
The Just State: Observations on Gustav von Schmoller's Political Theory

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Fifty years ago, five years after the National Socialists had taken over power in Germany, Leopold von Wiese posed the following question in the commemorative publication for Schmoller's hundredth birthday: whether Schmoller would have rejected or welcomed the political development of recent years. The answer was in the affirmative. Even if after Schmoller's death some things had changed in Germany, now there had existed since 1933 yet again a "reorganised" civil servant officialdom and a State leader, who "stood as equally close to or distant from the lower as from the upper classes and he knew only one ideal of justice towards all people... The deepest binding common interest, which the younger generation ought to perceive in the great Swabian, lies... in the faith in the power and the strength of the personality"[1].

I would like to set this quotation against another, taken from a book published in 1987 about great Berlin scholars. There Rüdiger von Bruch writes that the repetitive use of Schmoller's writing "in the sense of the 'Volks gemeinschaftsideologie'" and "in the sense of a 'deutsch-tümelnden Ganzheitsdenkens'" in fact had very little in common with Schmoller and his works[2].

These two conflicting evaluations illustrate how little Schmoller's political concepts, his State theory, have been taken in up to now. I would like to tackle Schmoller's political theory, and first of all I want to consider Schmoller's criticism of the liberals' political ideas. After that I will portray Schmoller's view of the State and put this into perspective as regards his general theory on society. I will make a comment about any similarity to be drawn between Schmoller and the National Socialists in their way of thinking. Thirdly I will go into the social historical origins for Schmoller's "Just State".

The Error of Liberalism

The origins of Schmoller's political theory are to be found in the dispute over the basic ideas of liberalism. It would, therefore, be appropriate to consider first of all how Schmoller regarded the political concepts of liberalism[3, pp. 63ff]. For the liberals the freedom of the individual is, of course, the greatest good. As a

result of this they regard with extreme scepticism any kind of institution, but in particular the state, which could place this freedom in jeopardy.

Schmoller no longer regards this fear of the state by the liberals as acute. In his opinion the liberals regarded all political institutions as being similar to those existing in absolute regimes. But a rejection of obsolete institutions can never be a reason for rejecting all political institutions in general. In addition, the liberals' fear of institutions ossifying and thereby curbing progress is considered by Schmoller as unfounded. The flexibility of political institutions is exemplified in the very fact that they have indeed changed in the course of time. Furthermore, in recent times completely new groupings such as co-operative societies, trade unions, limited companies, cartels, insurance companies, alongside of factory and work legislation, have come into being.

If one forgets for a moment the danger of political institutions ossifying, the danger of the state being manipulated by certain elements still remains. It is here that Schmoller sees the basic dilemma of every state: "In every state's power are to be found two opposing motives and tendencies: Law and equity must be inherent here and thereby aim to execute justice for all. But the state often veers toward the dangers of falling victim to egoism, to avarice and to the whims of the rulers and the mighty" [3, p. 956].

The Political Theory of the Just State

The Constitution and the Just State

The mistake of all constitutions up to now in Schmoller's opinion was that they were unable to ensure the state's monopoly of power over a longer period of time. Without this monopoly of power the state can neither, at home nor at its frontiers, fulfil its task of guaranteeing peace [3, pp. 278ff, pp. 954ff, pp. 1,003ff]. The history of constitutions shows that the state has again and again been subject to abuse by the bearers of its powers as a means to further private interests. The basic problem of a modern constitution of any lasting quality lies in its having a both stronger and better trained state machine as a counterweight to exist alongside powerful and adroit social forces.

Schmoller is convinced that in the modern-day constitutional monarchies of Europe the correct combination of strength and flexibility has been found. The manner in which a monarchy is inherited and the civil service standing at its disposal guarantee a proper mixture of continuity and change. The constitutional monarchy is a good warrant for all classes being conceded their share of "legitimate influence" on the political decisions. If every class enjoys the amount of influence which it should justly be accorded, then the danger of one particular class having too much dominance is averted. Schmoller, it is true, does not rule out the possibility of the republic form of state being adopted at some time in the future, but "up to now scarcely anything has borne such a semblance" [3, p. 1,004].

How might it proceed with the development of constitutions in the future? Schmoller believes that in every political community there must be a political group of leaders, responsible for maintaining order, and the obeying masses. In this respect every political community possesses an element which dominates and rules. If, in addition, the masses make the resolutions and these are the basis

on which the leaders rule then it is in this procedure that the co-operative element can be seen. Schmoller presupposes that a dominating and a co-operative element is present in every community.

