will dig somewhat deeper in his relation to Walter Eucken (1891-1950) and the Freiburg School. In this connection his dissertation Geldordnungen und Geldtypen (1949) and the reception in Germany will be discussed. After this the relation to L. Walras (1834-1910) and the Orientation Table. Further on some remarks will be made on Rugina as political advisor, founder of the International Society for Intercommunication of New Ideas (ISINI) and as editor of the International Journal of New Ideas (IJNI). Moreover something will be said on his discussion of Max Weber (1864-1920) will be said on value judgements, and the concept of unification of science (interdisciplinarity of all sciences).

Keywords: Rugina, Eucken, Walras, ISINI, Money

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Introduction

Rugina published a rich crop of scientific works. I confine myself to some facets. I can not read Romanian so part of his work is not accessible to me. I will give only an impression of his work and not make critical remarks, and will try to make his background and contribution understandable. This will be done in section 1-5.

I will not go into Rugina’s studies on natural sciences (1967, 1981c, 1989b). After 1956 he asked himself the question of the relationship between natural sciences and economics and other social sciences with regard to the concepts of relativity and uncertainty. Based on these studies he pleas since 1967 for the methodological unity of all sciences (1967). There are two Nobel Laureates in Natural Sciences mentioned as Honorary Members and Distinguished Fellows of ISINI: Ilya Prigogine and George Palade. In 1983 under the influence of Barrie Pettman he starts to talk about a Third Revolution in Economic Thinking (1983a, 1987a). The reasoning was extended to a Third Revolution in Politics (Politica)(1990ab), Ethics (Ethica)(1990), and Logic (Logica)(1989a).

For those who want to go deeper into the contributions of Rugina to Science and his life and work a list of his publications is added as an Appendix. From this list especially 1976, 1994, and 1998 are recommended as a first orientation. In section 6-8 other facets will be treated. The first section is on Rugina as political advisor. Besides attention is paid to his work as founder of the International Society for Intercommunication of New Ideas in 1988, and as editor of the International Journal of New Ideas (1992-1995).

1. Biographical notes

The Romanian born American economist Anghel N. Rugina (May 13,1913) studied at the Academy of Economic Studies in Bucharest (Rugina 1994). There he acquired the inclination for and interest in Logic, History of Economic Thought, Analysis and Philosophy in science in general. Important have been for him his teachers Virgil Madgearu (History of Economic Thought), Victor Slavescu (History of Economic Thought and Economic History), and Cesar Partheniu (Public Law), Ion Raducanu, who belonged to the German historical and
ethical school and others. He wrote there what he calls his first dissertation on “The Life and Work of Dionisie Pop Martian (1829-1865)”. First under the direction of Madgearău, later (after he was murdered by the fascists) by Slavescu. The dissertation was on Martian, a 19th century Romanian economist with interest in the history of thought. The forementioned teachers had influence upon him in different ways, some of them will get attention later on.

He served in the Central Bank of Romania in Bucharest for several years. After he received his first doctorate in economics (May 1942), the National Bank of Romania sent him (at the recommendation of Slavescu) for postdoctoral work to the University of Berlin, where he did research at the Institut für Konjunkturforschung (Institute for Business Cycle Research), then directed by Wagemann. There he lived from September 1942 to December 1943.

Looking for new ideas he did not find them there. The interest of Wagemann was in applied and not in theoretical economics. From Berlin he left (with an intermezzo of a few months in Romania) for Freiburg i. Br., where he continued his studies in money and banking. There Rugina was influenced by Walter Eucken and his school (The Freiburg School). There he stood from February 1944 until he left for the United States in June 1950.

In the United States, he taught at the University of Portland (1950-1952), the University of Niagara Falls (1954-1958) and at the North-Eastern University, Boston. In 1955 he became an American citizen. As an emeritus professor of the last mentioned university he lived with his wife Irene/Aurelia near Boston in Jamaica Plain. Anghel Rugina died December 15, 2008 in Boston and was buried in Bucharest at the Bellu Militari Cemetery.

2. Eucken and the Freiburg School

2.1. Eucken and Rugina

In his work Rugina mentions several times his affinity and indebtedness to the German economist Walter Eucken. What he did not find in Berlin, he found in Freiburg: new ideas. Most outspoken he mentions this influence in the following quotations:

"In memory of Walter Eucken (1891-1950), Freiburg i.Br., West-Germany, a master of economic and monetary analysis, with whom I had the privilege to work. Eucken, a prominent member of the Freiburger Universität to which once Max Weber belonged, was the one who taught those who engineered the "economic miracle" in West Germany in the 1950's
under the political leadership of Konrad Adenauer and Ludwig Erhard. The heritage of the Freiburger School, as refined in this book to its final conclusion, has application for the United States in the 1970's too!" (Rugina 1976, p.V.)

“In Memoriam to Walter Eucken (1891-1950) a great German teacher and scientist who opened the door to a new vista in Economics for this writer.” (Rugina, 1987b, in Engelhardt/Thiemeyer 1987, p.67).

Rugina acknowledges in this way to be strongly influenced by Eucken and the School of Freiburg of which Eucken was the head.

