Kiel Institute for the World Economy | Kiel, 10th November 2026
Research Seminar

100 Years of Business Cycle Research at the Kiel Institute:
Lessons from the Astwik-Vienna Debate

Stefan Kooths
Research Group Business Cycles and Growth

KIEL Institut

Kiel Institut
für Weltwirtschaft

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24105 Kiel

Standort Berlin
Chausseestraße 111
10115 Berlin

Leibniz Gemeinschaft

1926-2026

Kiel Institute:

100 years of business cycle research

1926-2026

Kiel Institute:

100 years of (business cycle) research

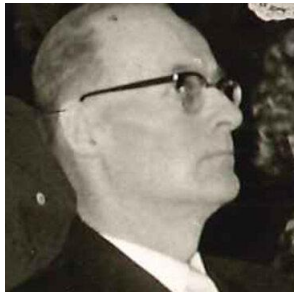
From Astwik to RC Business Cycles and Growth



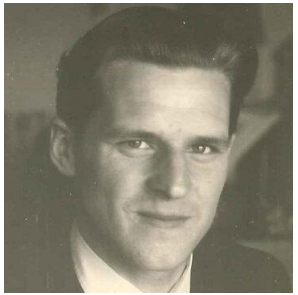
1926-1930
Adolf Löwe



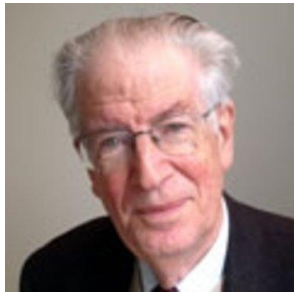
1930-1933
Gerhard Colm



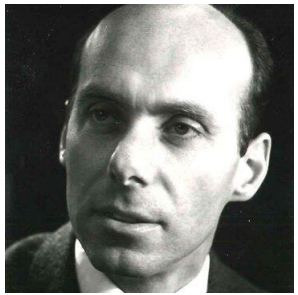
1949-1966
Werner Gatz



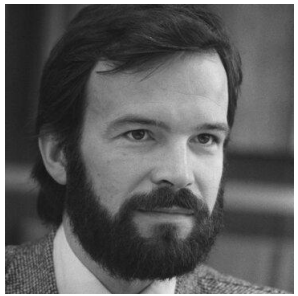
1966-1969
Martin Hoffmeyer



1970-1972
Hubertus Müller-Groeling



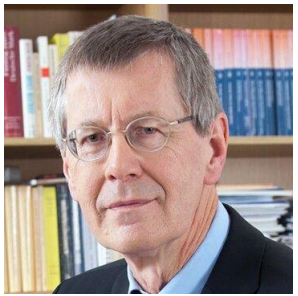
1970-1974
Klaus-Dieter Schmidt



1975-1985
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1998-2014
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2014-
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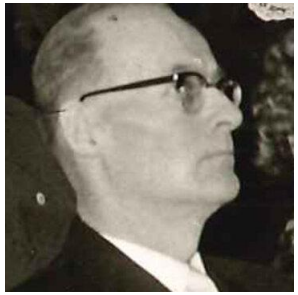
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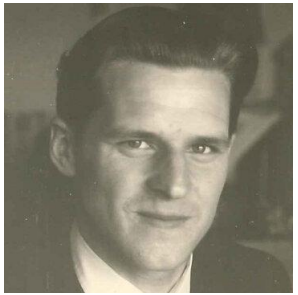
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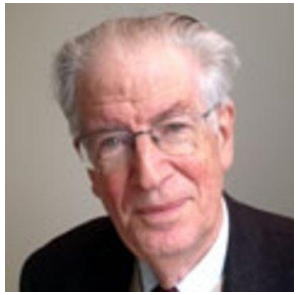
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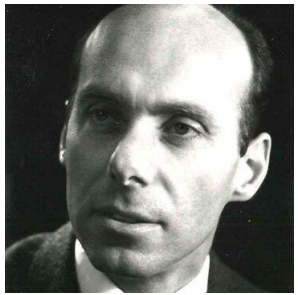
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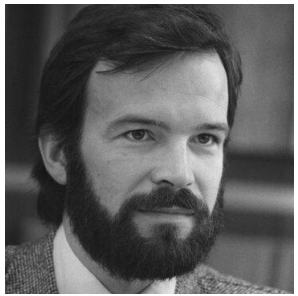
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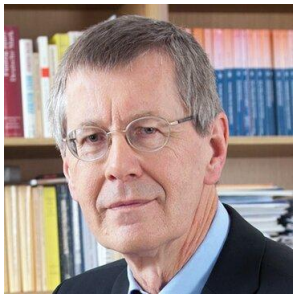
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Astwik (1926-1933)

Abteilung für Statistische Weltwirtschaftskunde und Internationale Konjunkturforschung

Department of statistical international economics and research on international trade cycles

Adolf Löwe, Gerhard Colm, Hans Neisser, Fritz Burchardt, Alfred Kähler, Walter G. Hoffmann, Wassily Leontief, Jacob Marschak, …