Which of these two elements prevails in an actual society depends, above all, on two conditions. The first is the size and complexity of the aforementioned community. The larger and more complex it is, the more tasks there are which its leaders must take over and therefore they must pose as all the more powerful. That is why in large and complex communities the ruling element gains the mastery in the constitution. On the other hand, in smaller and less complex communities it is the co-operative element which has the upper hand. The second condition is the extent to which the community is threatened from both within and without. Particularly in the case where an enemy from without presents a threat, then it is of paramount importance that the rulers dispel any unrest from within as swiftly as possible[3, p. 52].

If one examines at this point Schmoller's line of reasoning more closely, it will become clear why constitutional matters can only be of a pragmatic nature for him. In the final analysis it is of little significance whether the state is a concern of the people (a republic) or a concern of the prince (a monarchy), because in each case the ruler, even if he usurped his power, must basically, if he is astute, accommodate the legitimate interests of those he rules. Otherwise by not doing so, he may lose his power within a short time[3, p. 1,004]. Especially in uncertain times, according to Schmoller, every community out of pure self-interest chooses or accepts those people as leaders who are best capable of defending the community, in other words, the most experienced warriors and the most competent commanders. Even if in the course of history the struggle of communities has become more of an intellectual and moral conflict, this basic tenet remains valid for Schmoller: the leadership should be in the hands of the person who can achieve the most for the community in that particular situation.

Schmoller's intellectual consent to authoritarian constitutions, which in certain situations always act in the interest of the citizens, can be explained by his scant regard for the masses, who in the last instance must always be guided by leader figures. "Like the hypnotiser and his medium, so too are leaders capable of spellbinding the masses everywhere"[3, p. 10]. These persons, leaders by nature, are those, who, by always being the first to recognise or evoke notions which point to the future, are indispensable for the community. With a background of such statements it is understandable that Schmoller warns against a further democratisation of the Prussian state, especially in view of the threats from beyond its frontiers[3, p. 323]. In addition, he regarded giving women the right to vote or introducing equal election rights on a communal level as harmful experiments[4]. The democratic system of class domination is for Schmoller, in comparison with the aristocratic one, "even worse"[4, p. 1,003].

The consequence is here that emotion gets the upper hand instead of reason and common sense[4, p. 1,013], which portends from a certain point onwards, as in Antiquity, the disintegration of the State[4, p. 990]. The threatened community, being in this situation of weakness, inevitably finds itself a victim of its enemies, who will proceed to establish their foreign rule.

At this point I do indeed see a certain similarity in thought between Schmoller and a theoretician, Carl Schmitt, who may be described as one who justified the National Socialist transformation[5]. Like Schmoller, Schmitt's theory is not derived from natural right either, but from the existence of social communities, who feel themselves surrounded by hostile ones. The awareness of this friend-foe relationship constitutes the political element[6], according to Schmitt. The form of law and order in this community results accordingly from the consequences of this threat. In order to ward off the danger of this community breaking up in the pursuit of their own particular interests, Schmoller pleads like Schmitt for the establishment of a civil servant state with a strong executive apex; the regulative idea of ruling the state is found in "neutral" and "impartial objectivity"[7].

In contrast to Schmitt's plebiscitary "Führerdemokratie", the political concept of the National Socialists went one step further: In view of the constant struggle for existence the "democratic principle of the masses" must be repudiated in favour of the "aristocratic principle of the personality", which Leopold von Wiese (cf. introduction) praised Schmoller so much for.

As regards our topic it simply needs to be noted that in Schmoller's political way of thinking some aspects are to be found, in which the authors of his jubilee publication fifty years ago had little difficulty in discovering something commendable to say.

The Social Culture and the Just State

The arguments expressed up to now, with which Schmoller wants to regain confidence in the power of the state, will not persuade any truly convinced liberal; the way, in which Schmoller's theory was assimilated by the following generations emphasised this mistrust. Why cannot the hereditary monarch with his trained army of civil servants abuse the power of the state for his own particular interests in the same way as any other bearer of power can? How is it to be guaranteed that every class will get indeed its due share of "legitimate influence" over the state? Who indeed can define this degree of legitimacy which each group should get accordingly? Is not Schmoller's political theory a direct invitation for those in power, particularly in large and complex states, to call in the spectre of menace as justification of authoritarian politics and thereby open all gates to despotism?