A short exposition of these ideas, especially those of Eucken, is therefore relevant. For more extensive information on Eucken and the Freiburg School I refer to my contribution to the Festschrift in Honour of Anghel N. Rugina (Meijer 1987b in O’Brien 1987) and other work on this subject (Meijer 1987a, 1988, 1994, 2004, 2007).

A few remarks will be made about Eucken’s contribution to the theory of economic order and the economic process, and to the theory of economic policy. It concerns his contributions on economic systems and market structures (in 2.2). The contribution of Eucken to the theory of monetary systems will be treated later (in section 3). The ideas of Eucken on economic policy will be described in their main features in 2.3. They are labelled as neo-liberalism or ORDO-liberalism. Rugina prefers the label “social liberalism” to ideas that are (look) similar.

2.2 Eucken on economic order and economic process.

Eucken (1959, 1961) makes a distinction between the economic order and the economic process. With regard to the economic order he distinguishes between the centrally administered economy and the free exchange economy. Within both there may exist different market structures and monetary systems. The economic process differs according to the economic order. On the basis of his analysis of the economic order and the economic process Eucken also formulates a theory of economic policy.

Eucken uses the plans of the economic subjects as a base for his theory of market structures. These plans are based on certain facts that are seen as given by the economic subjects, the so-called planning data. Regarding market behaviour, the economic subject can accept, respectively: the price; the expected behaviour of demand and supply; or the expected behaviour of the demand and supply and the behaviour of a few competitors, as given.
In the first case the consumer or supplier accepts the market price as given. He does not account with the fact that his supply and demand influences the price, because this influence is, in relation to respectively the collective supply and collective demand, small. In that case there exists competition.

In the second case the supplier or consumer is a monopolist; he has no competitors. He is able to fix either the price or the quantity autonomously.

The third case occurs in two forms:

(a) The supplier (consumer) has only a few competitors, this is a case of oligopoly. The oligopolist does not only take into account the pricing policy of his competitors, but accounts with their entire policy, especially for their investment policy.

(b) There are two large suppliers, respectively consumers, and many small ones who adapt themselves to the prices of the big ones. In that case there is a partial oligopoly. The large firms have to reckon with each other and with the small firms.

Finally there remain cases in which there is a collective monopoly.

At the demand side as well as at the supply side the following cases may occur: competition, partial oligopoly, oligopoly, partial monopoly, collective monopoly and monopoly. Eucken gathers the last two under one denominator. By combination of the demand- and supply-side he obtains 25 structures.

The distinction between open and closed market structures extends the number of market structures to hundred. The 25 market structures can be open at both sides, closed at both sides or open or closed at one side.

The market structure complete competition is characterised by competition at the supply- and demand-side and can occur in four forms, namely open at both sides, closed at both sides, open or closed at one side or open or closed at the other side.

Openness is, therefore, no criterion for the existence of complete competition. The distinction open-closed is related to the question whether or not free entry to the market exists, in other words whether or not artificial barriers are present. These barriers may be created by the participants themselves or by government. Free entry is very significant because otherwise potential competition would not exist. The government, through its policy, is able to contribute much to strengthen competition through extinction of these barriers, just as it created many barriers in the past.

In his theory of market structures Eucken, therefore, exclusively uses as criterion for complete competition the question whether or not all market participants treat the price as given in their plans. When homogeneity of goods or homogeneity of firm size is used
as a criterion, one says by definition that
competition hardly exists. Then one is not
able to characterise competition as it exists
in reality.
The contributions to the theory of market
structures discussed above form the basis for
the study of the economic processes within
these market structures. In this way
conclusions can be drawn about the working
of the pricing processes in the different
market structures. The ideas on competition
policy (Eucken 1949, 1952; Miksch 1947)
are linked up with these analyses of the
market structures and of the market
structures and of the economic (pricing)
processes in the different market structures.
The criterion for competition policy of the
authors who are discussed here is workable
competition. Where it does not exist or
cannot be realised complete competition has
to be the yardstick of competition policy.
Only when complete competition exists can
a general optimum equilibrium be realized.
All other market structures have in this
respect shortcomings compared with
complete competition.

2.3 Eucken's Theory of Economic Policy
(Ordnungspolitik)
Eucken developed a programme of
economic policy based on his theoretical
work (1949, 1952, Buch IV). The basic
principle of economic policy is to let the
pricing process work as well as possible.
This is in his opinion the case with complete
competition. The policy has to refrain from
all measures that conflict with the basic
principle. Such measures have to be taken so
that the market structure complete
competition will be developed. In this
context Eucken distinguishes measures that
are system conform and system non-
conform.
The economic order based on complete
competition (competitive order,
Wettbewerbsordnung), is founded on six
constitutive principles:

1. stability of the monetary system;
2. open market, i.e. free entry;
3. private property, also of the means of
production;
4. freedom of contract, however not to
interfere with the basic principle;
5. complete liability for economic actions;
and
6. constancy of the policy. These six
constitutive principles have to be realized
simultaneously.
Apart from these constitutive principles Eucken
distinguishes the regulating principles that are directed towards keeping
the economic order intact, based on perfect
competition. There are four of these
principles:
1. a policy to attack monopolies
(Anti-monopol-politik);
(2) a policy aimed at changing the distribution of incomes;
(3) the fixing of minimum wages; and
(4) a policy to equalise individual and social costs.
The business cycle problem is according to him solved if the constitutive and regulative principles are fulfilled. The monetary side of the economic order has for that reason to be changed in such a fashion, that the business cycle is eliminated. He propagated the introduction of a commodity reserve standard and 100 per cent money. For that reason the business cycle policy is not mentioned among the regulative principles.

