Obituary

Egon Matzner (1938-2003)
Socio-economic researcher, academic teacher and critical observer of society

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Quite unexpectedly on 15th September 2003, Egon Matzner died, before his life’s work could be completed, while on a training run in the thermal park of Vienna-Oberlaa. As so often in his life, he wanted, through sport, to increase his pleasure in intersocial exchange as well as his mental and creative capacity, and also to remain fit for his family. Up to the last hour of his life he showed hardly any sign of loss of vitality.

Always, even in bleak situations, he was inclined to make an ingenious witty remark, and a few days before his death he explained to former colleagues at the Institute of Public Finance and Infrastructure Policy at the Vienna University of Technology why, since he went into retirement in 1998, he had less time than he had had before. It was because he could no longer credibly refuse an invitation to carry out a piece of work with the argument that he didn’t have time. Also, a reason was that he took on only those tasks which gave him pleasure to carry out; and because his time was becoming less and less. The span of life is limited. “The end is approaching”, he said. “He, who has realised this, understands life”. Shortly after these words of wisdom, Egon Matzner’s life ended. His work of a lifetime is an impressive legacy. It is an honour to the author to pay tribute his work.

Egon Matzner cannot be easily classified into any of the current professional intellectual groups. He was, first and foremost, a socio-economic researcher with a view extended towards the totality of relationships in economics, society and politics. Yet, he found conversational partners and found material also in the theory of knowledge, philosophy, literature and the arts.

Egon Matzner was, furthermore, a critical observer of society and eminent as a politically-minded individual. Economic and political situations which he recognised as the cause of injustices were the subject of his polemic writings throughout his life. To analyse and to criticize, to develop concepts for the reform of the way public tasks are fulfilled, to take sides and to act politically, and even to participate in programming a political party were all part of his rich life. He denounced making use of the freedom possible in the market economy to economically exploit people or to press them into a social marginal position. He was always actively involved in the cause of peace and justice – but not in order to enhance his image or to further his career.
He possessed a sixth sense which made him aware of false situations around him; of furtive activities being carried out to further unacceptable personal interests. There was much which he seemed to register sooner than others did. In May 1989 he irritated Eberhard Diepgen, the former mayor of Berlin, by asking him how he would react if the Wall were to fall while the current mayor, Walter Momper, was in office - six months before the Berlin Wall actually did fall. Years before, he came out with the *bon mot* that one day Helmut Kohl would certainly buy up the German Democratic Republic from Michail Gorbachev.

It is notable that this economist, with his outstanding awareness of the social circumstances of the people and of the institutional, general conditions of individual action, did not strive towards the acquisition of personal wealth. It was more important to him to demonstrate solidarity with the up-and-coming generation of young scientists by his generosity and by opening up opportunities for them.

His kind of leadership was unconventional, characterised by setting targets as incentives and thus encouraging his collaborators to have a sense of personal responsibility. Already years before co-determination to include university institute employees at the middle level through the University Organisation Law 1975, he practised this kind of co-operative style of leadership. Intelligent and successful women could be sure of his sincere admiration. He was greatly appreciated by his collaborators on account of his tolerance, patience and attentiveness. When he occasionally let an assistant represent him in a lecture, he often paid him a larger sum than he himself became.

He constantly applied his intellectual capacity also to make the sciences popular. In his role of vigilant observer and critical commentator, he wrote innumerable newspaper articles and commentaries on political and economic as well as historical and cultural events and tendencies, whether these be in Austria or far away elsewhere – in both conservative bourgeois and left-wing newspapers and magazines.

The pleasure of others gave him pleasure. He could be easily persuaded to participate in dance and games. He was sometimes also playfully facetious, often in a slightly ironic way, but also self-ironic and, now and then, with a macabre note.

**His parental home and first steps in his career**

Egon Matzner was born on 2nd March 1938 in Klagenfurt in Carinthia, the southernmost province of Austria. Being of humble origin he was, throughout his lifetime, an advocate of the weak and those deprived of their rights, of the outsiders and the weak. Already as a young boy and then as a teenager, he astonished his parents and sisters who were moved by the unusual empathy he had for those around him, and his unrestrained sympathy for the maltreated. His love of Nature, inherited from his parents, distinguished him as a pioneer in environmental protection.

In 1956 he began his study of commercial science at the *Hochschule für Welthandel* (University for International Commerce) in Vienna. Vacational jobs as a construction worker on building sites and as a dishwasher broadened his views also in a practical way. In 1961 he graduated after presenting his dissertation on the Second Indian Five-Year Plan.

He earned his first professional merits as a reader for the Austrian Trade Union’s publishing house in 1962, and as the secretary of the directorate in the *Bank für Arbeit und Wirtschaft* (*BAWAG*, Bank for Labour and Business) in 1963. In the same year he participated in the
Harvard International Seminar held by the Department of Government at Harvard University. This was the study programme, led by Henry Kissinger, for future leaders from abroad. Still years later, he kept in touch with persons belonging to that circle, and these opened up for him the doors to the world, of which, enthusiastically, he made good use.

The start to his career proceeded at a moderate pace and was well considered. A picture in his study was a print of the painting by Pieter Brueghel the Elder entitled “Landscape with the fall of Ikarus”. It shows in an inconspicuously small detail deep down in the picture how Ikarus falls into the water while, large-size in the foreground and on a rise above the level of the sea, a farmer stoically ploughs the land and it is evident that he is not aware of what has happened. A cargo ship with billowing sails passes the victim of his own visions. Egon Matzner was aware of the risk of flying high. He gave priority to sound techniques of advancement. He identified more with the farmer than with Ikarus, although the latter also earned his respect.

The first phase of his career

First of all, he worked for two years as an Assistant at the Institut für Höhere Studien (Institute of Advanced Studies) in Vienna (1963-1965). Then he spent two years with his young family in Stockholm. Egon Matzner worked at the Institute for International Studies, headed by Gunnar Myrdal, at the University of Stockholm, to carry out a research assignment on East-West Trade. His younger son went to an international kindergarten and the other attended a Swedish school. Monika Matzner saw to the well-being of her three “men” and circumspectly cultivated relationships with their Swedish and other friends.