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The Roaring Twenties

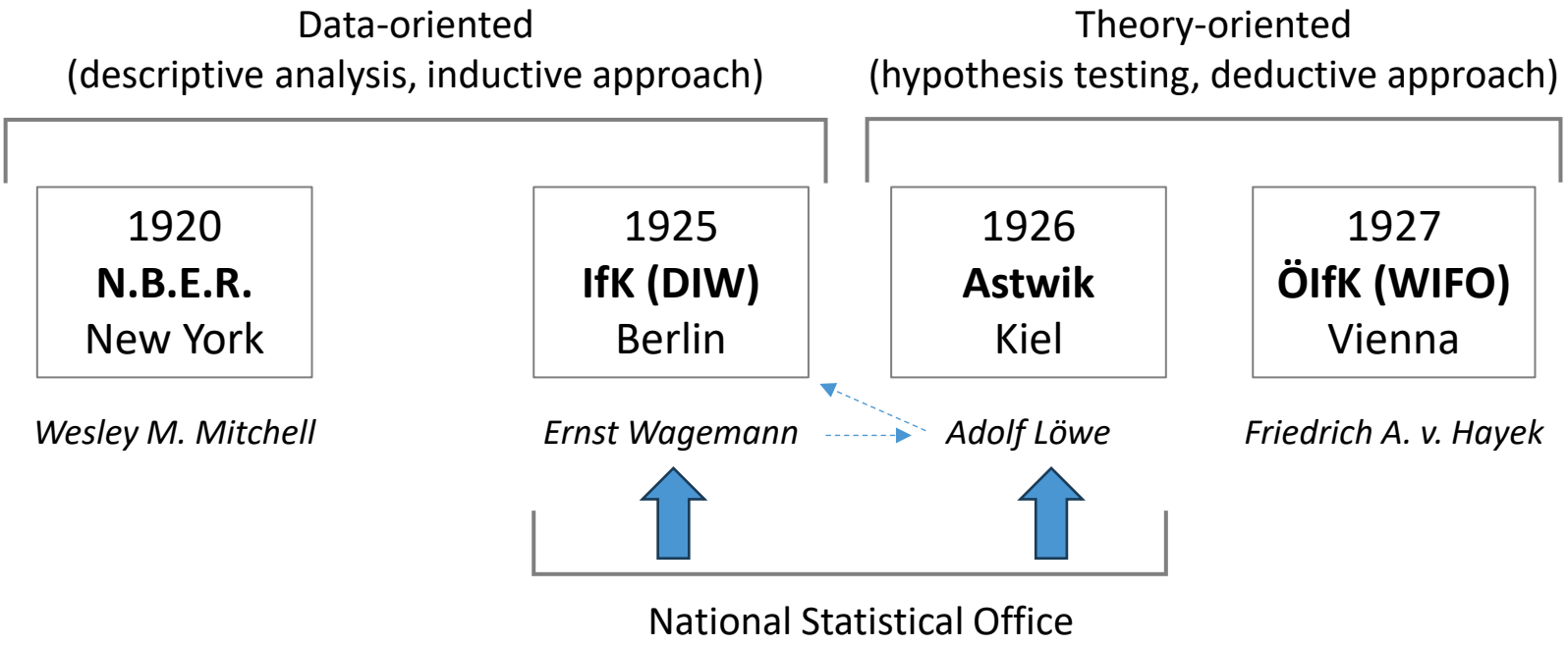


The Roaring Twenties of economics

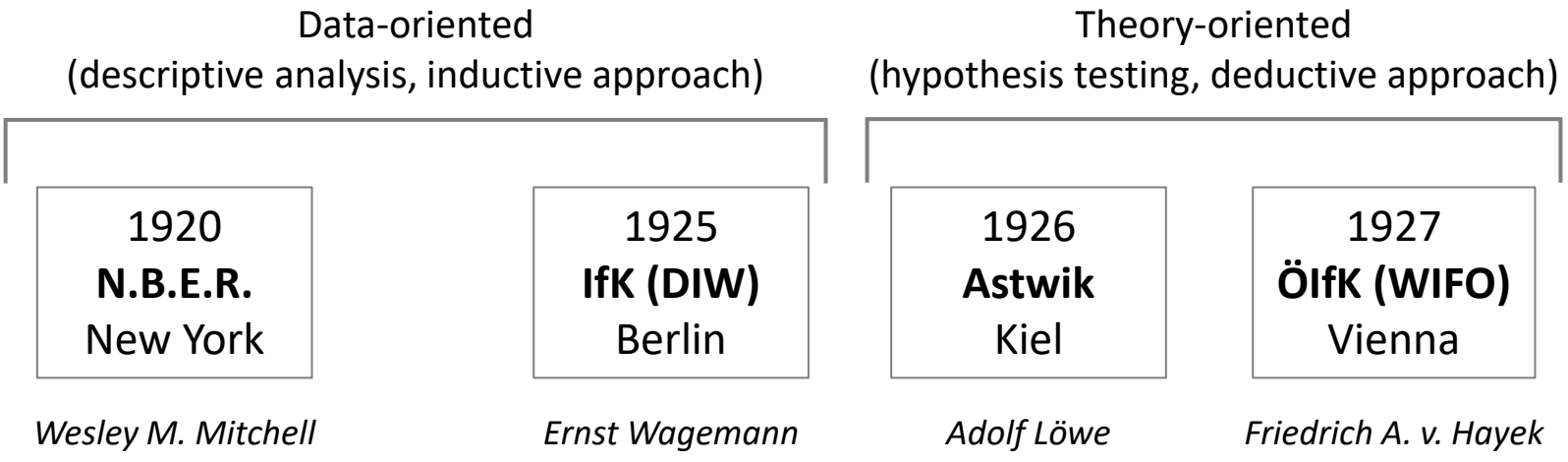
Business cycle research:

The new kid on the block

The Roaring Twenties of business cycle research



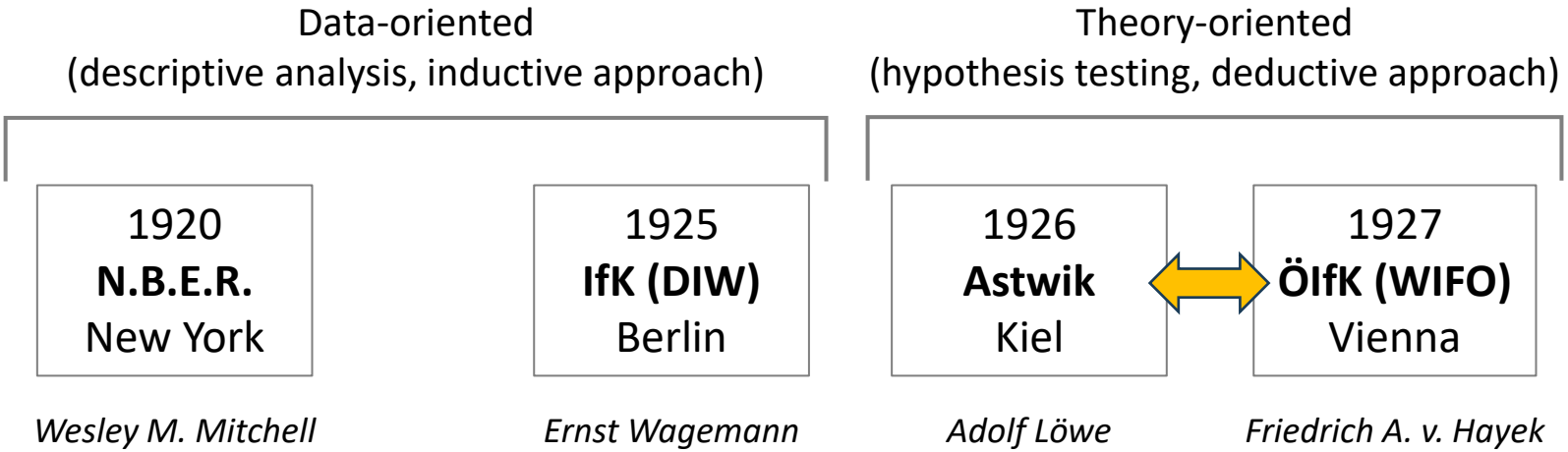
The Roaring Twenties of business cycle research



