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GERMAN THEORIES
OF THE
CORPORATIVE STATE

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WITH SPECIAL REFERENCE
TO THE PERIOD 1870–1919

by

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Foreword

Of all the branches of historical study the history of ideas is perhaps the most exacting in its processes of production and the least fruitful in results. There is quite possibly no such thing as an absolutely new idea; yet each time an idea recurs in history it is in some respects new. Ideas both have and are causes. Their origins can rarely be assigned with any mathematical precision and their consequences are virtually impossible to measure except over a relatively long period of time. And these are only the chief among many considerations that ought to promote a healthy diffidence on the part of those whose business it is to investigate the development of human thought in relation to the problems of the present. Still, if the problems of today are to be solved at all, it is clear that some approximation to a full understanding of their origins and development will prove indispensable. Fully conscious, therefore, that this book contains few judgments that some will not dispute, the author presents it as the product of endeavor to elucidate an important subject that has not hitherto been extensively treated in English.

While rightly bearing complete responsibility for errors either of fact or of interpretation, the author wishes to point out that this book would certainly have contained many more such errors and fewer positive merits had it not been for the encouragement and the criticism received from friends, teachers, and colleagues. The author is especially aware of his indebtedness to Professor Carlton J. H. Hayes, under whose guidance this study was carried forward and to

whose preeminent qualities both as a scholar and as a teacher it owes much. That this study was resumed after an interval of absence from academic pursuits during the Second World War is in large measure owing to the friendly offices of Professor Shepard B. Clough, who originally suggested this field of investigation, and who has been an unfailing source of advice and encouragement in overcoming the many difficulties that arose in the course of its development. To Professor Charles W. Cole, also, it is pleasant to acknowledge a personal and intellectual debt, the beginnings of which extend back to the author's early undergraduate years at Amherst College. Much clarity and much useful information have been gained through discussion of the general problems of this study with Mangold Ellenbogen, whose work on the history of corporatist doctrines in France has been of great assistance. Some stylistic imperfections were corrected, thanks to the efforts of Ruben Weltsch in subjecting the manuscript to painstaking criticism.

A Demobilization Award granted in 1945–46 by the Social Science Research Council permitted the year of full-time research during which this investigation was completed. The author is also grateful to Amherst College and to Columbia University, whose generosity in the form of fellowship assistance made possible the graduate studies of which this book is a first fruit.

To my wife Susan I am grateful, though I shall not even attempt to say how much.'

RALPH H. BOWEN

Columbia University
June 1946

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CHAPTER ONE

INTRODUCTION

DURING THE long armistice between the two great wars of the twentieth century, the profoundly disturbed nations of the western world heard a great deal about certain tendencies, doctrines and institutions which were described as manifestations of "corporatism." Fascist Italy was the first nation to remodel its constitution with the avowed aim of becoming a "corporative state," and in the course of time a number of other states, including Portugal, Austria, Spain and Brazil, abandoned formal allegiance to liberal-democratic political institutions and announced similar intentions.[1] Following the collapse of republican France in 1940, the introduction of an *"ordre corporatif"* became one of the declared purposes of Marshal Pétain's "national regeneration movement." [2] In Germany the National Socialist German Workers' Party came to power in 1933, having pledged itself to establish "corporative" institutions, inasmuch as Point 25

1 Mussolini's "corporative state" attracted the most attention and served as a model for subsequent experiments, particularly in Latin countries, and the literature on Italian corporatism has become fairly extensive. A number of the most informative recent works on Italian corporatism, and on derivative or parallel developments elsewhere, are indicated in a separate section of the Bibliography, pp. 223–26 below.

2 For a good brief description and appraisal of the salient features of the projected organization, see S. B. Clough, "The House that Pétain Built" in the *Political Science Quarterly,* LIX (1944) 30–39.

of its "unalterable" program of February 25, 1920, had demanded "the creation of corporative and professional chambers." [3] For some time after 1933, moreover, the Third Reich officially advertised itself as a "corporative state [*Ständestaat*]" in the making.

All these "corporative states," so far as they actually corresponded to any functioning institutions, figured mainly as administrative appendages through which authoritarian regimes endeavored to assert complete state control over the economic and social affairs of their subjects. Thus in Hitler's Germany, in Fascist Italy and in the Latin countries where the Italian scheme was adopted as a model each of the nation's principal industries and occupational groups was constituted, by governmental fiat, as a "corporation," as an "estate [*Stand*]" or as a "front." Each of these bodies was represented to be a guild-like [4] entity, possessing "autonomous" jurisdiction over its own particular industrial sphere. In practice, however, these "corporations" either remained vague

[3] The German text of this program is most conveniently available in Konrad Heiden's *Geschichte des Nationalsozialismus* (Berlin, 1932) 21–24. The passage cited demands *"die Bildung von Stände- und Berufskammern zur Durchführung der vom Reich erlassenen Rahmengesetze in den einzelnen Bundesstaaten."* This passage has been frequently mistranslated in English versions, *Stände-* usually being rendered as "class," with the result that the sense of the German text is obscured. *Stand* has the general meaning of "status," "position," "rank" or "station," but in historical usage it commonly refers to one of the "estates" of the old regime, and in theoretical discussions it may also mean "corporation" or "guild." *Ständestaat* is the usual German rendering of the Italian *stato corporativo* or the French *état corporatif*. On the theoretical concept of a *Stand*, and the distinction between it and the Marxian concept of a "class," see Max Weber, *Wirtschaft und Gesellschaft* (Tübingen, 1922) 631–41; F. Tönnies, "Stände und Klassen," in *Handwörterbuch der Soziologie* (Stuttgart, 1931) 617–38; Werner Sombart, *Deutscher Sozialismus* (Charlottenburg, 1934) 219–21; W. A. Jöhr, *Die ständische Ordnung* (Leipzig, 1937) 177–81.

[4] The adjective "corporative" in fact appears to have entered English as a loan word from the Romance languages, where *corporation* (French) and *corporazione* (Italian), for example, are the usual terms for "guild."

projects to be realized in some distant future or became passive instruments for carrying out the policies dictated from above by an absolute central authority. It is generally recognized, moreover, that the totalitarian states made use of their "corporative" organizations primarily to repress conflicts between labor and management.

In countries where liberal-democratic political institutions continued to function, these authoritarian versions of "corporatism" were generally repudiated with some vehemence. At the same time, however, there appeared signs of a growing awareness that in modern industrial society certain fundamental tendencies which might be described as "corporative" had for some time been at work. Economists and historians found one such tendency to be the decline of atomistic competition in economic life, a sphere in which the "free play of individual forces" was increasingly being superseded by the operation of collective agreements concluded among solidly organized "communities of interest." [5] Jurists and political scientists observed a parallel decline of atomistic individualism in politics, noting that private bodies claiming to represent the group interests of labor, of employers, of farmers, of consumers, of particular branches of industry and of other economic and social groups tended to become more inclusive and more highly integrated with a view to increasing their direct influence upon governmental policies. In some democratic countries, notably in pre-Nazi Germany, in France and in Czechoslovakia, groups of this kind were given a degree of official recognition when they were allowed representation

[5] Two treatments that describe some of the results of these tendencies, while testifying to the attention which they have recently attracted, are J. Malherbe, *Le corporatisme d'association en Suisse; essai de synthèse* (Lausanne, 1940) and a study by the International Labor Organization, *Methods of Collaboration between the Public Authorities, Workers' Organizations and Employers' Organizations* (Geneva, 1940).

in National Economic Councils created to serve as advisory "parliaments of industry." [6]

Both in industry and in politics the operation of these "corporative" tendencies was intensified by the economic crisis of the 1930's. The liberal state was suddenly called upon to assume responsibility for an unprecedented variety of economic and social functions, ranging from price fixing and market regulation to the adjudication of industrial disputes. Traditional administrative techniques often seemed inadequate to cope with the vast number of detailed executive and supervisory functions which governments were now expected to discharge, and the governments not infrequently sought in desperation to devolve some of their new burdens upon private bodies in various fields while retaining, at least in theory, the general functions of policy determination and oversight.

Americans are probably most familiar with the experiments which were made in this latter direction during 1933 and 1934 under the National Industrial Recovery Administration (NIRA), but in some of the European democracies, too, there occurred many significant and widely noticed developments of a similar character. For example, two of the most distinguished liberal economists of France, writing in 1939, were moved to characterize these developments as a "piecemeal emergence of corporatism [*corporatisation*]," noting among other manifestations of a general tendency that:

> Free contract has receded in the face of legal regulation. Markets . . . have been "made sane" by the public authorities who, partly by legislation and partly by giving legal force to private

[6] For a useful summary and analysis of developments along these lines both in democratic and in non-democratic countries, see K. Loewenstein, "Occupational Representation and the Idea of an Economic Parliament," in *Social Science*, XII (1937) 420–31, 529.

professional agreements, have substituted statutory imperatives for the spontaneous adaptation of supply to demand.[7]

Citations of a similar tenor could of course be multiplied almost *ad infinitum* out of the writings of contemporary social scientists, for the observation that "group solidarity" is tending to overshadow "rugged individualism," that western society and economy are tending to be less "competitive" and more "controlled," less "free" and more "bound" has become a central preoccupation of twentieth-century social thought. To the extent, moreover, that the institutional products of these tendencies present significant analogies to the guilds and corporations of an earlier "bound" society, it is not surprising that these latter-day phenomena should be widely described as "corporative."

Although most of the "corporative states" established in recent years have now been swept away, together with the authoritarian regimes that sponsored them, it does not follow that "corporatism," either as a doctrine or as an objective tendency, has ceased to be a significant feature of the twentieth-century environment. Italian Fascism and German Nazism lie in ruins, but many of the economic and cultural forces that brought them into existence have not ceased to operate. The rise of National Socialism, in particular, was made easier by the support of individuals and groups in sympathy with a "corporative ideal" which they expected the Nazis to realize. In a more general fashion, moreover, the diffusion of anti-liberal and anti-Marxist ideas in Germany prior to 1933, to which corporatists made a definite contribution, tended to weaken the forces opposed to the National Socialists and to undermine the Weimar Republic. In some respects, of course,

[7] C. Rist and G. Pirou, editors, *De la France d'avant-guerre à la France d'aujourd'hui,* being the entire January–February issue of the *Revue d'économie politique,* LIII (1939) ix, vii. See also H. Laufenberger, *L'intervention de l'état en matière économique* (Paris, 1939).

these results were fortuitous in that some corporatists were far from being fundamentally hostile to the democratic state or from being in sympathy with the entire Nazi ideology. Furthermore, the exploitation of corporatist doctrines in National Socialist propaganda was by no means a decisive element in the movement's ultimate triumph, and the Nazi regime, once established, proved to have little in common with the prescription of any previous corporatist school.[8]

It is therefore not surprising that the Third Reich should have proved a bitter disappointment to many Germans who had expected that it would realize their dearest hopes by establishing a true *Ständestaat.* For this reason it is highly unlikely that the passing of the Nazi dictatorship will also mark the final eradication of those hopes. Indeed, there are perhaps equally good grounds for anticipating that the latter may even persist among some groups in an intensified form. For, unless Germany's social structure should be completely revolutionized in the near future, important sections of the community may well continue to see in some kind of non-Marxian, non-liberal social ideal the promise of class harmony, national solidarity and economic stability.[9] In that event, Ger-

[8] Franz Neumann, *Behemoth: The Structure and Practice of National Socialism* (New York, 1944) 228–34; Taylor Cole, "Corporative Organization of the Third Reich," in *The Review of Politics,* II (1940) 461–2; K. Loewenstein, *loc. cit.,* and *Hitler's Germany* (New York, 1939) 143 ff.

[9] Corporative enthusiasts among German Catholics, in particular, may well derive considerable encouragement from declarations of papal approval of "corporative associations" as a means of carrying out "just social reforms." A dispatch to the *New York Times,* July 21, 1946, p. 1, reported that Pope Pius XII, in a letter to Professor Charles Flory, president of the *Semaines Sociales de France,* had called for the institution of such bodies "in every branch of the national economy," in preference to nationalization. The Pope had concluded by affirming that, "under present circumstances," there was no doubt that "a corporative form of social life, and especially of economic life, in practice favors Christian doctrine concerning the individual, community, labor and private property."

man corporatism will continue to be something which the world can ill afford to leave out of account.

Aside from their somewhat equivocal bearing upon the recent past, moreover, and aside from their possible bearing upon the future, German corporatist doctrines are deserving of special historical study if only by reason of the fact that nowhere has theorizing of this kind been more abundant, more varied or more continuous than in Germany. Speculation along similar lines has developed sporadically in other parts of Europe—under Catholic or syndicalist auspices in France, Belgium, Italy, Spain and Austria, and in British Guild Socialism, for example—but nowhere else has there been a "corporatist tradition" of comparable dimensions, diversity or duration.

This circumstance is perhaps to be explained in part by the late appearance of industrialism and of liberal-democratic political institutions in central Europe. The old craft guilds, which the French revolutionaries had suppressed in 1791, maintained a remarkably vigorous existence in most parts of Germany down through the middle of the nineteenth century, and unabridged freedom of occupation was not established in all parts of Germany until 1869. The early development of corporatism in Germany was further shaped by the fact that the German nationalist movement, taking its rise during the Wars of Liberation waged under the leadership of monarchical Prussia against the heir of the French Revolution, Napoleon, conceived and retained a strong antipathy to the egalitarian and individualist principles which he had sought to impose east of the Rhine. In striving to vindicate Germany's cultural individuality against these "foreign" ideas many subsequent nationalists were disposed to exalt the estates and corporations of the Germanic past and to find in the nation's "old corporative order" a model for projected new

forms of social organization more to their liking than those deriving from revolutionary doctrine and practice.

The "corporatist tradition" that developed in Germany under these nationalist auspices and in the context of these peculiar national circumstances has only recently begun to attract attention in the English-speaking countries, although a considerable body of historical literature dealing with the subject has grown up in Germany over the past twenty-five years. American and British students have, however, shown comparatively little interest in exploring this tradition, possibly because the history of their own countries so largely lacks any parallel stream of ideas. Not until after the First World War, moreover, were there strong reasons for supposing that the scattered and heterogeneous elements of the German corporatist tradition were anything more than aberrant notions, extraneous to the main currents of thought and barren of important actual or potential influence upon practical affairs.

During the decade prior to 1933, however, the German reading public was offered a profuse assortment of printed material, mostly though not exclusively of a scholarly cast, the burden of which was to extol the virtues of a *Ständestaat* as contrasted with the shortcomings of the existing state and economy. Among the authors of these works there was little detailed agreement as to the precise shape of the new organization which they wished to see established, though they were unanimous in declaring that the early inauguration of a *ständische Ordnung* represented Germany's only genuine hope of escaping the disastrous consequences which would flow from an otherwise inevitable victory of Marxian principles of social organization. Several distinct groups were active in promoting various versions of this general conception,

among which three were numerous and influential enough to merit specific mention.

Probably the least influential of these groups was the "occupational estates" school,[10] embracing a number of writers associated with the monthly periodical *Die Tat,* or with the *Politische Kolleg* directed by Heinrich Herrfahrdt. The general aim of this group was to bring about a "community of labor" in which social peace could be realized. To this end employers, supervisors and workers were to be organized in a hierarchy of "factory communities," each group being given equal representation in joint bodies at each level. All enterprises engaged in the same kind of production were to be organized by districts and then united in national groupings. A "functional parliament" would then co-ordinate these *Berufsstände* and act as a buffer to prevent political encroachment upon economic affairs as well as undue interference by economic groups in the affairs of the state. Some of these theories were not objectionable to the Nazis, who gave the concept of an *Arbeitsgemeinschaft,* for instance, a central place in their labor legislation after 1934.

Many members of the twentieth-century Catholic corporatist school,[11] appealing for papal authority to the corporatist ideal expressed (but not elaborated) in the two "social encyclicals" of Leo XIII and Pius XI—*Rerum Novarum* (1891) and *Quadragesimo Anno* (1931)—advocated a hierarchical

[10] Cole, *loc. cit.,* 442–3; see also M. Günther, *Das deutsche Berufsständeproblem seit 1919 und die Vorschläge zu seiner Lösung* (Dresden, 1935); and the entire July issue of *Die Tat,* XVII (1925), esp. 494 ff.

[11] A list of the leading members of this school would include the names of Gustav Gundlach, Heinrich Pesch, Goetz Briefs, J. Pieper, W. Schwer, Theodor Brauer, and Joseph van der Velden. The Jesuits, Pesch and Gundlach, were among the most influential of these writers, the latter having been chosen to contribute the article, "Stand: Ständewesen," to the *Staatslexikon der Görres-Gesellschaft* (5th edition, Freiburg, 1932) V, 47–50.

scheme of occupational estates drawn together in economic councils which would provide a framework for industrial self-government and supplement the supreme political parliament in economic and social affairs. Writers of this school were convinced that social harmony could be achieved only within such an organization of estates because the very notion of a "class" in the Marxian sense implied a materialistic, anti-social disregard of "the common good." Within the broad limits defined by "private ownership of property" and "the necessary measure of state control," a wide sphere of autonomy, with substantial attributions of legal authority and of social functions, was to be allowed to these estates. For the most part, however, Catholic corporatists were "reformists" in that they were willing to make use of existing occupational and economic groups, which they proposed to transform gradually into "estates" by infusing them with a new ethos, and in general they defended the supremacy of the political parliament within a democratic state.[12] Shortly before their dissolution in 1933 the National Christian (Catholic) trade unions were advocating a *berufsständische* organization embodying the essentials of this program.[13]

A third group of anti-liberal and anti-Marxian proponents of the *ständische Idee* was the "universalist" or "neo-romantic" school led by the Viennese professor of political economy, Othmar Spann.[14] According to this group, which made much of the political writings of Adam Müller and his contemporaries, the whole complex of human activities should be comprehended in a series of "partial totalities" or "estates," arranged in an ascending order of rank and crowned by a

[12] Cole, *loc. cit.*, 444–5.

[13] Günther, *op. cit.*, 90.

[14] The bible of Spann's followers was *Der wahre Staat* (3rd ed. Jena, 1931). His *History of Economics*, trans. by E. and C. Paul (New York, 1930), 282–3 contains a list of the leading members of the school.

state which would itself be both the most general estate of all and the "leader and judge of all the other estates." Economic life, a subordinate estate, would be further divided into partial estates, each corresponding to a single occupation. These theories found favor with many National Socialist leaders and were given a wide circulation in Germany during the early years of the regime. In 1933 one of Spann's disciples, Walter Heinrich, headed a short-lived *Institut für Ständewesen* established in Düsseldorf to train future leaders, and Bureaus for Corporative Organization were created within the NSDAP and Labor Front in 1933 under the leadership of Max Frauendorfer, then a warm partisan of many of Spann's ideas.[15]

Heated controversies regarding the proper kind of "corporative reconstruction" (if any) to be attempted under Nazi auspices were carried on during 1933 and 1934. Although corporatist proposals were strongly supported in Labor Front circles there was much diversity of opinion among high Nazi officials, and the Führer himself seems to have held aloof from the disputes. Industrial and financial circles were inclined to identify corporatist ideas with the "radical wing" of the party; Spann's theories came under attack from Catholic and academic quarters, and were pronounced heretical on certain points of racial dogma by Rosenberg and other official party philosophers. Bureaucrats were generally suspicious of proposals to establish "autonomous" estates which might jeopardize central state control of economic affairs.[16] Though Dr. Ley, as leader of the Labor Front, had previously been among the most enthusiastic supporters of "corporative reconstruction," he finally capitulated to these and other pressures at the end of 1934, declaring that:

[15] Cole, *loc. cit.*, 447.
[16] *Ibid.*, 448–50.

I feel called upon to take issue with the idea of organization by estates as it is found in Professor Othmar Spann's teachings, in the Italian corporative system, in the Austrian estates system, and in the demand for "organic construction" found in the twenty-fifth point of the National Socialist Party program and as it has at least in part been realized by the Labor Front.[17]

Although the exploitation of certain aspects of the German corporatist tradition in Nazi propaganda during the movement's rise to power and during the initial years of the Hitler regime has served to call attention to the problem of corporatism in German intellectual history, the Third Reich itself scarcely amounted to more than a minor and somewhat ambiguous incident in the evolution of that doctrine. The theories to which Nazi spokesmen paid tribute in the period before 1933 were neither the most representative nor the most influential expressions of the previous corporatist tradition, and after 1935 even these doctrines were officially repudiated. The actual political and economic organization of the Third Reich did not even roughly correspond to the specifications laid down by any of the main schools of modern corporatist theory. Certain so-called *Stände* were created by official fiat, but these figured merely as subsidiary organs of control in a centralized, authoritarian scheme which relied more heavily upon other agencies. There would seem, therefore, to be little justification for making the so-called Nazi *Ständestaat* the sole—or even the principal—focus of a discussion intended to help clarify the permanent significance of corporatist currents in recent German political philosophy.

This German "corporatist tradition" is not easy to characterize within a brief compass. There has never been a definite standard of orthodoxy. At most there has been a somewhat nebulous generic ideal—that of an "organically constituted"

[17] *New York Times* (January 2, 1935) 5.

Ständestaat. Ranged above this common denominator, however, there is to be found a vast multitude of otherwise heterogeneous theories, each dealing from its own particular standpoint with a different set of data and problems. Before attempting to describe the great variety of specific theories, therefore, a brief examination of some of the philosophic roots of German corporatism may not be out of place.

The *ständische Idee* in German political and social theory has always been closely bound up with an "organic" conception of state and society (derived from Greek political thought by way of medieval scholasticism) which elaborates upon the more or less explicit assumption that valid comparisons can be made between a living body and a politically organized community. This generic conception has furnished virtually all German corporatists with a varied array of arguments in support of their central theses. For example, they have held that in the social body as in a living organism the demands of the whole must always take precedence over those of single members or parts, inasmuch as the existence of each part necessarily presupposes the existence of the whole, while the converse is not invariably true. (The loss of a finger need not be fatal, but when the whole body dies the finger also perishes.) Just as all the parts of the body are not equally indispensable to the whole, so men are unequal in capacity and hence unequal in social (if not in divine) worth. From this premise it is deduced that there must be an unequal apportionment of social functions, rewards, rights, duties, privileges and responsibilities among individuals. Just as the brain or will presides over the conscious activities of a human being, so the state must have a single head, and a hierarchical organization of authority must correspond to the subordination of lower bodily functions to the higher. At the same time, however, the unconscious character of certain physical functions,

such as breathing or the beating of the heart, and the automatic reflexes of the human nervous system, lend support to a pluralistic interpretation of sovereignty and serve to establish the need for political federalism and decentralization. The human community is held to be essentially like a living organism, also, in that its existence must be dominated by one central purpose—that of preserving inner coherence and harmony—for in the social body as in any living body the persistence of unresolved internal conflicts must ultimately have fatal consequences. Sudden or violent interruptions of an existing continuity of development are, moreover, as little to be desired in a social body as in a natural one; hence social change can only be a peaceful and gradual process, and must not disturb the relation of the various parts to one another or to the whole.[18]

This organic analogy can, of course, be made to support a wide variety of conclusions regarding the form of the state and the relation of the individual to the community. While it furnishes a number of very convenient philosophic cornerstones for the theory of corporatism, it can also be used to sustain the most extreme individualism—it was so used, for instance, by Herbert Spencer. Even as employed by corporatist writers to attack individualism, the organic analogy has taken different forms depending upon what conclusions the various theorists have been most anxious to prove. In general, the writers of the early nineteenth century were inclined to stress the desirability of a strong, unified (though not highly cen-

[18] F. W. Coker, *Organismic Theories of the State* (New York, 1910), presents a discussion of some of the major nineteenth-century manifestations of this conception, which exercised a particularly strong hegemony over political thinking in Germany, and found numerous adherents elsewhere. Coker aptly observes (191–2) that "The desire to combat . . . theories which regarded the State as the creation or tool of man was the dominant aim of the earlier writers of the century and was an underlying mood of perhaps all. . . ."

tralized or completely secular) national state, probably because Germany was not at that time afflicted with a conspicuous excess of unitary political organization. Hence the primary attributes of an organism were commonly represented to be its unity, its singleness of purpose and its internal subordination, harmony and coherence. Later theorists, who were much less metaphysical and much more conversant with the vocabulary of the rapidly growing sciences of biology and psychology, tended to place more stress upon other "organic" attributes—chiefly upon the specialization of members according to function, and upon the "automatic" or "autonomous" action of various organs. This shift of emphasis ran roughly parallel with the revival of interest in pluralism and federalism, both of which were critical of the developments that occurred—most strikingly in the latter half of the century—in the direction of monistic state sovereignty, secularism and centralization.

Developing as they did, however, under the continuous influence of one form or another of the "organic" conception, German corporatist doctrines have typically expressed antipathy to the individualism of the Enlightenment, to the egalitarianism of the French Revolution and to the Marxian theory of class conflict. Furthermore, Manchester liberalism, Jacobin democracy and revolutionary socialism have as a rule been subsumed under a single rubric and then rejected as products of the same spirit of "mechanical" or "atomistic" individualism.[19] Most German corporatists have held this spirit to be the antithesis of a truly "social" outlook, and in place of individual rights, interests and values they have stressed

[19] In order to appreciate why Marxian socialism was attacked by corporatists during the nineteenth century mainly by reason of its "overemphasis" upon the individual, rather than by reason of its "subjection" of the individual to society, it is essential to remember that Marx and Engels laid much stress upon their thesis that the final resolution of class conflicts in a classless, socialist

the binding ties of the community. They have insisted, further, that the social needs and obligations of men are not exhausted by participation in a territorial state, and that many subsidiary manifestations of the associative impulse also require institutional embodiment. Hence according to the generic corporatist conception the nation is an "organic" union of many lesser communities or "estates" rather than a simple aggregation of interchangeable human "atoms."

It is perhaps readily understandable, in view of their common affiliation with this "organic" system of social values, that particular designs for realizing a corporative society have uniformly refused to countenance sudden, violent or revolutionary methods of bringing about changes in the distribution of power, wealth and income. On the other hand, economic affairs have been unanimously acknowledged to be a social concern, and hence subject to some political regulation. A few theorists have advocated thoroughgoing governmental intervention in economic processes, but the great majority have laid stress upon the desirability of "economic federalism" and "self-government in industry," repudiating *étatisme* and bureaucratic, central control as inimical both to efficiency and to freedom.

In the specific programs of German corporatist reformers during the past hundred years the most characteristic demand has been for the statutory establishment of a universal scheme of vocational or professional organizations in which each constituent "corporation" would be endowed with a more or less extensive body of legal rights and duties. These duties

society would ultimately make possible a "withering away of the state" and the establishment of absolute individual freedom (anarchy). The contemporary socialist movement was, moreover, exceedingly vociferous in denouncing the "bourgeois state" for its oppressive treatment of the workers both as a class and as individuals, and in demanding the extension of individual liberties and of individual welfare.

would include the representation of group interests *vis à vis* other groups, and the maintenance of harmony among its own component elements. Every vocational group would be organized, and every occupationally active person would be a member of the appropriate professional organization. Considerable disagreement has existed as to whether membership should be voluntary or required by law, but those who have held to the voluntary principle have generally counted upon the efficacy of a preliminary moral revival to strengthen communal impulses and so to bring about the necessary universality without external constraint.

