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**Article**

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## Editorial to the special issue

‘We enriched him, but he also enriched us’ – on Hajo Riese’s legacy for socially relevant research

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Hajo Riese, born in Wiener Neustadt, Austria in 1933, grew up as the oldest of five children. Due to work, the family often moved, and he passed his Abitur in 1953 in Niebüll in northern Germany and then studied economics, mainly in Kiel, Germany. After graduating as an economist in Kiel in 1957, he worked as an assistant to Erich Schneider, who was a key figure in spreading macroeconomic arguments in Germany. After completing his doctorate, Hajo initially worked at Prognos AG in Basel, Switzerland, on educational and growth theory topics and completed his habilitation in 1966 with Gottfried Bombach in Basel. In 1967 he received a call to the newly founded university in Linz, Austria, where he set up a new course together with Kurt Rothschild (Betz et al. 2001a: 9).

In 1970, Hajo Riese accepted a professorship at the Free University of Berlin, ‘a place no professor wanted to be because of the students and the wall,’ as he put it much later in an interview with his notorious sense of wittiness and humour (Riese 2006: 187, own translation). Hajo Riese enjoyed the turbulent years in Berlin. He served as vice-president of the Free University in the years 1973 to 1975, mainly being responsible for strategic university development. In an interview for the newspaper *Der Spiegel* in 1973 he was very outspoken: ‘The university as we know it today should be abolished. A flexible educational system must take its place, otherwise an academic proletariat is unavoidable’ (*Der Spiegel* 1973, own translation).

During all his years in Berlin, he stimulated open-minded discussions on socially relevant issues. He held the position in Berlin until 2001 and then retired. Hajo Riese passed away on 25 January 2021 in Berlin.

The topics of his academic work are not easy to classify. In the first years of his scientific work, there were mainly essays on educational and growth theory issues. In the 1970s, his work focused more on monetary issues and the ‘rediscovery’ of the monetary foundations of Keynesian theories. At this point there are similarities with the work of Axel Leijonhufvud (1968), which was much discussed at the time. Hajo Riese increasingly became a critic of neoclassical theoretical approaches. At the same time, he worked out that a Keynesian approach must meet certain criteria in order to satisfy the criterion of a paradigmatic alternative.

Of the various subject areas of his research, four are highlighted here (for a detailed overview, see the anthologies by Betz et al. 2001b and Tomann/Hölscher 2003):

- The first subject area covers a monetary Keynesian equilibrium with endogenous money creation, which is modeled in early work on the demand side, later more on the supply side, and unemployment as a result of the monetary equilibrium. This implies a hierarchy of markets on the one hand and a limitation of the scope of economic policy on the other.

- The second subject area brings a historical perspective to the work. The concept of market phases places income generation, stability, and the conditions of currency quality improvement in a historical context and analyses the functional conditions of monetary development.
- The third subject area – closely linked to the first two areas mentioned – is dealing with the role of economic policy as a market participant. This is a clearly political–economic focus, but comes from a macroeconomic perspective of successful income generation, not from an individual or social utility function.
- The fourth subject area includes his preoccupation with development policy issues. Based on his research in areas two and three, he questioned the causality of underdevelopment based on the diagnosis of a lack of savings. The problem in his view was not the lack of funds but the unwillingness to hold the domestic currency. This in turn defines a global hierarchy in the acceptance of currencies as assets. Changes in the currency position first and foremost require countries with high-quality currencies to accept mercantilist strategies of countries with low-quality currencies. This perspective on monetary ‘core–periphery’ dependencies initiated a lot of research work – not only, but very prominently, at the Institute for Latin American Studies at the Free University of Berlin.

Hajo Riese always insisted on the need to consistently analyse economic theory formation through the choices made by actors and price–quantity relationships in markets. This insistence made him an uncomfortable discussion partner for many heterodox scholars and led to a willingness to discuss these matters in university seminars that is unparalleled today.

At the 25th FMM Conference, ‘Macroeconomics of Socio-Ecological Transition,’ several contributions were presented that dealt with the relevance of the theories for contemporary research. Most of the essays in this issue belong to these presentations and relate strongly to Hajo Riese’s research areas mentioned above. Barbara Fritz and Ulrich Fritzsche edited the special issue.

While Dullien and Tober classify the current debate about ‘modern monetary theory’ (MMT) from a monetary Keynesian perspective and show similarities but above all differences in the degree of restriction of economic policy, Joebges et al. use Hajo Riese’s idea of market constellations (and other Keynesians) to classify the recent development of Germany. Both works take up important ideas from Hajo Riese in a fruitful way, create references, and place arguments in a current context.

Herr and Nettekoven, as well as Fritz et al. in closely related work, consider the topics currency hierarchy, financial development, and low economic growth from slightly different angles. While the paper of Herr and Nettekoven in its argumentation largely remains within the somewhat simplified framework of Hajo Riese (which might be seen by some scholars as an oversimplification of modern financial systems) and add empirical evidence on the issue of the currency-hierarchy–growth nexus, Fritz et al. ask whether the criticism of growth–cum–debt–recommendations still holds today even under financial globalization and a higher importance of other channels. The answer is a clear ‘yes,’ which impressively confirms the political and social relevance of Riese’s work for our times.

There is another dimension in Hajo Riese’s academic work that inspires us contemporaries. A report in *Der Spiegel* of 27 August 1972 describes the journey of three Berlin professors to Brussels to assess a doctorate on the Trotskyist Ernest Mandel, who was banned from entering the Federal Republic of Germany. After several hours of intensive discussions in a hotel room, the professors from the Free University of Berlin awarded the candidate the highest grade. The journalist reports the following statement about the social

democrat Hajo Riese after the examination interview with the Trotskyist Mandel: 'We enriched him, but he also enriched us' (*Der Spiegel* 1973, own translation). There is no better way to describe the understanding of academic discussion culture that shaped Hajo Riese's work for decades.

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