1922/1923
Hyperinflation in
Austria and Germany

1929 ff.
Great Depression

The Roaring Twenties of business cycle research



- Overcoming the legacy of the Historical School
- Rise of theory, marginalism, mathematical analysis, econometrics
- No system of national accounts yet ⇨ disaggregated view, emphasis on disproportions
- Paradigmatic debates

Adolf Löwe (1893-1995, since 1939: Adolph Lowe)

- Spiritus rector of business cycle research in Germany
- "How is business-cycle theory possible at all?" (1926)
  - » Static (= stationary) vs. dynamic (= evolutionary) view on the total economy
  - » Overcoming the dominating general equilibrium framework as a whole
- Neo-Marxist theory of economic imperialism (R. Luxemburg)
  - » Channel for international linkages (compensation for underconsumption)
  - » Technical progress as dynamic force in modern capitalism (built-in instability of the economic process)
- Critical analysis of competing theories of the business cycle
- Pluralist approach within Astwik
- No Kiel School, rather a Kiel team

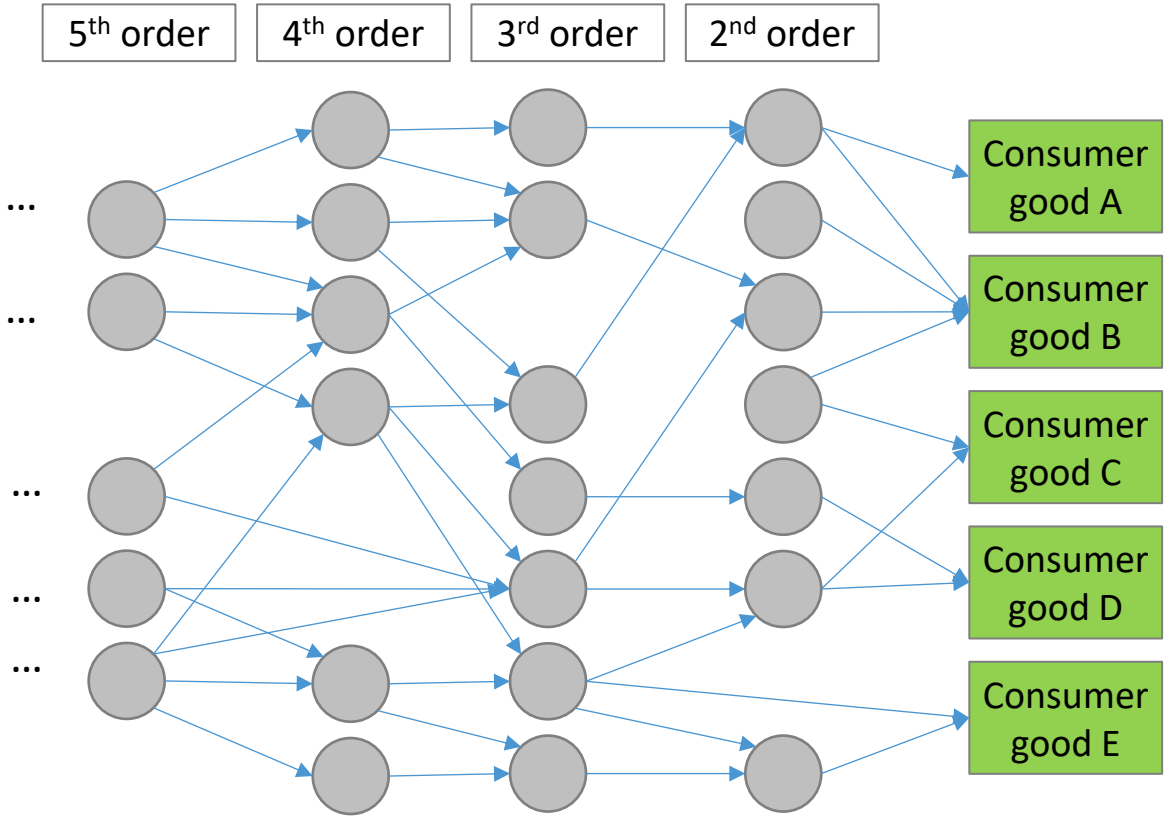
Kiel vs. Vienna: Common ground and controversies

Löwe	**Hayek**
Main driver: Technical progress (technological unemployment)	Main driver: Monetary disturbances (distorted relative prices)
Circular relationships in production	Linear stages of production
Disequilibrium approach	*Deviations from equilibrium*

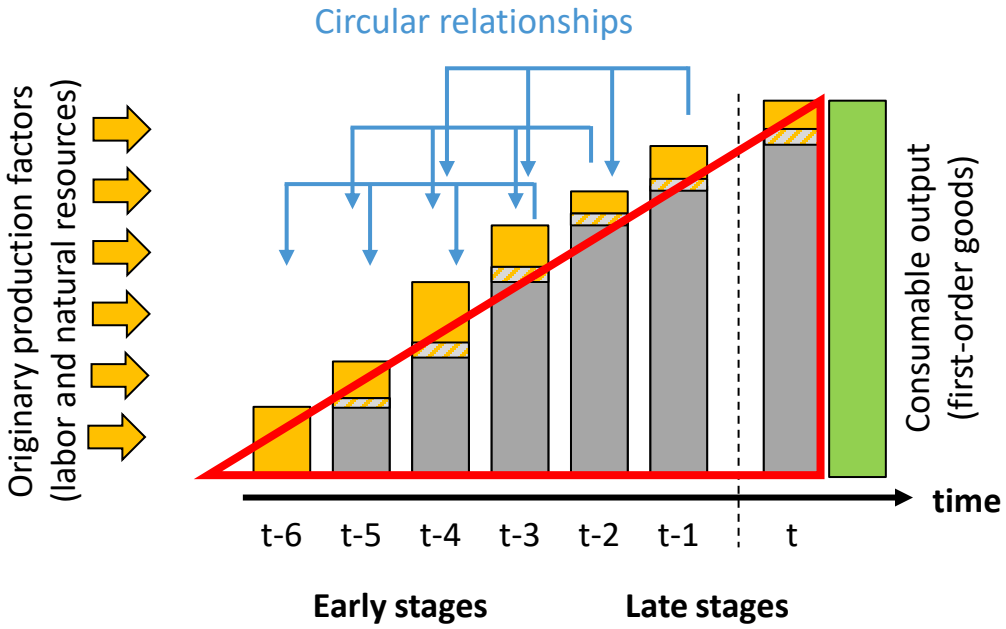
- Focus on distortions of the capital stock (vertical-horizontal synthesis)