In 1967, Kurt W. Rothschild fetched Egon Matzner (together with Ewald Nowotny, who had also submitted an application at that time to qualify to give lectures at university), to the Johannes Kepler University, founded the year before, in Linz. Based on the research he had carried out in Sweden, he submitted his professorial dissertation “Trade between East and West: The Case of Austria” (Almqvist & Wiksell, Stockholm 1970) and this qualified him to lecture on Economics, Economic Policy and Public Finance. Gunnar Myrdal wrote in his prologue: “I feel that he has approached his task with the right combination of courage to speculate and caution not to apply his conclusions to more than is warranted by his knowledge of the facts.”

Personalities with “creative stubbornness”

Kurt W. Rothschild, the great Austrian economist, with a fine sense of the cares of the less privileged people, remained Egon Matzner’s friend and mentor until the end. Professionally they shared in common an interest in the situation of the labour market and the chances of full employment for those willing to work. Both were of the opinion that the situation in life of those who are weaker should be taken into account in economic analyses and, especially in the setting up of economic policy concepts.

In 1974, Gunnar Myrdal, the great mind on socialism in Sweden and intercessor for the people of the Third World, received the Nobelpreis for Economics which, in that year, was awarded also to Friedrich August von Hayek. Gunnar Myrdal demanded an equidistance to be kept between the USA and to the Soviet Union, denouncing in both a “culture of violence”. Even after the period of study in Sweden, Egon Matzner maintained both a professional and a private relationship with Gunnar Myrdal and also his wife, Alva Myrdal.
Friedrich August von Hayek, the second Nobel Prize winner, considered freedom and socialism to be incompatible. Hardly any other economist and social scientist in the last third of the 20th century stimulated worldwide the discussion on the proper form of organisation of the economy, and society as a whole, as greatly as he did. His works set the trend for the neo-liberal reform movements in California, USA and Great Britain and, later, a series of other countries. However, there was hardly any thinker who was more sceptical than he of the possibility to consciously shape social reality, especially in a Marxist oriented or merely socialist way. Hayek directed his battle-cry “Presumptuousness of Knowledge”, the title of his speech on the occasion of the award of the Nobel Prize, towards all kinds of Socialist thinkers. In his later works he saw the development of a market economy society as the selective evolution of a spontaneous order. The work of this radical liberal antagonist during the decades of totalitarianism occupied Egon Matzner the whole of his life. Despite the insurmountable ideological differences between Myrdal and Hayek, Matzner appreciated the fundamental interest of both to comprehend the interdependence of economic, social and institutional problems.

Should one wish to name other great economists and social scientists or persons with a “creative stubbornness” (as he refers to them with the greatest respect) whose works inspired Egon Matzner most of all, then Joseph A. Schumpeter is one. His scientific understanding of economics and his dictum, that crises in the State finances are an expression of the crises in the methods of fulfilling State tasks, opened up for Egon Matzner a new perspective and led to new realisations.

Michal Kalecki’s anticipation of a greater part of Keynes’ theory and the fundamental connection with the theory of class conflicts, the distribution of income and incomplete competition were, to him, a reliable starting point for the investigation of measures to secure full employment.

Oskar Morgernstern inspired him to adopt his game-theoretical understanding of economic conditions with regard to decision-making. This enabled Egon Matzner to become more sharply aware of problems with regard to the “tragedy of the common” (over-exploitation of oceans, overloaded roads, etc.) as a consequence of the “prisoner’s dilemma”, in which the culprit responsible for this tragedy would find himself.

Nicholas Georgescu-Roegen studied economics, as a mathematical statistician, under Joseph A. Schumpeter. Contrary to the widespread neoclassic “mechanical” way of viewing the economy, he understood economics to be evolutionary in nature. To think in dialectic terms may be correct even if not so strict and clearly defined as in a purely arithmomorph concatenation. The inclusion also of such factors as energy and natural resource material flows in the economic considerations made him one of the founding members of ecological economics – one of the foundation stones on which Egon Matzner’s understanding of science was based.

Torsten Hägerstrand conveyed to him the importance of the co-ordinates of time and space of the behaviour of individuals in the study of their day-in and day-out conditions of life. Egon Matzner considered the possible space-time-path of people in everyday life (the limits of the restricted scope of possibilities resulting through the shortage of time and mobility resources) to be a central instrument in infrastructure planning.
Fritz Kolb impressed him by his explanation of the guidelines of a foreign policy derived from the geographical position, history and the interests of a country, taking Austria as an example. Fritz Kolb shared Egon Matzner’s interest in international politics, and did indeed confirm him in his awareness of a “slumbering right-wing” in the United States of America.

Adolf Kozlik fascinated him as he combined Austro-Marxist resistance and economic research in his way of thinking, which developed first of all in fascist Austria and leaning on O. Morgenstern and F. A. Hayek, then later in exile in USA. Besides his extraordinary career as an economist in Iowa and Princeton, he founded a bureau in order to carry out research on the economic situation of Nazi Germany and, together with his team of European exiles, he acquired valuable material for the American secret service. Then, on account of his anti-capitalist radicalism, he had to flee into exile for a second time, this time from the FBI. Despite all this, he remained a humorist and this brought him still closer to Egon Matzner.

Also literary personalities, artists, psychiatrists, philosophers, representatives of other academic disciplines and notable politicians inspired him and so contributed as a whole to the foundation of his own theoretical concepts and empirical proofs.

The second phase of his career: Full Professor of the Vienna University of Technology

Immediately after Egon Matzner had qualified as a university lecturer, great professional tasks awaited him. From 1970 until 1972, the Österreichische Städtebund (Austrian City Alliance) entrusted him with the management of the Kommunalwissenschaftlichen Dokumentationszentrum in Vienna. In 1972, he was appointed as Full Professor of Public Finance and Infrastructure Policy (IFIP) and head of the then newly founded institute of the same name (IFIP) of the Vienna University of Technology. This may be regarded as the beginning of the second stage of his career.

Together with other newly appointed professors and their collaborators, he participated in the 1970s in setting up the course of studies founded by Rudolf Wurzer - Regional and Urban Planning - in the Faculty for Architecture and Regional and Urban Planning at the Vienna University of Technology. However, the circle of those interested in his ideas stretched far beyond. He enriched the technological and scientific ways of training by his store of ideas on economics and the social sciences. This became the valuable professional equipment for the leadership tasks of graduate engineers in technology, economics and administration.