Besides Eucken stresses the interdependence of economic, political, and social aspects of orders (Die Interdependenz der Ordnungen). Apart from the constitutive and regulative principles, he formulates three principles of state policy:

(1) The state has to limit the power of interest groups.
(2) All state intervention has to be directed to the policy of the economic order, not the economic process.
(3) Economic and social policy has to be systematic and not ad hoc.

Moreover he makes a distinction between Prinzip (principle) und Moment (historical circumstances. This implies that economic policy makers always have to take into account historical circumstances and have not to be doctrinaire in their principles and to follow them blindly.

3. Contributions to the Theory of Monetary Systems by Eucken and Rugina and their Consequences for Monetary Policy

3.1 Eucken and Rugina on monetary systems.
The contribution of Eucken to the theory of monetary systems will be treated now. Special attention will be given to the contribution on the same and related subjects by Rugina in his study Geldtypen und Geldordnungen published first in manuscript in 1947 and in 1949 as a book. He received a doctorate in economic science on this book at the University of Freiburg.

Eucken (1959, p.113-123) distinguishes three pure monetary systems. In the first money originates when a good becomes money. In the second system money originates in exchange with goods and services. In the third system money originates through credit. Eucken's theory of money, etc. will not be treated here.
extensively. For this I refer to the study of Folz (1970).

The Eucken theory of monetary systems and money types, was elaborated by Rugina (1949) at the end of the 1940s. Later Hensel (1959) and Gutmann (1965) criticised Eucken especially on the subject of the role of money in the centrally administered economy.

This criticism is only mentioned here.

In his book Rugina distinguishes between natural money (natürliches Geld) and artificial money (künstliches Geld). According to him there are two money types. Natural money is at once unit of account and a means of exchange and originates in the economic process in exchange with goods and services (1949, Erster Teil). This means that there is a link between the monetary and the real sector.

There are according to him five monetary systems (1949, Zweiter und Dritter Teil). The first two are pure systems:

(1) the natural money system;
(2) the artificial money system.

The combinations of the pure systems give rise to three mixed systems. He calls them:

(3) type A - with natural money dominant;
(4) type B - with artificial money dominant;
(5) type C - with as much natural money as artificial money.

This scheme is, as Rugina remarks, the basis of what he later called the Orientation Table for Economics extended to include also the study of money and banking (1994, p.12).

According to him the first system conforms to the free exchange economy. The second system is compatible with the centrally administered economy. Combination of the free exchange economy with the second system or with the mixed systems will create disorder and disequilibrium. In his opinion this is the case with the modern gold standard. This is a monetary system of type B (1949, Dritter Teil, Section 26). In order to correct this he proposes - among other things – free minting at a variable gold price. Then money will be natural, stable and neutral (1949, Dritter Teil, Section 19).

3.2. Discussion on Rugina’s book

The study of Rugina has stimulated the discussion in Germany and especially within the School of Freiburg (Von Nell-Breuning S.J., Zur Einführung, in Rugina, 1949, pp.V and VI; Irmler, 1950; Meyer, F.W., 1950; Miksch, 1949). The most prominent members of the School stood favourable to the ideas of Rugina. Foremost among them Eucken (1952, Buch IV) and Miksch (1949a, p. 322ff; p.323: “… jetzt scheint das Eis gebrochen zu sein. Das beweist die beachtliche Arbeit von Angel Rugina”). However he was criticised by Irmler, who
was not prominent at the School of Freiburg and by F.W. Meyer. According to Rugina they both did not carefully read the book (Rugina, 1951b).

The studies on monetary problems and policy by Eucken (1952, Buch IV), and Miksch (1949a, 1949b, 1949c, 1949d, 1950) from 1947 and onward show that they used and accepted the main conclusions of the study of Rugina, although they did not come to the same conclusions with regard to monetary policy. In the last respect, Miksch is somewhat closer to Rugina. He is in favour of a pure gold standard with some modifications. He thinks that Rugina is on a fruitful and correct track with his proposal of free minting at a variable gold price (1949a, p.325-326: “Dieser Ausweg der zu einem neutralen Gelde führen kann ist berufen, in künftigen Erörterungen des Problems eine Rolle zu spielen”). It is at this point that Rugina was criticised by Irmler (1950, pp. 322-332).