The most common unit of organization proposed has been the trade (*Fach*) or profession (*Beruf*). Employers and workers have generally been considered as representing separate subdivisions of the same vocational category. Provision has commonly been made for conciliation of divergent interests within each group, and in particular for arbitration of the conflicting demands of management and labor. Many schemes have favored compulsory arbitration of wage disputes, some have advocated legal prohibition of strikes and lockouts, and all have had the aim of moderating industrial strife with a view to its ultimate elimination. Some sort of council would embrace all persons associated with a single enterprise or establishment, and a pyramidal structure would then be evolved out of combinations of these bodies at regional and national levels. A corporative chamber or national economic council, variously projected as subsidiary to, as co-equal with, or as superseding the territorial parliament, has usually been placed at the apex of this pyramid as the supreme organ of "functional" representation.

In the course of its development this corporatist tradition, like its hostile counterparts, the liberal and socialist traditions, has been intimately bound up with virtually the whole

complex of modern political, economic, social and cultural problems. In formulating their own attitudes toward these problems German corporatist writers have found occasion to discuss almost every aspect of latter-day civilization, from ultimate moral values to minute practical details of political and economic organization. The appearance of corporatism in Germany as a distinct genus of political and economic speculation must be dated at least as early as 1800, and many elements of the corporatist *Weltanschauung* derive from sources as remote in time as the social teachings of Thomas Aquinas or Plato's *Republic*. The doctrine's recent evolution has been shaped in some fashion by virtually every important development in the nation's history since 1789; and its growth has been fostered by a vast assortment of individual contributions, each reflecting the peculiar antecedents and circumstances of the contributor.

Corporatism made its appearance in Germany as an expression of conservative and nationalist antipathy to the philosophy and practice of the French Revolution, its first manifestations having been largely the products of a desire to defend Germany's traditional social institutions—the estates and corporations of the *ancien régime*. Adam Müller and other Romantic political theorists took sharp issue with the Revolutionary gospel of individual liberty and rejected the Jacobin ideal of equality, holding that social stratification in an "organic" hierarchy of estates was an ineluctable necessity arising out of the essential dissimilarity of men.[20] Nationalist philosophers like Fichte and Hegel shared many of the Romantics' prejudices against "atomistic" individualism, and

[20] Chapter II elaborates somewhat upon this point and upon the following brief characterizations, which are included here merely in order to suggest the diversity, as to origins and general purport, of the principal early nineteenth-century contributions to the theory of corporatism.

sought to reconcile individual freedom and growth with social harmony and stability in an "organic" state resting upon differentiation of functions and privileges.

Another important increment to the German corporatist tradition was furnished by certain pre-Marxian critics of industrialism and of laissez-faire economics who deplored the tendencies toward social polarization which they believed were inherent in private, competitive capitalism. Catholic social reformers like Baader hoped that a new scheme of estates, purged of anachronistic features but embodying the "eternally valid principle of association," would make it possible to counter the progressive alienation of the propertyless wage worker from the remainder of the social body. The "feudal socialist" Karl Marlo reflected the misgivings of craftsmen and small property owners with respect to their economic prospects in an era of developing capitalism, propounding a scheme of "economic federalism" designed to preserve many features of guild organization and crowned by a "social parliament" of occupational estates.

As the century grew older political and economic liberalism came to express the desires of the educated and propertied middle classes for a larger influence upon national affairs and for an end to traditional restrictions upon the free play of individual forces in economic life. Among those who resisted this program organic "estates" doctrines, drawn largely from Müller and other Romantics, became articles of common faith. F. J. Stahl, a champion of Junker predominance and of dynastic cameralism, upheld the ideal of an absolute, paternalistic monarchy drawing strength and vigor from consultation and collaboration with "the most valuable elements of the community" represented in the traditional *Landesstände* (nobility, clergy and yeomanry) of Prussia. When liberal agitators sought, with some success, to rally the politically submerged

masses to their cause, conservatives began to talk of the desirability of incorporating a "fourth estate of the dispossessed" in the monarchical scheme as an alternative to "head-counting" and parliamentarism.

During the latter part of the nineteenth century a number of new factors entered the political and social context within which corporatist doctrines were to develop with renewed vigor. The most weighty of these factors included the emergence of political parties, the adoption of parliamentary institutions, the unification of Germany, the coming of industrialism, the rise of Marxian socialism and the sharpening of economic and social antagonisms. Each of these developments was to have a distinct bearing upon the form and content of corporatist theories elaborated after 1848 and especially after 1870.

If the preceding era had been dominated by constitutional politics, the new age was to witness the growing ascendancy of a "social problem" that elicited universal interest and became a focal point for theoretical discussions as well as for practical politics. The corporatist doctrines evolved during this new age of "social politics" exhibited many new preoccupations which distinguish them sharply from earlier expressions of the same generic conception. The most strongly marked of these distinctive features was an increasing propensity on the part of corporatist writers to regard materialism and Marxian socialism as the most serious contemporary challenges to "organic" ideals of social harmony, economic stability and national solidarity. Political liberalism and laissez-faire economics continued to draw criticism, but mainly by reason of their alleged tendency to play into the hand of revolutionary socialism.

Thus, under the impact of the industrial revolution which was going forward with such vigor during the final third of

the nineteenth century, German corporatist theories came to reflect many of the actual and ideal conflicts which still remain unresolved in modern society. In view of their immediate relevance to the twentieth-century scene, therefore, some of the principal manifestations of corporatism in Germany since 1870 deserve special investigation.

It would, however, be an ambitious undertaking to attempt within a restricted compass more than a cursory survey of the voluminous recent literature of corporatism in Germany, and a more intensive historical treatment of the whole range of individual contributions from 1870 to the present would doubtless require a considerably larger format than this book provides. The aim of the present investigation therefore is to focus attention upon a few important segments of the whole problem rather than to strive after encyclopedic scope. Three distinct types of recently developed corporatist theory have accordingly been singled out for comparative study in relation to the social politics of the half-century between the establishment of the Hohenzollern empire and the adoption of the Weimar constitution.

Each of these types of corporatist doctrine figured as an integral element in one of the three most consequential anti-Marxian, anti-liberal programs of social reform advanced during the period 1870–1919. The first two of these movements—Social Catholicism and Monarchical Socialism—had their inception near the beginning of the period under review, elaborating and propagating their distinctive corporatist ideas most energetically during the two decades prior to 1890; while the third program—German Collective Economy—enjoyed only a brief span of active life during the years of war and revolution at the end of the period. Only one of these programs, Social Catholicism, sought and gained a popular following of any size or permanence. Monarchical Socialism

was more a tendency than a homogeneous movement, having been variously manifested in the ideas of academic economists like Albert Schäffle and Adolph Wagner, in the (evangelical) Christian-Social agitation of Adolf Stoecker and in the social politics of Bismarck. German Collective Economy represented scarcely more than a temporary union under one aegis of several loosely connected tendencies, and its program was not identified with any clear-cut, independent political movement or parliamentary grouping.

Each of these programs was either conservative or only moderately reformist, conceiving of state and society in "organic" terms, and rejecting "mechanistic," "materialistic" and "revolutionary" theories of social organization and change. All aimed at non-violent, gradual alteration of the social order so as to bring about stable, harmonious collaboration among all existing elements of the community. All sought to promote a new economic and political outlook that would stress communal rather than individual or class values and interests as the essential prerequisite of a program of corporative reconstruction designed to give fuller scope to "wholesome associative impulses" within a series of "functional" occupational groups. Finally, all shared the general aim of establishing some sort of corporative legislative chamber, though agreement was lacking as to the proper constitutional attributes of such a body.

In the discussion that follows an attempt is made to elucidate these three major theories of corporatism in relation to the social politics of the period, and in relation to the secular tendencies in German social thought that have already been identified as the corporatist tradition. Because the roots of this tradition are so deeply embedded in the nation's past, an adequate appraisal of its more recent manifestations requires that some account be taken of at least the signal events in its

evolution before the industrial era. Furthermore, the conscious dependence of Social Catholicism, of Monarchical Socialism and of German Collective Economy upon previous exponents of the generic corporatist ideal was strong and explicit. In order, therefore, to indicate some of the principal antecedents of these doctrines, the next chapter undertakes a cursory survey of the chief relevant contributions to the generic corporatist theory between 1789 and 1870.

CHAPTER TWO

GERMAN CORPORATIST DOCTRINES BEFORE 1870

Corporatism, as a conscious theoretical movement, made its first appearance in Germany immediately in the wake of the French Revolution, at a time when nationalist and conservative antipathy to the works of Robespierre and Bonaparte was calling forth strenuous intellectual efforts to defend the nation's traditional estates and corporations in opposition to the new scheme of political and economic organization that had just made a spectacular debut on the banks of the Seine. Prior to 1789 the "old corporative order" had commonly been taken for granted in central Europe, for German society, even after the rise of the absolute monarchies, had retained intact a large assortment of characteristically medieval institutions,[1] and political thinking had been but little affected by the currents of individualism and rationalism that had been stirring so vigorously in other parts of Europe during the seventeenth and eighteenth centuries.[2]

The French Revolution figured in two major respects as

[1] J. H. Clapham, *The Economic Development of France and Germany, 1815–1914* (3 ed. Cambridge, 1928) 82–3.

[2] Reinhold Aris, *History of Political Thought in Germany from 1789 to 1815* (London, 1936) 21 f.

a catalyst of corporatist thinking in Germany. Carrying forward the work begun by the absolute monarchy of the Bourbons, it swept away the surviving remnants of medieval pluralism. At the same time it proclaimed legal equality and abolished the social distinctions embodied in the medieval regime of personal status. It sought to realize "the rights of man and of the citizen," and this use of the singular (*de l'homme, du citoyen*) was significant, for it served to put particular stress upon individual men rather than upon groups or categories of men. Only the extreme terms of political society—the citizen and the state—were recognized, the effect being to exclude all intermediate units like the family, the occupational or professional group, the religious community, or the economic, political and cultural entity exemplified by the feudal estate. The classic definition of this "atomistic" concept was contributed by Rousseau himself in his dictum that "the general will achieves its purest expression when all citizens confront the state as individuals and are not bound together in lesser associations [*associations partielles*]." [3] Revolutionary legislation was conceived in this spirit. The guilds were abolished, and a decree of June 17, 1791—the famous Le Chapelier law—made all private combinations illegal. Previously, on March 17 of the same year, a law establishing unrestricted freedom of occupation had opened all careers to talent. Complete equality of all citizens before the law was proclaimed, and feudal dues involving personal services were swept away.

Among the educated classes in Germany the Revolution was at first greeted with varying degrees of acclaim. But as the trend of French events became more clear increasing hostility began to be manifested, not only by those who saw their interests directly threatened by the revolutionary program but

[3] *Le Contrat social,* Livre II, Ch. 3.

eventually also by many who had been vociferous in applauding the downfall of the old regime in France. This latter opposition was in part the product of humanitarian, traditionalist and religious revulsion against the events of the Terror, augmented in some quarters by disillusionment at the spectacle of Napoleon's military dictatorship arising in the bosom of liberty and equality. After 1806, especially, all types of anti-revolutionary sentiment were powerfully reinforced by an upsurge of German nationalism directed against the foreign conqueror and aiming at a vindication of the nation's political and cultural individuality.[4]

Fichte's Closed Commercial State

Johann Gottlieb Fichte (1762–1814) typified many aspects of this general development, and particularly the emergence of militant national sentiment. Coming from a plebeian background, he had won a youthful reputation as Kant's most brilliant disciple, and he had been an enthusiastic partisan of the most extreme Jacobinism.[5] During the first years of the new century, however, and especially during the struggle against Napoleon, Fichte progressively abandoned the rationalistic, individualistic political ideal of his youth and early manhood, evolving in its place an organic conception of the state that eventually became almost theocratic in spirit. Between 1796 and 1813, in the course of his transition from a point of view

[4] R. Aris, *op. cit., passim;* G. P. Gooch, *Germany and the French Revolution* (2 ed. London, 1927); F. Meinecke, *Weltbürgertum und Nationalstaat* (7 ed. Munich and Berlin, 1928) Chs. 1–12.

[5] His first published works were devoted to a savage attack on the princely despots who imagined that they could stifle the new spirit of liberty by suppressing freedom of thought and discussion: *Die Zurückforderung der Denkfreiheit von den Fürsten Europas* (1793) and *Beiträge zur Berichtigung der Urteile des Publikums über die französische Revolution* (1794).

that approached philosophic anarchism [6] to one that closely resembled Hegel's absolute state in the service of the world spirit, Fichte developed a number of ideas that were destined to have an important impact upon subsequent corporatist thinking in Germany. The most noteworthy of these ideas were set forth in a remarkable little book, published in 1800, in which Fichte proclaimed the virtues of a "closed commercial state." [7] The scheme of political and economic organization outlined in this treatise had much in common with the egalitarian social ideal of Babeuf, but it also had many strong affinities to medieval times, and embodied certain features which were to arouse the admiration of not a few corporatist critics of liberal individualism and later of Marxian socialism.

Departing from his earlier conviction that social harmony and universal well-being would follow automatically if a regime of complete economic freedom could be established, Fichte posited that the government of his "closed commercial state" must assume responsibility for seeing to it that every man received his due (*das Seinige*).[8] This responsibility arose out of a special *Eigentumsvertrag*, which formed part of the general social contract, by virtue of which the "sphere of free activities" was equitably apportioned among various natural *Stände*. The earliest and most general division was that estab-

[6] *Vorlesungen über die Bestimmung des Gelehrten*, in *Sämmtliche Werke*, ed. J. H. Fichte (Berlin, 1834–46) VI, 306: "The state proceeds to its own annihilation; the purpose of all governments is to render government superfluous." *Cf.* also 315, 318.

[7] *Der geschlossene Handelsstaat*, in *Sämmtliche Werke*, III, 387–513. The contemporary influence of this work was slight, for the public generally regarded it as a piece of utopian speculation. Fichte seems, nevertheless, to have intended it as a body of practical proposals, indicating as much in his prefatory dedication of the book to the Prussian minister, von Struensee.

[8] *Ibid.*, 402–3.

lished between primary production and manufacturing, the estate of "producers" receiving an exclusive right to engage in the production of crude materials, and that of the "artisans" gaining a similarly exclusive right to work up the natural products delivered to them by the producers. A third estate, that of the "merchants," came into existence when the first two sought to avoid the inconvenience of negotiating directly with one another, and reciprocal rights and duties were established among all three by a new contract. Each of the principal estates was then subdivided into "trades" and "callings," an exclusive sphere of activity being allotted to each by virtue of a contract with all the others.[9]

"All those contracts derive objective validity from the specific laws of the state, and it is the duty of the government to watch over their observance." In particular, it was the state's prime responsibility to maintain the economic balance of the nation with a view to achieving complete independence of foreign countries. In practice it would be especially important to prevent the number of artisans, merchants and other "non-producers" from rising above a level determined by the productivity of agriculture—that is, by the available food supply. Entry into any trade or profession must accordingly be made conditional upon the granting of special permission by the public authorities, and applicants would have to be refused such permission if the quota for a given trade had been filled. Further, the state should insist that essential occupations be filled before permitting entry into those devoted to luxury goods and services.[10]

In terms highly suggestive of the famine economy of a medieval town, as well as of the total war economy of a twentieth-century nation-state, Fichte then went on to sketch

[9] *Ibid.*, 403–7.
[10] *Ibid.*, 408–9.

a series of measures by means of which the closed commercial state ought to regulate economic life so as to provide a suitable livelihood for every citizen—planning and control of the volume of production, compulsory buying and selling at fixed prices, control of quality by setting examinations for prospective craftsmen, state-managed warehouses as a safeguard against crop failures and, finally, prohibition of privately conducted foreign trade and substitution of a state monopoly aiming at the highest possible degree of autarchy.[11]

A particularly interesting consequence of the scheme of "directed economy" prevailing in Fichte's closed commercial state was that he regarded the regulation of prices primarily as a means for adjusting the distribution of individual incomes in such a way that everyone would receive enough—but neither too much nor too little—to enable him to live according to his station in society. Such a distribution was to be brought about by fixing all prices from producer to consumer so that only a pre-determined margin of profit could accrue at each sale. Although the *Eigentumsvertrag* had accorded to each citizen a categorical claim to an equal share in the total social revenue,[12] Fichte proceeded rather brusquely to override this egalitarian principle when he came to consider the actual distribution of income in his closed commercial state. In explanation of this apparently illogical behavior, he fell back upon the argument that "relative equality" would, after all, be more just, because its result would be "to give to each one the kind of strength and well-being which he needs to maintain himself in his particular trade. Thus, for example, the man who occupies himself with deep philosophical speculation . . . would not have his essential needs in any

[11] *Ibid.*, 413, 410, 428 ff., 476, 480, 421.

[12] *Ibid.*, 403: "Whatever is available for consumption [*das Vorhandene*] shall be equally divided among all."

way satisfied if he had to subsist on a plowman's diet." [13] Each man possessed, that is, only an equal right to be maintained in a manner appropriate to his social function—a principle which several centuries earlier had formed a central element in the medieval scholastics' doctrine of a "just wage."

In *Der geschlossene Handelsstaat* a significant alteration of Fichte's views regarding occupational freedom is also to be discerned. In his lectures on "The Vocation of the Scholar" (1794) he had announced his conviction that the ultimate aim of human society should be the ethical perfection of all its members, each of whom possessed, as a human being, an equal right to develop his talents and capabilities to the fullest possible extent.[14] In 1800, however, he assigned to the government of his closed commercial state the power to exclude applicants from overcrowded professions and to conscript workers into occupations where more hands were desired. Once having entered an occupation in the closed commercial state, moreover, one would not be allowed to leave it at will.[15] Thus, as in Plato's *Republic,* a rigid separation of social strata (or functional groups) was to be maintained.

Fichte's closed commercial state was the first coherent expression in Germany of an economic and social point of view grounded in eighteenth-century rationalism but diametrically opposed at many points to that of the French Revolutionaries. As such it became an object of veneration for many later critics of "atomistic" individualism in politics and of laissez-faire in economics, furnishing inspiration and support to those who, whether from the "right" or from the "left," took fundamental issue with the proposition that political co-

[13] *Ibid.,* 417 f.

[14] *Sämmtliche Werke,* VI, 320. Moreover, "the choice of an estate (*Stand*) is a free choice; hence no man ought to be forced into an estate, nor ought any man to be excluded from the estate of his choice."

[15] *Sämmtliche Werke,* III, 423.

hesion, economic justice and social harmony were most likely to be realized by allowing full scope to the free play of individual forces. Furthermore, in deriving the state from a social contract entered into by naturally constituted functional groups rather than by isolated, undifferentiated individuals, Fichte foreshadowed an idea that was to figure subsequently as a central element in corporatist social philosophy. Homage was appropriately paid to his closed commercial state, therefore, by a long succession of later contributors to the German corporatist tradition, among whom may be mentioned Hegel, Baader, Marlo, Schäffle, Rathenau, Moellendorff, Spann and Sombart, each discovering in Fichte's ideal commonwealth some features that corresponded with his own corporatist social ideal.

In addition, Fichte's direct influence upon the immediately ensuing stage in the development of corporatism in Germany —the "estates" philosophy of certain Romantic political theorists—was profound. As a pioneer of the organic conception of the state he contributed heavily to the thought of his pupil Friedrich Schlegel, as well as to that of Schlegel's friend Adam Müller. The attack which Fichte leveled against the individualism of the Enlightenment during the last decade of his life thus furnished an indispensable philosophic point of departure for the Romantic generation. Indeed, it is perhaps only a slight exaggeration to say that "without his ideas the social philosophy of German Romanticism would have been unthinkable." [16]

Adam Müller's Organic *Ständestaat*

Like Fichte in his Jacobin period, many of the German Romantics were at first filled with enthusiasm for the French

[16] J. Baxa, *Einführung in die romantische Staatswissenschaft* (2 ed. Jena, 1931) 11.

Revolution. Novalis, the brothers Schlegel, Görres and Adam Müller were all ardently sympathetic with the cause of liberty, equality and fraternity upon its first appearance. But as their initial mood of humanitarian optimism passed away, there occurred a profound change in their attitude. They continued to think of themselves as apostles of individual freedom, but they came to detest what they described as the "mechanical" and "atomistic" individualism of the Revolution. By eliminating legal distinctions among citizens, by interpreting equality as uniformity of treatment, the French Revolutionaries had, as these Romantics believed, destroyed individuality, which for them was the true essence of freedom. Only by recognizing inequality and by accepting its social consequences in the form of privileges, constituted authority and social hierarchy, could the freedom of the individual to be himself be fully realized.

For the generation that had grown to maturity under the spell of Herder, moreover, the unique genius of the German nation stood above all single personalities. That nation itself was not only endowed with an individuality of its own; it was an organic union of many lesser and contributory "personalities"—families, communes, corporations, guilds, estates, religious communities, universities and a host of others. The phenomenon of a nation, they held, could not be explained simply as the product of a deliberate contract arising out of the rationally calculated self-interest of individual citizens; they followed Burke in concluding that such a union of infinitely varied component parts could only be the product of a slow growth during many generations of common experience and feeling. They were desirous moreover of establishing a strong state that would be able to vindicate the individuality of the German nation against foreign encroachment, but the French model did not appeal to them because it seemed to rest upon

an artificial and harmful dichotomy between individual and community. Instead they favored the insertion of a pluralistic scheme of *Stände* in which individual forces might initially be drawn together and harmonized with a view to their more effective ultimate utilization as sustaining elements of the state.

Adam Müller (1779–1829) was the only member of the German "Romantic school" to occupy himself exclusively with political speculation, possibly because he completely lacked artistic talent of any sort. As a youth Müller had been a strong partisan of the Revolutionary cause, and for a brief period he had also been considerably impressed by the force of Adam Smith's teachings. These loyalties proved transitory, however, and by 1800 his Jacobin zeal had entirely evaporated, together with his enthusiasm for *The Wealth of Nations*. Like many of his Romantic friends, he soon came to the conclusion that the Protestant Reformation had been a regrettable departure from the glorious religious tradition of medieval Germany, and in 1805 he was received into the Roman Catholic Church. By 1807 he was joining in an embittered attack, led by the irreconcilable Prussian Junker, von der Marwitz, upon Stein's reform program. As a consequence of this episode he was barred from a post in the Prussian civil service; but Austria took him in, and he thenceforth lent his pen and his eloquence to the support of legitimacy. In 1826 he was rewarded with a patent of nobility at the instance of Metternich himself, who on that occasion informed the Emperor that:

> In the past twenty years he has employed his talents as an author on behalf of good and right, of the monarchical principle and of religion in such measure that . . . by this means many waverers have been strengthened, many strays led back to the true way and also many won for the good cause who but for the penetrating

word of truth would have adhered to the tirelessly active party of the innovators.[17]

The organic conception of state and society as it had been developed by Fichte, Schelling and Schleiermacher furnished Müller with the major premises for his out-and-out assault upon the individualistic political ideal of the Enlightenment and Revolution. He scornfully repudiated the notion that men were equal in endowment or in value to society. Freedom, to his way of thinking, could therefore flow only from the imposition of a restrictive social discipline under which each man would be enabled to express his own individuality by exercising the function appropriate to him in the organic hierarchy of nature.

"Nothing," he maintained, "can be more opposed to freedom . . . than the notion of external equality." The French egalitarians were, he felt, destroying freedom by setting aside "all the individuality, all the variety, of the nation," for true freedom was "nothing else but the universal striving of extremely diverse natures after growth and life." [18] Moreover:

> If the separate components of civil society were not endlessly unequal and varied there could be no state, for the state was surely not established once and for all by one original compromise that reconciled and united all conflicting elements; rather, it is itself a continuing process of compromise, reconciliation and agreement among these elements.[19]

The state, therefore, was "not a mere factory, a farm, an insurance office or a commercial company"; it was "the inner union of all physical and moral needs, of all physical and

[17] Quoted in R. Butler, *The Roots of National Socialism* (New York, 1942) 69.

[18] *Die Elemente der Staatskunst* (1809), in *Die Herdflamme Sammlung*, ed. Othmar Spann (Jena, 1922) I, Part I, 151.

[19] *Ueber König Friedrich II und die Natur, Würde und Bestimmung der preussischen Monarchie* (1810), cited in Baxa, *op. cit.*, 185 f.

spiritual wealth, of the whole inner and outer life of a nation, in a great, energetic, eternally active and living whole." "It is also a union of many successive generations; it is not merely infinitely great and *innig* in space, it is also immortal in time." "It is the totality of human affairs." [20]

In order to find the true principle of freedom, Müller insisted, one must turn to nature, to the origins of communal life at the stage when the *Rechtsidee* of freedom first began to be realized in the family. "In every family, nature has established the basic scheme of inequality characteristic of human life; that is to say, the most sharply contrasted forms of freedom: elders and young people, husband and wife." Hence to conform with the law of nature the same scheme must be repeated in the state, which was "the family of all families." In the political community the estates corresponded to the elements of the family—the clergy to the elders and the laity to the young people. Among the laity, in turn, the nobility corresponded to the wife and the commoners to the husband.[21]

Each estate was endowed with its own characteristic form of property—the clergy held theirs as corporate property, the nobles as entailed family property, and the commoners as individual private property. Furthermore, each estate occupied a special position relative to the cosmos of nature. The commoners engaged in material creation and transformation, giving motion to "the motley, rich but transitory life upon the earth's crust." The life-mission of the nobility was bound up with nature, "with the soil and its permanence," while that of the clergy embraced the infinite and eternal glories of Heaven. Considered together, these estates represented "the three generic types [*Grundgestalten*] of freedom which of themselves can both limit and guarantee one another by means

20 *Die Elemente der Staatskunst*, I, Part I, 37, 48, 60.
21 *Ibid.*, 190, 368, 370. *Cf.* also 116.

of their reciprocal opposition . . . because each stands for one eternal element in human nature." Likewise, "through the truly corporative opposition [*wahre Standesopposition*] of nobles and commoners . . . the power of the sovereign is simultaneously limited and created, for only through continual limitation can real power come into being." [22]

Among the three estates the highest rank belonged to the clergy. In political life the priest's essential function was that of mediation—within the nation it was his task to conciliate differences between the two other estates and in general to uphold the unity of society by fostering Christian feeling; in international affairs the clergy had the duty of mediating between states and of maintaining respect for the law of nations. To perform these tasks the clergy required a rich endowment of worldly goods and of "other instruments of power."