In the Institute, of which he was the head, there was room for a wide spectrum of political opinions: Marxist-Leninists, non-political citizens, non-organised radical democrats, environmental protectionists and the members of right-wing organisations (however, without exaggerated or aggressive patriotic tendencies) formed an open group offering much material for discussion. It was Egon Matzner’s wish that one listened to, and learned from, each other. One of the most important contributions that he made on this debate was that he pointed out that the analytic view of reality, depending on the way something is perceived or the point of view taken, respectively, may reveal completely different aspects of one and the same object. It was his preference to demonstrate this by means of LudwigWittgenstein’s well-known example of the “hare-duck head”. Furthermore, he considered the distinction to be made between a sense of reality and that of possibility, as put forward by Robert Musil, to be important. In this way he rejected a purely explanatory or, indeed, merely descriptive role of the scientist without involvement of the latter for the improvement of the living conditions of

the people concerned. And, in this, he had in mind not just the market and State sectors as the bases for an increase in welfare, but also the “third sector”, which he referred to as the “autonomous sector”; as this also contributed substantially to the provision of highly appreciated services.

To recognise the socio-economic context of problems and the circumstances behind them in order to be able to make decisions in agreement with humanistic principles was his central idea and interest. Until the very end he was constantly developing ideas and concepts with regard to humane reforms of social conditions, in communal and regional as well as in the State as a whole and international contexts. To better the situation of all those who are underprivileged in whatever way took priority over practically all his other aims. Free competition to ensure the efficiency of the production of goods was of hardly less importance. On the basis of this premiss, Egon Matzner created a wealth of far-reaching scientific and political scripts. As an academic teacher, it was for him a fundamental urge to communicate to his students this wide-ranging view.

His seminars, often held in rather secluded meeting places in Lower Austria, Styria or in Burgenland, remain unforgotten by his numerous students and graduates, of whom mostly both sexes were equally represented. Seminars and small conferences on the subject on hand, and other forms of encounter offering much opportunity for the personal exchange of ideas and views with, if possible, no formal hierarchy – were, for him, the most favoured kinds of academic forum. Accordingly, he, as a teacher, also did not want to have “pupils” in the traditional sense. Through his own special way of conversing, in most cases he soon captivated the person he was talking to by his gentle manner.

Co-operation and encouragement of the upcoming generation of scientists

One of his many engaging characteristics was that Egon Matzner wrote works in closest co-operation together with his young collaborators in the Institute for Public Finance and also with other colleagues with whom he had friendly ties: for instance, together with Helfried Bauer, his successor as head of the Kommunalwissenschaftliches Dokumentationszentrum (Municipal Science Documentation Centre), and companion on numerous mountain tours, the book Kommunale Finanzen 1960 bis 1968: eine quantitative Analyse der Entwicklung und Struktur der kommunalen Finanzen in Österreich nach Gemeindegrößenklassen² (Vienna 1971); together with Manfred Novy, Zur Frage der Tarifgestaltung der öffentlichen Personennahverkehrsunternehmen³ (Vienna 1973); together with Dieter Bökmann Harmonisierung von Investitionsvorhaben der Gebietskörperschaften⁴ (Vienna 1976); together with Wolfgang Blaas, Gerhard Rüschi and Wilfried Schönbäck Krise der Finanzen oder Krise der Methoden?⁵ (in the anthology Politikverflechtung im föderativen Staat⁶ Vienna 1978); together with Peter Henseler Kosten-Nutzen-Analyse in der Gesetzgebung⁷ (Vol. 1, Vienna 1979).

He got together a team of experts on public finance and lawyers of varying political convictions to carry out a study (published in book form in Vienna 1977) on Öffentliche

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³ “On the question of tariffs in the public transport enterprises”
⁴ “Harmonization of the investment intentions of the local authorities”
⁵ “Financial Crisis or Crisis of Methods?”
⁶ “Interweaving of Politics in the Federal State”
⁷ “Cost-Benefit-Analysis in Legislation”
He did very much to support the new and talented generation of scientists by extending their perspectives far beyond the Austrian frontiers. Gernot Grabher wrote his doctoral thesis on the innovation processes and policies in traditional industrial regions (De-Industrialisierung oder Neo-Industrialisierung? Berlin 1988) under Egon Matzner’s supervision. This dissertation was awarded the August-Lösch-Prize in 1988. He is Professor of Socio-Economics of Space since 1998 at the Institute for Geography of the University of Bonn.

Sylvia Pintaris was one of his graduates at the Vienna University of Technology in the 1990s. Her doctoral thesis Macht, Demokratie und Regionen in Europa (Marburg 1996) contributed considerably to a clarification of the connection between integration and disintegration in the new Europe. Today she is the European Commissioner for the department responsible for urban planning and building regulations, of the Bavarian Province Capital, Munich.

Sabine Mayer was another of his doctoral graduates (Relational Urban Planning: An Institutional Approach to Flexible Regulation, Marburg 1999), who, in 2000, was the first prize-winner of the newly inaugurated Rudolf-Wurzer-Gedächtnis-Preises für Raumplanung der Stadt Wien und der TU Wien. Today, she is employed by the Technologie Impulse GesmbH, Vienna, and is responsible for regional innovation policy through Technical Colleges. Her success as a post graduate was greatly assisted by the support given by Benjamin Davy, who was active in Vienna at that time. The latter, a dynamic and fervent policy theorist who, as a qualified lawyer, concentrates on property and entitlement rights to disposal of land, finally accepted the call to go to Dortmund (Urban Region Ruhr) to join the greatest German-speaking faculty for Urban and Regional Planning. As Professor for Land Policy, Land Management and Communal Surveyance, he researches chiefly that which lies both this side and beyond the frontiers – what a subject matter also for Egon Matzner!

Several political careers began after confrontation with Egon Matzner’s theses: Gerhard Rüsch is today city councillor in Graz and responsible for all of the building projects and the development of the city. Not only did he graduate as one of Egon Matzner’s students, he also qualified to become a university lecturer and was one of his collaborators over a period of many years. Rudolf Schicker, today the city planning councillor for Vienna, submitted his thesis to Egon Matzner and later also received a number of suggestions from him.