All these writers are critical to the modern gold standard. However whereas Rugina and Miksch propose modifications with regard to the gold standard, Eucken (1952, Buch IV) was in favour of the commodity reserve standard. In this he was followed by several other members of the School of Freiburg (Lutz, 1949; Maier, 1951). With regard to the third monetary system (in the sense of Eucken), i.e., artificial money (in the sense of Rugina) a common opinion exists as far as its incompatibility with the free exchange economy. Both Eucken and Miksch are opposed to those members of the School of Freiburg - like Lutz (1936) and Gestrich (1936, 1957) - who think that the monetary policy of the Central Bank may make money neutral and stable. This was almost the common opinion until about 1947. Eucken and Miksch prefer an automatic system. However, they do not think that it is possible to do without money creation by private banks completely. They are in favour of 100 per cent money for that reason.

3.3 Later work of Rugina on monetary theory

Later important work on monetary theory was published in articles of 1970, 1971 (Monetization of Public and Private Debt. The Principal Fountain of Modern Inflation), 1974-1975 (A Monetary Dialogue with Karl Marx. Its Significance for Both Capitalist and Socialist Countries), and 1977 (A Monetary and Economic Dialogue with Lord Keynes). The main thesis remains that only natural money (i.e. commodity money) is neutral. In this same line of thought he wrote his articles on the gold standard (1982c), the international monetary system (I.M.F.) (1973), monetary
and budget policy, and gave his advices (See the literature discussed in section 6).

4. On “Values”: Max Weber

Max Weber (1864-1920) was born in Erfurt in Thuringia, Germany. He was professor in Freiburg and the elder brother of Alfred Weber. Both were eminent sociologists and economists. Max Weber is still known for his work on the capitalist ethics and his position with regard to values in science (Max Weber, 1904).

In an extensive essay Rugina (paper 1979; published 1984) has taken position in this debate. Seen his strong commitment to what happened in practical policy, it is no surprise that he had to think about this problem. His first acquaintance with Weber was in the Seminar on History of Economic Thought of Madgeauru in 1940 (1994, p. 7,8). He came back to the problem after his retirement in 1978. Weber’s article had as thesis that objectivity in social science and social policy required that value judgments had no legitimate place in science. Science had to be free from subjective value judgments, i.e. it had to be value free.

There is a paradox here. Can a scientist give a value judgment on value judgments? The solution that Rugina proposes is to distinguish between: (1) personal, subjective, individual values and value judgements of the kind of likes and dislikes for which we are not required, and actually we cannot provide, a logical and/or empirical proof; and (2) impersonal, objective, social values and value judgments shared by a large number of people, mass phenomena that can be studied by using the scientific method in the same way as other phenomena are studied in nature and society.

For the first category there is no place in science. For the second category there is; with the requirement that the scientist should provide a logical and/or empirical proof.

5. On Walras

Several articles are on Walras (1981a,1982a,1983a). He distinguishes Walras as the Pure Scientist and Walras as the Social Reformer (1983a). He sees Walras as a foundation of his own work. However he thinks he has made some improvements on Walras (1874), the Scientist. This concerns first the orientation table (1982c, 1986b). Further the inclusion of R, the institutional and legal framework, and at last the addition of disequilibrium economics. For that reason he speaks of a Third Revolution in Economic Thinking (1983b, 1987a,1994)), and the New Research Programme (in the Kuhnian sense).
The Orientation Table is included in the Annex. In this table M1 is the Walras Equilibrium system improved by Rugina. He writes it as $M1 = 100\% (Co +Nu) + R1$. This model is only possible in theory and not possible in practice. The Model $M2 = 98\% (Co+Nu) + R2$, is possible in theory and practice; it is Stable Equilibrium.

There are five more models - M3, M4 (Keynes), M5, M6, M7 in the table. They are disequilibrium models, among them the model of Keynes. On this topic Rugina gave an exposition in Wageningen (Meijer et al., 2006, p.68).

He from then (1983) on no longer uses the concepts, used in his 1949 book, in which he followed Eucken's terminology. He uses instead, following Walras, the terms pure competition, pure monopoly and numeraire type and non-numeraire type of currency in stead of free enterprise (exchange) system and centrally planned economy and natural money and artificial money. He (Rugina 1994) writes: “… I discovered that the Walrasian law of general equilibrium and his whole system of thought were not complete either, like the Freiburger heritage. Consequently I proceeded to identify the missing parts and to try to complete them with the help of the new research program. For instance Walras did not develop an adequate theory of entrepreneurship in the sense clarified by Schumpeter; nor did he have a consistent theory of a legitimate, equilibrium rate of profit in a free and stable economy, as envisioned in his system of thought. Walras did not include in his law of general equilibrium the specific activity of an adequate banking and financial system nor that of government business and finances or the balance of international payments.”

Eucken (1959) criticized Walras for neglecting the time aspect (esp. capital theory) and the space aspect of the economic process. Moreover according to Eucken Walras only knew the concept of general equilibrium with optimal use of the production means (full employment), and not the concept of equilibrium with unemployment of resources. Eucken stresses the institutional aspect (the economic order) in which the economic process takes place. An important part of this is the monetary order. There are in this relation differences as well as common opinions between Rugina and Eucken which can not be worked out here for reasons of time and space.