Müller held a similarly exalted view of the place in society appropriate to the second estate, that of the hereditary landholding nobility. The moral basis of this estate was "self-sacrifice on behalf of the whole community, on behalf of the state." It was of the essence of nobility "to live, to suffer, to care for others, to keep oneself pure from every taint of the vulgar, . . . to show how infinitely one values the whole which one serves as a single member." "The nobility ought to represent the moral and spiritual power in the state, for thus the nobility plays its part in that great marriage called the state, the same part as that played by the wife in marriage as we ordinarily understand it." [23]

Müller's silence concerning the political vocation of the third estate may be left to speak eloquently for itself. The special province of the commoners, besides, was pre-eminently that of economics. The four basic occupations of economic life

[22] *Ibid.*, 287, 301, 319, 189.
[23] *Ibid.*, 288, 109.

—agriculture, urban production, commerce and intellectual production—corresponded, Müller thought, to the four main elements in the wealth of a nation—land, labor, money and culture—and also to the four elements of the family, in which "creative nature is represented by the wife, labor by the husband, the exploitation of physical capital by the young people and that of spiritual capital by the elders":

> Complete economic life consists of the individual development and reciprocal interaction of the four economic estates—the clergy, the nobility, the productive *Bürgerschaft* and a genuine estate of merchants—though this last estate is yet to be created—that is, of a *Lehr-, Wehr-, Nähr-, und Verkehr-Standes.*[24]

Müller regretted that the commercial classes could not yet be regarded as an estate, owing to the fact that hedonistic motives governed their behavior to the virtual exclusion of supra-individual values. He attributed this state of affairs to the medieval clergy's "neglect" of worldly affairs, which had left the whole field of economics to be pre-empted by the individualist principle. As a consequence, "spiritual interests are today pushed aside; the 'mercantile' element is everywhere supreme; where once the clergy stood the merchants now rule; in the place of God they install Gold. . . . The future task of political economy is to reduce commerce to its proper sphere and to bring it once more into balance with the other estates."

Consistency in matters of detail was not one of Müller's virtues, and further elaboration upon his ideal *Ständestaat* would be unrewarding. Enough has been said, however, to indicate the general bearing of his ideas upon the subsequent evolution of corporatist doctrine. His ideal was, broadly speaking, the theocratic, hierarchical and pluralistic society of the

[24] *Ibid.*, I, Part II, 33 f., 41. *Cf.* also 120 ff.

Middle Ages, or rather his inexact notion of what that society had been like. (He was apparently unaware, for instance, of the gross anachronism he was perpetrating when he superimposed upon his quasi-feudal structure a sovereign national state that absorbed "the totality of human affairs.") While he himself had little interest in practical politics his writings, at least by implication, upheld the political, economic and social *status quo*. Thus his organic estates doctrine provided intellectual foundations for political conservatism as well as for agrarian and handicraft opposition to economic and social change. His ideas profoundly influenced the thinking of conservatives like Friedrich J. Stahl and Ernst Ludwig von Gerlach in their resistance to liberal constitutionalism. Müller's hostility to "plutocracy" and to laissez-faire economics was a source of inspiration to "feudal socialists" like Marlo and Rodbertus, besides contributing important elements to the social critique developed by academic "state socialists" and by "Christian socialists" of both faiths in the second half of the century. Finally, as the hero of Othmar Spann and his twentieth-century "neo-romantic" or "universalist" school, Müller became an early patron saint of National Socialism, though he fell into neglect after 1933 when the Hitler regime turned its attention to practical exigencies of power.

The Estates of Hegel's Civil Society

By 1815 German political thought had taken long strides away from the individualism of the Enlightenment and of the French Revolution. The path toward an "organic" in contrast to the "atomistic" concept of state and society had been marked out by Fichte, Schelling and Schleiermacher, and had been enthusiastically explored to its farthest reaches by Adam Müller and his Romantic friends. It remained for Georg Wilhelm

Friedrich Hegel (1770–1831) to construct in the early years of the Restoration a monolithic intellectual synthesis out of the heterogeneous assortment of vague and often incoherent notions critical of "atomistic" individualism that had been steadily accumulating in German political speculation since the turn of the century. An integral part of the Hegelian system was a classic statement of the philosophic grounds underlying many a subsequent expression of the generic corporatist ideal.

The summation of Hegel's mature thought on political and social organization is to be found in his *Outline of Natural Right and Political Science,* first published in 1821 and republished in 1833, with the inclusion of a substantial body of notes and additions gleaned by students from the master's lectures, as *Fundamentals of the Philosophy of Right.*[25] It has been aptly observed that one of the great merits of this work was "to express the growing complexity of the problem of political organization in the ideal sequence of its factors: the Individual, Society, the State." [26] The insertion of "civil society" as an intermediate factor between the two extreme terms, "individual" and "state," which the preceding age had so perilously set face to face, was one of Hegel's most momentous contributions to nineteenth-century political theory. In Hegel's "civil society" individuals were neither "self-sufficient" nor "autonomous," for social life, taking its departure from the family, implied a whole series of progressively broadening associations to give adequate expression to its many specific forms and manifestations. Thus while Hegel's state—the ultimate, most universal expression of the associative im-

[25] *Naturrecht und Staatswissenschaft im Grundrisse* (Berlin, 1821) ed. E. Gans as *Grundlinien der Philosophie des Rechts* (Berlin, 1833).

[26] G. de Ruggiero, *The History of European Liberalism* (London, 1927) 229.

pulse—was thoroughly monistic in conception, his "civil society" was a pluralistic structure, embracing a multitude of families, geographical communities, corporations, estates and similar subsidiary groups.

Hegel distinguished three estates in civil society, each corresponding to one main sphere of human activity. A "substantial, natural estate" occupied itself with agriculture and depended directly upon the soil for its livelihood. The estate of industry found its vocation in manufacturing and commerce. The third or "general" estate included the educated, professional classes of the nation, and its business was primarily to look after the interests of society at large in carrying on the actual work of government.

Each estate had its own characteristic mode of life which in turn was reflected in a distinctive psychology. The agricultural estate lived in accordance with a primordial code of natural morality rooted in the patriarchal family and in *"substantielle Gesinnung."* [27] The industrial estate, in which Hegel included craftsmen, artisans and merchants, was essentially a *"reflektierender Stand,"* by which Hegel meant that the city dweller, cut off from direct communion with nature and from direct dependence upon forces beyond human control, came to rely solely upon himself and to think almost exclusively in terms of himself as an individual. Dependent for his livelihood mainly upon his own skill and diligence, "the individual in the industrial estate is referred to himself. . . . Consequently the sense of freedom and order has arisen chiefly in cities." [28] In order that the members of the "general estate" might labor selflessly for the common weal, it was essential either that they should enjoy independent sources of income

[27] *Grundlinien der Philosophie des Rechts, Zusatz* to Par. 203; *Cf.* also Par. 199 and Par. 200.

[28] *Ibid., Zusatz* to Par. 204; Par. 205.

or that the state should make provision for satisfying their direct material wants by paying them salaries.

Both the agricultural estate and the general estate were by their nature sufficiently imbued with a sense of universality, but the industrial estate was too much preoccupied with the particular; that is, with individual interests and concerns. Therefore its members required to be directed toward the universal, and this could happen only when they acquired some principle of cohesion which would be for them what the family was for the cultivators and what the public interest was for the general estate. Such a principle of cohesion Hegel discovered in the *Korporation*. He noted with regret that "in modern times the corporation has been superseded, the intention being that every individual should look after himself. . . . It is, however, needful to provide the ethical man with a universal activity that can stand above his private ends. This universal aim, which the modern state does not always furnish, is supplied by the corporation." [29] In the corporation "the particular, self-seeking purpose becomes part of something truly universal."

There should be a corporation for every branch of industrial and commercial activity, and each corporation ought to embrace all the individuals engaged in a given trade. Under the general supervision of the state each corporation should have the responsibility for defending the professional interests of its members, for providing vocational training and for extending charitable aid to members in distress. In general it should "stand as a second family to its members." To each corporation a body of statutory privileges should be granted by the public authority, though these would not be "special" privileges in the sense of forming arbitrary exceptions to general laws. Rather the corporation's privileges would be "legal

[29] *Ibid.*, Par. 250; *Zusatz* to 255.

definitions of the inherently particular character of one essential branch of civil society." [30]

As Hegel conceived of the corporation, it would be the means not only of assuring to each member a secure livelihood appropriate to his station in life (a just wage), but also of conferring upon him a sense of social worth, a consciousness of full membership in society, and of fulfilling some purpose larger than that of his own personal advancement. "It is . . . recognized that he belongs to and has an active interest in a totality [*Ganzen*] which is itself a component member of society at large and which has interests and concerns that prompt it to serve the unselfish ends of this larger totality—thus the individual has his *honor* in his *estate*." [31]

Hegel laid particular stress upon the need, as he saw it, for placing some objective limit upon individual ambition in the pecuniary sphere, and he conceived of the corporation as a suitable instrument for bringing the exercise of "this so-called natural right of acquisition" within reasonable bounds. "The member of a corporation does not need to exhibit proof of his capacity nor to call attention to the size of his income and expenditure by any external means." The corporation would apply the principle of a suitable livelihood and by this means the "right to acquire by one's skill whatever is to be had" would be "freed from mere opinion and other random influences . . . and would be exalted to the level of a conscious effort to serve a common purpose." [32]

[30] *Ibid.*, Par. 251–252. Like Fichte, Hegel had difficulty in deciding whether or not individuals should have full freedom to choose their occupations. In principle, he declared for unabridged free choice (Par. 262 and *Zusatz*), but he felt that once a choice had been made it should be binding for life (Par. 207), and he made some occupations—that of the land-owner, for example—hereditary (Par. 306–7).

[31] *Ibid.*, Par. 253. Emphasis in original.

[32] *Ibid.*, Par. 254; *Zusatz* to Par. 253.

The corporations, the mediums through which the urban population achieved "conscious and reflective ethical reality" as an industrial estate, required in turn to have their limited and finite ends integrated and harmonized with the universal purpose of society at large. This integration required "the higher superintendence of the state," acting through its external police system:

> Otherwise the corporations would become fossilized . . . and would sink to the level of a wretched guild system [*Zunftwesen*]. The corporation rightly conceived, however, is not an exclusive guild; it is rather the means of giving ethical content to a single branch of industry and of absorbing it into a realm where it can gain strength and honor.[33]

It is not difficult to see in Hegel's "civil society" an idealized description of the essentially rural and handicraft society in which he lived. His estate of cultivators, in a fashion reminiscent of the Physiocratic system, formed the broad base of the social pyramid. Social organization as he described it was an order in which the landed nobility, the learned professions and the urban guilds were arranged in an ordered hierarchy which, for all its pretensions to eternal and universal significance, bore a strong medieval and feudal stamp. Even his "general estate" was clearly modeled upon the Prussian bureaucracy, and was to be drawn from the landed nobility and from the educated professional classes.

Yet it would scarcely be permissible to describe the Hegelian synthesis as an uncritical exaltation of the existing political and social order, and it would be still less legitimate to characterize it (as Müller's ideal might well be characterized) as the product of a nostalgic yearning for the glories of a bygone day. Hegel was too much a child of the rational, humani-

[33] *Ibid., Zusatz* to Par. 255; Par. 256; *Zusatz* to Par. 270.

tarian Enlightenment and too keenly aware of the forces making for change in modern society to embrace a completely rigid, static scheme of social differentiations or to endorse a wholly authoritarian political order. He was keenly disturbed by the rise of what he regarded as a potentially anti-social spirit of individualism, but he did not regard this new spirit as reprehensible in itself, fearing only that if one-sidedly emphasized at the expense of the community it could become a highly destructive, disintegrating force. His corporatist ideal was thus essentially the expression of his attempt to harmonize the demands of the individual with the principle of social cohesion. Thus Hegel's "civil society" was to be simultaneously a fountainhead of inspiration for both individualists and collectivists, as well as for many later corporatists who sought, like Hegel, to achieve a synthesis of the two extreme points of view.

New Preoccupations of Corporatist Theory, 1830–1848

Prior to 1830 the authors of corporatist theories had generally refrained from making specific application of their ideas to contemporary political and economic issues. Fichte and Hegel had been almost exclusively concerned with defining the abstract nature of the state and had dealt only incidentally with practical aspects of the governmental process. Müller likewise had shown little interest in the detailed issues of contemporary politics. So far as economic life was concerned, all three had entertained prejudices against many characteristically modern tendencies which they epitomized in the rise of an "acquisitive spirit," but none had considered these tendencies sufficiently important to warrant more than passing attention. Nor was this neglect unnatural in view of the character of contemporary movements aiming at political change, and in view of the extremely slight advances which

had been made by industrial capitalism in most parts of the Germanic Confederation.

The revolutionary movements of 1830 and the British Reform Bill of 1832, however, registered important advances for liberalism in some other parts of Europe, and gave heart to those in Germany who had espoused the causes of individual liberty and parliamentary government. Though for most of Germany the industrial revolution was still in the future, the factory system was beginning to appear in some localities, while improved transportation and customs reform were opening the way for a gradual expansion of large-scale commerce. The years between 1830 and 1848 thus witnessed a more active stirring of new forces in political and economic life, and corporatist doctrines of the period reflected these developments. During this period two central preoccupations came to dominate the thinking of the outstanding contributors to corporatist theory. The first of these preoccupations was mainly a product of traditionalist resistance to the political program of liberalism. The second took the form of an attack, advanced simultaneously by social radicals and by social conservatives, against the free play of individual forces in economics.

Most of the political "estates" doctrines elaborated between 1830 and 1848 borrowed heavily from earlier critiques of "atomistic" popular representation and "monistic" state sovereignty, contributing relatively little that was fundamentally new. Philosophers of monarchy by divine right, drawing their arguments largely from the "organic" conception developed by Fichte, Müller and Hegel, continued to stress the historic rights and privileges of the feudal *Stände,* assigning to these the constitutional function of "mediating" between the articulate forces of national life and the sovereign prince.

On the economic side, however, two notable developments

occurred. Christian humanitarians (particularly Catholics) began to express alarm at some of the deleterious effects which nascent industrialism was having upon social morality, and attributed these evils to the growing influence of a hedonistic outlook. The second noteworthy development was the diffusion in Germany of ideas stemming mainly from early nineteenth-century French socialist thought. The bearing of each of these two developments upon the evolution of corporatist doctrines in Germany is illustrated in the respective contributions to the critique of liberal economy made by Franz Baader and Karl Marlo.

Franz Baader and Corporatist Social Reform

While Adam Müller and other Romantic political theorists were glorifying the spirit of the medieval corporative order as they conceived it, and while they were elaborating an intellectual validation of the old regime of estates as it had been before the French Revolution and before the enlightened despots, another Romanticist, Franz Xaver von Baader (1765–1841),[34] was turning his attention to the new social problems of industrialism. His solution to the evils brought about, as he thought, by individualism, materialism, liberalism and capitalism was a direct antecedent of the corporatist doctrine developed in greater detail by Ketteler and by subsequent Social Catholic corporatists in the second half of the century.

Baader was born into a South German Catholic family of strong pietist convictions. As a young man, studying to be-

[34] The following biographical details are drawn largely from the "Lebensbild" contributed by Johannes Sauter to his collection, *Franz von Baaders Schriften zur Gesellschaftsphilosophie,* in *Die Herdflamme Sammlung,* XIV (Jena, 1925) 565–653; *cf.* also Sauter's article, "Franz von Baaders romantische Sozialphilosophie" in the *Zeitschrift für die gesamte Staatswissenschaft,* LXXXI (1926) 449–481.

come a mining engineer, he lived for several years (1794–1796) in England and Scotland where he acquired an intimate first-hand knowledge of British industrial conditions in the early stages of development of the modern factory system. His journals show that during his stay in Britain he also found opportunity to read widely in English philosophy and political theory, particularly in the works of Locke, Hobbes, Berkeley, Adam Smith, Hume and Godwin. After considerable intellectual perturbation, he came to the conclusion that the rationalism of the two preceding centuries had been a hollow deception; and by 1796, when homesickness and a longing for "civilization" drew him back to Germany, he had become a thoroughgoing Romantic. He discovered Fichte and Schelling and was enchanted by the intellectual and emotional vistas they opened. Keeping up his scientific interests, he became an outstanding authority on mining technology and was appointed *Oberstbergrat* in the royal Bavarian civil service, an office which gave him supervision over all mining and metallurgical matters in that kingdom. His house in Munich became a favorite haunt of many princes and leading statesmen of the Germanic Confederation after 1815, and he enjoyed the full confidence of the Bavarian crown prince who in 1825 ascended the throne as Ludwig I.

In 1828, with the assistance of a circle of like-minded friends, he founded a review entitled *Eos,* the purpose of which was to crusade for a new "organic" social order and to defend the "Christian-Germanic cultural ideal" against liberalism in science and in society. Deeply religious from childhood, Baader remained throughout his whole life a firm defender of the Catholic Church and an irreconcilable foe of the Enlightenment, to which he traced the origins of individualism, materialism and economic liberalism. Christian love, he insisted, and not reason or individual self-interest, was "the organizing

principle" in human society, the bond that prevented men from dissolving into anarchy. If this bond grew weak, then hatred, "the disorganizing or anorganic principle," would gain the ascendancy, bringing about social polarization. Their sense of community having been destroyed, all men would then live either as despots or as slaves.[35]

The egalitarian principle, he felt, was totally subversive of genuine communal values. "All association presupposes inequality; among equals there can occur only addition or aggregation. Association . . . is essentially a continuing inner process through which external inequality is compromised" by the power of love.[36] Like Adam Müller he rejected the social contract as a ridiculous notion, "practically impossible and historically false," and he was continually denouncing the "atomistic" or "mechanical" conception of society which he attributed especially to Adam Smith, to Tom Paine and to the French Revolutionaries. Without God's help, he insisted, men were incapable of forming an enduring community based on love and justice; hence *"omnis potestas a Deo."* He was convinced that in order to attain true social harmony:

> Every part must have its prescribed or ordained place in relation to the whole, from which it follows that no part . . . may take upon itself the act of ordination. . . . This unity [*Einigung*] must come about as the result of subordinating all the parts to the unifying agency [*Einende*]. Without an organic social hierarchy, without power, authority and subordination, . . . therefore, no organism can subsist.[37]

According to Baader, the development of human society fell into three stages, of which the first two were preparatory for the third: (1) "civil society," in which law appeared as the

[35] *Schriften zur Gesellschaftsphilosophie,* 55; also 31 f.
[36] *Ibid.,* 8 f.
[37] *Ibid.*

expression of unity; (2) "political society," in which authority emerged as monarchical power; and (3) "natural society," theocratic in spirit, where only love would prevail. This final stage would be complete when men had achieved an ideal commonwealth infused with charity, forbearance and brotherhood, and when they were governed by the divinely ordained principles of authority, hierarchy, subordination, and status —that is, in an organic *Ständestaat*.[38]

Baader's hostility to the doctrines of Smith, Malthus and Ricardo dated from his residence in Britain, and it had been strongly reinforced by his reading of Fichte's *Closed Commercial State*. As early as 1801 he had written an essay [39] in which he had argued against suppression of the guilds and had warmly defended Fichte's economic nationalism. In the latter connection he had adduced grounds for protectionism which were strikingly similar to the productivity thesis later made famous by Friedrich List. In another article, published in 1802, he had roundly abused Adam Smith's "politico-economic system of so-called freedom or passivity" and had demanded active state intervention in the social sphere "in order to protect each estate and each citizen in his property and in his livelihood." In the absence of such protection, Baader contended, the citizen would be left "half in a state of nature—half an outlaw." [40]

This point of view he developed in greater detail as time went by, and in 1835 he summarized his social and economic views in a brochure which bore the rather formidable title:

[38] J. Baxa, *Einführung in die romantische Staatswissenschaft* (2 ed. Jena, 1931) 252.

[39] "Berichtigung des öffentlichen Urteils über den naturrechtlichen Gründe gegen die Aufhebung der Zünfte" in *Schriften zur Gesellschaftsphilosophie, op. cit.*, 1–8.

[40] "Ueber das sogenannte Freiheits- oder passive Staatswirtschaftssystem" in *Schriften zur Gesellschaftsphilosophie*, 9–21.

"Concerning the Present Disproportion between the Propertyless Man, or Proletarian, and the Possessing Classes of Society in Relation to its Adjustment, Both in Material and in Intellectual Respects, Considered from the Standpoint of Right." [41] Starting from the premise that "any power in society, from whatever source it may derive its strength, becomes dangerous to the existing order and to its organs only when it is excluded from incorporation or representation in the organism as a whole," [42] this work was remarkable both as an adumbration of a number of socialist conclusions in the field of economics and as an anticipation of the attitude toward social reform later adopted by Ketteler.

The modern wage-earner in France and England had, in Baader's opinion, been reduced to a condition of slavery worse than that of the helots of ancient Greece. Technical innovations, the factory system and the specialization of production had greatly augmented the worker's capacity to create wealth. Instead of becoming more comfortable and less precarious, however, the wage-earner's life grew ever more wretched and insecure because the employers, thanks to a conspiracy among themselves to keep wages down, alone benefited from the enhanced productivity of labor. In consequence wealth was becoming more and more highly concentrated in fewer and fewer hands, giving rise to appalling contrasts between luxury and squalor which Baader thought must eventually undermine the existing social order and provoke revolution if not corrected. He was all the more prone to fear these consequences because, as he put it, "the priest has

[41] "Ueber das dermalige Missverhältnis der Vermögenslosen oder Proletärs zu den Vermögen besitzenden Klassen der Sozietät in Betreff ihres Auskommens, sowohl in materieller als intellektueller Hinsicht, aus dem Standpunkte des Rechts betrachtet," in *Schriften zur Gesellschaftsphilosophie*, 319–38.

[42] *Ibid.*, 337.

yielded his position as teacher of the people to the modern self-help demagogue." As a result, the proletariat was increasingly being "cut off from the consolation of religion," and would end by being "bound to the social order by ties neither of the heart nor of the stomach." [43]

In view of this state of affairs it was incumbent upon the public authority to intervene on behalf of a better distribution of wealth. The proletarian must be accorded his "just share" of the greatly enlarged social wealth which he had helped to produce. "He has a right to his share (*Quote*)—that is, to a less needy and less insecure existence—and the adequate remuneration of labor should . . . be no less a concern of wise *Staatshaushalt* than the quality of the goods produced."

Although Baader's idea was clearly that of a medieval "just wage," he did not believe that his aims could be attained merely by reviving the old guild system. He had little sympathy for those "who still dream and enthuse over the idea of bringing back the Middle Ages and who would by a stroke of the pen restore the defunct forms of that world order." Neither would private welfare work or police repression suffice to alleviate poverty or to ward off its revolutionary consequences. Adequate reform could come only from energetic governmental action designed to "raise again the price and value of nature (land) and of labor (man), which have been forced down too far." [44]

In addition the clergy—"now fallen into social nullity"—"must once more be invested with its primitive office, the diaconate [*Diakonat*], which was to occupy itself with the material assistance and care of the poor." Priests must also

[43] *Ibid.*, 328 f.
[44] *Ibid.*, 326, footnote.

become the advocates of the dispossessed in the "assembly of estates," where the workers would otherwise have no real representation, even under a parliamentary regime like the British or French. The performance of these functions, Baader felt, would give the clergy sufficient popular prestige to counter the influence of liberal demagogues among the poor.[45]

The decay of the "old corporative constitution," Baader felt, had opened the way for the growth of a "mechanical" and soul-destroying tyranny exercised by the modern state over the social organism. A vast multiplication of governmental functions had been set in motion when the administration ceased to deal with constituted estates and began to deal directly with private citizens. He regretted, therefore, that "a number of recent *Staatskünstler*" had thought themselves entitled to "declare war on all corporations by reason of the degeneration of single corporations or estates," for he was convinced that some organizational buffer must be maintained between the sovereign power and the individual subject of the state. "If the action of the sovereign falls directly, without mediation, upon the individual it necessarily operates oppressively and despotically upon him; not so, however, if the individual feels the same action indirectly [*vermittelt*] as a member of an estate or corporation." [46]

In all likelihood Baader did not greatly influence the thought or behavior of his contemporaries. His circle of friends and acquaintances embraced a fairly large number of eminent persons, but outside this relatively narrow group his writings and ideas seem to have had only a very restricted circulation during his own lifetime. In 1865, however, at a time when interest in Social Catholic reform ideas was being stimulated by the literary and forensic activity of Ketteler, a sec-

[45] *Ibid.*, 332.
[46] *Ibid.*, 23–5.

ond edition of Baader's *Grundsätze der Societätsphilosophie*[47] was brought out. There is good reason, therefore, to believe that Baader may have contributed appreciably to the anti-liberal, antisocialist outlook of Ketteler's corporatist followers.

Karl Marlo and "Social Federalism"

A new, democratic current appeared in German corporatist thought during the revolutionary months of 1848. The "federalism" propounded by Karl Georg Winkelblech (1810–1865)[48]—better known by his literary name as Karl Marlo—reflected the misgivings of many independent craftsmen and small property owners with respect to the advance of capitalist economy and of economic liberalism in much the same way that Proudhon's contemporary writings expressed many of the anxieties of similarly placed groups in France. Like Proudhon, too, Marlo drew heavily upon the ideas of Sismondi, Fourier, St. Simon, and Louis Blanc. In addition, his admiration for Fichte's closed commercial state was unstinted and he owed something to Savigny's "German historical school" of jurisprudence as well as to Stahl's religious ideal of the state. In Marlo's thought these elements blended to produce a combination of political radicalism and social conservatism, for he was simultaneously a left-wing republican and a stanch defender of Germany's traditional *Mittelstand* against

[47] A collection of articles, notes, letters, journals and other papers, first published in 1837 in fifteen volumes by Baader's disciple Franz Hoffman, who was a professor of philosophy at the Catholic University of Würzburg until his death in 1881.

[48] The standard biography of Marlo is the two-volume work by W. E. Biermann, *Karl Georg Winkelblech* (*Karl Marlo*) (Leipzig, 1909). See also E. Allix, *L'œuvre économique de Karl Marlo* (Paris, 1898); S. Grabski, *Karl Marlo als Sozialtheoretiker*, in *Berner Beiträge zur Geschichte der Nationalökonomie*, No. 12 (Bern, 1898).

the inroads both of "plutocracy" and of "communism."