In the liberal's opinion, the power of the State serves exclusively to secure the civil rights of the people, and the latter play in Schmoller's State theory a quite subordinate role. In the index of Schmoller's *Grundriß* the liberal will search in vain for the terms "civil rights" or "basic rights"[8]. Schmoller's political line of thought is quite different: He is not enquiring about conditions which will guarantee the born rights of freedom and equality for the individual in a society, but rather about the conditions which help to uphold the state's monopoly on power in this community. This question does not result from an *a priori* deduction, as is the case in the axiom of natural right, but rather as a consequence of observing the history of state constitutions and their repetition of anomalies.

But where do the criteria originate which ascribe the due amount of influence to the respective classes? In order to answer this question Schmoller goes back historically one step, namely to the area of customs. Political order, which is set

in legal norms, embraces the indispensable sphere for the community within the entirety of customs[3, pp. 41-75]. Because of its essential significance this crucial sphere has been coupled in the course of its historical development with penal stipulations, over which the state's executive presides. For Schmoller the state and its laws are the "crystallisation" of the much older moral way of life of the community.

In Schmoller's political and theoretical elucidations these judgements about good and evil are of decisive importance in ascertaining the *a priori* legitimacy of the state. During the evolution of these moral values Schmoller observes a clear tendency: the relentless struggle to ensure that the concept of justice might prevail[3, pp. 74-5]. Every human being and every community harbours a strong desire for a fair practice of justice.

When a part contributes to the well-being of the whole, it should get the equivalent back[9]. When the individual renders his community a service, he should be rewarded by the latter, too; the same applies for the achievements of a smaller community on behalf of a larger one, to which it belongs. A criterion for the comparison of qualitatively dissimilar achievements is "the emotional reaction of the people", the "spiritual and inner life" of the community. Applied in a political sense, this means the legitimate power and the legitimate influence of the individual or class depends on how much this individual or class does for the good of the community. This is for Schmoller the law of progress in the history of mankind, the "necessary product of our moral disposition and our logical way of thinking" [9, p. 260]. The disregard for the principle of democracy as against the aristocratic principle is nothing less than the political materialisation of this law.

The Social Historical Origins of Schmoller's Political Theory

First of all, I would like to recall the social historical foundation of liberalism. Liberalism was founded on an economy of simple goods production, although this was only apparent on a rudimentary level[10]. As regards the economic organisation of the society, it was considered possible to create a market of perfect competition, where alongside natural conditions the preferences of the consumers would determine what should happen. As regards the form of political organisation it was considered possible to succeed with an absolute minimum of State intervention. In public discourse free and equal citizens were to decree what rules should generally be enforced and regarded thereby as law. In the liberal concept free discourse would guarantee that these laws represented a high degree of common sense and reasoning, and at the same time the wishes of the people. Of decisive significance is that free discourse be guaranteed constitutionally with the pertinent basic rights (freedom of opinion and the right of assembly).

The actual social historical development, however, pursued, as is known, another course, far different from that prophesied by the liberals.

As far as internal affairs are concerned, these economic and political changes in the bourgeois society are usually described as the evolution of the State to intervention, and with regard to foreign affairs as imperialism. This development continued alongside respective changes in the political culture and in the individual's political behaviour. The capability of interest groups to organise themselves and pursue conflicts in the pluralistic game of power requires of its members a certain

feeling of solidarity with the group. The manner in which national states are able to prove their point in power politics on the world's stage renders a strong national feeling of unity amongst all social groups necessary, and all individual interests which could put them asunder have to be set aside. Individual competition was replaced by social or state organised competition, where instead of individual egoism or making the best use of a situation for one's own individual advantage, collective egoism was the order of the day.

On what basis is the group to organise its co-operation? How is the individual profit gained through co-operation to be divided? Whereas in the liberal model of competition the distribution was quasi taken care of by the price, here a new principle has to be found. Here the principle of justice or proportionality is of importance. What is achieved for the group by the individual should be rewarded accordingly. Everyone knows that the individual advantage is all the greater, the more successfully the group is able to compete with other groups. Therefore the individual maximises his advantage by submitting his interests to the group and trusting in the just distribution of the common prize. The same system is valid for the behaviour of small groups (e.g. pressure groups), in confrontation with the larger one (e.g. the state).

Collectivist theories, like Schmoller's, are splendidly suited for explaining the indispensable group morale in this new phase of the bourgeois society. Whereas liberalism was extremely amoral and with little sense for emotional value, because it was founded on egoism and any progress or unity was a result of pure cool calculation and reasoning, for the collectivist theoretician the feeling of solidarity is critical for the true unity and development of that community.