Herbert Paierl was an enthusiastic participant in Egon Matzner’s seminars, and later was a member of the Federal Provincial Government of Styria. In the 1980s, he was still a secretary of the Provincial Governor, Josef Krainer jun., when he made his appearance as a speaker in a seminar on the regional economic policy of Styria. What he had to say, in a few words, on the philosophy on how to promote business would have surprised many Austrians at that time: “The factor of scarcity is not capital, many subsidies are given to enterprises. Entrepreneurs are the factor of scarcity.” Meanwhile he considers urban and regional planning as

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8 “Public Tasks and Fiscal Federalism. An Examination of the Austrian Fiscal Federalism”
9 “De-industrialisation or Neo-industrialisation?”
10 “Power, Democracy and Regions in Europe”
11 “Relational Urban Planning: An Institutional Approach to Flexible Regulation”
12 “Rudolf Wurzer Memorial Prize for Urban and Regional Planning of the City of Vienna and the Vienna University of Technology”
expendable. It has brought too little order in the utilisation of land, as every flight over the land demonstrates. But, however, regional planning seems to restrict his own efforts to adapt the degree of freedom entrepreneurs expect when founding new firms.

Herbert Paierl was the first to recognise that small and medium-sized enterprises, which predominate in Austria, are predestined to form clusters, and this he also translated as an idea in economic policy. The setting up of co-operative networks between enterprises was urged on by Herbert Paierl, stimulated partially by Egon Matzner, through whom the network idea was propagated, already in the late 1970s. In the meantime, Austria is ranked by the EU as leading in industrial clusters. The breakthrough to “cluster-land Austria” came about in Styria with the Automobil-Cluster ACStyria. Upper Austria has developed further the cluster management directed towards the mutual stimulation of enterprises by means of research and developmental projects.

The Welfare State of tomorrow

In Egon Matzner’s second phase of his career, his crowning work was heralded already in 1978 in the title of his already mentioned essay “Krise der Finanzen oder Krise der Methoden?” His answer to this question came in 1982 in his first main work: “Der Wohlfahrtsstaat von morgen. Ein Entwurf eines zeitgemäßen Musters staatlicher Intervention” published in Vienna, Frankfurt and New York. This contained contributions from other authors with whom he worked in close co-operation at that time.

The point of departure was his gradual realisation, already in the 1970s, of the “sclerosis of institutions” which led to massive disappointment of the expectations in the social State institutions and in the market. Egon Matzner’s main concern in this work was to find out the causes of State and market failures. Furthermore, he demonstrated the possible driving forces for instrumental and conceptual innovations in the various spheres of activity of the State and their corresponding reforms. Here he brought together analytical findings, planned concepts as well as that which is pragmatically possible and maybe only visionary to form an extremely interesting blend of ideas. It contains thought-provoking impulses to initiate far-reaching reforms of the public sector with the object of bringing about both more efficiency and more justice. Many elements of his “draft” will be taken into account for a long time yet.

Early political writings

When he was at work, Egon Matzner did not linger in the academic ivory tower. He presented his work on the further development of the political culture of the Second Republic to the political public for discussion, especially “Modell Österreich: Skizzen für ein Wirtschafts- und Gesellschaftskonzept” (Vienna 1967), further “Notizen zur Gesellschaftsreform: Aufruf zu einem zeitgemäßen Humanismus” (Vienna 1976). And, after the experience of the serious economic slump in 1974/1975 as a consequence of the petroleum shock: “Wohlfahrtsstaat und Wirtschaftskrise: Österreichs Sozialisten suchen einen Ausweg” (Reinbek by Hamburg 1978). These books were important as a means of orientation for those who shared his political views who, at that time, strongly influenced public discussions in Austria. Those who thought otherwise, acting in other contexts, began to search for new solutions to eliminate

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15 “Model Austria: Sketches of an Economic and Social Concept”
16 “Notes on Social Reform: Appeal for a Contemporary Form of Humanism”
17 “Welfare State and Economic Crisis: Austria’s Socialists look for a Way Out”
weaknesses in economic growth on the supply side of the economy and under liberal-economic auspices, at first primarily in California (beginning 1966).

His way of thinking was one which was comprehensive, based on social sciences and with an economic core combined with a personal political and social commitment and highly developed cultural interests. He proved himself capable of bearing the far-sighted responsibility for academic institutions. Last but not least, he was also firmly anchored in the Socialist movement. These were indeed the attributes which led Bruno Kreisky to appoint Egon Matzner to join his closest circle of advisers. Furthermore, in 1978 Kreisky assigned him to the task of co-ordination in compiling the new Austrian Socialist Party programme. This remained valid until 1998.

Pro military defensibility

Questions concerning the military defence of Austria were of more importance to him than to most of the other social-democratic intellectuals. He considered the State monopoly over violence and a standing army able to defend the country to be indispensable. He maintained close contact with military officers in the Academy for National Defence, and was also a member of the Scientific Advisory Board of the Ministry of Defence.

At the crossroads

Around the core of his professional existence as a professor at the Vienna University of Technology, Egon Matzner developed from 1984, at the age of 46, until 1998, when he turned 60, two further scientific fields of activity with exceptional originality, productivity, and with an international character in the Wissenschaftszentrum Berlin (WZB) (Social Science Research Center Berlin) and in the Österreichischen Akademie der Wissenschaften (Austrian Academy of Sciences).

Besides his exceptional professional successes, Egon Matzner also experienced hardship when his family ties broke. Also his political activities were impeded: with the end of Bruno Kreisky’s leadership of the SPÖ and position as Chancellor in 1983, his influence on the Socialist Party of Austria began to diminish.

The third phase in his career: the years in Berlin

On 1st October 1984, Egon Matzner was appointed director, for three years, of the research department for labour market policy in the Internationales Institut für Management und Verwaltung in the WZB, the largest social science research institute in Europe. His application for this position was decided primo et unico loco in his favour. Precedent to this decision was his research work in the WZB in 1979 and 1980 and, in 1978, his first appointment to this position (which he did not accept because he felt he had not completed his ground work in the Vienna University of Technology). After the first period of office, his contract was extended for a further two years. After that he resumed his teaching and research activities as professor at the Vienna University of Technology. Nonetheless, until 1992, he still remained connected with the WZB as a guest researcher. Those five years as director plus the “post-processing” years 1982 to 1992 may be regarded as the third phase in his career.