As far as the ideas of Walras on economic policy concern he can be seen as a forerunner of neo-liberalism or ORDO-liberalism, and both of Eucken and Rugina. Walras uses the concept of social liberalism to designate his opinions in this
respect and uses the concepts conform/non-conform, in his books of 1896 (1936) and 1898 (1936).
The concept of social liberalism is explicitly used by Rugina for the first time in 1951 in his article: ‘Social Liberalism The Integral Democracy of Tomorrow.’ This is the background article for his later articles (1981a, 1983c, 1991, 1992a) where he argues in favour of Social Liberalism for the West; and for Liberal Socialism in the East.
In this respect Rugina (1994, p.6,7) is inspired by his teacher Partheniu, who “…attempted to explain the development of human civilizations from ancient times to our days strictly in evolutionary terms and by using a model composed of four idea-forces: Equality, Authority, Liberty and Solidarity. According to his interpretation, by the end of this (twentieth) century – in the West as well in the East – we should have an institutional regime based and supported by the idea-force of solidarity. It is the thinking of Partheniu and of Walras which inspired me to write the paper The Future belongs to a Social Economy of Human Solidarity in 1983 (Rugina 1998). Partheniu also developed a sui generis methodology that he called tetra-logic which actually completed the Hegelian Logic.”

6. Rugina as political advisor

Rugina sees it as the task of the scientist to give advice to politicians. A considerable portion of his work consists in reports and letters to those in a position to conduct and influence economic policy. This starts with a letter to Ludwig Erhard (22.2.1948) as Direktor der Verwaltung für Wirtschaft, that accompanied his proposal for economic reform in West-Germany (Rugina 1949; republished in a revised version actualised for the 1980s in Engelhardt and Thiemeyer, 1987).

In the same category belongs his Stabilization Plan for France (1959), published by René Courtin, a French member of the Mont Pélérin Society, and editor of the Revue d’Economie Politique (1959). Rugina tells himself (1994) that he first sent a longer version to De Gaulle, on January 18, 1958 who answered a few weeks later: “The solutions you propose are bold but you support them with a solid argumentation. The whole thing appeared to me very interesting and I would like to thank you for giving me an early opportunity to read it”. In the same year he became the prime minister and later on the President of France.

In the same time Rugina had correspondence with another French member of the Mont Pélérin Society, Jacques Rueff, then member of the Court of
Justice of the European Community of Coal and Steel. Later he was (the Chairman) with Debré the chairman of the Committee of Experts which made the Report for the French Financial Reform of December 1958. He was intensely occupied with practical policy. Rueff had an important share in the preparations of the economic reform carried through by De Gaulle in 1958, and was in favour of going back to gold. Maurice Allais, later Nobel Prize winner, had also ideas similar to Rueff and Rugina.

In 1970 Rugina send a letter with a Memorandum under the title: French Stabilization Through Monetary Reform (1970) to Couves de Murville, then Minister of Finance. Later on he gave advice to the Prime Minister Raymond Barre. The last one became a Honorary Member and Distinguished Fellow of ISINI from the beginning.

Again in 1983 he sent a plan ‘On the Possibility to Have an “Economic Miracle” in France’ to President Mitterand. Seen in the light of these and other connections it is understandable that the first ISINI meeting was held in Paris.

In the United States he wrote (several times) letters and proposals for economic policy to Ford, Nixon, Johnson, (all included in his book of 1976), Reagan, and Clinton (1993).

From 1965 to 1970 he was the Chairman of the Board of Economic Advisors to the Governor of the Commonwealth of Massachusetts, John A. Volpe.

Moreover he presented memoranda on monetary and financial policy to the U.S. Senate Banking and Currency Committee in 1965 on the Federal Reserve Bank Gold Requirements.

Moreover he presented a plan for reorganization of the I.M.F. (1973) and sent a letter together with A Plan for a Free and Stable European Monetary and Economic Union (1976) to the French President Giscard d’Estaing on August 16, 1979 (On all this Rugina, 1994, p. 23). He often speaks of stabilization plans: the purpose of which is Stable Equilibrium (Model M2). In the Statutes and By-laws of ISINI he indicates as task of the national chapters to make a stabilization plan. In art.2 c is stated: ‘A priority goal is to develop Stabilization Plans for the various countries where the Society is presented.’

7. Rugina as founder of ISINI
(The text of this section is a somewhat adapted form of my preface to Heterodox Views, Metier et al., 2006)

7.1 The past
It was at the History of Economics Conference in Fairfax (1985) that I first
met Anghel Rugina. I presented a paper founded on the third chapter of my dissertation on the History of Neo-liberalism in Several Countries (Meijer, 1987a). It turned out that he knew the Freiburg School and in particular Walter Eucken very well. He took his doctor’s degree at the University of Freiburg on his thesis Geldordnungen und Geldtypen (Monetary Orders and Money Types) in 1949.

Later on he invited me for a conference in Toronto of the Association of Social Economics (1986). The paper I presented on History of Neo-liberalism: Affinity to some Developments in Economics in Germany was included in the Festschrift for Anghel N. Rugina (1987b). This gave a common ground to our friendship in the world of ideas.