- Causal factor for cyclical fluctuations imminent to market economies
- Focus on production structure and its changes over time
- Theory takes precedence over empirical data collection

Stages of production (directed network)

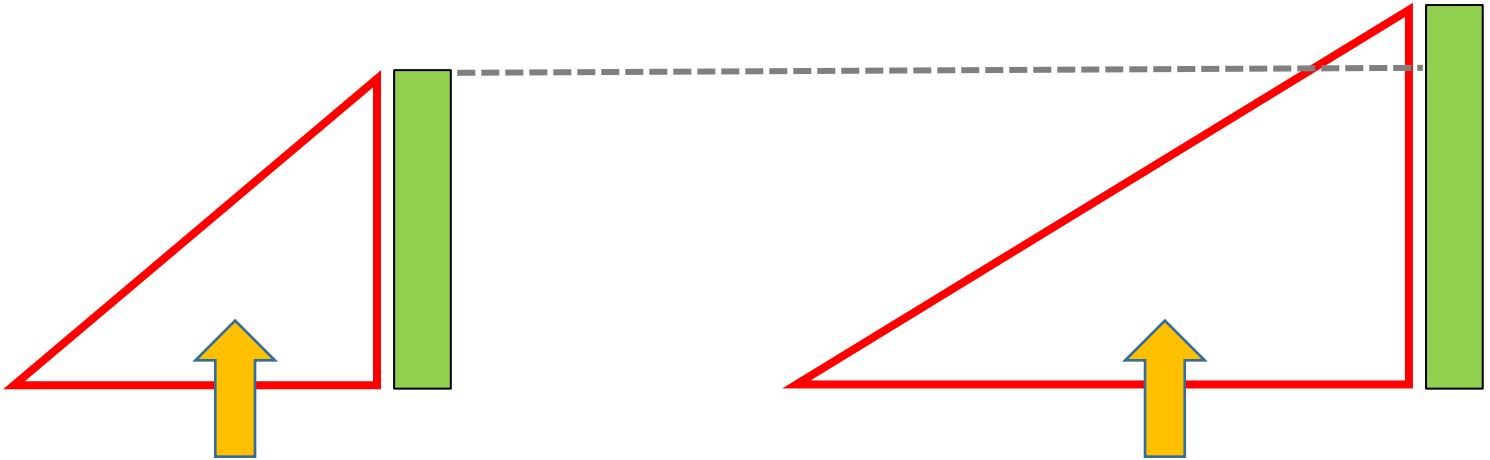


(Extended) Hayekian triangle



Capital deepening

- Low capital intensity
  - » Earlier, but smaller results
- High capital intensity
  - » Later, but larger results

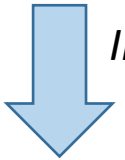


Same amount of originary factors used in both processes

Monetary theory of the business cycle

Interest component (discount) in every market price

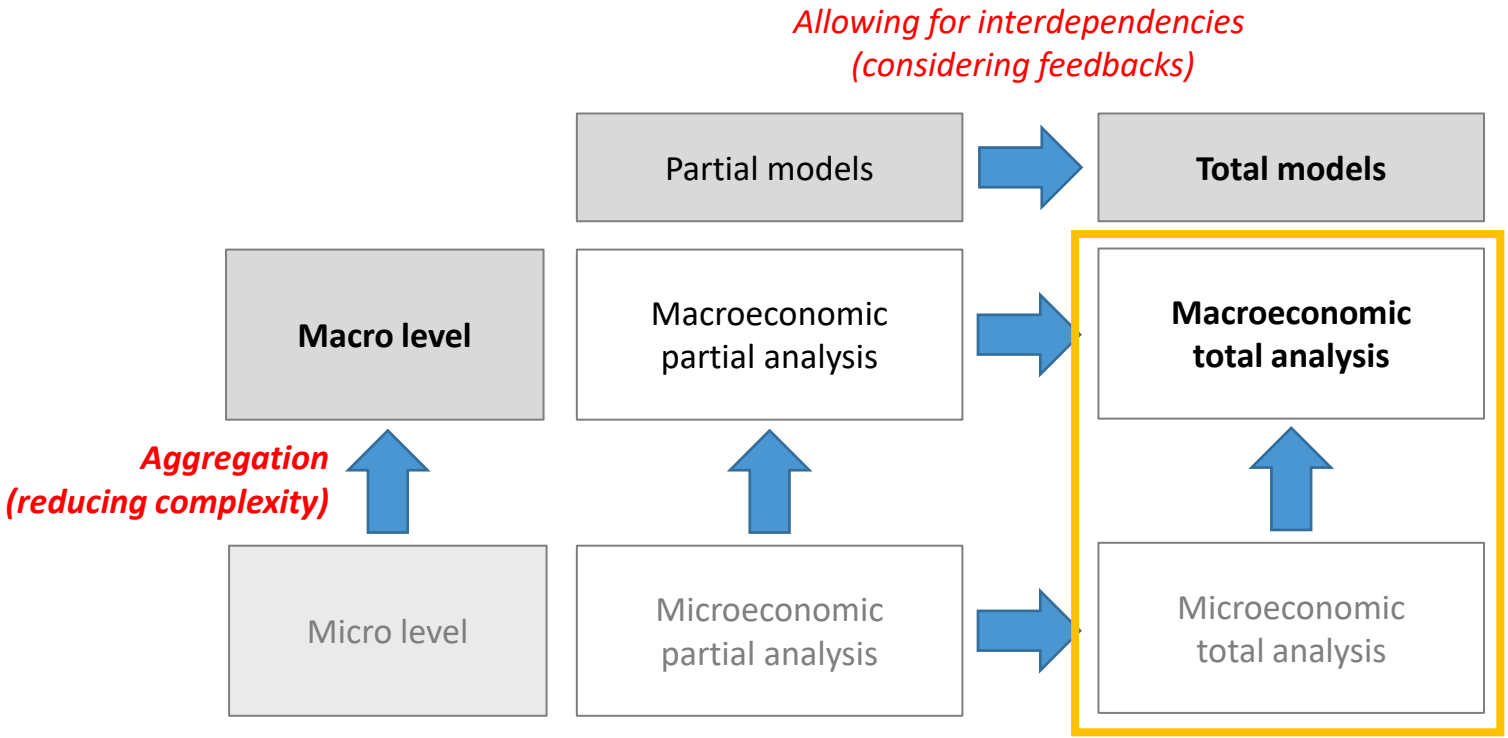
(time-to-consumption)