Taking up the appointment in Berlin meant he took over the leadership of one of the research networks financed by the Federal Ministry of Research and Technology to investigate the impact the extensive use of modern technology has on the labour market. The question to be
asked to throw light on this matter was: What institutional and economic conditions must be fulfilled so that out of the totality of individual, collective and State activities a maximum of socially acceptable occupational opportunities result? This challenge led to three books edited and written by him and others which contain the most important results of their work. All three aim at a reduction of the danger ensuing out of the Achilles heel of capitalism, namely, persistent mass unemployment.

**Employment is possible for everyone**

In Berlin, the first outcome was the conference volume edited by E. Matzner, J. Kregel and A. Roncaglia entitled „Arbeit für alle ist möglich. Über ökonomische und institutionelle Bedingungen erfolgreicher Beschäftigungs- und Arbeitsmarktpolitik” (Berlin 1987; English: “Barriers to Full Employment”, Macmillan, London 1987). In this volume different authors examine the significantly influential factors which, according to Egon Matzner, stand in the way of a promising course for full employment.

In his résumé (in the German edition) of the various contributions made by the participant researchers, Egon Matzner saw a promising policy model marked by at least 4 characteristics: 1. The central State oriented, especially central State oriented, methods to overcome problems must be supplemented by increased possibilities of decentralized concepts. 2. The conditions for decision-making and for taking action must be so arranged on the micro-, meso- and macro-levels of the economy that, borne by consent, positive and negative incentives towards maximum volume of employment may be expected. However, fundamental uncertainties must be taken into consideration, which do not allow the simple application of the “aim-means scheme” of the customary economic policy. 3. It would be essential to have a well-balanced total mix of measures as well as a sufficient total demand in order to substantiate a multitude of individual, collective and social partnership decisions and actions. 4. Last, but not least, a steadfast political will to achieve full employment is indispensable to stabilize the pattern of individual expectations in conformity with full employment. Egon Matzner was aware that this is not an easy matter. Yet, despite his sensitive awareness of market and policy failures, his way of thinking was always infused with the optimism that this could be achieved.

The second book was that written by E. Matzner, R. Schettkat, M. Wagner and entitled „Beschäftigungsrisiko Innovation? Arbeitsmarktwirkungen moderner Technologien. Befunde aus der Meta-Studie” (Berlin 1988). The résumé of the contributions made by the numerous researchers Egon Matzner had brought together for this study was that the risks of unemployment are less there where greater efforts are made with regard to innovation. For the level of employment, however, the application of technology is not the sole determinant, as the total number of working hours will be influenced also by other factors. This viewpoint made Egon Matzner feel a close affinity to the work of Joseph A. Schumpeter, who saw technical progress as the customary “creative destruction” of what is old out of which constantly something new emerges. Egon Matzner acknowledged this and saw this as a chance for the employment market.

In the creation of this book, the co-operation of the Viennese economist, Michael Wagner-Pinter, was of great personal value to Egon Matzner. This is not surprising. Michael Wagner-Pinter’s profound scientific and business acumen became manifest already years before in that he was able to found and run a successful corporation whose business activities focus on

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18 “Work for all is possible. On Economic and Institutional Conditions for Successful Empoyment and Labour Market Policy”
19 “Is innovation a risk to employment? Effects of Modern Technologies on the Labour Market”
applied economic research, namely the *Synthesis Forschung Gesellschaft mbH*. He thus became possibly the only private research entrepreneur in the country in the field of economics. A remarkable perception which Michael Wagner-Pinter conveyed to the author of this obituary was that “Such works only if one *has to* do it”. An obsession with this conception of work is not meant by this statement, but rather the circumstance that before he founded the company, he intentionally cut his connection to that public educational institution in which he was formerly employed. In this way he wanted to ensure his credibility as an entrepreneur.

**For competitiveness and full employment**

The third work brought out by E. Matzner and W. Strek is “Beyond Keynesianism. The Socio-Economics of Production and Full Employment” (Aldershot 1991). It contains the essence of the research work carried out by Egon Matzner himself, or inspired by research partners of the WZB, between 1985 and 1989, on new and promising kinds of labour market and employment policies. The volume consists largely of a selection of contributions to the conference entitled “No Way to Full Employment?” which he called together in the WZB in July 1989. The point of departure was his realisation that the Keynesian control of demand fails with regard to the requirement to reconcile full employment with a high degree of competitiveness.

Suggestions are put forward as to how conditions on the supply side of the economy as a supplement to a Keynesian control of demand may be arranged. The recommended measures include the setting up of a system of industrial relations which make a high rate of technical and organisational change in exchange for high wages and guarantee of employment acceptable. By means of internal company training programmes, an adequate development of qualifications will be effected as well as the stimulation of co-operation between different regions. The supporting institutional changes are pointed out which, with effective control of demand, allow at the same time a high degree of employment and international competitiveness in production. The book received a very positive review in the January issue of the Economic Journal in 1993 on account of the novel programme of interventionary measures.

Not least of all, Egon Matzner helped his home institute in the Vienna University of Technology to a substantial exchange of ideas in the five years he was director of the WZB, as he made it possible through his absence for highly respected professors to be temporarily present as guest professors: Prof. Manfried Gantner (University of Innsbruck), Professor Klaus-Dirk Henke (at that time University of Hannover, today Technische Universität Berlin), Professor Klaus Mackscheidt (University of Cologne) and twice Professor Bert Rürup (Technische Universität Darmstadt).

**The fourth phase in his career - back in Vienna: An alternative reform concept for Eastern Europe after the breakdown of the Communist regime**

The fourth phase in Egon Matzner’s career can be considered to be the time between the final publication of the research findings in Berlin (1991) and the conclusion of his activities as Professor at the Vienna University of Technology (1998). At the beginning of this period he and the other members of the “Agenda Group”, were concerned with the consequences of the breakdown of the Communist regime in Eastern Europe. Their reflections on this theme were included in the book by E. Matzner, E. Kregel, J. and G. Grabher „*Der Marktschock. Eine Agenda für den wirtschaftlichen und gesellschaftlichen Wiederaufbau in Zentral- und*

The members of the “Agenda Group” turned, on their own initiative, against the main error which they claim to have noted in all the International Monetary Fund inspired programmes, namely, the belief that it suffices to introduce private property, to liberate prices, to stabilise currency and to establish competitive markets to produce a capitalist market economy. In this “error of spontaneity”, they see a market economy reflection of Hayek’s “errors of constructivism”, which, throughout the whole of his career, he denounced to advocates of State oriented planning.