In his work there are two important lines of thinking which interested me at that time. First his monetary theory. I paid attention to this in my last mentioned paper. On Sept.1, 2004 he wrote me that this thorough study will be translated in English. Second it is the idea of Quinta Methodica that he defends in the footsteps of Schmoller and Eucken. This idea is at the background of the International Society for Intercommunication of New Ideas (ISINI), that he founded in 1988 in Boston, and of which he was the first president, and is now (at the age of 93) the honorary president. Quinta Methodica means that that economic science has five different, yet interrelated, subdivisions: economic history; economic theory; economic ethics; economic policy and history of economic thought.

In 1987 Rugina visited the Netherlands. First he met Tinbergen in Rotterdam. Then he and his wife Irene (Aurelia) were our guests in Bussum for a few days. From there we brought them to Jaap en Meta Krabbe in Wageningen. Via Freiburg (Hayek), St Gallen (Dopfer) and Paris (Henri Guitton) they travelled back to Boston. After this trip and these consultations Rugina founded ISINI. Tinbergen and Hayek both Noble Laureates in economics, became Honorary Fellows from the beginning, in this way showing there sympathy with the initiative. It shows also the broad concept and vision of ISINI.

Since the foundation global international meetings were held in Paris, France (1990); Athens, Greece (1992); Boston, Mass., U.S.A. (1995); Maastricht, The Netherlands (1997); Mexico City, Mexico (1999); Miami, Florida, U.S.A. (2001); Lille, France (2003), and again in the Netherlands in 2005, this time in Wageningen (and in 2007) in Romania.
This shows that ISINI is steadily moving forwards, and that it has answered challenges and taken advantage of opportunities since it was founded.

(The Conference in Paris (1990) was organized by Prof. and Mrs Rugina with the help of Professor Henri Guitton at the Sorbonne. The Paris Manifesto was launched and later published in the International Journal of New Ideas (1992, Volume 1,1). Both Guitton (1992) and Tinbergen (1992) addressed the Conference. The second conference was organized by the Greece Chapter more in particular Houmanidis in 1992. For political reasons a conference could not be held neither in Israel nor in England in 1994. After postponement of a year the third conference took place at the North-Eastern University in Boston, again organized by Prof. and Mrs Rugina, in 1995.

The Dutch Chapter was the organizer of the Conference in Maastricht. The Secretary of ISINI at that time was Dr Jaap Krabbe (University of Wageningen) who thought Maastricht would be a better place to have the conference. Alas Krabbe died in 1996 (On him see the In Memoriam in the Maastricht ISINI Papers by Gerrit Meijer and Wim Heijman (Meijer et al., 2000, and the program of 1997). With the help of colleagues from the Wageningen University (Heijman and Van Ophem) the conference was organized by Mrs Ria Meijer-Kuipers and Gerrit Meijer. The Conference in Mexico City (1999, was organized by Ortiz), in Miami (2001, was organized by Moncarz), in Lille (2003, by Ephraim Clark and Fannie Blas). In 2005 again a conference took place in the Netherlands, now organized in Wageningen by Gerrit Meijer, Ymkje van 't Riet-Meijer, Annelies Coppelmans, Johan van Ophem and Wim Heijman)

The purpose of the Society is according to Article 2 of the Statutes threefold:

a) To foster and support the discovery and dissemination of new ideas in particular in economics and other social sciences and to arrange for their testing (logical and/or empirical) in the realm of various possible social, economic and political systems, as far as analysis can go.

b) To initiate and cultivate a contact and consultation not only among economists, sociologists and political scientists but also between social and natural scientists including men of arts and letters.

c). To study systematically using both theoretical and practical reason) the application of new ideas to problems of the real world of today and tomorrow in various existing social regimes and considering the diverse levels of development and historical circumstances.
(A priority goal is to develop Stabilization Plans for the various countries where the Society is represented.)

Also we read in article 5 that the Society has (ideally) seven sections:
Section 1. History and Statistics.
Section 3. Ethics, What Ought to Be, General Stable Equilibrium (Normative Science)
Section 4. Policy Matters or How to achieve a certain given goal without creating other problems. This Section is for those who have the skill, inclination and background to test both theoretical and practical ideas for consistency and efficiency in terms of the ultimate values of a free, just and stable society. These are what may be called “scientific”, tested policies.
Section 5. Doctrines, History of Thought.
Section 6. Arts and humanities.
Section 7. General supporter of the society in any other way.

The first five sections reflect the Quinta Methodica. (In principle there are chapters in all countries in which there are members).

The papers presented at the conferences were originally published in the International Journal of New Ideas. A Journal of Interdisciplinary Approaches, that was published during four years (1992-1995). Since the Maastricht-conference (1997) the papers and proceedings of the conferences were published in book- or electronic form.

