

## **Kurt Wilhelm Rothschild (1914–2010)**

**Emeritus Professor Kurt Wilhelm Rothschild, Austrian economist, passed away on November 15th, 2010, aged 97**

**Karl Aiginger · Fritz Breuss**

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Kurt W. Rothschild was born in Vienna on October 21st, 1914. He studied law at the University of Vienna, but had to emigrate to Scotland in 1938, where he studied economics and political philosophy at the University of Glasgow. After his return to Austria he joined the Austrian Institute of Economic Research (WIFO), Vienna as a researcher on June 1st, 1947. Nobel laureate August von Hayek had recommended him. Here he served as a great role model for the young researchers, introducing them to modern economics, which was not yet taught at Austrian universities at the time. He set an example of combining pronounced judgments with exact economic analysis.

Professor Rothschild kept close ties with the WIFO in many respects until his passing. Most recently he served as an advisor actively contributing on the economy and society. From 1966 until 1985 Professor Rothschild, a founding father of the Social and Economic Sciences Faculty of the Johannes Kepler University (JKU) Linz, taught at this University as professor of economics. At the JKU Linz he educated a whole generation of economists, who now work in influential positions.

Kurt Rothschild wrote seminal studies on income distribution, the labour market, wage formation, or about the role of power in economics, which brought him international renown.

Two aspects of his work are even more momentous than his individual publications: Firstly, Rothschild never cared about the minor, easily-defendable bastions, but always focused on important and relevant issues. It was more important to him to detect the real problems and draw attention to them than to theorise using abstract models that ignore reality. Whenever science or politics were heading into the wrong direction he would ask the right questions.

Often he “only” succeeded in showing that the mainstream answer was wrong and could merely point to the direction where the answer was likely to be found.

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Secondly, Rothschild's particular strength consisted in uncovering the core of an issue. He possessed a pronounced ability to elucidate complex matters. A key statement of his was that "true" uncertainty could not be controlled by mathematical formulae (which could be useful for dealing with "risk"). The difference between small insurable risks and true uncertainty has become evident in the assessment of securities during the recent financial crisis and has led to an enhanced attention to systemic risk.

On the occasion of his 95th birthday the WIFO and OENB held a conference on the effects and lasting consequences of the financial crisis with the active participation of Kurt Rothschild. These papers complemented by the discussion at the conference are published in this issue of *Empirica—Journal of European Economics*. Since the foundation of this journal Professor Rothschild had been a dedicated referee of numerous articles contributing to the growing renown of the journal.

In Kurt Rothschild science has lost one of its great minds, his influence remains. The WIFO interprets the life's work of Kurt Rothschild as a mandate: to persevere in its quest for a contribution of economics to a better and fairer world. We thank Kurt Rothschild for his collaboration during more than 63 years.

Vienna, November 26th, 2010

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