The authors criticise the neglect of the socio-economic context in the establishment of markets and the necessary role which awaits the “market makers”. They see no reason for a rash and comprehensive privatisation of the productive plants, for the immediate and complete liberalisation of prices and income, for the abrupt introduction of full convertibility of currency and free stock- and currency exchanges. They denounce poverty, the social disintegration and the warlike political disintegration processes which result out of this kind of policy. An alternative programme for the socio-economic reconstruction of the societies of Central and Eastern Europe, which have been afflicted by the market shock, must, among other things, include: the inducement to bring about the implementation of contractual obligations, only selective privatisation, a moderately expansive currency and fiscal policy and an income policy which avoids poverty.

Between 1992 and 1995 Egon Matzner was Deacon of his Faculty at the Vienna University of Technology. Through his participation in discussions on the ethics of professional duties, evaluation of performance and international competition at Austrian universities, he contributed greatly to the discussion on the reform of the universities.

The conflict concerning the concept of socio-economics

Also in this phase of his career he remained open for new challenges and he, himself, challenged others on important occasions. Besides his activities as Professor and Deacon at the Vienna University of Technology, he also took over, on request, the directorship of the run-down Forschungsstelle für Sozioökonomie (Research Group for Socio-Economics) of the Austrian Academy of Sciences in 1992 on a part-time basis. Contrary to expectation, this proved to be the most difficult task in the whole of his career. He, the socio-economist always ready to criticise, headed towards the conflict of his professional life with a representative of the prevailing school of economics. He, himself, provoked the first conflict by publishing his opinion that the Österreichische Institut für Wirtschaftsforschung (Austrian Institute of Economic Research) and the Institut für Höhere Studien (Institute of Advanced Studies) presented a rosy forecast, although they knew better, on the economic effects of Austria joining the European Union. A sharp exchange of words followed. A public settlement of this disagreement failed to come about. However, Egon Matzner did consider Austria’s accession to the EU to be a political necessity, because, among other things, this would be an investment in peace.

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Shortly after, an evaluation, which had been in preparation since 1996, of five institutions of the Austrian Academy of Sciences, was carried out. Only the evaluation of the Research Group for Socio-Economics, carried out by four German professors of sociology, political science or administrative science, respectively, was negative.

The reasons put forward by the commission were the lack of a structured, concept-based research programme and a concept of leadership built up on this. Also, the methodological contributions were not integrated to form an adequate institute programme to encourage a sufficiently unifying institute programme. The main problem was Egon Matzner’s rejection of such a programme which he regarded as being non-productive. Moreover, socio-economics was neither a new discipline nor had it asserted itself as a discipline in its own right. They stated that socio-economics was not an adequate frame for the thematically widely ranging projects of the Research Group. Therefore, in their opinion, the collective term of “socio-economics” was inappropriate for the Research Group. They admitted, however, that of these projects there were very successful ones based on diverse kinds and methods which had led to successful scientific publications and academic acknowledgement of the collaborators. Finally, the commission proposed that the Research Group should be re-designated (for institutional and technological change in Europe), and a new director should be appointed by public invitation to apply for the post. Within this new framework, Egon Matzner’s research on the subject of the neue Staatlichkeit (“new State quality”) could be continued.

Egon Matzner’s answer to this criticism was just as vehement. He documented his concept of socio-economics in the paper, published in 1998, entitled „Die /verhinderte/ Abwicklung“21 (Forschungsstelle für Sozioökonomie, Österreichische Akademie der Wissenschaften) from which the following is cited: the head of the evaluation commission (Hansger P eisert, Constance, Germany) grossly violated the indispensable principle of plurality in his selection of the members of the commission, for there was neither methodological nor disciplinary diversity. Similarly, the commission was not international. All four members were German, of whom three, through close acquaintance, had ties with each other. Socio-economics is neither historical (Walras, Max Weber, Schumpeter) nor currently ever understood to be one discipline but, on the contrary, is always understood to be at least a bi-disciplinary or indeed multidisciplinary approach to research. To carry out socio-economic research the access of economics and at least one other discipline is essential. Instead of an institute programme to bring about uniformity, he considers, in line with Wittgenstein, that a diversified approach to scientific research on social phenomena is indispensable.

He especially criticised the manner in which the head of the Scientific Advisory Board of the Research Group, Erich Streißler (Full Professor of Economics, Econometrics and History of Economics at the University of Vienna, (among other things) ordinary member of the Austrian Academy of Sciences and Vice-President of the Austrian Institute for Economic Research), proceeded in this conflict. Egon Matzner accused him of having misused his function as head of the Advisory Board as, in what Matzner considered to be a closed body of the Academy, he had continually created a negative attitude towards the work of the Research Group instead of supporting it by constructive criticism (p. 20).

Erich Streißler justified his negative judgement by stating that the Research Group had changed, without a resolution being made by the responsible authority of the Austrian Academy of Sciences, from an economic institution to become increasingly a politological research institution. He also argued that there was an absence of publications in recognised

21 “The/frustated/winding-up”
specialised journals or in important collective works, and the attention paid to the publications in the Social Science Citation Index was hardly worth mentioning (p. 106 f.).

Egon Matzner left the Academy when his contract expired at the end of March 1998. The closure which Erich Streißler had strived for (“winding up”) was prevented by the responsible board of the Academy. The Research Group for Socio-Economics became the Research Group for Institutional Change and European Integration. The woman candidate who was highly commended by Egon Matzner to become his successor was indeed appointed (Sonja Puntscher-Riekmann).

The documentation of this conflict did not convey the impression that Egon Matzner was in any way crestfallen after the outcome of the evaluation has been presented. The most important methodological contribution made by Egon Matzner, composed together with Amit Bhaduri, Professor of Economic Studies and Planning at Jawaharlal Nehru University, New Delhi, was finally published under the title “Popper’s situational analysis and economics” in the journal “Philosophy of the Social Sciences” (Vol. 28, no. 4, December 1998). During this period, Egon Matzner received acknowledgement from several scientific institutions among which there was the Founder’s Prize 1997 from the “Society for the Advancement of Socio-Economics” in Montreal, Canada.