7.2 The present
This volume contains revised papers that were presented at the Eighth ISINI Conference in Wageningen. It is wholly in the strain of thought of Rugina (and the Statutes and Bylaws formulated by him) that we had two special invited speakers on the institutional and cultural aspects of human society, Backhaus and Klamer respectively. More about there lectures will be written in the Introduction of the Editors of this volume. I am grateful to the Mansholt Graduate School (MGS) for supplying the resources for the keynote speech of Backhaus. His keynote speech is also published as the sixth Mansholt Lecture of the MGS.

7.3 The future
In this preface I also think a few words on the future of ISINI can not be omitted. Thinking about this has to start at the background of the original purpose, organisation and methods how to reach them in the Statutes and Bylaws when ISINI was founded in
1988. At August 23, 1997, at the General Assembly in Maastricht, a motion of Rugina was accepted, which again clearly stated the purpose and vision of ISINI, and for that reason is cited here in full: Every professional organisation is striving to have something new, some new ideas or practice in its own field, but the vision of ISINI transcends this usual common purpose. ISINI has a new message. Its very existence finds justification in the motto ‘In searching for new ideas, new better concepts, new better theories and new better interpretations of past and/or resent ideas’. Of course we are in favour of an open dialogue, not only with other already established directions: mainstream economics, social economics, institutional economics, evolutionary economics, etc., but also in addition with other fields, first the other sisters in social sciences and also with natural sciences. But ultimately, our motto remains as a new message. Its roots are in methodology of science and in analysis. The final dream is a methodological unification of all sciences. Indeed, if economics pretends to be a science than it must have a common denominator – of course retaining and keeping its individual character – with all other sciences, i.e. the rest of our sisters in the fast field of studying human societies of today and other times, together with the Study of Mother Nature, i.e. natural sciences. This is the first final dream in analysis: the methodological unification of all sciences. The second final dream, actually an continuation of the first one, namely on practice, in application of methodology of science, is to show consistently and systematically how to realise and to maintain in the real world the great ideal of nations, of all races, that is of humanity: the dream of a Free, Just and Stable Economy and Society. With this new message ISINI was officially founded in the fall of 1988 and registered as a non-profit institution in Boston, MA, USA. (Meijer et al., 2000: xiii).

I further refer in this respect to the preface to this volume written by my successor Liviu Drugus. In this contribution to the book he pleads ‘for using new ideas and especially trans-disciplinary approaches in unifying the too many so called ‘sciences’- as a matter of fact narrower and narrower slides of knowledge with the peak when a super-specialist knows all about almost nothing. ISINI is considered as an excellent laboratory of developing research units generating unified science’. In this contribution he also mentions that for that purpose he intends to organize sessions that pay special attention to this theme in the conference in Romania in the second half of August, 2007.
We are still far away from having achieved this ideal. A lot of work has been done, and there is still much work to do. In this context I refer to the comprehensive work of A. Rugina, especially to his Prolegomena (Rugina, 1998). In this work the fundamental thoughts of the founder of ISINI are explained.

8. Rugina as Editor of International Journal of New Ideas

The International Journal of New Ideas mentioned before was created as the journal of ISINI, mentioned in the Statutes as its official organ. The Editor in Chief is Anghel N. Rugina. The publisher is Barmarick Publications. The name of the publisher was derived from the first names of Barrie O. Pettman and his wife Mary. The personnel connection between Pettman and Rugina did go back to June 1980, when they met at the 55th Annual Conference of the WEA in San Diego. They became acquainted through John C. O’Brien. Pettman was the Director of the Institute of Social Studies in Hull, and the editor of the International Journal of Social Economics. In 1987 John C. O’Brien published The Festschrift in Honour of Anghel N. Rugina, IJSE 14, nr 3/4/5; 7/8/9 (Papers Conference Association of Social Economics 1986 in Toronto).

Numerous articles of Rugina found there way into the International Journal of Social Economics, of which first O’Brien and later Pettman where editors. Other venues for publication were the Rivista Internazionale di Scienze Economiche (edited by the Italian Tullio Bagiotti), and SPOUDAI (edited by the Greek Houmanidis), and the Revue d’Economie Appliquée (Courtin and later on Guitton). These editors according to Rugina were open minded people who gave chances to others to think otherwise and to publish their findings. This is the key to progress in science. This makes dialogue and intercommunication possible. For that reason and with this philosophy at the background he founded ISINI and created and edited the Journal.

A primordial quality for an editor is according to Rugina the disposition to retain his personal view but at the same time to allow plenty of room for others to express their views also (1994, (p. 50). As the editor of IJNI, and as the founder and (honorary) president of ISINI, he has given an impressive example how this can be achieved.
Conclusion

Intercommunication (an open dialogue) is far from easy. Most difficult may be the open dialogue on new ideas. The reason for this is not that the concept of “new ideas” has many meanings, but the simple fact that that the interchange of ideas asks for special efforts with regard to the means and methods of intercommunication. It supposes willingness to discuss in an open and fair way. One way to try to succeed in this is to organize a congress. Another instrument is to have a journal. In ISINI Rugina has given us an organization to do this.