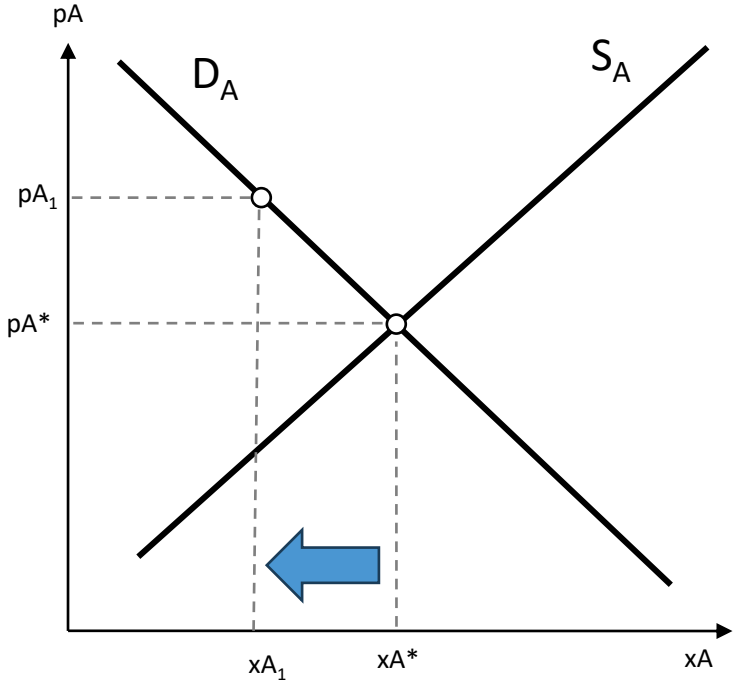
Interest as pervasive phenomenon

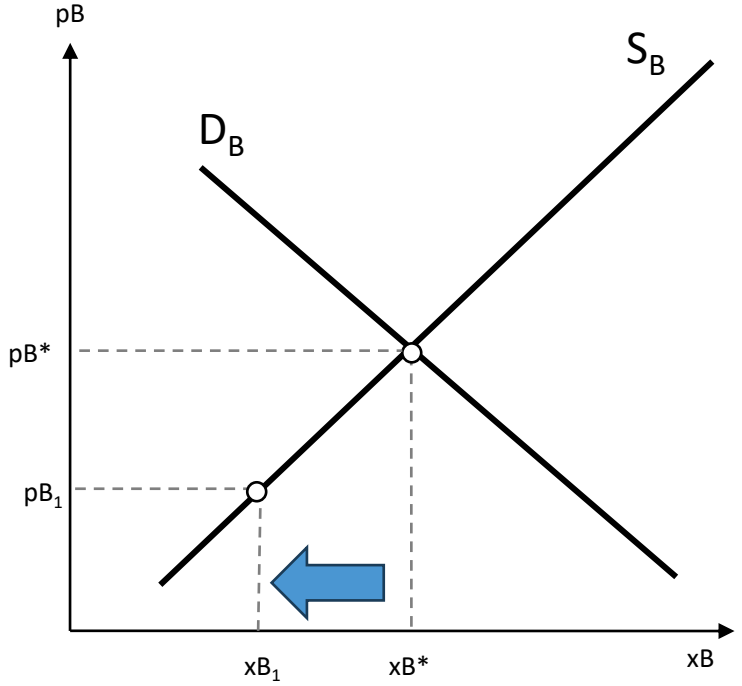
Capital (= production) structure

Circulation theory: Total analysis, not macro vs. micro