He conferred an ironic note to his departure from the Academy: At the beginning of the documentation brochure, his photo shows him dressed in a dark suit and wearing a tie, standing in front of a half finished brick wall, and smiling in a roguish way. Next to him there is a ladder which he holds upright. His caption to this photo was “Egon Matzner, Leiter der Forschungsstelle (1992 – 1998)”. The paper was dedicated to his opponents, “Erich Streißler ... and friends of the closed society”.

**Retirement – the fifth phase in his career**

In the same year, at his own request, he retired from his position at the Vienna University of Technology. A motto which characterised his professional life was to set himself a new professional challenge approximately every five years. In accordance with this motto, he transformed his retirement into exactly the opposite.

Already in 1998 he accepted the invitation to become a Fellow of Economics at the Max-Weber-Kolleg für kultur- und sozialwissenschaftliche Studien (Max Weber College for Cultural and Social Sciences Studies) of the re-established University of Erfurt. Besides this, as a member of different appeal commissions, he was also influentially involved in the reconstruction of the University of Erfurt until 2001. From 2001 until 2002 he was several times a Visiting Fellow at the Center for European Studies, University of British Columbia in Vancouver. From 1996 until 2003 he was repeatedly a Visiting Fellow at the Centre for European and Social Studies in Szombathely. In the Österreichischen Studienzentrum für Frieden und Konfliktlösung (Austrian Study Centre for Peace and Conflict Management) in

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22 „For the Research Group for Socio-Economics belongs demonstrably to the most successful social science research institutions of the Austrian Academy of Sciences. Under my direction, more books and articles for periodicals were published, more persons graduated and qualified to lecture and more honours were conferred from 1992 until 1997 than in all the other social science research institutes put together, and the Research Group ranks above the average in raising third-party funds” (p. 5 f.).

23 The point lies in the word “Leiter” which, in German, can mean either a ladder or a leader. In English, however, the “Leiter” of an institution is customarily translated as “Head”.
the town of Stadtschlaining he was active as a member of the board of directors and as a seminar leader.

Since 2001 he saw his role as that of a “free researcher”, as he put it, which he carried out last of all in La Marsa / Tunis, the last residence which he shared with his second family and which is also where his wife and intellectual partner, Gabriele Matzner-Holzer is still active as the ambassadress for Austria. Since 1984, Berlin and Bratislava were also where she formerly represented Austria as a diplomat and where the family resided together.

He commuted more or less regularly between all the places where he was at work. The consequent changes of perspective helped him to gain new insights and to develop new activities. Numerous essays and lectures from that time are witness to his undiminished creative energy. Thanks to his strongly developed communicative and co-operative nature as well as his knowledge of foreign languages (English, Swedish and French) he could take advantage of his close connections to the diplomatic services in Berlin, Bratislava and last of all in Tunis for his scientific and political ambitions. In Slovakia as well as in Tunesia he gave lectures, participated in conferences and produced publications. As an example of these activities, only one lecture will be mentioned at this point “Mondialisation dans un monde unipolaire” delivered at the Académie tunisienne des sciences, des lettres et des arts “Beit al-Hikma”, in the February of his last year of life (printed: SOGIM, Tunis 2003).

Warning of a monopolistic World Order

Egon Matzner’s penultimate book is entitled „Monopolare Weltordnung. Zur Sozioökonomie der US-Dominanz” (Marburg 2000; English: 200024; expanded and in Serbian: 2003). It is also, at the same time, his legacy relating to the central themes of present day international politics. This book covers a wide span of bold themes ranging from the end of the system competition and the implosion of the Soviet Union to the monopolistic order of the world as determined by US dominance.

Here, he bundled for the last time his scientific objectives, namely, to understand and to explain political and social occurrences by the methodological approach of the socio-economic context. This way of thinking and its analytical setting as logic of the social situation (Karl Raimund Popper) form the theoretical cognitive thread which runs through the chapters in this work of his. On this methodological base, he turns against the politics of the Washington Consensus and the worldwide, monopolistic claim to validity.

Egon Matzner claimed that the attempt to bring about uniform, worldwide valid, market economic standards in the sense of the Washington Consensus is not desirable. Furthermore, it is doomed to failure. Knowledge, especially new knowledge, is, to a considerable extent, tied to the person. The mainstream of the economics supporting the Washington Consensus have the fundamental difficulty of fitting into their theory construct the knowledge that individuals change by learning what their individual aims, preferences and capabilities are. Control of knowledge by the market economy fails with increasing complexity of knowledge and its growing significance in the knowledgable society. The forming of society must not be allowed to be left uniformly to the uniform conservative ideology and Utopia.

Evolutionary Utopia

With reference especially to G. M. Hodgson and F. A. von Hayek, Egon Matzner pleads for *Utopias*, which guarantee sufficient room for knowledge and learning as well as institutional diversity. Societies which strive towards the realisation of one dominating principle – that of central planning or in like manner that of the all-controlling market – would restrict the sense and space of possibility too much and generate inefficiency. Moreover, all cognition would be limited by uncertainty and incomplete knowledge. Therefore completely rational economic and social policies would be impossible. On account of their fundamental fallibility all policies must possess explicit provisional character.

The path of development away from the monopolistic world order, the “return to the future”, exists in a policy in which no institution or person claims the status of being the last and final instance. Policies are required in which there is more room for experiment and in which there is more variation in procedures and institutions. Room must also remain for democratic and participatory dialogues, and for the constant possibility to control the principles of morality and justice. Following Hayek, a draft of society would be necessary which makes evolution possible, and which allows also orientation towards an “evolutionary theory” (Hodgson).