Marlo was a native of Rhenish Hesse, and his early years were devoted to the study and teaching of industrial chemistry. His interest in social problems dated from 1843, when his humanitarian sensibilities were profoundly stirred, during a tour of Scandinavia, by the wretched conditions prevailing among workers in the Norwegian dye industry. On his return to Germany he set to work with the aim of mastering the science of political economy, and began assembling materials for a vast synthesis of individualism and socialism that would chart a path beyond "Manchesterism" while avoiding the rationalistic and egalitarian pitfalls of "French communism." The manuscript of this work was largely complete when the stirring events of 1848–49 absorbed Marlo's attention and delayed its publication.[49]

He took an active part in public affairs after March, 1848, figuring as a foremost leader and spokesman of the handicraft workers' movement that took shape in the spring and summer of that year and culminated in a series of congresses convened to draw up memorials to the National Assembly. His ideas were endorsed in substance by the first of these gatherings, the Hamburg Congress of North German Handicraft Workers early in June, but his influence waned when the growing antagonism between masters and journeymen came to a head in the ensuing months. Although his sympathies lay more with the journeymen than with the masters, he failed to identify himself completely with either group and eventually lost the support of both.[50]

[49] Biermann, *op. cit.*, I, 200–212. Marlo's great work was entitled *Untersuchungen über die Organisation der Arbeit, oder System der Weltökonomie.* It was eventually published in four volumes, three of which appeared during Marlo's lifetime (Kassel, 1850–59), and the last posthumously, after Schäffle and other *Kathedersozialisten* developed an interest in "federalism."

[50] Biermann, *op. cit.*, II, 6–8.

The central dogma of Marlo's social philosophy was man's inalienable "right to work," a right which he, with Fichte and the French reformers, held to be the most elementary prerequisite to the development of the human personality. In modern times this right had been progressively undermined both in theory and practice. The liberal state, triumphant in England and France, had realized "freedom for the rich," and "with us also capital is daily adding to its preponderance over labor." [51] Economic liberals and devotees of Roman law had rightly attacked the monopolistic abuses of the medieval guilds, but it had been an error to abandon them entirely, as the French had done, in favor of the "pernicious principle of free competition." The experience of sixty years of complete occupational freedom in France had been sufficient to reveal its unwholesome consequences, for it had spawned an arrogant "money nobility" simultaneously with a disaffected proletariat. Fortunately for mankind, "German leisureliness" had left a healthy *Mittelstand* largely intact in central Europe; hence Germany, with the aid of reconstructed corporative institutions, "will be in a position, by utilizing the combined intelligence of all its industrially active citizens, to furnish all nations—not even excluding praiseworthy France—with the key to the social problem." [52]

He warned his followers, however, that the well-intentioned lawyers gathered in the *Paulskirche* might easily be led astray through ignorance of real life unless the "qualified workers" made it plain that they wanted "a universal organization of labor" instead of "industrial freedom" on the one hand and "halfway regulation" on the other. For "the *Mittelstand* must come to enjoy the shield which it now lacks," and "nothing

[51] Speech delivered at the Hamburg Congress of North German Handicraft Workers, June 2, 1848. Reproduced in Biermann, *op. cit.*, II, 57 ff.

[52] *Ibid.*

short of *a comprehensive guild-constitution* [*Zunftverfassung*] *embracing all branches of industry* can protect Germany from the fate of France and England and from the perils of communism. . . . In place of the old, artificial guild system we must install a new, natural one." Furthermore, in order to assure to each member of society, "without regard for special rights, . . . a means of livelihood [*Erwerbssphäre*] corresponding to his capacity for work," a comprehensive scheme of social legislation must be instituted for all Germany. In preparing these laws it was essential that full consultation of all affected interests should take place through the medium of "a social chamber (social parliament). . . . which will submit its resolutions to the political chamber (political parliament)—in the hands of which lies the ultimate authority to determine all aspects of the political and social order—for final enactment." A special election law should ensure that "all social estates" and "all types of vocational activity [*Berufsgeschäfte*]" would be proportionately represented in the social parliament.[53]

Marlo's detailed proposals for the reorganization of economic life [54] provided for a complicated scheme of social checks and balances designed to permit the harmonious coexistence of public, private and co-operative enterprise, and to stabilize their respective spheres. Each type of enterprise would be assigned a sector of the national economy upon which the others would not be permitted to encroach. The largest sector would be reserved for guild-like workers' associations enjoying collective rights of ownership and control over the productive facilities allotted to them. The state would

[53] *Ibid.;* italics in original.

[54] Most comprehensively outlined in the fourth volume of his *Untersuchungen über die Organisation der Arbeit, op. cit.,* Ch. 43, 379 *et seq.,* and appendix.

administer those few industries that were pre-eminently of a public character, and a strictly limited sphere would fall to the private entrepreneur. The state would maintain a general supervision, would protect the weak against the strong by means of social legislation, and would determine the broad aims of national economic policy; but it would as a rule refrain from detailed interference. The federated guilds would have a large measure of independent responsibility, for "self-government of industry" would replace bureaucratic centralization in economic life, and "an organic grouping [*Gliederung*] of producers" would simultaneously promote the common good and safeguard the well-being of each estate. Economic progress would then cease to be a socially disruptive force, for its operation would be socially controlled and its benefits equitably apportioned.

In Marlo's thinking there were strong traces of nostalgia for the age of the *Meistersinger,* and he could not reconcile himself to the disappearance of the independent artisans and handicraft workers whose interests he had so much at heart. At the same time, however, he was a friend of experimental science and invention, of popular education and of republicanism, and he was not opposed to economic or technological advance as such. But he was filled with humanitarian dismay at the growth of an industrial proletariat and as a fervent patriot he feared the consequences of the wage-earner's progressive alienation from the "organic" national community. He was not an uncritical defender of the guilds, and wished to do away with many of their worst features in order to reinvigorate them. This was also the position of the contemporary journeymen's movement, which demanded an easing of many traditional restrictions and sought to place limits upon the master's authority while clinging to the guild system itself and rejecting the principle of unconditional

Gewerbefreiheit.[55] Marlo was keenly disappointed when the collapse of the revolutionary movement was followed by the promulgation of a Prussian Industrial Ordinance (1849) that was almost a caricature of eighteenth-century rigidity.

With the triumph of reaction Marlo's political activity came to an end, and the remainder of his life was spent in seclusion. His ideas passed out of currency; but they were not completely forgotten, and the bulk of his monumental work was published, a volume at a time, during the 1850's. It seems, however, to have found few readers until the 1870's, when Albert Schäffle and his friends among the academic "state socialists" of Imperial Germany discovered many merits in Marlo's anti-liberal, anti-revolutionary social philosophy and adopted "federalism" as a synonym for the "positive social reform" which they were seeking to promote along somewhat similar corporative lines. A new edition of Marlo's *magnum opus* in the 1880's [56] testified to the revival of his popularity and helped to extend his influence. His literary fragments were still being collected and published as late as 1911 [57] by his admiring biographer Biermann, who in turn was active and influential in the evangelical social reform movement as well as in sympathetic academic circles.

Corporatist Currents, 1848–1870

The third quarter of the nineteenth century witnessed the advance in Germany of two political principles, both strikingly exemplified in the French Revolution, which had been and would continue to be focal points for corporatist criticism. For one thing, the centralized state continued steadily to draw additional departments of the national life into its sphere. At

[55] Clapham, *op. cit.*, 322–4.

[56] Tübingen, 1884–86 (4 vols.).

[57] *Aus Karl-Georg Winkelblechs literarischem Nachlass* (Leipzig, 1911).

the same time more and more scope was conceded to individualist forms of popular sovereignty. The aftermath of 1848 had seen at least the formal establishment in Prussia of a number of individual civil rights, including equality before the law, together with a scheme of representative institutions. Universal manhood suffrage was adopted for elections to the Diet of the North German Confederation in 1867; and, in 1870–71 the external and internal triumphs of Bismarck's *Realpolitik* set the seal of national unification upon monistic state sovereignty and parliamentary government.

Nor did these two tendencies encounter any very formidable resistance. Nationalism and liberalism actively furthered them, and the socialist movement of the period offered no principled opposition. Only among extreme conservatives, in some Catholic circles and in certain academic quarters were voices raised in dissent. Much of this opposition reflected particularist fears aroused by the prospect of Prussian domination, and was combined with *Grossdeutsch* sentiment against the exclusion of Catholic Austria from a united Germany. To an important extent, also, it sprang from an impulse to resist encroachment upon the spheres in which the two paramount estates of medieval society—clergy and nobles—had enjoyed virtual independence. Representatives of both these schools of opposition advanced corporatist conceptions of state and society which embodied the irreconcilable hostility of their authors to the growing ascendancy of secularism and democracy.

The "Neo-feudal" Attack on the Modern State: Ernst Ludwig von Gerlach

One of the most complete (if not the most systematic) expositions of the extremely conservative estates doctrine espoused during this period by noble "federalists" occurs in

the political philosophy of Ernst Ludwig von Gerlach (1795–1877), one of the principal founders of the Conservative party in Prussia and leader of the *Kreuzzeitungpartei* in the decade subsequent to 1848.[58] He was descended from one of the oldest families of the high Prussian nobility, though he himself had no agrarian connections and no zest for soldiering. Like his father, who had resigned a high administrative post out of antipathy for Stein's reform program, Gerlach was always something of a *"frondeur,"* glorying in the reproach that his program aimed at a revival of feudalism. During the revolutionary months he was extremely influential, together with Stahl and Bismarck, in the court "camarilla" that bolstered the king's determination to resist popular demands for a constitution. Gerlach was horrified at even the mild traces of liberalism in the Prussian constitution which Friedrich Wilhelm IV promulgated, against his advice, in December, 1848.

For the next ten years he led an uncompromising journalistic and parliamentary battle against that "unwise and illegal" document, seeking to obstruct its operation, to undermine its support and to amend or repeal its most objectionable clauses. His influence waned in the 1860's, however, when he refused to follow his party into Bismarck's camp. The Conservatives eventually repudiated him and deprived him of access to the party press when his attacks on the new Reich became too violent. Having lost virtually all his followers, he spent the last years of his parliamentary career as an Independent, elected

[58] Von Gerlach's ideas and their influence have been subjected to examination by a number of recent students, notably by Alfred von Martin, "Autorität und Freiheit in der Gedankenwelt Ludwig von Gerlachs" in *Archiv für Kulturgeschichte,* XX (1930) 155–82; much useful information is presented, also, in Jane W. Badger's unpublished Master's Essay, "Ludwig von Gerlach: A Study in Nineteenth-Century Prussian Conservatism" (1942; Burgess Library, Columbia University).

to the Prussian Chamber of Deputies by Catholic votes and usually voting with the Center.

Deeply influenced in his political philosophy by Burke, Adam Müller, Savigny, Haller and Stahl, Gerlach's ideal of liberty was "government according to law." He steadfastly denied, however, that law could be the product of conscious human will or reason. Rather it was an outgrowth of the nation's history, and represented the unfolding of God's purpose. The fundamental inequality of men and the consequent necessity for a hierarchical system of authority and of rights were likewise implicit in the divine ordinance of things. An individual, moreover, had no meaning except in relation to a social group like the family, the corporation, the church or the estate. The dissolution of these groups would result in the destruction of all authority and of all individuality, hence of all liberty, for "only a corporatively organized nation [*ständisch-gegliedertes Volk*] is capable of self-government":

> Out of an unorganized mass, out of a mere mob, out of a counting of heads can come no common will. . . . This can occur only when the will of the one is subordinated to the will of another, so that the criterion ceases to be mere election. . . . Functional differentiation is the essence of freedom, of capacity for collective action: it is the condition of independence.[59]

Gerlach and his friends in the *Kreuzzeitungpartei* made no secret of their admiration for the feudal scheme of *Stände,* which was for them "the quintessence and the mark of German law and German history over a thousand years," and they were inspired by the hope that "this corpse will revive and show itself capable of life." [60] Their ideal was a pluralistic society where the landed aristocracy would be the first in a

[59] From a speech in the Prussian *Abgeordnetenhaus, Protokolle,* 1874–5, I, 175.

[60] Prussian *Herrenhaus, Protokolle,* 1851–2, II, 817.

hierarchy of closed estates and corporations. The king's authority would be limited by an Estates General, thus ensuring the reign of "eternal and historical law in church and state, in contrast to tyranny of every sort." There would then be no room for the "cult . . . which recognizes nothing higher than the laws of the state." "Law *from above,* in contrast to absolutism and to law *from below,* was the object of our struggles." [61]

To Gerlach's mind Bismarck's Reich was a "horror," combining the worst features both of absolutism and of popular sovereignty. In the vehemence with which he expounded this opinion he stood virtually alone after 1870, for his Conservative friends largely reconciled themselves to the new institutions, or were at least willing to reserve judgment. Many of them continued, however, to harbor a deeply ingrained hostility to the modern state and especially to its parliamentary institutions, and some never wholly abandoned the hope that it might one day be possible to eliminate the democratic franchise and re-establish a kind of "true constitutionalism" that would restore to Germany's landed aristocrats the "organic freedom" which they had enjoyed in the age of Friedrich Barbarossa.

Peripheral Tendencies: "Functional Representation"

Although Gerlach's critique of "the liberal era" probably represented the most influential single current of corporatist "estates" doctrine during the period 1848–1870, his ideas embodied no significant theoretical advance over the early nineteenth-century writers to whom he owed such a heavy intellectual debt. He was so thoroughly at odds with the prevailing cultural climate of his own day, moreover, that he

[61] Ernst Ludwig von Gerlach: *Aufzeichnungen aus seinem Leben und Wirken,* ed. J. von Gerlach (Schwerin, 1903) I, 234. Italics as in original.

could find congenial values only in the past. The same was true in some measure of the peripheral tendencies in German corporatist theory during the third quarter of the century, but a number of these theorists showed a stronger inclination to accept the central facts of the contemporary environment and to make these the point of departure for their attempts to grapple with various aspects of the problem of social organization. These ideas were for the most part academic in origin, and had neither direct relevance to nor influence upon current events, though some of them were to be extremely fruitful for the subsequent evolution of corporatist doctrines.

One of these tendencies was a more or less detached critique of the new political parties as they were developing during the 1850's and 1860's within the parliamentary institutions recently established in most of the German states. Few of the writers who contributed to this critique were men of strong partisan sympathies, and they tended to take a moderately conservative position on most political and social issues. Many were natives of southwestern and western Germany, where representative government had had a longer history and where many Catholics entertained *Grossdeutsch* sentiments that reflected distrust of secular nationalism and unitary state sovereignty as these were being preached and practiced under Prussian and liberal auspices. Noteworthy contributions to this critique of parliamentary government were made, in particular, by the philosopher of "pure realism" Karl-Christian Planck, a native of Württemberg,[62] by August Winter [63] and

[62] See especially his *Katechismus des Rechts, oder Grundsätze einer Neubildung der Gesellschaft und des Staates* (1852); *Testament eines Deutschen* (Tübingen, 1881, 2 ed. 1912); and the collection of his writings published by his daughter, Mathilde, under the title, *Der Berufsstaat nach der Rechtslehre K.-C. Plancks* (Jena, 1918).

[63] *Die Volksvertretung in Deutschlands Zukunft* (1852).

Karl Levita,[64] and by Catholic political writers like Ferdinand Walter [65] and Konstantin Frantz.[66]

All these critics found fault with the assumption that the territorial constituency furnished a satisfactory unit for popular election of legislators. They contended that by itself such a scheme could not possibly result in an "organic" consultation of the most responsible sections of public opinion. They argued further that to make all political decisions dependent upon the periodically expressed will of a simple numerical majority of the electorate was to endanger the rights and interests of minority groups, and they regretted that party leaders were as a rule obliged to pay more heed to the exigencies of vote-getting than to the formulation of constructive policies based on expert knowledge of actual social conditions. Perhaps with Marlo's notion of a "social parliament" in mind, they suggested that these weaknesses might be remedied by giving parliamentary representation to "functional" as well as to territorial groups. Either "vocational estates" (*Berufsstände*) should be directly represented in a second chamber of their own, or they should elect a proportion of the lower chamber. They hoped that in this way an objective weighing of "real interests" would be facilitated, thus moderating the demagogic consequences of "mechanical head-counting" and bringing more expert knowledge to bear upon specialized, technical problems of government.

These schemes for reforming the franchise along corporative lines were not taken very seriously during the constitutional debates of the 1860's, and in 1871 Bismarck designed the representative institutions of the new Reich after ortho-

[64] *Die Volksvertretung in ihrem organischen Zusammenhang im repräsentativen Staat der Gegenwart* (1850).

[65] *Naturrecht und Politik* (1863).

[66] *Vorschule der Physiologie der Staaten* (1857).

dox liberal-democratic models. It was not until he had spent more than a decade trying to master refractory parties in the Reichstag that he began to tire of the experiment. Meanwhile the spectacular electoral conquests of Social Democracy had given Schäffle and other "monarchical socialists" fresh reasons for desiring vocational counter-weights to a territorial parliament elected by universal manhood suffrage.[67] All these circumstances combined to give fresh vogue to older prescriptions for *"berufsständische Vertretung"* in the last years of the century. After 1900 a new academic school of "party sociologists" drew heavily upon earlier critics of parliamentary government and during the months when the Weimar Republic was being born Planck's idea of a *Berufsstaat* was energetically propagated by his daughter, Mathilde, and by proponents of *Deutsche Gemeinwirtschaft,* the corporatist doctrine developed after 1916 by Walther Rathenau and Wichard von Moellendorff.[68] Finally during the decade prior to 1933 the "occupational estates" school led by Heinrich Herrfahrdt continued to give publicity to the ideas of Planck, Winter, Levita, Walter and their contemporaries.[69]

Pluralism and "German Association Law"

A second intellectual current of the period 1848–1870 that was to impinge upon much subsequent corporatist thinking was the development of a pluralistic doctrine of sovereignty by jurists owing basic allegiance to the "German historical" conception of law stemming from Savigny. Hegel and his disciple Lorenz von Stein [70] had conceived of the state as an or-

[67] See below, pp. 119–59.

[68] See below, pp. 178, 186.

[69] See above, p. 9.

[70] See especially his *System der Staatswissenschaft* (Stuttgart and Augsburg, 1852–56) II, Section 1, "Der Begriff der Gesellschaft und die Lehre der Gesellschaftsklassen." See also P. Vogel, *Hegels Gesellschaftslehre und seine ge-*

ganization of organizations. Other pioneers of the pluralistic doctrine of sovereignty were the mystic Krause and his more lucid follower Heinrich Ahrens,[71] who saw men forming as many groups as they had common interests, the state being only the most comprehensive of a series of progressively broadening associations. Ahrens and his like-minded contemporaries Bahr, Gneist and von Mohl rejected universal suffrage because it rested upon "an exclusive antithesis between the individual and the state." They were likewise opposed to centralization and to multiplication of the state's functions, demanding both territorial and "functional" federalism, the latter to culminate in a professional and cultural chamber.[72]

The most complete, systematic elaboration of this pluralist conception appeared in the four monumental volumes which Otto von Gierke began to publish in 1868 under the title *Das deutsche Genossenschaftsrecht*.[73] Gierke's central thesis was that:

> Society does not exhaust itself in the state, but appears concomitantly in a variety of other communities, each with its own life-purpose: in the family, in the church, in the commune, in the corporation and in the international community.[74]

He never tired of insisting that every private association or corporative body possessed a real individuality of its own, and he bitterly attacked the "Roman and neo-Roman" idea that such associations could only lay claim to a fictitious personality expressly created for them by the state. To this "mechanical" viewpoint he opposed that of the "Germanic" Middle

schichtliche Fortbildung durch L. Stein, Marx, Engels, und Lassalle, in *Kant-Studien,* No. 59 (Berlin, 1925); R. Emerson, *State and Sovereignty in Modern Germany* (New Haven, 1928) 39–40.

[71] *Naturrecht* (1 ed. Paris, 1839; 6 ed. 1871); *Organische Staatslehre* (1850).

[72] Emerson, *op. cit.,* 39–40.

[73] Volume II appeared in 1873, III in 1881, and IV in 1913.

[74] *Das Deutsche Genossenschaftsrecht,* II (Berlin, 1873) 27.

Ages, when "the thought of concentrating the whole life of the community at a single point not only stood in sharp contrast to actual facts and popular opinions, but was also opposed in theory by . . . the medieval ideal of a harmoniously articulated, universal community whose structure from top to bottom was of the federalistic kind." [75]

From that time forward, however, "the antique concept of the state . . . worked, and worked unceasingly and with deadly certainty, until it had completely shattered this proud edifice of medieval thought." Modern doctrines of natural right, including "the system of ruler sovereignty and the system of popular sovereignty," had endeavored to "construe the 'right-subjectivity' of the state now in a centralistic, now in an atomistic, but always in a purely mechanical fashion." [76] These theories of the state "had nothing to say of groups that mediated between the state and the individual; . . . the domain of natural law was closed to the corporation (*Genossenschaft*), and its very existence was based upon the ground of positive law which the state had made and might alter at any time." The pernicious consequences of this development were that between "the sovereign state and the sovereign individual . . . all intermediate groups were at first degraded . . . and in the end obliterated." [77]

To a pluralistic order in which these intermediate groups would be resurrected, Gierke looked for a solution to many of the political and social problems of his day. Healthy political life would be possible only when the mass of "non-political" functions absorbed by the centralized state had been redistributed among the self-governing bodies best suited to

[75] O. von Gierke, *Political Theories of the Middle Age*, trans. by F. W. Maitland from extracts from Vol. I of *Das Deutsche Genossenschaftsrecht* (Cambridge, 1900) 95–6.

[76] *Ibid.*, 75, 73.

[77] *Ibid.*, 99–100.

exercise them. Only through genuinely independent *Genossenschaften,* moreover, could the craftsman, the small landholder, the wage worker and the consumer defend their interests against superior economic forces. Such bodies, Gierke hoped, would provide the means of overcoming the social antagonisms fostered by individualism and free competition.[78]

Gierke was also responsible for reviving interest in the federalistic doctrine of the Calvinist political theorist Johannes Althusius (1557–1638), on whom he wrote a celebrated monograph.[79] Althusius was the author of a treatise first published in 1603 under the title, *Politica methodice digesta atque exemplis sacris et profanis illustrata,* which achieved a fairly wide though not lasting influence during the early seventeenth century. The theory of the social contract and of popular sovereignty therein presented had been evolved with a view to vindicating the independence of the towns, and of the guilds within them, as against the territorial princes of the Holy Roman Empire. To this end Althusius had developed a complex scheme for integrating smaller units into a manifold hierarchy of authorities culminating in a supreme assembly of elected representatives. Gierke called Althusius' book the first systematic treatise on politics since the ancients, and did much to remedy what he considered to be the ill-deserved neglect into which it had fallen after the rise of absolutism.

Gierke's influence on his compatriots was considerable, and his followers were not confined to Germany. His ideas contributed profoundly to the outlook of the British Fabian and Guild Socialist movements in the years before 1914. In Germany the "*Genossenschaft* school" included jurists and social scientists of various political tendencies. One of Gierke's

[78] Emerson, *op. cit.,* 129 *et seq.*

[79] *Johannes Althusius und die Entwicklung der naturrechtlichen Staatstheorien* (Breslau, 1880; 4 ed. 1929).

most brilliant disciples was the democrat Hugo Preuss, who wrote certain pluralistic features into the Weimar Constitution; and Walther Rathenau's thought revealed many affinities to Gierke's basic conception. Some French and German neo-Thomists adopted elements of his "institutional" viewpoint, and National Socialist ideologists sought to present the various "fronts" of the Hitler regime as the natural articulations of a German *Volk* that had cast off all "Roman" corruption.[80]

The Residue of Corporatism, 1789–1870

In seeking to clarify the origins and importance of the varied array of contributions to corporatist theory between 1789 and 1870 it is essential to remember that the authors of those ideas were living in a society that had as yet been only superficially affected by modern industrialism. Until well past the middle of the century agriculture, handicraft and small-scale local trade continued to be the sources from which the great bulk of the population drew its livelihood. The great migration to the cities had begun, but before 1870 it had produced no spectacular results. Social institutions and the general configuration of social groups retained much of the character of an earlier time. Political life had as yet not been profoundly affected by any broad participation of the masses in its processes. Subsequent developments that would fundamentally change this state of affairs were being plainly foreshadowed toward the end of the period, but at least until 1850 the forces making for change had not been powerful enough to compel many radical departures from the older way of life.

Since they largely lacked first-hand experience of the great

80 Emerson, *op. cit.*, 129; F. Neumann, *Behemoth: The Structure and Practice of National Socialism* (New York, 1944) 450–1.

economic and political transformations that were going forward in other parts of western Europe, German social theorists of the early nineteenth century were understandably preoccupied with those aristocratic and corporative forms of organization which despite the impact of the French Revolution had persisted so tenaciously in most of central Europe. Political speculation after Kant, even when its dominant mood was not one of nostalgia for the imagined freedom and harmony of an earlier age, came to turn less upon the notion of an autonomous individual than upon Fichte's conception of society as a naturally evolved structure of organically differentiated groups. Adam Müller and other German Romantics adopted this organic conception and developed its anti-individualist, anti-egalitarian connotations under the influence of a conservative nationalist point of view that was profoundly hostile to the ideal of popular government, as well as to secular tendencies of the modern era in the direction of monistic state sovereignty. The estates and corporations of Hegel's civil society were the products of his effort to bridge the gulf between individual and community by inserting a pluralistic scheme of intermediate organizations between citizen and state.

Not until after 1830 did German corporatist thinking begin strongly to reflect detailed, practical concerns of political and economic life. The social consequences of laissez-faire industrialism in Great Britain and in other parts of western Europe evoked religious and humanitarian protests against the liberal ideal of a free play of individual forces in economic affairs. Christian moralists like Baader condemned what they felt to be the hedonistic outlook of economic liberalism. They attacked capitalist "exploitation" and advocated a return to the medieval principle of a just wage, the latter to be guaranteed by a modernized scheme of corporative industrial and po-

litical institutions. Marlo, in elaborating his proposals for social federalism, even more explicitly demanded that bounds should be set to the domain of the private capitalist entrepreneur. He was greatly disturbed by the inroads which the latter was making upon the economic spheres formerly reserved to Germany's traditional *Mittelstände,* and he looked to a new corporative order to preserve these independent craftsmen, tradesmen and small property-owners by securing to every man "the right to gain a livelihood through the exercise of his calling." This could be done, he thought, only by instituting a new "labor constitution" based on guild-like productive associations that could bring order into industrial relationships, call a halt to the terrifying progress of social polarization and give adequate expression to the "real" interests of producers through a social parliament of vocational estates.