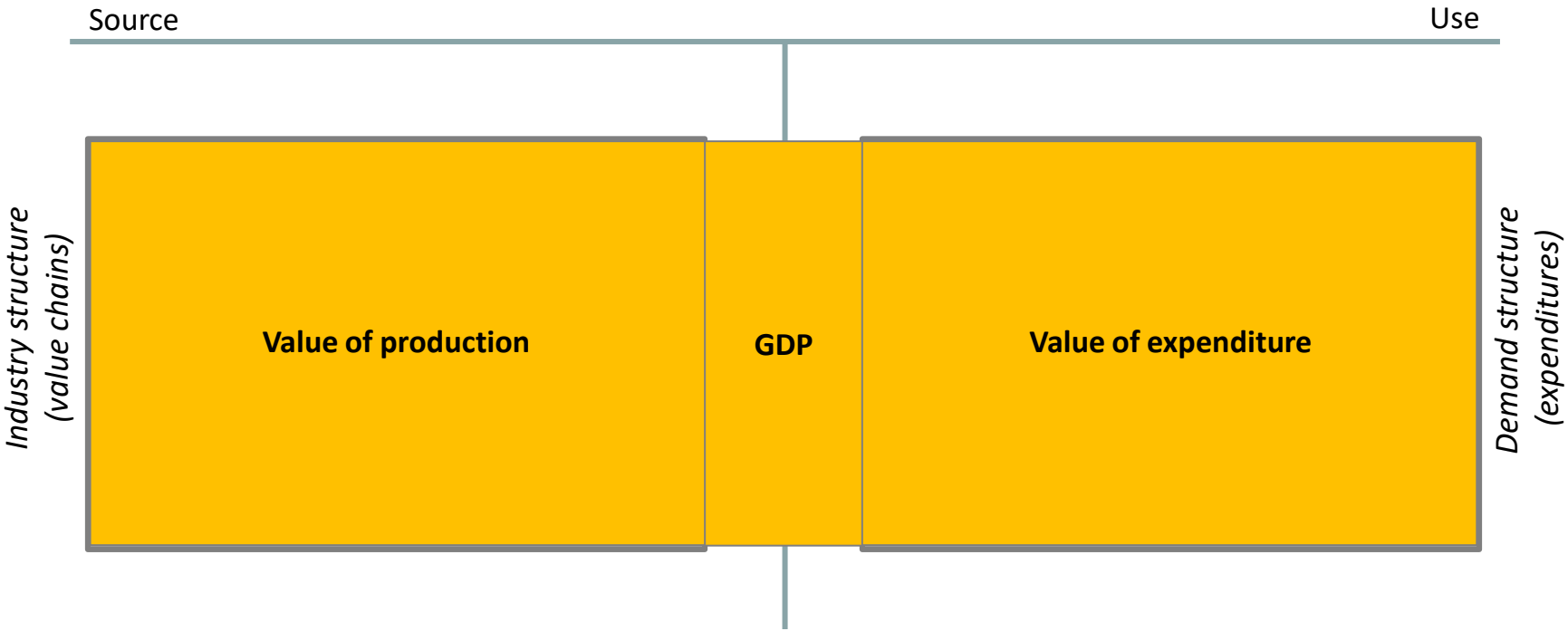


Systemic distortions and Say's Law of markets

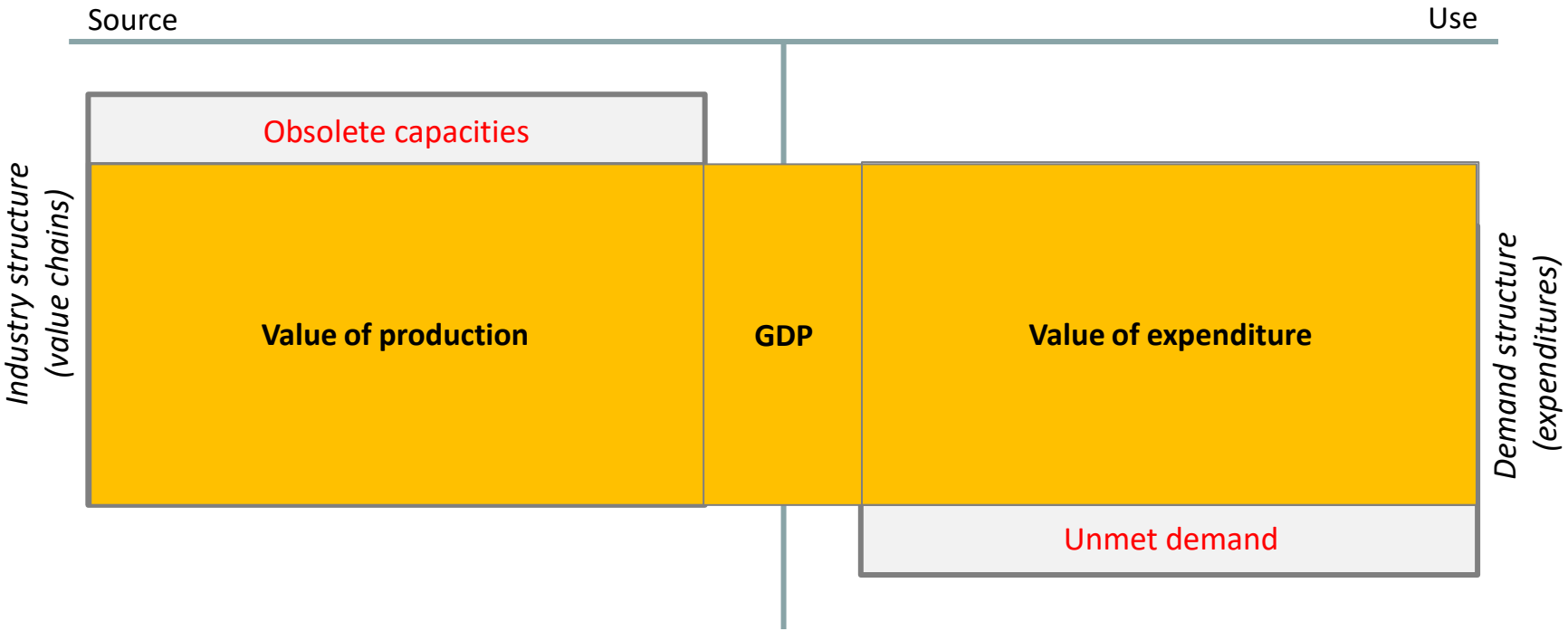




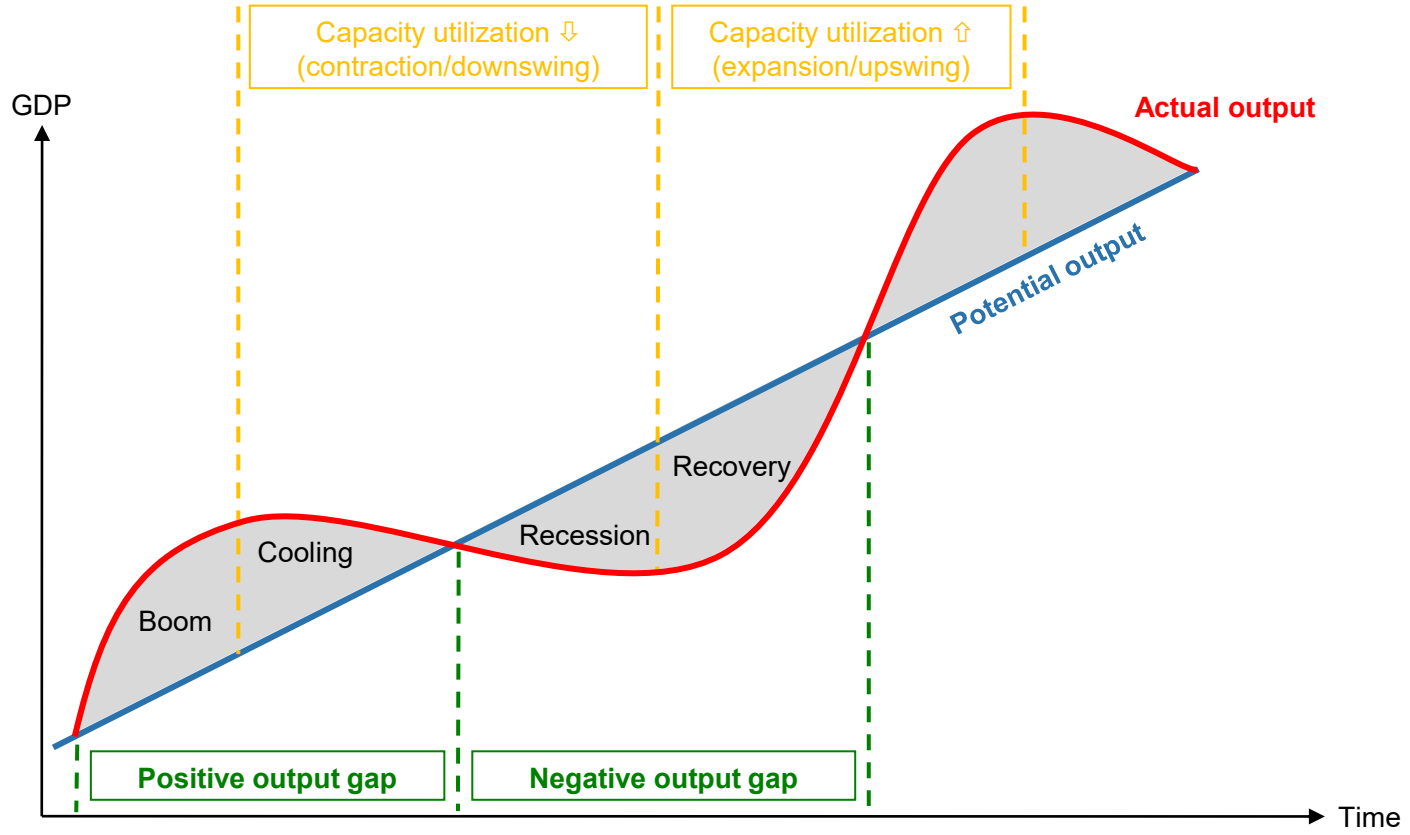
Production and expenditure



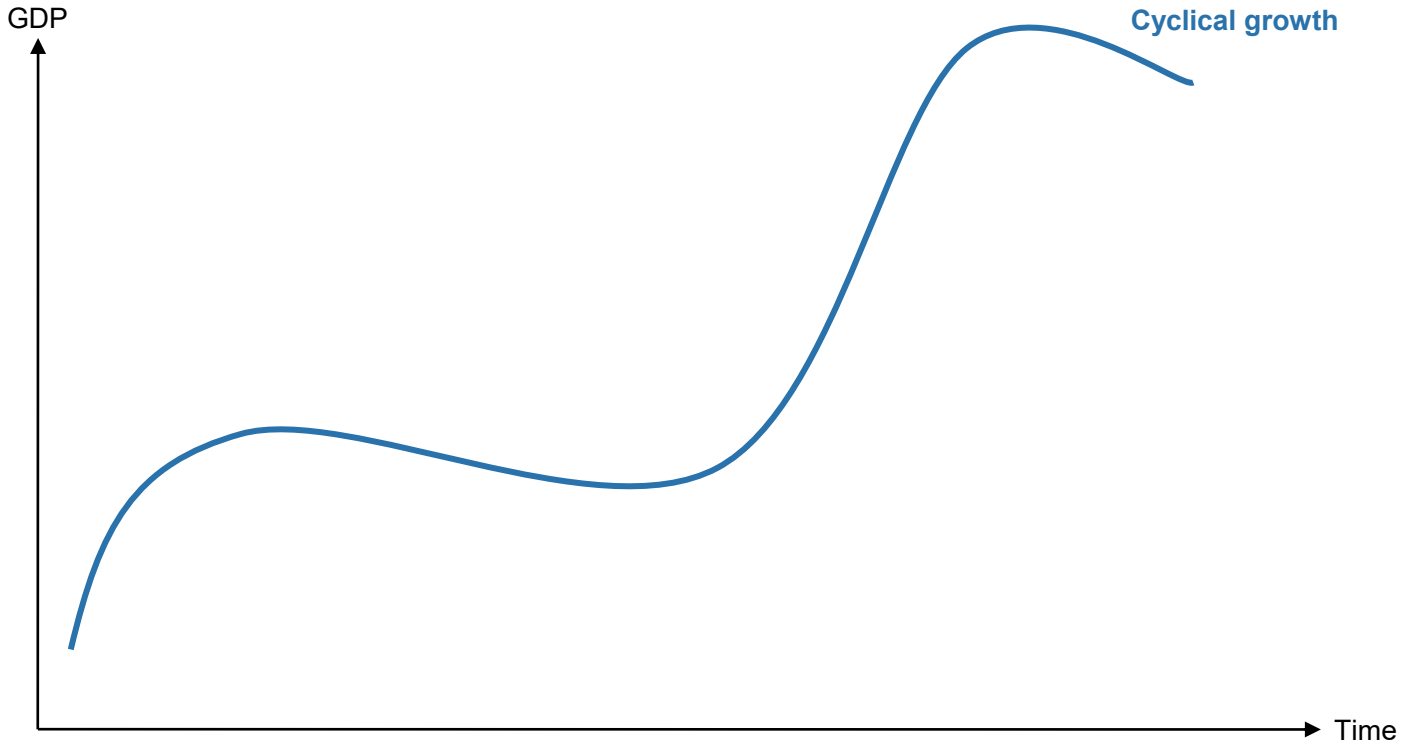