Besides his important work in this field, he contributed to science in different fields. Some of these contributions were discussed in this paper. It is meant to stimulate the study of his life and work within and outside ISINI.
## Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Equation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$M_1$</td>
<td>$A \text{ system of } 100% \ (\text{Co} + \text{Nu}) + R_1$</td>
<td>This is the Walrasian model of general stable equilibrium at its limit of perfection and in its more complete form. It is immune to anomalies, relativity uncertainty. This is the “economics of pure and perfect competition” (certainty).</td>
</tr>
<tr>
<td>$M_2$</td>
<td>$A \text{ system of } 95% \ (\text{Co} + \text{Nu}) + 5% \ (\text{Mo} + \text{anti-Nu}) + R_2$</td>
<td>This approximates to the model that Quesnay, Adam Smith and other classical thinkers up to Marshall inclusive, have used in their analysis. It may be called the “economics of classical laws” with minor deviations. This is the area of weak minor disequilibria.</td>
</tr>
<tr>
<td>$M_3$</td>
<td>$A \text{ system of } 65% \ (\text{Co} + \text{Nu}) + 35% \ (\text{Mo} + \text{anti-Nu}) + R_3$</td>
<td>This is a mixed economy where equilibrium elements still prevail but relativity begins to play an important role. It belongs to the “economics of simple relativity” or relativity I. This is the area of strong minor disequilibria.</td>
</tr>
<tr>
<td>$M_4$</td>
<td>$A \text{ system of } 50% \ (\text{Co} + \text{Nu}) + 50% \ (\text{Mo} + \text{anti-Nu}) + R_4$</td>
<td>This particular combination represents a mixed economy of static nature and hidden stagnation. It is the true model that Keynes improperly called “equilibrium with unemployment”. Actually it is the domain of the “economics of unstable equilibrium”: in his dynamic analysis Keynes left out the limit 50:50 and dealt with the “economics of relativity” in general terms. Modern capitalism moved up and down around Model $M_4$ or between Models $M_3$ and $M_5$ and thus Keynes’ observation of “involuntary unemployment” was correct empirically and analytically.</td>
</tr>
</tbody>
</table>
This is the area of weak disequilibria.

\[ M_5 = \text{A system of 35 percent (Co + Nu) + 65 percent (Mo + anti-Nu) + R}_5 \]

This is a mixed economy where disequilibrium elements prevail. Below this line the business cycle becomes unmanageable. It is the domain of what may be called the “economics of compound relativity II”. This is the area of strong major disequilibria.

\[ M_6 = \text{A system of 5 percent (Co + Nu) + 95 percent (Mo + anti-Nu) + R}_6 \]

This is the model of a decaying mixed capitalist economy in a country where a Marxist or fascist revolution succeeded in overthrowing the old system and instituted a brand new socialist or fascist regime. It is the domain of the “economics of compound relativity III” or more explicitly, the “economics of a centrally planned and controlled economy and society”.

\[ M_7 = \text{A system of 100 percent (Mo + anti-Nu) + R}_7 \]

This is the limiting Marxian model of total revolution, disequilibrium and uncertainty, which requires a government of absolute powers to hold an unstable system together. It is the domain of the “Economics of pure and perfect state monopoly” (uncertainty).
APPENDIX

List of Publications Rugina

This list does not include all publications of Rugina but reflects his contribution to science.


Und es kann doch "neutrales Geld" geben!, Weltwirtschaftliches Archiv (1951b), Bd.LXVII.


French Stabilization through Monetary Reform, Inter-economics, No. 8, August, 1970.


A Reorganization Plan of the International Monetary Fund as Oriented Toward Conditions of Stable Equilibrium, in Economica Internazionale, Vol. XXVI, No. 3-4, Aug-Nov. 1973


A Stabilization Plan to Restructure American Capitalism for a Balanced National Growth and Economic Development, in: Hearings from the U.S. Senate Committee on Banking, Housing and Urban Affairs, 96th Congress, Second Session on S2352, March 10, 14, 17 and April 21, 1980.


Missing Parts of the Walrasian Law of General Equilibrium, Graduate School of Industrial Studies, Piraeus, Greece, 1982a.


Principia methodological 1: A bridge from economics to all other natural sciences, towards a methodological unification of all sciences, Internatyional Journal of Social Economics, Vol. 16 No.4, 1989b.


Toward a New Principia Ethica: Third Revolution in Ethics, Rivista Internazionale di Scienze Economiche, XXXVII, no. 9, 1990b.


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Maier, K.F. (1951). Stabilisierung der Wirtschaftsprozesses, ORDO IV


Miksch, L., (1947). Wettbewerb als Aufgabe, Bad Godesberg: Helmut Küpper vormals Georg Bondi


Miksch, L. (1949b). Die Geldschöpfung in der Gleichgewichtstheorie, ORDO II

Miksch, L. (1949c). Die Geldordnung der Zukunft, Zeitschrift für das gesamte Kreditwesen, Jg.2 Heft 7

Miksch,L. (1949d). Die künftige Bundesbank, Zeitschrift für das gesamte Kreditwesen, Jg.2
Heft 22

Miksch, L.,(1950). Die sittliche Bedeutung der inneren Koördination, ORDO III