Toward the middle of the century, as the liberal middle classes pressed more and more strongly for parliamentary institutions that would enlarge their influence in national affairs, organic estates doctrines drawn largely from Müller and other Romantic theorists became articles of common faith for conservatives and traditionalists. Champions of monarchy by divine right and of Junker preponderance upheld the ideal of a paternalistic sovereign drawing strength from voluntary consultation of the opinion of "the most valuable elements of the community"—the traditional *Landesstände* (nobles, clergy and yeomen) of Prussia. When liberal agitators began to appeal for support to the poorer sections of the population, conservative estates theorists like F. J. Stahl proposed that "a fourth estate of the dispossessed" should be incorporated in the feudal scheme as an alternative to "constitution-mongering" and *"Kopfzahl"* (head-counting). The ideas of Gerlach and his friends, and their activities in the parlia-

mentary arena after 1848, represented a continuation of this traditionalist opposition to popular sovereignty on the one hand and to state omnicompetence on the other, figuring as the most influential single current of corporatist doctrine during the interval between 1850 and 1870. Their ideal was a pluralistic and hierarchical organization of social groups (among which the landed aristocracy would occupy the place of honor) that would set limits to the authority of the secular state in order to protect the historic rights of the old feudal *Stände.*

Though they attracted little attention in their own day, some of the peripheral tendencies in German political thought during the period 1848–1870 contained ideas and attitudes that were to be of considerable importance in the subsequent evolution of corporatist thought. A number of academic critics of parliamentary government and of the emerging party system questioned the liberal assumption that an adequate expression of the popular will could be obtained from legislative bodies chosen purely on the basis of territorial constituencies. Possibly inspired by Marlo's demand for a social parliament, they developed schemes for reforming the franchise in order to give representation to functional as well as to territorial groupings of the population. Legislative assemblies chosen wholly or in part by *Berufsstände,* they argued, would moderate the excesses and remove the distortions of a system based on "mechanical head-counting" and would make possible a fuller application of expert knowledge to legislative problems while simultaneously increasing the likelihood of obtaining an "organic consultation" of the most responsible sections of public opinion. The "German historical school" of jurisprudence, culminating in Gierke's system of *Genossenschaftsrecht,* fostered the revival of medieval political philosophy with its emphasis on the individuality and independence of groups occupying an intermediate position between individual and

community. This pluralistic conception was the source of much subsequent corporatist criticism of the modern centralized state and supplied many telling arguments in support of both territorial and functional federalism.

The authors of the corporatist doctrines developed during the half-century after 1870 by Social Catholics, by Monarchical Socialists and by proponents of German Collective Economy were heavily indebted to earlier critics of atomistic individualism, laissez-faire capitalism and monistic state sovereignty. They made use of the organic conception to attack Manchester liberalism and with even greater vehemence to oppose the Marxian doctrine of class conflict. They adopted the premise, first articulated by Fichte and elaborated by the Romantics and by Hegel, that the nation was an organic union of many lesser communities rather than a simple aggregation of interchangeable human "atoms." They followed Baader and Marlo in quest of a political and economic order that would subordinate individual demands to communal purposes, that would mitigate the socially disruptive consequences of economic change and that would reconcile social conflicts without violent interruption of existing continuities. None of these later corporatists was inclined to stress whatever affinity his ideas may have had to Stahl's and Gerlach's frankly backward-looking political ideal, but the "neo-feudal" critique of étatisme and of parliamentarism found many approving echoes in corporatist thinking after 1870, as did the more "modern" theories of vocational representation and pluralistic sovereignty developed during the same period in academic quarters.

Each of the three principal corporatist doctrines evolved between 1870 and 1919 represented a distinctive combination of elements present in the residue of previous theories, and each was further particularized by the addition of new ele-

ments from the context of an increasingly urban, industrial and capitalist social environment. All three of these doctrines were, however, sufficiently indebted to earlier ideas to establish their common affiliation with a theoretical tradition that had become firmly implanted in German social thought before the full effects of the industrial revolution began to be directly felt and observed in central Europe.

CHAPTER THREE

SOCIAL CATHOLICISM

"CATHOLIC SOCIALISM," no less than Lassallean socialism and Marxian socialism, was a product of the industrial transformation that, after having been so long delayed, went forward with remarkable speed in Germany during the last third of the nineteenth century. In the western provinces of Germany where a substantial portion of the Catholic population lived this transformation was experienced earliest, and it was there, also, that industrialism achieved its most spectacular results. These facts help to explain why German Catholics became aware of the existence of a "social problem" at an earlier date and with a more acute sense of its urgency than did their Protestant brethren.

The churchmen, scholars, publicists, social workers and politicians who became the leaders of Social Catholicism were moved primarily by religious and humanitarian impulses, fearing the destruction of Christian faith and morality unless ways could be found to alleviate the popular misery and to moderate the social antagonisms that laissez-faire industrialism was producing. For the "social problem" that came to absorb their attention had its roots in working-class discontent, generated, in turn, by the phenomenal growth of large cities populated by steadily increasing numbers of factory workers.[1]

[1] J. H. Clapham, *The Economic Development of France and Germany, 1815–1914* (3 ed. Cambridge, 1928), 278 *et seq.* See also A. Sartorius von Walters-

Nor was the "social problem" purely a matter of poverty and insecurity among industrial wage-earners. As the machine extended its conquests, there occurred a corresponding decline of household and handicraft industry accompanied by a marked worsening of the position of many skilled craftsmen who saw themselves increasingly threatened with displacement from their former position of relative economic independence. In the long run the effect of these developments was to promote the emergence of trade unionism on the English model,[2] but for a considerable period in the 1880's and 1890's there persisted a strong tendency on the part of surviving handicraft workers to cling more tenaciously than ever to traditional guild forms of organization as a last line of defense against the factory system.[3]

The founding of the Hohenzollern empire roughly coincided with the beginning of this period of mounting popular unrest and of sharpening social conflicts. The widespread business failures of 1873 ushered in what has been called "the long depression," a period marked by severe economic fluctuations that produced recurrent waves of widespread unem-

hausen, *Deutsche Wirtschaftsgeschichte 1815–1914* (2 ed. Jena, 1923) and W. Sombart, *Die deutsche Volkswirtschaft im neunzehnten Jahrhundert* (7 ed. Berlin, 1927).

[2] Clapham, *op. cit.*, 329–32. As late as 1895, out of some eight million male industrial workers, only 269,000 were enrolled in trade unions. Not until after 1900, moreover, did the movement begin to grow rapidly, reaching a total membership of three million in 1909. Of this latter figure, about five-sixths was accounted for by the "free" or Social Democratic unions. Collective bargaining was not general before 1900, largely because revolutionary socialist theory condemned it as a form of class collaboration. Not until 1899, at the Trade Union Congress of Frankfurt, was this position reversed.

[3] *Ibid.*, 334. Some 9,000 guilds were still in existence in 1886, the majority in eastern Germany. Of the 35,000 master craftsmen in Berlin in that year, 13,000 (employing 40,000 journeymen and apprentices) were guild members, and as late as 1890, more than a quarter of the master craftsmen of the Reich were still enrolled in *Handwerkerinnungen*.

ployment and hard times. Chronic agricultural depression set in with the year 1877, when the competition of Russian, Austro-Hungarian and overseas producers began to be keenly felt by German farmers. Stiff protective tariffs were sought, and obtained after 1879, by the agrarian interests, and the worker's bread grew dearer.[4] Growing numbers of wage-earners began to register their dissatisfaction, beginning in the 1870's, by voting for candidates of the revolutionary Socialist Workers' Party founded at Gotha in 1875 by a fusion of Marxian and Lassallean forces. It was the impressive parliamentary upsurge of this movement in the next few years [5] which dramatized more sharply than did any other single development the urgency of the "social problem" and stimulated increasing interest, especially among moderate and conservative groups, in social theories purporting to offer alternatives to the socialists' revolutionary method of resolving social conflicts.

Social Catholicism was the product of one set of efforts to furnish such an alternative. Its leading proponents were outspoken in denouncing the more flagrant abuses of laissez-faire industrialism. They attacked Manchester liberalism for its defense of those abuses and for its one-sided emphasis upon materialism and individualism. At the same time they rejected revolutionary socialism on the ground that its outlook was equally hedonistic, and they strongly upheld the institu-

[4] W. H. Dawson, *Bismarck and State Socialism* (London, 1891) 39–40; A. Gerschenkron, *Bread and Democracy in Germany* (Berkeley, 1943) 37, 43–50, 64–7.

[5] By 1877 the party ranked fifth among the thirteen parties represented in the Reichstag in terms of popular votes cast for its candidates; eighth in terms of deputies elected. Its 493,000 votes (1877) were roughly one-tenth of the total number cast in that year. Bismarck's drastic "exceptional law" of October 19, 1878, did not prevent the party from increasing its electoral strength to 763,000 in 1885 and to nearly a million and a half in 1890, when the law was allowed to lapse.

tion of private property. The program of reform which they began to formulate in the late 1860's aimed at moral regeneration, at practical meliorism and at gradual institutional change. Christian brotherhood and charity were to replace selfishness, aid was to be extended to the lower classes in the form of private benevolence and social legislation, and the workers themselves were to be organized for "self-help" in corporative bodies that would protect their legitimate interests without encroaching upon those of other groups, thus promoting a sense of social solidarity in all classes.

Depending upon external circumstances and upon the relative strength of divergent points of view within the Social Catholic movement itself, the constituent elements of this general program were variously stressed at different times. A continuing debate went on during the first decades of the movement's existence between those who saw no hope of social salvation short of the introduction of a comprehensive scheme of corporative institutions and those who felt that private and legislative meliorism within the framework of an individualistic society would suffice to solve the social problem. The first point of view was in the ascendant until around 1880, and its supremacy before that time may well have reflected the defensive position into which German Catholicism was driven by the *Kulturkampf.*

After Bismarck's break with liberalism in 1878–9 and his subsequent virtual abandonment of the *Kulturkampf,* however, the Center emerged from its parliamentary isolation and began to take an active part in framing social legislation. From that time to 1914, "reformism" became the dominant outlook among Social Catholic leaders, and their enthusiasm for a thoroughgoing reconstruction of society along corporative lines diminished correspondingly. Corporatist goals continued to form part of the program of a vocal minority, though after

1894 this group lost virtually all its influence over the Center's policies. But corporatist theorizing persisted into the twentieth century among Catholic scholars, and the doctrine has continued to command varying degrees and amounts of general allegiance down to the present day. This corporatist doctrine had much in common with those developed contemporaneously by Social Catholic movements in other European countries (notably France, Austria and Belgium), and came ultimately to receive, together with these parallel programs, a broad measure of papal sanction in the Encyclical *Quadragesimo Anno,* issued by Pius XI in 1931.

Ketteler and the Beginnings of Social Catholicism

The intellectual pioneer of German Social Catholicism was Wilhelm Emmanuel, Baron von Ketteler (1811–1877), Bishop of Mainz.[6] His influence was largely responsible for the founding of the movement and his ideas were paramount in determining its early character and point of view. Leo XIII more than once acknowledged that many of the leading ideas in *Rerum Novarum* (1891), his epoch-making Encyclical on the labor problem, owed their chief inspiration to Ketteler. The first generation of Social Catholic leaders in Germany was directly inspired by Ketteler's teaching, and his disciples were energetic in propagating his ideas in the Catholic seminaries of western Germany and among the younger clergy during the late 1860's and early 1870's.

[6] The best recent biography of Ketteler is P. Vigener, *Ketteler, ein deutsches Bischofsleben des 19. Jahrhunderts* (Munich, 1924). One of Ketteler's private secretaries, O. Pfülf, recorded his personal reminiscences in a three-volume work that contains much interesting material: *Bischof Ketteler* (Mainz, 1899). Other useful treatments are: J. J. Laux (G. Metlake, pseud.), *Christian Social Reform* (Philadelphia, 1912); T. Brauer, *Ketteler, der deutsche Bischof und Sozialreformer* (Hamburg, 1927); M. M. Neuefeind, *Bischof Ketteler und die soziale Frage seiner Zeit* (München-Gladbach, 1927).

Ketteler was the scion of an old Westphalian noble family of the Catholic faith. He studied law and entered the Prussian civil service as Referendary of the Superior Court at Münster. In 1838 his judicial career came to an abrupt end when he resigned his post in protest against the government's action, during the quarrel between church and state over the issue of mixed marriages, in imprisoning the venerable Archbishop of Cologne. Shortly after this incident Ketteler resolved to devote himself to the service of the church. He prepared himself for the priesthood by studying theology at Munich, where he attended the lectures of Görres and Döllinger and where he made the acquaintance of Adolf Kolping, who afterward became a pioneer in organizing Catholic journeymen's associations. In 1844 Ketteler was ordained and received his first parish in a small Rhenish village. In 1848 he stood successfully for election to the Frankfurt Assembly, where he worked in close harmony with the small but compact group of Catholic deputies to protect the interests of the church. He soon grew weary of the "endless chatter" that went on in the *Paulskirche,* and finally resigned his mandate following the assassination of two conservative deputies.

In 1849 Ketteler was called to Berlin as Provost of the church of St. Hedwig, and in the following year he was elevated to the Episcopal see of Mainz at the express desire of Pius IX, who on that occasion overruled the first choice of the cathedral chapter in order to ensure Ketteler's election on the second ballot. During the next ten years the new bishop was engrossed in the affairs of his diocese.

It was the widely publicized controversy between the socialist leader Ferdinand Lassalle and the liberal reformer Schultze-Delitzsch that prompted Ketteler to publish, in 1864, his Catholic manifesto in opposition to both the liberal and socialist points of view under the title *Christianity and the La-*

bor Problem.[7] Repercussions following the book's appearance were immediate, vigorous and diverse. Three editions were sold out in as many months. Lassalle himself hailed it as a confirmation of his own theses on the exploitation of labor, and many workingmen's societies wrote to Ketteler, thanking him for having taken up arms in their cause.

The main argument of the book was that the supremacy of capital and the reign of economic liberalism were the two main roots of modern social evils. Both represented the growing ascendancy of individualism and materialism, twin forces that were operating to "bring about the dissolution of all that unites men organically, spiritually, intellectually, morally and socially." Manchester liberalism was nothing but an application of materialism to society. "The working classes are to be reduced to atoms and then mechanically reassembled. This is the fundamental generative principle of modern political economy."

> This pulverization method, this chemical solution of humanity into individuals, into grains of dust equal in value, into particles which a puff of wind may scatter in all directions—this method is as false as are the suppositions on which it rests.[8]

These liberal institutions and doctrines had already wrought much harm, but the future prospect was even more disturbing to contemplate, for the postulates of individualism and materialism, if developed to their logical limits, seemed to lead inescapably to the socialist position:

> The decisions of the majority are the only bases of what is called the modern state. . . . Tell me why the majesty of the popular will should bow before the strong-boxes of our opulent liberals. If it has the right to trample our consciences in the dust, to sneer

[7] *Die Arbeiterfrage und das Christenthum* (Mainz, 1864).
[8] *Ibid.*, 53–7.

at our faith, to deny God and Christ, it would be supremely ridiculous to maintain that it must remain rooted to the spot as if by enchantment before the gold of our millionaires.[9]

Ketteler could see no remedy for the social evils generated by this philosophy short of bringing about a complete inner conversion of all men to the "true political and social wisdom" embodied in Christianity. Only then would governments cease their dissolving activities, and only then would selfishness and lust for material gain cease to dominate men's lives. Only then would new forms of social and economic organization, "corresponding to present-day needs," come into being.

History showed, he thought, that the Christian religion had always been a liberating force. It had proclaimed the absolute value and inherent dignity of man, a concept totally foreign to the religions and philosophies of classical antiquity. In ancient times "man was absorbed by the citizen; he was valued only by reason of his utility to the state. . . . Paganism knew nothing of a working class enjoying equal rights with other citizens." Over the course of the centuries following the founding of the church, however, "the chains of slavery were loosened by a wonderful, internal, spiritual process. During the Middle Ages its reign had ceased in nearly every Christian state." [10]

Furthermore, Christianity had always been incompatible with absolutism in any form, for it had taught that it is better to obey God than princes and that conscience is an inviolable sanctuary. "The Middle Ages recognized no unlimited authority." The classical revival of early modern times, by contrast, had glorified pantheism, individualism, materialism and the political state; it had exalted Roman law over Germanic com-

[9] *Ibid.*, 72 f.
[10] *Ibid.*, 107–8, 149–56.

mon law, and had thus opened the path by which absolution was to make its entry into central Europe. The French Revolution had only intensified a trend that had long been evident, and Rousseau had been the true heir of Louis XIV when he exclaimed, "Liberty? Why, it is nothing but the despotism of reason!" [11]

It remained, however, to find a way to social and political salvation for the future. In his early writings and sermons Ketteler had done little more than sketch the bare outlines of a positive program. He had been temporarily attracted in 1864 by Lassalle's scheme, which called for the gradual displacement of private capitalist enterprise in favor of workingmen's co-operative productive associations established on capital to be advanced by the state. But his enthusiasm for a solution along these lines soon cooled, and in *Christianity and the Labor Problem* he wrote that it was futile and dangerous to expect too much from any one plan of reform. Moreover Christ had said, "The poor ye have always with you," and Ketteler interpreted this to mean that "the majority of men will always be excluded from enjoyments of the material order." Without promising every man the delights of an earthly paradise, however, Ketteler thought that much might be done in the way of moral and material betterment of the lower orders through a fuller development of what he called "the principle of association." This principle, which was as old as the family institution itself, was "a natural law of humanity, provided that it seeks to realize the ends marked out for it by Providence." "The Germanic spirit, more than any other, has developed this principle, whether we consider the family, the village commune, the parish or the craft organizations and guilds." [12]

[11] *Freiheit, Autorität und Kirche; Erörterungen über die grossen Probleme der Gegenwart* (Mainz, 1862) 62–74.

[12] *Die Arbeiterfrage*, 112, 49–50.

Not all human associations were beneficent, however, and it was therefore highly important to distinguish between the good and the bad. A "truly corporative" type of association was the goal to be sought, for:

> It is not without a deeper reason that we apply the word "body" to certain associations. The body represents the most perfect union of parts bound together by the highest principle of life—by the soul. Hence we call those associations "bodies" or "corporations" which have, so to speak, a soul that holds their members together.

Corporative associations bound together by Christian brotherhood would be fundamentally different from "those that are so much in vogue today," for the latter had "no bond of union aside from their own immediate objects," and "selfishness, with its constant tendency to encroach upon the rights of others, threatens at every moment to prevent the realization of this common object":

> When, however, men combine in a Christian spirit, there subsists among them, independently of the direct object of their association, a noble bond which like a benevolent sun pours out its light and warmth over all. . . . In a word, Christian associations are living organisms.[18]

Ketteler was convinced that the "pulverization process" set in motion by liberalism could be arrested and reversed only by the inauguration of a universal scheme of labor organization, the fundamental unit of which would be a "corporation" including all members of a single profession and binding them together in a spirit of Christian brotherhood. He placed a demand for the formation of such associations at the head of his program for solving the "social problem," holding that the state had the double duty of furnishing by means of legislation the necessary assistance to the working class in organiz-

[18] *Ibid.*, 130–6.

ing a corporative structure, and secondly of protecting the worker and his family by law against unjust exploitation. This intervention would bear a purely transitory character however, because, once established, the new corporations would enjoy autonomy within their respective spheres and well defined constitutional bulwarks would secure them against bureaucratic invasions of their rights.[14]

Ketteler thought that membership in these vocational corporations should be compulsory for all workers, but he stressed the divine sanction for the authority that would thus restrict individual occupational freedom, holding that "in a very real sense it represents the authority that removes and prevents the abuse of freedom." Moreover "all estates, as the result of natural and artificial limitations, would enjoy similar protection." [15] He thought that a beginning might be made toward the formation of a corporative order by taking the existing workingmen's societies as the basis for elaborating "a constitution for the working classes":

> Let the various unions form district federations. These can serve as courts of appeal for their members, administer their common funds and form a connecting link between the unions and the state. Then secure recognition of the district federations by the state as legally competent bodies.[16]

The object to be pursued by these labor organizations was not, as their socialist leaders insisted, to promote the class interests of the workers; on the contrary, truly corporative bodies would aim "not at war between the worker and his employer but at *peace on equitable terms* between the two." [17]

[14] *Ibid.*, 85 ff., 79; *Die Katholiken im deutschen Reiche: Entwurf zu einem politischen Programm* (Mainz, 1873) A .t. XII.

[15] *Die Arbeiterfrage*, 26.

[16] From some unpublished notes made by Ketteler in 1865 to amplify *Die Arbeiterfrage*, cited in Laux, *op. cit.*, 144–5.

[17] *Die Arbeiterfrage*, 117. Emphasis in original.

Time and experience under wholesome leadership would teach the workers their true interests, Ketteler felt sure, and false socialist leaders would eventually be discredited. "The future of trade unionism belongs to Christianity":

> The old Christian corporations have been dissolved, and men are still zealously at work trying to remove the last remnants, the last stone, of this splendid edifice. A new building is being erected to replace it. But the latter is only a wretched hut built on foundations of sand. Christianity must raise a new structure on the old foundations and thus give back to the workingman's associations their real significance and their real usefulness.[18]

During the next few years Ketteler's views achieved very extensive circulation, particularly among West German Catholics. He gathered around him at Mainz an enthusiastic group of Catholic scholars, students and publicists, and his teachings were taken up and propagated by a rapidly growing band of followers throughout western Germany. His faithful disciple and collaborator Dr. Christoph Moufang, who headed the large Catholic seminary at Mainz, did much to stimulate interest in social problems among the younger clergy and among the candidates for the priesthood who received instruction there during the late 1860's and early 1870's. In a surprisingly short space of time there emerged an organized movement dedicated to the program of social reform which Ketteler had outlined. A "Catholic-Social" review, *Christlich-Sociale Blätter,* was founded in 1868 to serve as the official organ of this movement, which at that time aspired to become an independent "Christian-Social Party."[19] This review became

[18] *Ibid.,* 130–6.

[19] Volumes II and III of Karl Bachem's definitive work, *Vorgeschichte, Geschichte und Politik der deutschen Zentrumspartei* (Cologne, 1927–32) contain, *passim,* a thoroughly documented account of the origins and early organizational manifestations of this movement. See also Vol. IX of the same work,

a center of theoretical ferment and stimulated the efforts of those who set out to build corporative organizations along the lines marked out by Ketteler in industry and in agriculture.

In the field of labor organization the pioneer of Catholic trade unionism had been Adolf Kolping (d. 1865), a priest of working-class origin who had been a fellow student of Ketteler's at Munich and who had been active in forming journeymen's societies (*Gesellenvereine*) since the early 1850's. These organizations, of which there were more than four hundred at Kolping's death, were usually presided over by a priest, who was assisted by a council of sponsors (*Ehrenrat*) made up of prominent citizens. The program of activity discouraged interest in economic matters and was mainly confined to mutual aid, moral uplift and general education. Attempts were made to give economic content to this movement in the 1870's and 1880's but on the whole it preserved its original character down to around 1890. Opposition from well-to-do elements of the community generally was successful in restraining the few more radical leaders who wanted, as in the case of the *Paulusverein* of Aachen, to make the societies into replicas of contemporary British trade unions,[20] and the main impetus to organization in this period came not so much from the lower classes as from idealistic noblemen, clerics and businessmen. In 1879 the total membership of these Catholic workingmen's societies amounted to only 9,260—a very modest

Ch. IV, pp. 111–63, "Die sozialpolitische Tätigkeit der Zentrumspartei seit dem Tode Windthorsts: Die Korporative Organisation der Christlichen Berufsstände." See also F. S. Nitti, *Catholic Socialism*, trans. from Italian by M. Mackintosh (London, 1911); E. de Girard, *Ketteler et la question ouvrière, avec une introduction historique sur le mouvement sociale catholique* (Berne, 1896); W. Dockhorn, *Die christlich-soziale Bewegung in Deutschland* (Halle, 1928); K. Huemmer, *Der ständische Gedanke in der katholisch-sozialen Literatur des 19. Jahrhunderts* (Würzburg, 1927).

[20] Dockhorn, *op. cit.*, 42–4; 60–1.

showing in comparison with the contemporary achievements of the Social Democrats.[21]

The creation of vocational organizations for the rural population was undertaken at about the same time by Baron Burghard von Schorlemer-Alst, who founded the first Catholic *Bauernverein* at Steinfurt in Westphalia in 1862. The society had only a local significance at first, but similar groups sprang up in neighboring communities, and in 1871 these were united in an organization for the whole province of Westphalia. This example was successfully imitated in the Rhineland, in Silesia and in Bavaria during the 1870's and early 1880's, and by 1896 the movement was able to claim a total of some 32,000 members. The declared object of the founders of these organizations was to create a single vast "corporation" for the whole rural population, welcoming all Christians as members without regard to rank, confession or the size of the individual's holding. The movement early established its own press, set up its own courts for arbitrating disputes among members and acted as intermediary between the peasantry and the large banks and insurance companies; subsequently it became vociferous in demanding increased tariff protection for agriculture.[22] The leaders were usually men of strongly conservative views which were closely akin to those of von Gerlach, and corporatist "estates" doctrines continued to command allegiance among these agrarian chiefs long after the bulk of the Center had laid them aside in favor of gradual meliorism within the pattern of a liberal-individualist society and state.

Meanwhile Ketteler himself continued to take an active part in public affairs, and his influence upon the beginnings of

[21] J. Bongartz, *Das katholisch-soziale Vereinswesen in Deutschland* (Würzburg, 1879) 105.

[22] Bachem, *op. cit.*, IX, 130–1; de Girard, *op. cit.*, 51–2.

the Center party in the months immediately following the founding of the new Reich was powerful and fundamental. In a brochure written in 1871 for private circulation among Catholic political leaders (although not made public until two years later), he outlined a program of action which was accepted by Windthorst, the party's first chief, and which formed the basis for much of the Center's political strategy during the next decade.[23] Point XII of this program was entitled "The corporative reconstruction of society," and demanded that "the state should give back to the working classes that which it has taken away from them—a labor constitution." [24]

This "labor constitution," he thought, should be based on the following principles:

1. The desired organizations must be of natural growth; that is, they must grow out of the nature of things, out of the character of the people and its faith, as did the guilds of the Middle Ages.

2. They must have an *economic purpose* and must not be subservient to the intrigues and idle dreams of politicians nor to the fanaticism of the enemies of religion.

3. They must have a *moral basis,* that is, a consciousness of corporative honor, corporative responsibility, etc.

4. They must include *all the individuals of the same vocational estate.*

5. *Self-government* and *control* must be combined in due proportion.[25]

Ketteler had been elected to the Reichstag in 1871, but after a few months he was obliged to retire from the parliamentary arena because of his advanced age and failing health,

[23] *Die Katholiken im deutschen Reiche; Entwurf zu einem politischen Programm* (Mainz, 1873).

[24] *Ibid.,* 79 f.

[25] From a letter to a group of Catholic workers who had submitted the question, "Can a Catholic Workingman Be a Member of the Socialist Workers' Party?" (1877), cited in Laux, *op. cit.,* 230. Emphasis follows the original.

and leadership of the "social wing" of the Center devolved upon his old friend and close collaborator, Dr. Moufang.