Structural distortions and (actual) GDP



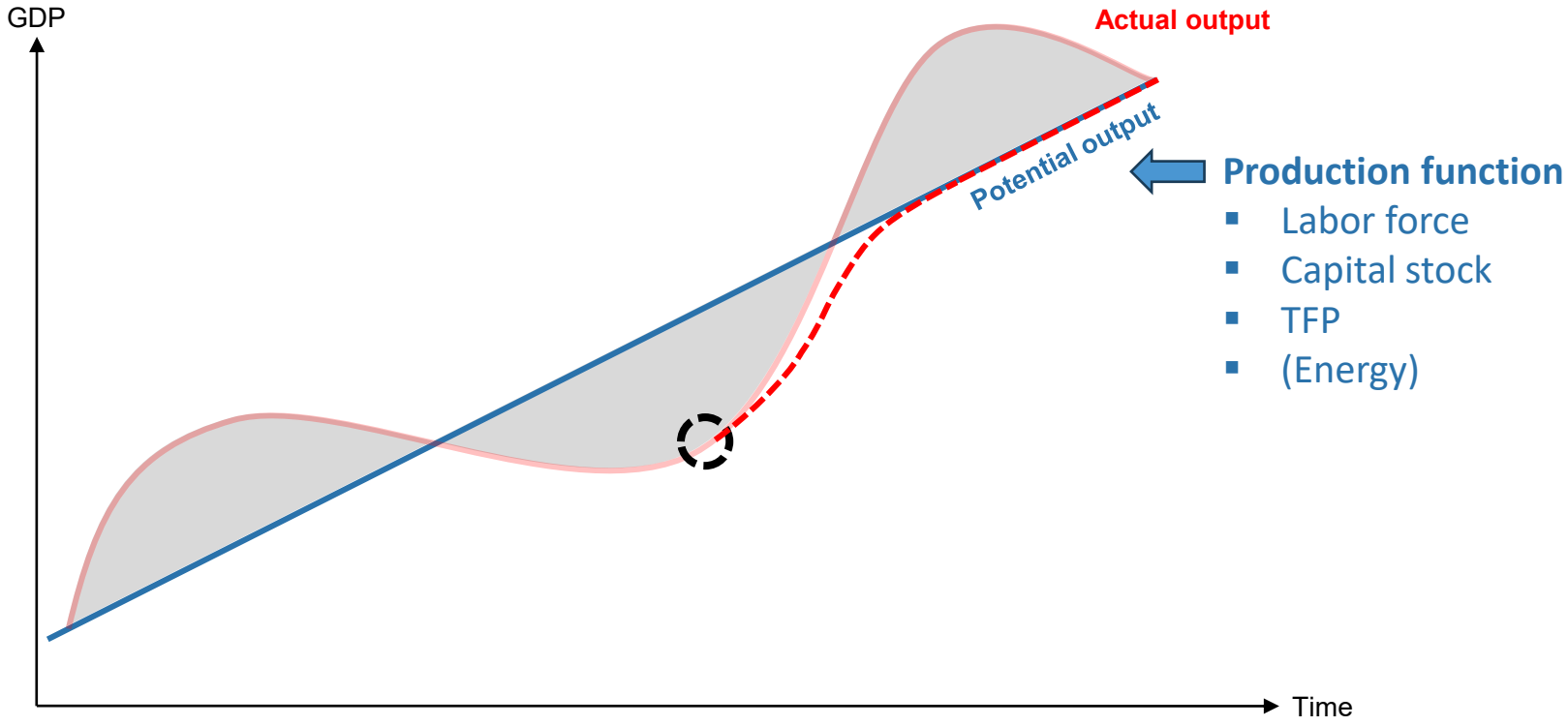
Stylized business cycle: Textbook view today



Löwe's view:
Fluctuations as a byproduct of economic growth