**The squandered Republic**

Egon Matzner’s last book is „*Die vergeudete Republik. Wie sie wieder begründet werden könnte*“ [25] (Vienna – Klosterneuburg 2001). It is his legacy relating to the central theme of the Austrian domestic policy, which he observed with concern, since the change of government in 2000, summed up namely as: “*Im Inneren zerstritten, mit Nachbarn entfreundet, in der Welt nicht geschätzt*” [26]. This political situation is the result of the errors made during the period of government under the Sozialistische Partei Österreichs (*SPÖ*) [27]. The situation has worsened since the *ÖVP* [28]/*FPÖ* [29] coalition has taken over. The Second Republic, Austria’s success story in the 20th century is coming to an end. Egon Matzner considered the errors of the *SPÖ* to be the determining cause. In addition to this there was the fatal role played by the media and “Austro-intellectuals” (those with a tendency towards grossly exaggerated, non-constructive criticism of Austria). Only by reinforcement of the will to self-assertion can this precarious situation be overcome. In the dedication of this book to his daughter on the verge of adulthood, he proclaimed the aim of “an Austria open to the world, a world open to Austria”.

**Egon Matzner’s relationship to political power, alienation from the Party**

Egon Matzner was a critical observer of society, always prepared to act politically if he saw the necessity for this. Although he placed his trust in the Socialist Party of Austria over a period of many years – he also observed the activities of the Party critically. Several times, according to the press, there was talk of the possibility that he could be considered for a very high political office. That such a call to office never came may have made him ponder; that he would have declined to accept such a position is not unlikely.

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25 “The squandered Republic. How it could be re-established.”


27 Socialist Party of Austria.

28 *Österreichische Volkspartei* (Austrian People’s Party).

Illustrative of his relationship to the Socialist Party of Austria and to Bruno Kreisky is the following anecdote which Egon Matzner related in his contribution “Intellektuelle Autonomie” to the book „Wer war Bruno Kreisky?“ (Vienna 2000). In his political endeavour to obtain critical currents in the Roman Catholic camp, Bruno Kreisky asked Matzner to write for him, Kreisky, a comment on the scripture „Weg aus der Krise“. This scripture came from Erich Kitzmüller, freelance social scientist and philosopher of economics, and other authors in the circle of the Jesuit priest Herwig Büchele, Professor of Christian Social Science at the Theological Faculty of the University of Innsbruck (retired in 2001) and head of the Catholic Social Academy at that time. Egon Matzner, who felt himself honoured, formulated his criticism of capitalism in a style which, to his mind, was adequate to a statesman. Soon after, Bruno Kreisky phoned him and explained to him that he had never had a ghostwriter, and asked him if he couldn’t sign the text himself. The comment therefore appeared as one coming from the SPÖ, reported Egon Matzner laconically.

Equally expressive of the constantly ambivalent relationship Egon Matzner had to political power, even in the more enlightened and thus moderate form as embodied by Bruno Kreisky, is the latter’s bon mot that if you gave Matzner your hand, he would bite it. The determination not to let the Party take possession of him was what made him decide to keep political power at a distance. The desire of established functionaries of the Party to be shown greater loyalty led Egon Matzner to remark: “Only dead fish swim with the current”.

After Bruno Kreisky’s retirement as Party leader and Chancellor (1983) and the rise of the new leaders, Egon Matzner’s relationship to the SPÖ changed. At the end of the 1980s and the beginning of the 1990s, his criticism – directed towards those with the authority of power, not the basic values held by the Party – became increasingly sharper. At the end of 1994 he declared his membership to be inactive (the Party statutes do not provide for this option but only for the possibility to leave the Party). Not he had left the Party, but that the Party had left him. Since then he set great store on the term “autonomous socialist”.

**Political programme**

He was in dispute not only with the SPÖ but with the left-wing in general. He saw them drifting internationally (the Labour Party under Tony Blair, the SPD under Gerhard Schröder) to the right. As a result the variety or option necessary for a democracy diminishes. By many former like-minded comrades he registered an “exodus to the right bank”. His only concession to this shift of the political spectrum was that he allowed his own political position to be termed with the less aggressive term “party-independent social democrat”. Yet in content he maintained his position. Further, he took a decided stance against the wars carried on by the United States of America and the weakening of the UNO and international law. He saw the EU, at least partially, as being in the wake of the Washington Consensus. Finally he was concerned with the preparatory work to (re)construct a “global res publica”.

Three decades earlier his political position was much the same: “I am a Socialist because I actively participate in the elimination of injustice – whether through education, or by taking action” he stated in 1971 in his commentary „Warum ich Sozialist bin“ in Welt der Arbeit, the monthly magazine for committed trade unionists (23rd year, January 1971, Nr. 1, p. 2). “I support the social and political liberation movement in the countries of Asia, Africa and Latin

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30 “Who was Bruno Kreisky?”
31 “Way out of the Crisis”
32 “Why I am a Socialist”
33 “The world of work”
America.” He was against “poverty in the midst of growing welfare”, against “authoritarian structures, in which subordination prevents partnership and co-determination”, against “intolerance with regard to minorities, where brotherhood and humaneness were proper”. He was for “the redistribution of income and wealth in favour of the poorer people, even if this should be a burden on my own account”, for the democratisation of the child-raising and educational system and the emancipation of women, even if my own ease should suffer as a result”. Yet already at that time he gave warning of a problem if Socialists are called upon to make a decision: “Too often we make those mistakes against which we previously fought against. ... The endeavour towards a just, democratic and egalitarian society is therefore a continuous, never-ending task.”

A page before, on the title page of this magazine, there is a picture of Albert Einstein which almost fills the page and underneath there is the following text, which describes his political beliefs: “A systematic distribution of employment becomes increasingly compelling necessity, and this distribution will lead to the material security of the individual, away from the economic anarchy of the capitalistic society. I am convinced that there is only one way to eliminate this serious draw-back, that is, to erecting a socialist society”. Although this picture of Albert Einstein hung in Egon Matzner’s study at the Vienna University of Technology, Egon Matzner’s work does not make such an assertion. Too great was his respect for the creative dimensions of entrepreneurial activity in competition, too great also his scepticism regarding the promises of prosperity and liberty by those possessing political power and too strongly developed was his feeling that there may be different ways of forming a humane society.

With Egon Matzner’s death a voice that was important for Austria has been extinguished. It was heard in every political camp because of its importance for democracy and humanitarianism. His works and deeds continue to be effective even after his death. All who knew him will remember him as a great person. He leaves behind his first wife Monica and their two sons Jörg and Robert, and Gabriele Matzner-Holzer, his second wife, and their daughter, Sissela.

Vienna, December 2003