Corporatist Currents in the Center Party, 1871–1880

The body of ideas which Ketteler bequeathed to his successors was not altogether homogeneous, and when the political leaders and social theorists of German Catholicism attempted to apply his teachings they did not at all agree as to what parts to emphasize. Some placed a higher valuation on the medieval and romantic heirlooms in the collection—the conception of society as a pluralistic union of organically differentiated members, for example—from which they deduced the need for a thorough reconstruction of society that would give adequate recognition to its "functional" or occupational groups. Others (and at first these were in the minority) leaned toward a more "reformist" point of view, believing that it would be sufficient to work for the gradual elimination of the more flagrant abuses of laissez-faire industrialism, relying upon benevolence from above, self-help from below and a limited application of state socialism "from outside." The corporatist school was represented chiefly by followers of the Austrian theorist Baron Karl von Vogelsang,[26] a group which included several leading members of the *Christlich-sociale Blätter* circle; by the agrarian leader von Schorlemer-Alst, who became one of the parliamentary chiefs of the Center after 1871; and somewhat later by Franz Hitze, Dr. Moufang's successor as leader of the Center's "social wing." The principal spokesman of the dissident, meliorist viewpoint

[26] J. Schwalber, *Vogelsang und die moderne christlich-soziale Politik* (Munich, 1927) contains a good brief summary of the views and influence of this group. Vogelsang's German followers included Nikolaus Schüren and Joseph Schings (the first editors of *Christlich-sociale Blätter*), Dr. Edmund Jörg, Prince Aloys von Lichtenstein and Dr. Rudolf Meyer, of whom more will be said in a later connection.

was Baron (later Count) Georg von Hertling, a professor of philosophy and one of the party's outstanding younger parliamentarians. This opposition remained in a latent stage during the 1870's, however, for the Center's parliamentary isolation in the midst of the *Kulturkampf* made it impossible to do much in the way of promoting either the meliorist or the corporatist aspects of Ketteler's program.

Most of the party's early leaders were perhaps more thoroughly in accord with the corporatist than with the meliorist point of view. For example, they shared Ketteler's misgivings about universal suffrage, though they made a great point of accepting the constitution of 1871, appealing especially to its guarantees with respect to religious freedom. They agreed with him that the democratic franchise of the Empire was preferable to the oligarchical three-class system of Prussia, but they insisted that it was only a lesser evil and possessed many faults of its own. The ideal form of popular representation, they considered, would take as its basic unit not the individual but one of the "natural" groups in society. Mallinckrodt, in 1873, averred that the ideal franchise would be "one which does not ignore the . . . well defined articulation [*Gliederung*] existing in every civil society, but which takes that articulation as its point of departure." Windthorst, in 1871, was no less definite in his opinion that "if it were possible to have an old German estates [*ständische*] franchise, I personally do not hesitate to say that such a plan would be the best possible." [27]

Despite their virtually unanimous sympathy for the general corporatist viewpoint, however, the Center's leaders studiously refrained during the first years of the party's existence from putting forward any specific demand for corporatist institutional changes. Their energies were absorbed in combating the *Kulturkampf* and the party's strategy was mainly a

[27] Bachem, *op. cit.*, III, 284–5.

defensive one; thus Windthorst and his lieutenants maintained a cautious bearing toward "the social question" while the religious struggle was at its height. They were anxious, also, to avoid giving provocation to their liberal attackers, who were fond of linking the "black international" with the "red international." In addition there was at this period an understandable reluctance on the part of Catholic leaders to magnify the role of a hostile state by assigning it a large body of new functions in the field of social legislation.[28] Many felt, also, that the party should avoid being identified with any one class in society, specifically the working class, because the name "Center" indicated, so they argued, that its proper function was to serve as a common platform on which men of all social strata could unite.[29] The party's first programs had moreover laid particular stress upon "the preservation and strengthening of a powerful middle class in town and country," holding that:

> To maintain this middle class in the midst of perils created by the doctrines of political economy, by industrialism, by complete occupational freedom and by the power of capital—this is not only a social but a national duty.[30]

All these considerations affected Windthorst's attitude toward the "social problem" during the first years of the party's existence. Toward the end of the 1870's, however, the intensity of the *Kulturkampf* abated somewhat, and the advantages of coming forward with a positive social program began to be more keenly appreciated by the Center's leaders, who soon came to see in such a strategy a means of underlining their opposition to the liberal "night-watchman state" while

[28] *Ibid.*, 326, and III, *passim;* Dockhorn, *op. cit.*, 44.

[29] Bachem, *op. cit.*, III, 166–7.

[30] The passage cited is from Point VII of the so-called *Münster Programm* of 1870, reproduced in Bachem, *op. cit.*, III, 100 f.

giving the lie to the charge of their opponents that the Center had become a purely negative influence, representing nothing but "hostility toward the Reich [*Reichsfeindlichkeit*]." Windthorst hoped that by showing willingness to work for the national interest in social matters the Center might acquire prestige which could be used as a lever for bringing the *Kulturkampf* to an end. At the same time, too, the growing electoral victories of Social Democracy were being won partly at the expense of the Center's support among Catholic workingmen, and the party leadership began to feel the need of challenging the socialists' claim to be the only party working for the interests of labor in the Reichstag.[31]

An opportunity to test this new strategy presented itself early in March, 1877, when the Conservatives brought into the Reichstag a motion expressing the desire of master craftsmen for a more stringent regulation of apprenticeship and of journeymen's *Arbeitsbücher*. The Center's leaders, though they approved of the particular aims of this bill, decided to introduce an alternative bill embodying their idea of the scope and function of labor legislation in general.[32] The text of this bill bore a striking similarity to Point XII of Ketteler's program of 1871, and appears to have been drafted by Baron von Schorlemer-Alst, possibly in direct collaboration with the Bishop of Mainz.[33] The bill was sponsored by Count Fer-

[31] Bachem, *op. cit.*, III, 325 *et seq.*

[32] *Ibid.*, 331–2.

[33] Vigener, *op. cit.*, 711–16, asserts that Ketteler had a direct part in framing the bill and in 1927 Dr. J. Liesen, Ketteler's last private secretary, declared (*Akademische Bonifatius-Korrespondenz*, 42. Jahrg., Nr. 2) that its text had been "prepared in closest consultation with the Bishop." Bachem, however, discounts this possibility on the ground that no mention of Ketteler's collaboration appears in Count Galen's *Nachlass*, and suggests that a reading of Vigener's account may have caused Dr. Liesen's memory to play him false, particularly in view of the fact that the latter was away from Mainz, taking his state philological examination in Göttingen, at the crucial time. (Bachem, *op. cit.*, IV, 114.)

dinand von Galen, a Westphalian nobleman held in high regard by all parties in the Reichstag for his conciliatory bearing and tact. It called upon the government to lay before the Reichstag a project of law looking toward the amendment of the Industrial Ordinance (*Gewerbeordnung*) of June 21, 1869, re-enacted for the Empire, which had established complete occupational freedom in the North German Confederation. The Center's motion specified further that this new law should include clauses designed to "protect and improve the position of handicraft workers by placing restrictions upon occupational freedom and by regulating the obligations of apprentices and journeymen toward the master craftsman." Count Galen's bill went on to demand "a revision of legal provisions relating to the freedom of movement," and closed with a plea for the speedy establishment of a new system of guilds:

> In order to make good a grave injustice, to avert a great peril, to restore labor, the source of all well-being, to its rightful honor, it is necessary to reverse the direction heretofore followed. . . . Real improvement in the situation can result only from the inauguration of a scheme of corporative associations.[34]

During the three-day debate that followed the liberal parties and the Social Democrats made common cause in opposing any revision of the regime of occupational freedom, characterizing the Center's position as "the negation of all our modern institutions, . . . of all modern political development." [35]

[34] *Stenographische Berichte über die Verhandlungen des deutschen Reichstags*, 1877, III (*Anlagen*), 274.

[35] Remarks of Dr. Eduard Lasker, spokesman for the National Liberals, *Stenographische Berichte*, 1877, I, 504. His lieutenant, Dr. Wehrenpfennig, wanted to know whether the bill were not "a fragment torn from some medieval chronicle, or possibly from some tale about Franks and Burgundians." (*Ibid.*, 570–1) Bebel asked whether the "Christian world order" referred to should be "dated from the age when Gregory VII ruled omnipotently, from the time

The government's spokesman, von Hofmann, described the Center's bill as "a provocative . . . attack upon the economic policy of the federated governments and of the Reichstag itself." [36] Windthorst spoke at considerable length in defense of the bill, denying that the Center wanted to see any increase in bureaucratic powers, even though it remained steadfastly opposed to the "free play of forces" in economic life. From any such increase in the sphere dominated by the centralized state, he pointed out, "we 'Ultramontanes' would be the first to suffer." "On the contrary, . . . we are convinced that in these corporative institutions of which Count Galen has spoken . . . there may well be found the means of limiting and alleviating the evils that exist today." [37] At the close of the debate the bill was referred to committee; it was never heard of again.

Leaders of the Center continued to pay tribute to the corporative aim defined in Count Galen's bill, and in the following year even von Hertling spoke with regret of its rejection, declaring that "we still hold fast to the standpoint that prompted us to introduce our bill of last year." [38] In view of the unfriendly reception which the bill had encountered, however, he indicated that for the immediate future the Center would refrain from making proposals for social reform on its own initiative but would instead confine itself to supporting the proposals of others when it considered these to be fundamentally sound. This was in fact to be the party's policy during the next years. When the Center again felt capable of taking the initiative in social reform, its leaders' standpoint

when Leo X dissipated the indulgence moneys in Rome, from the age of the peasant wars, or from the epoch when the first Christians lived together in a communistic society?" (*Ibid.*, 571–2)

[36] *Ibid.*, 578–9.

[37] *Ibid.*, 559–64.

[38] *Ibid.*, 1878, I, 297–8.

had changed, partly in response to external developments—the government's break with liberalism and the ending of the *Kulturkampf*—and partly in response to the emergence of new preoccupations in the social thinking of German Catholics. Thus no further attempt was ever made by the party leadership to carry through the corporatist demands embodied in Count Galen's bill.

After 1880, and especially after 1890, emphasis shifted away from the corporatist elements in Ketteler's theoretical legacy and came to rest squarely upon meliorism. Instead of seeking thoroughgoing reconstruction of the economic and social order the new policy of the Center aimed almost exclusively at the gradual removal of specific abuses. The radical corporatist point of view continued to command the support of a vocal but dwindling minority within the party, however, until well into the 1890's. Ironically enough, this corporatist viewpoint had received its most comprehensive theoretical elaboration in 1880, almost at the exact moment when the tide began to run strongly in the opposite direction, with the publication of Franz Hitze's *Capital and Labor and the Reorganization of Society,*[39] a work which, despite the subsequent desertion of its author to the meliorist camp, furnished much intellectual support to corporatist enthusiasts in the Center and in the Social Catholic movement at large.

Hitze's Program for "Corporative Reconstruction"

Franz Hitze (1851–1921) [40] had acquired an early reputation for intellectual brilliance and theoretical perspicacity as

[39] *Kapital und Arbeit und die Reorganisation der Gesellschaft* (Paderborn, 1880).

[40] The biographical information here presented has been drawn mainly from F. Müller, *Franz Hitze und sein Werk* (Hamburg, 1928); from the article "Hitze," contributed by August Pieper to the *Staatslexikon der Görres-Gesellschaft,* 5 ed. (Freiburg, 1932) II, 1215–1222; from Franz Müller's article, "Hitze," in *The*

one of the outstanding younger members of the group which had been formed under Moufang's auspices around the Social Catholic review, *Christlich-sociale Blätter.* He was the son of a Westphalian peasant family of moderate means and owed his education largely to the patronage of clerical sponsors who early recognized his exceptional mental ability. In 1877, while still an undergraduate at Würzburg, he attracted considerable attention by publishing a collection of his own speeches and essays on the social problem.[41] Following his ordination in 1878, he studied for two years in Rome at the German *Campo Santo,* devoting himself mainly to scholastic theology and especially to the social philosophy of Saint Thomas Aquinas. He seems also to have read extensively in the works of Karl Marx, as well as in the current literature of Catholic social reform, paying particular attention to the writings of Ketteler, Jörg and Vogelsang.[42] The result of these studies was *Capital and Labor,* which he published on his return to Germany in 1880. This book ran to some six hundred closely printed pages, and contained a sharp indictment of laissez-faire industrialism. In addition, it was the most comprehensive statement of the Catholic corporatist program for social reconstruction that had appeared in Germany up to that time.

Encyclopedia of the Social Sciences (New York, 1932) VII, 391–2; and from a doctoral dissertation by Karl Gosebruch, *Franz Hitze und die Gemeinschaftsidee* (Warendorf, 1927).

41 *Die soziale Frage und die Bestrebungen zu ihrer Lösung* (Paderborn, 1877), supplemented three years later by *Die Quintessenz der sozialen Frage* (Paderborn, 1880).

42 Hitze himself recalled in later years that his early outlook, expressed in *Kapital und Arbeit,* had been "not uninfluenced by . . . Ketteler, Jörg, and Vogelsang." See "Kapital und Arbeit und die Reorganisation der Gesellschaft: Nachwort zu der gleichnamigen Schrift" in *Deutsche Arbeit, Monatsschrift für die Bestrebungen der christlich-nationalen Arbeiterschaft,* 6. Jahrg. (1921) 44–5.

Hitze followed Ketteler very closely in his critique of liberal-individualist philosophy, finding the root cause of the modern social crisis in "the dissolution of society . . . into competing atoms." The Manchester doctrine of economic freedom was only a myth serving to disguise the fact that capital actually ordered things completely and with a single eye to its own advantage. Modern society had lost the medieval idea of "vocation," and labor had become merely a means of gaining a livelihood, a commodity to be sold on the open market to the highest bidder.[43] Not only was laissez-faire capitalism unacceptable from a moral standpoint; it was not even a viable system for ordering the productive process. "Overproduction" was written on the face of the same coin which on its obverse side bore the legend, "underconsumption by the masses." The continued operation of these contradictory tendencies could produce only an unending series of booms and slumps, for it was abundantly clear, he thought, that competition was incapable of serving as a satisfactory regulator of production. It represented instead merely "a continuing process of expropriation," executed through the assertion of "the right of the strongest," and must eventually result in "the common ruin of both capital and labor." [44]

Only by restoring the medieval principles of "vocation" and of "mutuality," Hitze argued, could a satisfactory economic and social order be re-established. Each vocational group must once more come to feel itself "pledged" to society, and society "pledged" to it, each protecting and upholding the other. "Our whole life must again become corporative [*ständisch*]. . . . Then we shall arrive at a form of 'socialism'

[43] *Kapital und Arbeit und die Reorganisation der Gesellschaft* (Paderborn, 1880) 391–3, 398, 435.

[44] *Ibid.*, 51.

based on true solidarity, without revolution and without despotism." The old guilds could not, he conceded, be simply restored in their original form, for these would be completely unsuitable under modern technological conditions and in a modern cultural atmosphere. Corporative institutions, resembling the old guilds in their central purpose but resting upon "a broadened economic and democratic foundation," were to be sought "from a completely modern point of view." [45] The old guilds had degenerated into rigid monopolies; therefore their decline and disappearance had been inevitable; but it should not be overlooked that in medieval times the guilds had "solved the social problem of the age" and had "guaranteed social peace to our nation over the course of centuries." In its uncorrupted form the guild system had furnished the best model for the new social organization which the modern age so desperately required—"a genuine example of socialism, of communism; socialism of a sort, however, that need not terrify us." [46]

Hitze was ready to acknowledge that private charity, protective legislation and self-help offered considerable opportunities for satisfying the workers' immediate material needs within the existing order, but in 1880 he was convinced that no lasting salvation could come from attacking the social problem piecemeal. The need for a definitive solution was much too urgent. Temporizing might postpone the day of reckoning, but nothing short of the most drastic measures could permanently avert the social catastrophe that was in preparation. "The social war exists." "Indeed, it must be a fearsome notion for our social philistines to 'organize' the masses, to lead them in closed ranks onto the field of battle." "But organized 'war

[45] *Ibid.*, iv–v.
[46] *Ibid.*, 425, 443, 450.

fare' seems to me to be much more humane and much more likely to end in an early peace than guerrilla warfare as it is being carried on today":

> It is no longer possible to ignore the fact that a conflict exists between capital on one side and labor on the other. There remains open to us no course but to acknowledge this conflict openly, to *organize* it, to give it *legitimate organs,* to assign to it a *recognized place where, under the eyes of the central state authority, the battle can be fought out.*

Only in a corporative order could the "lust for battle" be permanently stilled, for only then would workers and employers become aware of the real identity of their interests.[47]

Hitze did not undertake to settle every detail of his proposed new order in advance. He repeatedly stressed the desirability of avoiding rigid organizational formulas and shunning arbitrary procedures. Only by taking full account of all interests and by acting only with the prior consent of all the various parties involved could a satisfactory corporative system be constructed on firm, democratic foundations. The basic organizational unit of the new structure would be a "vocational estate," but the boundaries between different estates were frequently indistinct; in every locality or region the number and relative importance of the various estates would be different; and the ultimate application of general principles would have to be the work of experts.[48]

As for these general principles, it was plain in the first place that an industrial society required a much more complex organization than had the agrarian and municipal society of Saint Thomas Aquinas' time. "Actual economic interests . . . can alone be decisive." There could be no question of

[47] *Ibid.,* 548–9, 534, 452, 403, 549. Emphasis follows the original.
[48] *Ibid.,* 452.

basing the new *Stände* upon historic rights. In the new corporative scheme the nobility, for example, would figure as an estate only by virtue of the fact, and to the extent, that its members were owners of landed property. The peasantry, on the other hand, as well as the industrial workers, could be incorporated almost automatically as estates in the new order. Altogether there would be seven of these estates: small landed property-owners, large land-owners, large-scale industrialists, small-scale industrialists, large-scale traders, small-scale traders, and industrial wage-earners. The crowning institution of the edifice would be a Chamber of Estates which would supplement the territorial parliament as the second chamber of the national legislature. Representatives to this Chamber of Estates would be chosen by the national electoral colleges of the several estates, these having been chosen in their turn by regional assemblies. At the base of the pyramid would be a multitude of local assemblies, one for each vocational group in a given district.[49]

This scheme of vocational representation, Hitze anticipated, would ensure the choice of parliamentary bodies in which considerations other than the will of an arithmetical majority could make themselves felt. Above all, the social and economic interests of real, abiding functional groups would receive expression, thus lending a character of permanence and stability to legislative enactments which could never result from the "accidental," "transitory" verdicts of parliamentary majorities that corresponded to nothing more than a counting of noses. A corporative system of "interest-representation" would also mark the final, irrevocable shattering of "Manchesterism," in that it would "end forever the domination of 'money' in politics":

[49] *Ibid.*, 404–6, 422–3.

Once more we would have a natural bond between government and people, . . . between state and society. . . . Real interests would again come to count for something. . . . The "nation" would again accept legislation joyfully, and would again take an interest in the work of its representatives because the latter would be "flesh of its flesh."

True democracy would become a reality instead of a set of empty forms. "Today we are tyrannized by slogans and 'newspapers,' " but this state of affairs would have no place in the future political scheme, where corporative assemblies "would be able to express, and would express . . . the real desires and will of the people." [50]

It remains to examine at somewhat closer range the functions which Hitze contemplated assigning to each of his seven vocational estates. The peasantry would be bound together in an organization that would enable them to pool their credit resources with a view to reducing and ultimately eliminating rural indebtedness, "the root problem of the peasant question." The new *Bauernstand* would also pay a great deal of attention to safeguarding the integrity of the individual family holding. "We must lay it down as an ironclad rule that . . . there is something unique about the small peasant holding—that it is a piece of the common soil of the Fatherland, and cannot be regarded as private property." Hitze also contemplated that many tasks of governmental administration in rural communities would be taken over by local assemblies of the *Bauernstand*. These bodies would enjoy wide autonomy and would have rights of self-government which would enable them to resist undesirable encroachment on the part of the central state authorities.[51]

For handicraft workers Hitze advocated the establishment

[50] *Ibid.*, 424.
[51] *Ibid.*, 454, 465, 467–8.

of compulsory guilds. No worker who was not a member in good standing would be permitted to engage in an occupation reserved for one of these guilds, and no one could become a member without serving a regular apprenticeship. Nor would these organizations be purely economic or technical; their scope was to be "total":

> The guild is to absorb *all* associations having any connection with handicraft, and the *whole* social life of the craftsmen is to be concentrated in the guild. . . . The separate purposes of the guild could be achieved by free associations, but not all of these purposes taken together. . . . Life is more than the sum of single acts and society is more than the sum of its component individuals.[52]

To the future estate of large industry Hitze devoted only ten pages of his book, out of a total of nearly six hundred. His discussion was couched in very general terms, and he did little more than list the functions of the estate, without elucidating these in any detail. There would be a "central leadership," whose tasks would include encouragement of technical progress, collection of statistics, punishment of dishonest businessmen, supervision of vocational schools and improvement of roads, canals, communications and consular service. Its principal function, however, would be "the regulation of production." Hitze specified that the goals of this regulation would be "overcoming the anarchy of production and the creation of a new spirit of social responsibility through the conquest of egoism," but he did not elaborate further upon the point.[53]

The trade unions, too, would assume a new character when, in the new corporative order, they had become an integral part of a communal, non-acquisitive economy:

[52] *Ibid.*, 474. Emphasis follows the original.
[53] *Ibid.*, 514–24.

Today the labor movement is a *tearing-loose,* a *secession* from the rest of society; then it would be a *joining-on;* it would be only one organization among many. The other, more conservative estates would show the workers the path, . . . and the state would compel the workers to set themselves conservative goals and to put their own house in order alongside the ordered regiment of capital.[54]

In the relative anarchy of social relations prevailing in the existing liberal-individualist scheme, Hitze felt that strikes had a certain measure of justification. In a corporative order, however, there would be ample grounds for prohibiting both strikes and lockouts, or at least for tolerating them only when the two parties to a dispute failed to agree after a special court of industrial arbitration had rendered its decision.[55]

Lest the new society of estates degenerate into a rigid system of closed castes, Hitze recommended the establishment of producers' co-operatives which would eventually make possible "the flowering of corporative life." "Individual workers who are energetic beyond the ordinary can and must be enabled to become at the very least co-entrepreneurs, and thus to rise into the 'directing class.' " Without such an upward movement, he emphasized, "the opposite of estates come to exist, for these atrophy into castes." He concluded:

Today the worker lacks the resources, the initiative and the discipline to make the founding of such productive associations thinkable. Twenty years of the corporative order, however, will leave our workers' estate quite otherwise situated.[56]

In the future corporative economy, production and distribution would be brought under social control. "Competition is not to be abolished, but it is to be brought within bounds."

[54] *Ibid.,* 528–9. Emphasis follows the original.
[55] *Ibid.,* 553–4.
[56] *Ibid.,* 573–4.

Public regulation of prices would have to be undertaken in the measure that reliance upon the "automatic" mechanism of the free market was abandoned. "Another medievalism! . . . For guilds and price-fixing are to each other as cause and effect. Whoever wants . . . solidarist labor must also desire . . . solidarist prices, and vice versa." [57]

Such, in outline, was Hitze's conception of the corporative order which he believed was the only acceptable alternative to the economic anarchy and political dissonance that must continue to flow from liberal-individualist principles of social organization. Although not directly opposed at any essential point to the doctrine of his Social Catholic predecessors, his exposition of the character and functions of his projected corporative institutions revealed, in addition to a much stronger preoccupation with concrete details, a definite shifting of emphasis at several points. In contrast to Ketteler's emphasis upon the necessity for hierarchical differentiation of the various estates in society, for example, Hitze considered that all his *Stände* were equally valuable and equally entitled to be recognized as bearers of social functions, rights and responsibilities. All were to be represented on equal terms in the Chamber of Estates which would crown the corporative political edifice. Historic rights and privileges would be set aside, and the "real interests" of functional economic groups would be the sole criterion for determining the configuration and prerogatives of each estate.

Hitze was also inclined to put considerably more reliance than did Ketteler upon direct governmental intervention in economic affairs. He still held to Ketteler's formula for bringing about a corporative reconstruction of society mainly "from below," but he called upon the state to participate actively in the organizing task and he made room for a large body of

[57] *Ibid.*, 484–5.

continuing state functions in his new order. In part, at least, this heightened emphasis on the state probably reflected Hitze's keener awareness of the growing complexity of economic processes. In the sixteen years that had elapsed since Ketteler's first attempt to chart the path toward a corporative order, capitalistic economy had made impressive strides forward in Germany. Parallel with this advance there had developed an increasing recognition on the part of Social Catholics of the inappropriateness of purely local arrangements for dealing with the problems to which large-scale industrialism was giving rise. Writing in 1880, moreover, when the worst rigors of the *Kulturkampf* were past and the government's alliance with liberalism broken, Hitze may well have seen less reason to distrust the secular state. Whatever the reasons for this change of emphasis may have been, the result was a definite gain in realism in the sense that it stressed the necessity for positive political action, and thus contributed a more solid foundation to the ideal of a corporative society by indicating how the realization of that ideal was dependent upon the simultaneous achievement of a corporative state.

Corporatism versus Meliorism, 1880–1894

Thoroughgoing social reconstruction along corporative lines had been a central aim of virtually all German Catholic reformers and political leaders prior to 1880, and Hitze's *Capital and Labor,* published in that year, was the fullest and most extreme statement of this corporatist program. A new tendency had already begun to make itself felt toward the end of the 1870's, however, and during the next few years the extreme corporatist point of view rapidly lost the greater part of its earlier influence. Meliorism, within the existing capitalist-individualist scheme of things, became the order of the day. Only a minority of Social Catholics and a still smaller propor-

tion of the Center continued to demand radical institutional changes along the lines laid down by Hitze. The rise of meliorism and the decline of extreme corporatism, especially so far as the Center was concerned, doubtless reflected in some measure the growing influence exercised in party councils by Catholic industrialists of western Germany, who may well have felt that Hitze's strictures against "the domination of capital" were not especially conducive to party harmony.[58]

Another partial explanation of the decline of corporatist radicalism may be found in the changed parliamentary situation. After Bismarck's break with liberalism and his virtual abandonment of the *Kulturkampf* the Center emerged from its isolation. Its numerical strength in the Reichstag had increased substantially, and its leaders not infrequently found themselves holding the balance between the government and the opposition parties. Corporatist doctrine had been a useful defensive weapon in a dogmatic struggle against dogmatic opponents, but the new situation called for something more akin to principled opportunism, for the party was not in a position to carry into effect a program of its own, and yet it could not escape responsibility for its day-to-day actions. Within the Center itself the slackening of the religious struggle greatly lessened the effect of one potent force that had previously operated to unite the rather variegated assortment of social and economic groups upon which the party depended. As these conflicts of interest increasingly made themselves evident, leaders more and more frequently had to accept compromises in the interests of preserving unity among all sections of the party.[59]

Although the battle was increasingly going against them, the dwindling advocates of radical corporatist reconstruction

[58] Schwalber, *op. cit.*, 40–1; Bachem, *op. cit.*, III and IV, *passim*.
[59] Bachem, *op. cit.*, IV, 84–5 and *passim*.

kept up a spirited rear-guard action during the 1880's and early 1890's, both in the Center party and in the various popular organizations of the Social Catholic movement. The older corporatist point of view found a secure stronghold in Austria, where Social Catholicism remained under the aegis of Vogelsang and his followers,[60] and from time to time the latter sallied forth to make their influence felt in the German Reich. In the Center a group of agrarians led by Baron von Schorlemer-Alst and Count Felix von Loë maintained close relations with these Austrians, and resisted the new meliorist tendency until the defeat of their "Oberdörffer program" in 1894, after which the few remaining adherents of root-and-branch corporatism acquiesced in the new orientation without further protest. Neither did the extreme corporatist program find much sympathy among leaders of the Catholic trade unions after 1890, when the movement first began to grow at a rapid pace.[61] A small group of Catholic social theorists continued into the twentieth century, however, to develop a doctrine of "solidarism" that embodied the essential postulates of Hitze's thinking as developed in *Capital and Labor.*

The theoretical opposition between corporatism and meliorism came to a head in the late 1870's and early 1880's in the form of a controversy between Hitze and von Hertling, a dispute that aroused much interest in Social Catholic circles[62] and ended with Hitze's formal adoption of his opponent's point of view. Von Hertling took particular exception to the thesis that schemes of corporative organization should be in any way dependent upon legal compulsion for their realization. As the dispute developed, however, it became evident that more was involved than the simple question of

[60] Schwalber, *op. cit.*, 42 ff.