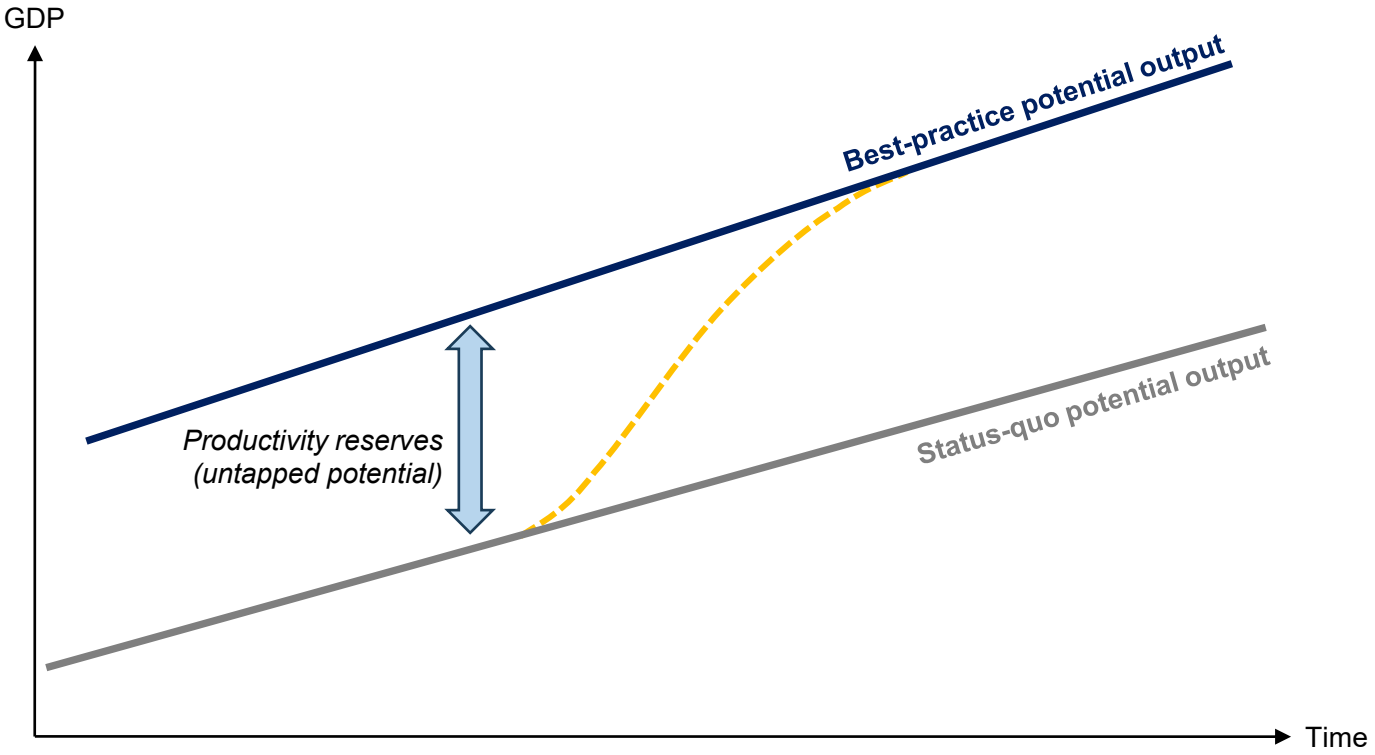
Forecasting today



Production function

- Labor force
- Capital stock
- TFP
- (Energy)

Potential output and productivity reserves



Diskussion

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