In this line of thought energetic representation of the interests of individuals or groups, which have not had the well-being of the whole as its measuring-rod from the beginning, must appear as somewhat morbid. Such behaviour can only be compared with the unchecked growth of body cells and organs, and their fatal consequences for the person as a whole and must therefore be removed by operating. Emancipation can only mean voluntary submission to the recognised necessity. The "positive moral" is a moral where the individual makes less pretentious demands.

The result is that Schmoller's collectivist approach corresponds excellently to the bourgeois society's change in its form in the late nineteenth century; a transition from individual to collective competition and the new concomitant requirements of solidarity. The spirit of the community inwardly, animosity outwardly, that is Schmoller's formula. It would be interesting to examine to what extent the development of the German working-class movement between 1870-1914 can substantiate the practical effectiveness of this way of thinking.

Conclusion

What significance does Schmoller have for the present-day discussion of political science? It must be said to Schmoller's credit that the application of his social scientific analytical tools by present-day academic observers enables their attention to be focused on the whole essence of their subject. This demands a scholarly sensitivity for correlations, which are all too easily lost for the screen of perception

due to methodological individualism and the disintegration of knowledge and studies into a multitude of individual disciplines. The registration of such interdisciplinary contexts will become in our present time and in the future all the more important, the more the world grows together due to the increase in population, due to world trade and world traffic[11]. In addition, due to the technical potential achieved nowadays the consequences of decisions made today burden innumerable generations with an irreversible load — one need only think of atomic power.

Schmoller's leading question about how the social classes will be able to secure their "legitimate influence" would, in view of this situation in the late twentieth century, have to be transferred to particular regions in the world and generations of mankind: how can the so-called Third World get economically and politically their due share of the whole world? And how can the basic rights of life be secured for coming generations? Schmoller's all-embracing approach could focus attention on such problems. That a newly awakened need exists today for such academic enlightenment is to be seen in the book titles in the academic bestseller lists of recent years: *Risikogesellschaft*, *Auf dem Weg in eine andere Moderne*, *Ökologische Kommunikation* or *Wendezit*.

But Schmoller's approach, however, seems to me in the following respect very limited: The application of the justice theorem to political theory leads to a circle of legitimisation of domination. The people in such a case who have the most political power are those who do most for the community. The criterion for defining this is derived from the *Volksempfinden*, but if this popular sentiment is defined and interpreted by the ruling elite, the circle closes. In this way usurpation can become a permanent state of affairs, and thereby the great achievement of the Enlightenment, the self-determination of the individual, would be abandoned in the realisation of such a political system.

Notes and References

1. Wiese, L.von., *Aristokratie und Demokratie bei Gustav von Schmoller*; in Schmoller Jahrbuch, Jg. 62, 1938, pp.330ff.
2. Bruch, R.von., "Gustav Schmoller", in *Berlinische Lebensbilder*, Vol. 3, Wissenschaftspolitik in Berlin. Minister, Beamte, Ratgeber. Published by Wolfgang Ribbe (Einzelveröffentlichungen der Historischen Kommission zu Berlin. Volume 60) Berlin 1987, p.192.
Strangely enough, Bruch describes in the preceding sentence the jubilee publication of 1938, in which Leopold von Wiese's essay is to be found as, "the best appraisal of Schmoller unsurpassed up to now".
3. Schmoller, G., *Grundriß der Allgemeinen Volkswirtschaftslehre*, 3rd and 4th editions, Leipzig, 1900 and 1901, p.63.
4. Schmoller, G., "Die soziale Frage und der preußische Staat (1874)"; in: *Schmoller, Zur Sozial- und Guerebepolitik der Gegenwart*. Reden und Aufsätze, Leipzig 1890, pp. 61/2.
5. Neuzeit. Vom Zeitalter des Imperialismus bis zu den neuen sozialen Bewegungen (Pipers Handbuch der politischen Ideen, published by Iring Fettscher and Herfried Münker), München, 1987, p.293.
6. Schmitt, C., *Der Begriff des Politischen*, 1927, Neudruck Berlin 1963, p.37.
7. Schmitt, C., *Der Hüter der Verfassung*, 1931, 2nd edition 1969, p.100 *et seq.*
8. Basic rights are mentioned indirectly at all points, where public opinion or the setting-up of interest groups are discussed, as for example in his *Grundriß*, p.74.