[61] L. Frey, *Die Stellung der christlichen Gewerkschaften Deutschlands zu den politischen Parteien* (Berlin, 1931) *passim.*

[62] Huemmer, *op. cit.*, 80; Nitti, *op. cit.*, 142–3.

whether or not the state should restrict an individual's freedom to the extent of compelling him to join a vocational association. The fundamental tenet of Hertling's political and social philosophy was the concept of a state based on individual rights (*Rechtsstaat*), which he derived from Catholic theological doctrines of natural law. His point of view bore many resemblances, at least so far as its practical implications were concerned, to the liberal conception of the state as a "passive policeman," although Hertling did not, like many liberals, regard it as an intolerable encroachment on individual freedom when the state sought to protect the lives and health of its weaker citizens through social legislation and factory acts. Nor did he feel that any group of citizens might legitimately be prevented from forming a voluntary association (like a trade union) to advance their common interests.[63]

Hitze took a view which was based, like Hertling's, on the conception of a divine law giving rise to natural rights, but he approached the problem of state intervention from a social rather than an individual point of departure. For him the central problem was that of finding a compromise between the demands of "free personalities" for unlimited self-determination and the demands for limitation on this freedom arising out of the fact of social existence. It was a law of universal history, he maintained, that "with the progressive evolution of human society the state must draw ever greater spheres of free-will into the sphere of law." From this standpoint Hitze arrived at the conclusion that it was the duty of a Christian state to "promote and protect morality and in particular to awaken a consciousness of Christian solidarity, ultimately acting . . . to give legal expression to this consciousness." [64]

[63] Bachem, *op. cit.*, IV, 119–20; G. von Hertling, *Erinnerungen aus meinem Leben* (München-Kempten, 1919–20) II, 92 ff.

[64] *Kapital und Arbeit, op. cit.*, 232; *Cf.* also 206–7, 393, 402, 445.

With this last conclusion Hertling could not agree. To his mind Hitze was "a complete state socialist, whereas I not only want to leave room for individual freedom and private initiative, but see a grave danger in the further increase of state authority." Hertling was convinced that occupational freedom and the other economic liberties established by liberal legislation should be upheld in principle, leaving it to social legislation, to private charity and to voluntary labor organization to remedy specific abuses without recourse either to far-reaching state intervention or to sweeping institutional change. It was the state's duty to protect the citizen's right to join a voluntary vocational association and to assist in arbitrating disputes between such organizations, "but it must never abuse its power in this respect, nor attempt to force the contending parties to conform to the measurements of a Procrustean bed in the form of a pattern fashioned out of abstract theory." [65]

Essentially, the issue between Hitze and Hertling was whether Social Catholicism should accept or reject the existing capitalist-individualist social order. Hitze had quite frankly questioned both the moral basis and the practical viability of private capitalism, holding that:

> We must find the strength to acknowledge that our present social relationships are untenable, that our whole economic system is decaying and is torn asunder by its own inner contradictions, which must eventually bring about its utter dissolution—in short, we must struggle energetically to achieve . . . a new ordering of the relations between capital and labor, and a thoroughgoing reorganization of society.[66]

[65] G. von Hertling, "Kritik der Hitze'schen Schrift, 'Kapital und Arbeit und die Reorganisation der Gesellschaft' " in *Christlich-soziale Blätter,* 15. Jahrg. (1882) 366 ff. *Cf.* also Hertling's *Aufsätze und Reden sozialpolitischen Inhalts* (Freiburg, 1884) 60.

[66] *Kapital und Arbeit, op. cit.,* 49–51.

Hertling, while condemning many specific abuses of laissez-faire industrialism, was a firm believer in private initiative and responsibility in economic life. He was convinced that capitalistic economy operated beneficently on the whole, and he was encouraged in this belief by the example of certain humanitarian employers who under the influence of Social Catholic teachings were beginning to take an active if paternalistic interest in the welfare of their workers.[67] In the final analysis, he thought, the faults of the existing economic system could be remedied by gradual processes of reform without unduly magnifying the state.

This controversy between Hitze and Hertling came to an abrupt end soon after 1880, when Hitze acknowledged that his program was not a practicable one in the then existing situation, and adopted the essentials of Hertling's outlook so far as his own subsequent efforts to solve the social problem were concerned. He later insisted that he had not abandoned his earlier ideas but had merely laid them aside until a more suitable occasion should arise for bringing them forward.[68] He became the acknowledged expert and parliamentary leader of the Center in social matters, and in later years he was often referred to as the "old master of social politics." [69] In 1890, with the socially conscious industrialist Franz Brandts, he was

[67] The outstanding example of this tendency among employers was Franz Brandts, a textile manufacturer of München-Gladbach, who instituted a plan of profit-sharing and paid much attention to improving the working and living conditions of his employees. He was widely hailed as "a model Christian employer," and a number of other manufacturers followed his example. In 1880, he and a group of like-minded businessmen established a foundation under the name "Workers' Welfare (*Arbeiterwohl*)." This organization described itself as "a union of Christian industrialists and friends of labor." Hertling became Brandts' chief lieutenant, as first Vice-Chairman, and Hitze received the post of General Secretary.

[68] "Nachwort" (1921) to *Kapital und Arbeit, loc. cit.*, 44 ff.

[69] Bachem, *op. cit.*, IV, 110.

a co-founder of the *Volksverein für das katholische Deutschland,* an organization dedicated to workers' education, to coordinating and improving Catholic welfare work and to the study of social legislation. Under Hitze's leadership the *Volksverein* played a central role in the practical application of the meliorist program down to 1914 and beyond.[70] As a member of the Prussian Landtag (1882–1893, 1898–1912) and of the Reichstag (1884–1921), he was a tireless promoter of social insurance, factory inspection and a variety of other protective measures for the benefit of labor. By 1914 so much progress had been made in these fields that he did not consider it too much to say that:

> In the place of the scorned, oppressed and pitied "proletarian" there has emerged a full citizen, materially better situated, self-conscious, aspiring and concerned with ideal values. . . . Thanks to our social legislation, a fullness of moral and spiritual power has been awakened and fortified in our working class.[71]

After the revolution of 1918, when the idea of a national economic council was making a strong appeal to many corporatists who saw in it the means of achieving the kind of "functional" representation which Hitze himself had once advocated, he favored the idea in principle but took the position that "the integrity of the Reichstag's sovereign power must be safeguarded, and that the National Economic Council must play . . . a subordinate role." [72]

The older corporatist point of view seems to have died hardest among the members of the Center's agrarian wing, a fact which may be partially accounted for by the reformists' preoccupation with industrial, commercial and labor questions.

[70] *Ibid.,* 110 f.; Schwalber, *op. cit.,* 47; Dockhorn, *op. cit.,* 105.

[71] "Die Arbeiter-Sozialpolitik," in the official "jubilee" publication, *Deutschland unter Kaiser Wilhelm II* (Berlin, 1914) II, 857–8.

[72] "Nachwort," *loc. cit.,* 68 f. See below, p. 197.

Especially after the majority of the Center supported ratification of commercial treaties that sharply reduced import duties on Russian and Austro-Hungarian grains in the early 1890's, these agrarian members felt that their interests were being sacrificed.[73] Under Schorlemer's leadership, they even threatened at one time to secede from the party; but this split was averted, and there were no further consequences. Before the return of the disgruntled agrarians to the party fold in 1894, however, an unreconciled group of radical corporatists took advantage of this situation in order to wage a last rear-guard action against the triumphant meliorist tendency within Social Catholicism.

The central figure in this attempt was Dr. Peter Oberdörffer, then chaplain and later curate in Cologne. In June, 1894, he published in his magazine *Kölner Korrespondenz* a very detailed "Social Catholic program" which purported to be an "elaboration" upon the principles outlined in the encyclical *Rerum Novarum* (1891) and which was accompanied by a large number of supporting signatures. The main tendency of this program was toward a "corporative reorganization of society along vocational lines," and its central thesis (*"Kernsatz"*) was couched in the following terms:

> All Catholic social reformers consider the goal of their efforts to be the reorganization of society according to Christian principles on the basis of vocational estates (*Berufsstände*), in a form appropriate to modern spiritual and economic conditions, with rights of self-administration and with adequate representation of their interests guaranteed in the state constitution.[74]

Dr. Oberdörffer himself appended the following explanation to this *Kernsatz:*

[73] Bachem, *op. cit.*, IV, 24–7.
[74] *Ibid.*, IX, 145–6.

The whole structure of the state must rest on a foundation of vocational estates. The state constitution must have its foundation in the governing bodies of these vocational groups. . . . It goes without saying that such a structure demands *political representation of the vocational bodies,* whether this object be achieved by a modification of our existing parliaments and their powers, or whether it be at least by the establishment of corporative chambers of equal rank alongside these.[75]

Dr. Oberdörffer had been able to secure an impressive number of endorsements for his program, but the absence of certain names was noteworthy. Among the signatures conspicuous by their absence were those of Hitze, von Hertling and Franz Brandts. All had been asked to sign but had refused. The most prominent name that did appear was that of Baron Felix von Loë, organizer and head of the West German *Bauernverein.* Supporters of Dr. Oberdörffer's program were vociferous in their contention that it represented "*the* Social Catholic program," and that it was "wholly in the spirit of *Rerum Novarum.*" It was maintained that all its points, so far as they were not explicit, were at least implicit in the papal definition of Catholic social doctrine, with the consequence that "every Catholic must assent to them."[76] In order to strengthen this argument, a copy of the theses was submitted by von Loë to the Pope, together with a request for his endorsement. Cardinal Rampolla, the papal secretary of state, replied that the Holy Father, "without expressing an opinion on points of detail, . . . looked with real satisfaction on the efforts of Catholic social reformers in Germany." The Pope also approved "the goal which the signers of this program have set for themselves" in seeking to carry out the injunctions of *Rerum Novarum.*[77]

[75] *Ibid.* Emphasis follows the original.
[76] *Ibid.,* 147–9.
[77] *Ibid.,* 149 f.

On the strength of this completely non-committal reply, von Loë immediately rushed into print in the official organ of the *Bauernverein, Die Rheinische Volksstimme,* declaring that the Oberdörffer program had been approved by the Pope in every detail. At the same time, he attached to the original theses a new paragraph demanding higher grain prices, which he described as "merely a practical application of the program." At this the parliamentary leaders of the Center became alarmed. They suspected that von Loë's maneuvers concealed an old and, to their mind, dangerous tendency that had the aim of making the Center a "Catholic people's party," rather than a general, national and non-confessional political party. In addition, of course, the meliorist leadership of the Center's "social wing" was anxious not to have its hands tied by Dr. Oberdörffer's rather dogmatic formulation of the older school's corporatist program.[78]

Despite strenuous attempts to prevent the Oberdörffer program from circulating widely, a further discussion of its contents took place at the Cologne Congress of German Catholics held in the summer of the same year. After a lively debate in the resolutions committee, a number of compromise resolutions were finally adopted. It had early become apparent that Dr. Oberdörffer and his radical corporatist friends were in a hopeless minority, but to save their feelings the committee approved an extremely attenuated version of his *Kernsatz:*

> It is one of the prime duties of the state to protect and promote, by legal enactments, the fullest development of vocational associations (*berufsgenossenschaftlichen Organisationen*).

The adoption of this weak resolution by the whole Congress without a single dissenting vote testified eloquently to the complete rout of the extreme corporatist faction, and sealed

[78] *Ibid.,* 148–9.

the victory of the reformist majority in the Social Catholic movement. The few remaining adherents of the older school thereafter acquiesced in the new orientation without further public protest, and the Oberdörffer program itself was soon forgotten.[79]

"Solidarism" and the Twentieth-century Legacy of Catholic Corporatism

Although Catholic political leaders and social workers paid little serious attention to programs of radical corporative social reconstruction in the years between 1894 and 1914, a small number of Catholic scholars continued to maintain an interest in the earlier corporatist ideal and to teach it in German seminaries and universities as a central doctrine of twentieth-century Catholic social philosophy. The Jesuit economist Heinrich Pesch (1854–1926) was probably the most influential of these theorists and pedagogues.[80] His "Christian Solidarism" was the product of an attempt to systematize the corporatist teachings of Ketteler, Vogelsang, Moufang and Hitze, and to show how many ultimate corporatist social objectives could be pursued simultaneously with an essentially meliorist program in practical politics.

Pesch was a native of Cologne, where in his youth he had been stirred by the enthusiasm which Ketteler and his disciples were arousing among West German Catholics. After studying law and jurisprudence at Bonn, he joined the Jesuit order in 1876. During the *Kulturkampf* he spent four years in England, where he was much distressed at the squalor of industrial Lancashire. On his return to Germany he studied economics under the tutelage of Dr. Rudolf Meyer, one of

[79] *Ibid.*, 150.

[80] H. Lechtape, "Pesch," in *Staatslexikon der Görres-Gesellschaft*, 5 ed. (Freiburg, 1932) IV, 131–5. Cf. also G. Gundlach, "Solidarismus," *ibid.*, IV, 1614–22.

Vogelsang's corporatist disciples,[81] and taught (1892–1900) in the Mainz seminary for priests. The fruit of these years was a two-volume work on *Liberalism, Socialism and the Christian Social Order,*[82] in which were contained the main ideas which he spent the rest of his life elaborating in a four-volume *Compendium of Political Economy.*[83] To prepare himself further for this task, he attended Adolph Wagner's lectures at Berlin for two years and kept up a close friendship with his teacher until the latter's death in 1917, though Pesch never abandoned his fundamental antipathy to many "neo-cameralist" or *étatiste* features of Wagner's theoretical outlook.

According to the doctrine of "Christian Solidarism" which Pesch developed, the ultimate test of the validity of any scheme of social organization was the extent to which it permitted the realization of "popular well-being [*Volkswohlstand*]." It was abundantly evident, he thought, that atomistic competition stood condemned by this test, principally because it offered no possibility of avoiding violent periodic economic fluctuations. In the last analysis, he was persuaded, economic stability and popular well-being could not be achieved without public regulation of the productive process. He conceded that the general goals of such a "directed economy" would have to be determined by some central governmental authority, but the "instruments [*Faktoren*]" used to carry out this regulation should be corporative organizations which would have immediate jurisdiction over their respective industrial spheres.[84]

[81] Author of *Der Emanzipationskampf des vierten Standes* (Berlin, 1875–82), 2 vols., one of the most influential expressions of the Austrian corporatist program. See p. 90 above.

[82] *Liberalismus, Sozialismus und christliche Gesellschaftsordnung,* 2 vols., (Freiburg, 1896–1900).

[83] *Lehrbuch der Nationalökonomie* (Freiburg, 1905–1923).

[84] *Ibid.,* I, *Grundlegung,* esp. 26–38, 70–7, 131–44, 351–401.

The first volume (*Grundlegung*) of Pesch's *Lehrbuch* became a standard text in the social science curricula of many Catholic institutions of higher learning, passing through four editions between 1905 and 1924. The rising generation of Catholic political, trade union and parochial leaders was largely educated in those universities, and thus had an opportunity to assimilate his corporatist doctrine. That many actually did assimilate it is indicated by the revival of Catholic interest in theories of *berufsständische* organization during the interval between 1918 and 1933. This revival of interest extended to certain younger parliamentarians of the Center, like Mathias Erzberger (1875–1921),[85] and to a number of trade union leaders.[86]

Despite the tenacity with which corporatist doctrines persisted in German Social Catholicism, however, a corporative "new ordering" of society was never the program of a clear majority of the movement's leaders after 1880. By 1890 only a handful of doctrinaires and a die-hard agrarian faction within the Center were still actively promoting such a program, and the flame was subsequently tended only by isolated scholars and academicians until after 1918. The post-war revival of interest in Catholic corporatism was confined to a minority, and achieved no noteworthy practical results. The doctrine has thus largely remained the expression of an ideal, and its central significance has continued to be primarily intellectual. But as a critique of atomistic individualism on the one hand and of state omnicompetence on the other it has contributed in a not insignificant fashion to modern Catholic political and social thought.

[85] *Der Christliche Solidarismus* (Munich, 1920).

[86] See above, pp. 9–10.

CHAPTER FOUR

MONARCHICAL SOCIALISM

FEW DEVELOPMENTS in the recent history of German social politics have been more momentous, either in their contemporary influence or in their consequences, than "monarchical socialism." [1] The doctrinal content of the movement was principally the contribution of those academic economists who usually called themselves "state socialists" and who were frequently referred to by their detractors as "socialists of the university chair (*Kathedersozialisten*)." [2] Tracing its beginnings as an organized body of opinion roughly from 1870, monarchical socialism developed during the ensuing decades on three distinct (though not separate) planes—the theoretical, the popular and the practical. Promulgated in the first instance by professors, the doctrine was propagated by the Christian-Social Party of Court Preacher Adolf Stoecker, and was extensively translated into governmental policy after 1878 by Bismarck and his successors. Corporatist theories were influential in each of these three phases, forming integral

[1] The term is borrowed from the title of Elmer Roberts' *Monarchical Socialism in Germany* (New York, 1913), which contains a useful survey of the practical consequences of the movement down to the eve of the First World War.

[2] The group roughly coincided with the "younger historical school" of political economists. Wagner, Schmoller, Schäffle, Held, Brentano, Bucher, Nasse and Sombart are usually mentioned as the most eminent representatives of the school.

elements of the movement itself as well as of its historical legacy.

Monarchical socialism arose in response to many of the same social stresses and strains that evoked the contemporary Social Catholic movement. Both reflected many aspects of the rapid transition to an urban and industrial society through which Germany was passing during the last third of the nineteenth century. Like Ketteler, the theoretical pioneers of monarchical socialism were stirred by the challenge of a "social problem" that had its roots in the phenomenal growth of large cities, populated by steadily increasing numbers of factory workers who depended principally on money wages for their livelihood. Like the Social Catholics, too, the first laborers in the monarchical socialist vineyard were aroused to an acute awareness of this "social problem" by the spectacular electoral advances of Social Democracy. In an even more pronounced fashion than was typical of Social Catholicism, monarchical socialism was conceived as a kind of "counter-socialism" designed to strengthen and perpetuate the established scheme of things. It aimed primarily at vitiating the popular appeal of Marxism by eradicating those flagrant social abuses which monarchical socialists were unanimous in attributing to the pernicious influence of liberalism. To achieve this double purpose the instrument of reform was to be "the social monarchy of the Hohenzollerns," applying the Prussian cameralist tradition in an age of steam and electricity.

Owing in no small measure to the efforts of its academic progenitors, organized after 1872 in the Union for Social Politics,[3] monarchical socialism came to exercise a remarkably strong and extensive hegemony over conservative economic and political thinking in Germany during and after the age

[3] The *Verein für Sozialpolitik* was founded in the autumn of 1872 as the result of a conference at Eisenach attended by a distinguished company of economists, jurists, high administrative officials and sympathetic businessmen. Adolph Wagner and Gustav Schmoller had been the prime initiators of the

of Bismarck.[4] Even revolutionary socialism did not remain completely immune to its influence,[5] and from the monarchical socialism of Wagner and Schäffle not a few lines of descent run clearly and directly to the *Gemeinwirtschaft,* or "conservative socialism," of Rathenau and Moellendorff, as well as to National Socialism.[6]

Among the most influential theorists of monarchical socialism were two eminent professors of political economy—Adolph Wagner in Berlin [7] and Albert Schäffle in Tübingen.[8]

gathering. In the ensuing decades the academic members, who were exceptionally able and industrious scholars, occupying many of the nation's highest university posts, collaborated in producing a vast body of literature based on painstaking factual investigation and having for the most part a direct application to current national economic problems. Their teachings came to be virtually unquestioned on the upper administrative levels both of government and of private business, wielding an extraordinarily powerful influence upon German economic life down to and after 1914. A detailed account of the activities of the *Verein für Sozialpolitik* until its dissolution in 1936 is contained in the organization's official history written by its last Secretary, Franz Boese, *Geschichte des Vereins für Sozialpolitik* (Berlin, 1939).

[4] W. H. Dawson, *Bismarck and State Socialism* (London, 1891) 13.

[5] Reference is made to the noticeable abatement, after the turn of the century, of the party's distrust of the "bourgeois state" and to the increasing willingness of Social Democrats to make use of existing governmental machinery for "reformist" purposes. These developments were of course accompanied by the rise of "revisionist" theoretical tendencies which by 1914 had come to dominate the majority of the party's leadership.

[6] Explaining in 1934 his own conversion to Nazism, Werner Sombart wrote that "the German philosophy of the state" had had many illustrious defenders in earlier periods—"In the nineteenth century it was represented . . . by men such as . . . Karl Rodbertus, Albert Schäffle, Adolph Wagner, Adolf Stoecker, Adolf Held . . . and others, and at present we find among its protagonists many Italian Fascists and German National Socialists." *A New Social Philosophy* (Princeton, 1937), 113, translated from *Deutscher Sozialismus* (Charlottenburg, 1934).

[7] An excellent discussion of Wagner's contribution to the social philosophy of totalitarian nationalism is Evalyn A. Clark's "Adolf Wagner: From National Economist to National Socialist" (*Political Science Quarterly,* 1940, 378–411).

[8] Schäffle's ideas on social reform in general and on corporative organization in particular were elaborated in a series of three books: *Kapitalismus und Sozialismus* (Tübingen, 1870); *Die Quintessenz des Sozialismus* (1 ed. Tübingen,

The two men were intimately associated during the twenty-five years preceding Schäffle's death (in 1903) as co-editors of the *Zeitschrift für die gesamte Staatswissenschaft,* one of the school's chief organs. Though their interests were somewhat divergent, they were probably more completely in harmony on fundamentals than were any other two contemporary economists. Though Wagner soon withdrew from the Union for Social Politics in order to play a more active role as chairman of the Christian-Social Party and though Schäffle for personal and temperamental reasons never formally joined the organization, both were closely associated over a long period with its leading members. Both powerfully influenced the course and character of its activities, heartily endorsing and furthering its energetic campaigns in behalf of protectionism, heavier taxation, social legislation and workers' insurance.

Both Schäffle and Wagner contributed strongly to anti-liberal, anti-democratic and anti-Marxian currents of social thought in Germany. They elaborated an organic conception of state and society that was profoundly conservative in all its main ramifications. They vigorously upheld traditional class distinctions and insisted that the lower ranks of the social hierarchy should be rigidly subordinated to the higher according to a "leadership principle" founded in the laws of "social biology." They argued for private ownership and direction of productive facilities, urging only those restrictions upon the capitalist entrepreneur which would proceed from a

1874; 25 ed. Gotha, 1920); *Die Aussichtslosigkeit der Sozialdemokratie: Drei Briefe an einem Staatsmann zur Ergänzung der "Quintessenz des Sozialismus"* (Tübingen, 1885). The circulation of these books (particularly of the second) was very large, and their influence was especially felt in academic circles. The last of the series seems, however, to have attracted so much popular interest that a prominent Social Democratic pamphleteer, Hermann Bahr, felt called upon to demolish it in *Die Einsichtslosigkeit des Herrn Schäffle: Drei Briefe an einem Volksmann, als Antwort auf "Die Aussichtslosigkeit der Socialdemokratie"* (Zurich, 1886).

highly selective program of state intervention designed to preserve a "balance of forces" in economic life. Their corporatism was the design for an institutional scheme which they hoped would eliminate the disruptive consequences of social conflict without disturbing the fundamentally authoritarian, aristocratic and capitalistic social order to which they gave their allegiance.

Schäffle was older than Wagner and had come earlier in life to a set of mature convictions. On many matters he stood in the position of a mentor to his friend and collaborator. Wagner freely and more than once acknowledged his intellectual debt to Schäffle.[9] Dealing, as Schäffle's major works did, with the theme of social organization in the large, his contribution to corporatist theory was a more specific one than Wagner's. While the latter was by no means lacking in sympathy for his friend's corporatist ideas,[10] his scholarly interests lay mainly in the more specialized fields of money, banking and public finance, so that he was content to leave to his colleague the task of elaborating the corporatist doctrine which was to become an article of common faith for monarchical socialism.

[9] On the occasion of Schäffle's seventieth birthday Wagner wrote him a warmly eulogistic letter in which he averred that "next to Rodbertus, no professional economist has more strongly influenced me than yourself." The full text of the letter is reproduced in Schäffle's memoirs, *Aus meinem Leben* (Berlin, 1905) II, 192–3. In 1901 Wagner dedicated to Schäffle the fourth volume of his own magnum opus, *Die Finanzwissenschaft*, "with the grateful respect of a pupil."

[10] As Stoecker's economic adviser Wagner had a leading part in framing the electoral programs of the Christian-Social Workers' Party. The first (1878) and the last (1896) of these programs contained specific demands for corporative institutions. The texts are contained in F. Salomon, *Die deutschen Parteiprogramme* (Leipzig, 1907) I, 47–8; II, 109 ff. All through the 1880's Wagner, as a perennial Reichstag candidate of the party in Berlin, took his stand publicly in support of the party's program as a whole, though he apparently never attempted any detailed theoretical treatment of the problems of corporative organization.

Some of Schäffle's ideas on "positive social reform" doubtless represented views which he alone held. He made a fetish of his intellectual independence and carried his aversion to parties and schools almost to the point of eccentricity. In most essentials, however, his corporatist economic and political philosophy was merely an explicit and coherent formulation of views to which many other monarchical socialists subscribed without feeling it necessary to give them systematic expression. Such was apparently the case with Wagner; and Gustav Schmoller, also without elaborating a body of corporatist theory in his own works, took pains to dissociate himself from "that conception of occupational freedom which calls for unconditional hostility to all corporative forms of economic organization." [11]

Schäffle and "Positive Social Reform"

Albert Schäffle (1831–1903) was a native of Württemberg. The son of a schoolmaster, he showed great mental precocity as a youth and was given an opportunity to study philosophy at Tübingen. He did not find academic discipline congenial, however, and in 1848, after only seven months of attendance at lectures, he enlisted with a band of fellow students who proposed to march to the assistance of the liberal uprising in Baden. Dislike of the classroom rather than zeal for the revolutionary cause had apparently prompted him to join the expedition, and he did not resume his formal studies after the adventure had ended in a bloodless fiasco. The incident confirmed his poor opinion of the political capacity of the "lower orders," however, and left him with a deep disgust for "every

[11] From an address before the general assembly of the Union for Social Politics, October 10, 1877, reprinted in Schmoller's collected articles and speeches on industrial organization: *Zur Sozial- und Gewerbepolitik der Gegenwart* (Leipzig, 1890), 147.

kind of aimless or self-seeking demagogy [*Volksverhetzung*]." [12] In the course of his brief university studies he had also formed a strong distaste for abstract philosophical speculation, and in particular for Hegelianism, which then reigned supreme at Tübingen. His own mature writings copiously reflected evolutionary, dialectical and abstract modes of thought, but his inspiration seems to have come for the most part from other sources, and in later life he rarely lost an occasion for attacking Hegel.

For ten years after 1850 Schäffle worked as a journalist, employing his leisure time to study law and economics. An adumbration of his later ideas on industrial organization appeared in an article which he wrote in 1856, entitled "The Guild: Its Decline and Its Reconstruction." [13] He took his stand at that time in favor of a scheme of professional associations which would be based on "occupational freedom" in the sense that each member of society would be free "to exercise the vocational function appropriate to his place in the social organism," a definition which he advanced in opposition to the laissez-faire concept of occupational freedom and which he continued to defend in his subsequent writings.

After a few years of self-instruction he was able to obtain his doctorate with great distinction, and in 1860 he refused a post as *Ministerialrat* in the Austrian ministry of commerce in order to occupy a proffered chair in political economy at Tübingen. Though he was a vigorous, stimulating lecturer, and though he wrote a textbook [14] which went through three editions between 1861 and 1873, he was not popular with his faculty colleagues, mainly because he obstinately took the part

[12] *Aus meinem Leben, op. cit.*, I, 17–18, 27–33.

[13] "Abbruch und Neubau der Zunft," reprinted in his *Gesammelte Aufsätze* (Tübingen, 1885) I, 37–45.

[14] *Das gesellschaftliche System der menschlichen Wirtschaft* (Tübingen, 1861; 3 ed. 1873).

of Austria down through the 1860's and sharply criticized Bismarck's methods of achieving national unification. For a time he was active in local politics, occupying a seat in the Württemberg Diet from 1861 until 1865, but his *Grossdeutsch* sentiments and his rather truculent personality were serious political handicaps which he eventually had to recognize as insurmountable.

In 1868 he accepted a call to the University of Vienna, where his lectures on "Capitalism and Socialism" [15] attracted much attention. Residence in Austria intensified his earlier aversion to liberalism and confirmed him in his opposition to the Austrian liberals' centralizing policies. A memorandum setting forth his ideas on the Hapsburg monarchy's nationality problems came to the Emperor's notice, and in the fall of 1870 Schäffle was invited to assist in forming a cabinet to carry some of his proposals into effect. Between February and October, 1871, he held office as Minister of Commerce, attempting in that capacity to transform the Dual Monarchy into a trinational state by giving the Czechs parity with Germans and Hungarians.[16] This program failed completely, and in 1872 Schäffle returned to his native Württemberg.

He did not re-enter academic life, choosing to live modestly on his ex-Minister's pension. He resumed his duties as editor of the *Zeitschrift für die gesamte Staatswissenschaft*, however, and spent the last thirty years of his life in private scholarly pursuits, supplemented more and more after 1878 by excursions into polemical writing on a wide range of topical subjects. He readily reconciled himself to Bismarck's Reich, and after the end of the "Liberal Era" in 1878 his acquiescence

[15] Published in book form as *Kapitalismus und Sozialismus, mit besondere Rücksicht auf Geschäfts- und Vermögensformen, Vorträge zur Versöhnung der Gegensätze von Lohnarbeit und Kapital* (Tübingen, 1870).

[16] *Aus meinem Leben, op. cit.*, I, 172 ff.

turned into eager enthusiasm. He was skeptical as to both the wisdom and the probable efficacy of the anti-socialist law, but during the 1880's and 1890's his pen was active in support of railroad nationalization, workers' insurance, factory inspection, higher tariffs, colonialism and naval expansion. In 1881 and 1882 he carried on an active correspondence with the imperial chancellor and was invited to Berlin for a series of interviews with Bismarck in which he sought, with what he considered to have been full success, to convince the latter of the desirability of organizing the pending social insurance schemes along corporative lines.[17] Schäffle's influence, in fact, may well have decided Bismarck to abandon his first, extremely bureaucratic project, which had been rejected by the Reichstag a few months earlier, and to submit instead a series of schemes that allowed considerable provincial and vocational autonomy in administration.[18]

Schäffle was inordinately proud of being a self-made man, of belonging to no political party or school of learning and of wearing no ribbons in his lapel. On the whole, he does not seem to have been particularly ingratiating as a person, for he was inclined to be arrogant and overbearing, and in later life he was obsessed with the idea that every major project of his career had been frustrated by the stupidity of lesser men. He was resentful of criticism or of opposition, tendentious in the extreme, and at times his behavior bordered closely on persecution mania.[19] *"Einsam und trotzig"* (solitary and defiant) was the motto he chose for the title page of his memoirs, and a more appropriate one would be difficult to find.

The intellectual armory from which Schäffle drew the

[17] *Ibid.*, II, 143–193 *passim*.

[18] See below, pp. 133–4.

[19] Article, "Schäffle," by W. Lang in *Deutsche Biographisches Jahrbuch* (1904).

weapons for his assault upon Social Democracy and liberal individualism [20] was a highly personalized amalgam of ideas deriving from several sources. Though he acknowledged no general indebtedness to any previous thinker or body of ideas, three main influences may be recognized as having shaped his central convictions about the nature of society and the mission of the state. These were positivism, social Darwinism and the "federalism" or "societarianism" of Karl Marlo.[21]

When he spoke of himself as "a positivist in matters of social science"[22] he meant principally that he had a profound distrust for all abstractions and for the deductive method, preferring an empirical approach that began with historically evolved actuality and then attempted by gradual steps to improve upon it without interrupting any essential continuity of development. Furthermore, his "reform positivism" rejected both liberalism and socialism, those "hostile brothers born of the . . . reasoned revolt of the individual against the positive social order of medieval and feudal times." [23] Both saw in the state "only a vast piece of machinery" existing purely for the sake of the individual and having "no value whatsoever as an historic, organic whole that binds together races, estates, corporative bodies and associations, families and individuals." Revolutionary socialism was especially abhorrent because it sought to set aside all existing authority, thereby "cutting short at a blow the whole continuity of social development." [24]

[20] The main burden of this attack was leveled against Marxian socialism, but so far as Schäffle was concerned there was little essential philosophic difference between the two forms of individualism—liberal and socialist.

[21] Pseudonym of Karl-Georg Winkelblech (1810–1865). See above, pp. 53–8.

[22] *Die Aussichtslosigkeit der Sozialdemokratie,* 18, for example. Schäffle was in the habit of dating his adherence to positivism from the year 1856 but failed to indicate the manner of his conversion.

[23] *Ibid.,* 10.

[24] *Ibid.,* 12.

Conceptions borrowed from the Darwinian theory of biological evolution formed a second constituent element of Schäffle's social philosophy.[25] His writings were profusely ornamented with phrases like "the struggle for existence," "natural selection" and "adaptation to environment." Though he always steadfastly denied that Herbert Spencer's ideas had influenced him except in a negative sense,[26] Schäffle, like Spencer, was obsessed with a desire to demonstrate the existence of real analogies between biological and social phenomena. This was the theme—relentlessly elaborated down to the most minute detail—of his monumental *Structure and Life of the Social Body,*[27] upon which his reputation as a pioneer of systematic sociology in Germany mainly rests.[28]

As Schäffle conceived of the social body, it was a form of organic life—higher, to be sure, than the organisms of the physical world, but only because its principle of coherence was a spiritual rather than a physiological one. Social life and organismic life were subject to the same general biological laws of growth and development.[29] The state, according to this view, was merely the inevitable consequence of the social organism's struggle for existence. Just as self-preservation dictated a social mode of human existence, so the social condition

[25] He described himself as having been "enthralled" by the literature of social Darwinism and by contemporary pioneer works on "social psychology," in both of which he thoroughly steeped himself during the early 'Seventies. The former especially had *"eine packende Wirkung"* upon his thinking, according to his memoirs, *op. cit.*, II, 122. *Cf.* also "Darwinismus und Sozialismus" in his *Gesammelte Aufsätze,* II, 1–36.

[26] *Aus meinem Leben,* II, 122 f., 130.

[27] *Bau und Leben des sozialen Körpers* (1 ed. in 4 vols. Tübingen, 1875–78; 2 ed. in 2 vols. Tübingen, 1896). The second edition is cited.

[28] A discussion of the sociological purport of this work and an appraisal of its contribution to the theory of the state as an organism are presented in F. W. Coker, *Organismic Theories of the State* (New York, 1910).

[29] *Bau und Leben des sozialen Körpers,* I, iv–v, 264 ff.; II, 95.

itself imposed the need for authority, for a "central regulatory apparatus . . . to ensure the unified integration of all social will and action with a view to preserving the social whole and all its essential parts. . . . In the state—the central, universal corporation [*Universalkorporation*]—the whole nation achieves unity and individuality." [80]

According to this definition the state could hardly be an arbitrary or accidental phenomenon; nor was it a deliberate, voluntary creation of human beings or an instrument for realizing any conscious human purpose. Moreover, not only the state as an institution but even the particular form of the state corresponded to a given stage in the struggle of the social body to exist. Political predominance, wherever located, represented an adaptation to a given environment and was therefore not to be tampered with lightly, for to do so would involve harmful interference with "the historical process of social selection." [81] Although Schäffle was inclined to believe that the ultimate goal of political evolution was some kind of democracy, he was convinced that the end of this process was at least several centuries in the future. He himself was content to remain "a monarchist so long as there is any half-way capable dynasty to uphold or to re-establish." [82]

Marlo's "federalism" seems to have been a major source of inspiration for Schäffle in the field of economic theory. He even went so far as to borrow the term and to use it synonymously with "reform positivism" as a description of the economic order which he held to be the hope of the future. According to Schäffle, Marlo's aim had been "to reconcile liberty and authority, variety and unity" in economic life by building up from below "a federal structure resting upon a

[80] *Ibid.*, I, 428.
[81] *Ibid.*, I, 435, 448, 475.
[82] *Ibid.*, I, 515–53; *Die Aussichtslosigkeit der Sozialdemokratie*, 17.

free combination of proportionately developed forces." While calling in state assistance for this task, Marlo "did not for a moment entertain the idea that the whole of economic life could be directly ordered by the state." Instead, "federalism" contemplated the co-existence and harmonious interaction of three types of enterprise: public (*Gemeinwirtschaft*), private (*Privatwirtschaft*) and associative (*genossenschaftliche Betriebe*). Each would be supreme in its own sphere and none would encroach upon the sphere reserved for another. Marlo had sought by this means "to avoid the faults of both liberalism and communism while preserving the valid elements in each." [33]

Schäffle himself was perhaps more inclined than Marlo to exalt the middle term of the federal triad, the sphere of private enterprise. For the predictable future, he thought, "capitalist leadership of production" would remain the form of industrial organization most conducive to progress and efficiency. Its successful maintenance implied the persistence of a profit incentive as well as the retention of a system of wage labor. It was particularly important to realize that the employer must continue to be "the exclusively responsible commander [*Befehlshaber*] of labor in the productive process." [34] Schäffle did not consider that the maintenance of such an industrial order was in any way incompatible either with "the suitable remuneration of labor or with treatment of the wage-earner as a professional worker." These desiderata could and should be attained by "positive social reform" without disturbing any essential feature of the private enterprise system.

He was convinced that it was the central task of "positive social reform" in the economic field:

[33] *Kapitalismus und Sozialismus*, 159–60.
[34] *Die Aussichtslosigkeit der Sozialdemokratie*, 19, 85, 90.

To establish and to safeguard the further development of an organized, corporative (*standesmässig*) system for reaching agreements between employers and workers . . . on matters relating to wages and conditions of employment. . . . *A complete scheme of representative associations for both parties* is the most important point of support (*Stützpunkt*) for the program of positive social reform. . . . Not otherwise can we hope to overcome class antagonisms . . . on the basis of the existing and not yet obsolete stage of social development.[35]

As Schäffle looked about him, he was encouraged to think that "history is daily making powerful strides in the very direction indicated" by reform positivism. He was particularly impressed by the growth of trade unions on the one hand and by the appearance of cartels, trade associations and employers' organizations on the other. As a consequence of this "marshaling of all the forces of each side," he predicted, it would become more and more necessary and possible, as time went on, "to conduct the struggle over reciprocal terms on a more equal footing, with both sides pledged in advance to behave with fairness and good sense." [36] For the immediate future the social conflict might be somewhat intensified by the emergence of both capital and labor as "organized party powers," but once a full understanding of the new situation had been grasped on all sides, he was confident that stable, harmonious relations could and would be established. For "each class is thrown back upon the other; neither can exist without the other. . . . Hence each will be all the less eager to overpower or to exploit the other." Both would be more and more inclined to moderate their respective demands in order to avoid mutually injurious disturbances of production, and both

[35] *Ibid.*, 90–5. Italics as in original.
[36] *Ibid.*, 160, 93–5.

would "prove the more receptive to the influence which it is the state's mission to exercise" in industrial matters.[87]

The state could help to forward these desirable developments principally by taking a benevolent attitude toward the spontaneous movements already in progress. Certainly it should not place obstacles in the way of corporative industrial organization, and it might set a valuable example by encouraging the formation of "workers' committees" among employees of nationalized enterprises. In general, he held, the state's essential mission was "to provide firm, authoritative guidance in economic life," avoiding centralized interference as much as possible, but "constantly furthering, protecting and regulating . . . the play of private, associative and corporative forces" in the interest of the whole nation. The state should not attempt to impose a corporative industrial organization by legal fiat, for there was nothing to be gained thereby, and much that might be lost by compulsion. Once established, moreover, the new corporative bodies should be allowed to function "with as much freedom and relative independence as academic senates . . . enjoy at the present time." [88]

Schäffle hoped that compulsory schemes of workers' insurance, organized on corporative lines, would help greatly to promote class solidarity and to advance the cause of social peace.[89] These insurance schemes, he maintained, should be

[87] *Ibid.*, 115, 95.

[88] *Ibid.*, 16–17, 114–15.

[89] This was the theme of his brochure *Der korporative Hülfskassenzwang* (1 ed. Tübingen, 1882; 2 ed. 1884), the substance of which he sent to Bismarck in manuscript form several months in advance of publication. An active correspondence with the Reichskanzler ensued (reproduced by Schäffle in his memoirs, *op. cit.*, II, 151–91), in which Bismarck repeatedly expressed wholehearted agreement with Schäffle's point of view, even summoning him to Berlin for direct consultation in January, 1882. Schäffle felt that he had been completely successful in winning Bismarck's approval of his corporative insur-

supported entirely by joint contributions from workers and employers, organized by trades in special "insurance societies." Administration should be wholly in the hands of mixed boards representing both management and labor. The state should make no contribution and should maintain only a very general supervision. He anticipated that in this way "a path would be opened for practical co-operation," which would help "to smooth away mutual distrust and avert much bitter class hostility." Such a result would be the more likely to follow because through the workers' participation in the management of the scheme "a field of honorable satisfaction would be provided for the highest ambitions of those wage-earners who are fitted for leading positions but who have no hope of becoming employers." A genuinely corporative system would tend on both sides to strengthen an awareness of the true community of interests between capital and labor. Supplemented by workers' and employers' representative bodies, by the establishment of arbitration courts and by a national structure of labor chambers, these "corporative mutual-aid funds" would substantially improve the worker's material condition and profoundly alter his mental attitude. "We may confidently expect, as the ultimate result, that strikes will be avoided altogether." [40]

In the political sphere one of Schäffle's major preoccupations was "the fearfully dangerous ground of unrestricted universal suffrage." Unless "dams and counter-weights" could be established, he saw no prospect of securing popular representative bodies that would be capable of serving as "the single expression of the will and power of the nation." He felt that uni-

ance scheme, and although the insurance laws subsequently enacted failed to satisfy him completely, Schäffle attributed their shortcomings to the fact that poor health had obliged Bismarck to delegate economic matters to subordinates more and more after 1881. (*Aus meinem Leben,* II, 179–80).

[40] *Die Aussichtslosigkeit der Sozialdemokratie,* 121–2.

versal suffrage made it impossible to avoid "a continual undoing of all that has been carefully built up" by preceding generations. He thought it only a matter of time before the democratic franchise would result in the election of a Social Democratic majority to the Reichstag, an event which would usher in "the tyranny of the proletariat, or even of the sword." For these reasons he considered that "the timely reform of the constitution above and beyond universal suffrage is the last and highest task of positive social reform." [41]

Such a "timely reform" would not, he argued, be a reversal of modern political development, but a new step forward in the march of constitutional progress. It was a delusion to believe that the will of a numerical majority could ever be equivalent to the general will, that it could ever be anything more than an "accidental average." Almost all members of the majority "surrender their own opinions under pressure of electioneering compromises and are forced into the stream on election day in a state of excited passion." It was an "insane idolatry" to think that a mere numerical majority of individuals "should reign supreme over the members and civilizing agencies of the nation . . . without any such check as is afforded by the institution that guards all interests because it is itself bound up by historical ties and family interests in solidarity with the nation—I mean, of course, the monarchy." [42]

When it came, however, to the problem of precisely what "dams and counter-weights" to oppose to universal suffrage, Schäffle admitted that it would not be easy to find a completely satisfactory solution. There could be no question of simply re-introducing property qualifications for voters. To do so would merely have the effect of substituting liberal in-

[41] *Ibid.*, 151–2.
[42] *Ibid.*, 153–4, 152.

dividualism for the democratic variety. It would result, moreover, in "driving the poison of revolution into the people's blood," for it would give political preponderance to capital. "To abolish the workers' suffrage would not strengthen but would weaken the kingly power," for in order to fulfill its mission of preventing class government by rendering impartial justice to all interests the monarchy must "retain its hold upon the hearts of the meanest and poorest." It could acquit itself of these tasks only if all conflicting interests were represented and able to make themselves heard.[43]

Schäffle's solution was a reform of the parliamentary system along corporative lines. To the existing national representative bodies he proposed to add "a body of representatives from the great public and popular groupings [*Gliederungen*], either in a separate chamber or as a section of both chambers." Among these "corporative deputies" should be delegates of local and provincial governments in addition to representatives of "the great public vocational unions [*Berufsverbände*]." As a sampling of the "vocational unions" which ought to be represented, Schäffle listed "agriculture, commerce, manufacturing industry, transportation, finance, insurance, the free professions, churches, universities and academies." [44] He did not, however, explain the exact manner in which his corporative deputies were to be chosen; nor did he indicate how or by whom an apportionment of seats was to be made between universal suffrage deputies and corporative deputies on the one hand, or between categories of corporative deputies on the other. He thought that something like one-third or two-fifths of the total number of seats in the national parliament should be assigned to the corporative deputies, of whom approximately half should be representatives of

[43] *Ibid.*, 153.
[44] *Ibid.*, 154, 157–8.

local and provincial governments.[45] Save for these rather casual suggestions, he contented himself with expressing confidence that a workable scheme could eventually be evolved through trial and error.

Such were the corporative institutions which Schäffle hoped for as the fruit of "positive social reform." He saw in them the means of strengthening the foundations of the monarchical state and of upholding the aristocratic society which liberal individualism had undermined and which democratic collectivism was bent on destroying. His corporatist doctrine aimed in the economic sphere at the elimination of industrial strife through reconciliation of class antagonisms. In political life his plan for a corporative reform of parliament "above and beyond universal suffrage" was an attempt to combine the popular and patriotic values of democracy with the "organic" demands of traditionalism and of authoritarianism in a national society retaining strong class distinctions. He was convinced that history was inexorably unfolding the plan of social salvation which he had in mind, and thought that little was needed in the way of organization from above. Other monarchical socialists were, however, less inclined to leave matters entirely in the hands of fate; Stoecker and Bismarck, in particular, preferred to trust in the more readily predictable operation of the Prussian *Polizeistaat*.

Adolf Stoecker and the Christian-Social Party

Born in 1835 at Halberstadt in the Prussian province of Saxony, Adolf Stoecker [46] was the son of a blacksmith who had

[45] "Weitere Kern- und Zeitfragen der Verfassungspolitik" in his *Deutsche Kern- und Zeitfragen, Neue Folge* (Berlin, 1895), 53–189.

[46] The most completely documented account of Stoecker's career is the official Nazi biography by Walter Frank, *Hofprediger Adolf Stoecker und die Christlich-soziale Bewegung* (1 ed. 1928; 2 ed. Hamburg, 1935). Although this is a book which Baldur von Schirach called "required reading" for members

risen in life to the station of army quartermaster. After studying theology at Halle and Berlin at a time when both universities were strongholds of Lutheran orthodoxy and of pietism, he was employed (1859–62) as a private tutor in several intensely conservative families of the German Baltic nobility. He received his first pastorate in the rural Saxon village of Seggerde in 1862. His second parish, where he served until 1871, was at Hammersleben, also in Saxony. In that small manufacturing and mining community he first became aware of the "social problem." During the years 1868–74 he continued to cultivate an interest in economic and social matters, contributing a steady stream of articles and book reviews to the *Neue Evangelische Kirchenzeitung*. Among others, he discussed works by Roscher, Wagner, Schmoller, Brentano and Schäffle. The writings of V. A. Huber, an early proponent of evangelical workingmen's associations, also attracted Stoecker's favorable notice at this period. He interpreted the Paris commune of 1871 as an omen that the church must turn at once and with all its forces to the previously neglected task of winning for Christianity the swarming masses of Europe's rapidly growing metropolitan centers. Prior to 1877, however, he seems to have relied mainly upon private charity and upon settlement work of the type carried on in several German cities for the previous quarter-century by the evangelical Inner Mission.

After the Franco-Prussian War Stoecker went to Metz, where he was attached to the garrison as divisional chaplain. His patriotic fervor had been excited to a high pitch by the recent

of the *Hitler Jugend*, Frank had access to official archives and incorporated much useful source material. D. von Oertzen, *Adolf Stoecker* (Berlin, 1910) is based on personal reminiscences; A. Poepke, *Der Christliche Sozialismus Adolf Stoeckers* (Würzburg, 1935) is a useful brief treatment; F. Niebergall, *Evangelischer Sozialismus* (Tübingen, 1920) recounts the later phases of the "Berlin movement" from the point of view of a participant.

military events, and this enthusiasm found its way into the sermons which he preached in dedication of numerous battlefield monuments during the next few years. Some of these came to the attention of Wilhelm I and made such a favorable impression that he called Stoecker to Berlin in 1874 to fill the rather exalted office of Fourth Court and Cathedral Preacher. Tenure of this post gave Stoecker ready access to Conservative party circles and provided him with a safe seat in the Reichstag (1881–93 and 1898–1908) as well as in the Prussian Chamber of Deputies (1879–1898).

In 1878, with the aid of Adolph Wagner and other *Kathedersozialisten,* he founded the Christian-Social Workers' Party and launched upon a vigorous campaign of popular agitation aimed at countering the influence of Social Democracy among the factory workers of Berlin's industrial suburbs. For an inveterate rabble-rouser like Stoecker, the necessity for self-restraint imposed by his official position proved extremely irksome, and he was continually overstepping the bounds of discretion. Lawsuits, court intrigues, reprimands from the ecclesiastical authorities, repeated warnings from his tireless protector the venerable Kaiser, friction with Bismarck, protests from influential personages (including Crown Prince Friedrich) against his anti-Semitic outbursts, and an uninterrupted succession of minor scandals and embarrassments marked the course of his hectic career for thirteen years until he was finally dismissed by Wilhelm II in 1891.

For the next five years Stoecker occupied himself with his party, with the Evangelical Social Congress which he had been largely responsible for founding, and with settlement work under the auspices of the Inner Mission. His party was now almost completely bereft of its popular following, and was increasingly threatened with schism in consequence of a developing internal conflict between the older Conservative

members and a radical wing made up of younger clerics and intellectuals under the leadership of Pastor Friedrich Naumann. This division eventually became so acute that Stoecker's personal authority no longer sufficed to hold the two factions together. In 1896 Naumann and his group of "non-Conservative Christian Socialists" seceded to form a "*National-Soziale Verein,*" leaving Stoecker with only a bare handful of extreme Conservative adherents. Wagner and his academic friends lost interest in the party, and during the remainder of his parliamentary career Stoecker figured as a docile occupant of the Conservative back-bench, disappearing almost completely from the public eye and wielding virtually no influence even in the Conservative party's inner councils. Failing health compelled him to retire from politics in 1908, and he died at his country home in February of the following year.

The vigorous agitation among the masses which Stoecker and Wagner carried on during the 1880's was not a little disquieting to many conservative members of the Union for Social Politics,[47] and Bismarck, who was generally sympathetic with the Christian-Social program if not with Stoecker's method of promoting it, was more than once on the point of invoking his anti-socialist law to suppress the latter's party.[48] Aiming, as they did, to bring about social reform mainly "from above," the leading theorists and practitioners of monarchical socialism did not greatly concern themselves with

[47] Many members of the *Verein für Sozialpolitik* were also active in the *Zentralverein für Sozialreform,* founded in 1877 by one of Stoecker's disciples, Pastor Rudolf Todt. This latter organization was at first inclined to look somewhat askance at Stoecker's project of fighting Social Democracy with its own agitational weapons, but the trend of events during the first years of the Berlin movement set conservative forebodings largely at rest, and in 1881 full harmony was re-established.

[48] Frank, *op. cit.,* 63, 96, 217.

winning a large popular following for their ideas. But while Stoecker was continually being reproached by conservative social reformers for "heating the stove of Social Democracy," he was nonetheless a faithful (if somewhat extreme) exponent of the monarchical socialist viewpoint, as well as of its distinctive corporatist doctrine. It was, in fact, largely through his efforts that those ideas received rather wide dissemination among the middle and (to a lesser degree) the lower strata of German society during the Bismarckian era.

Stoecker was always more monarchist than the Kaiser and, though a commoner by birth, he was a stanch upholder of aristocratic principles. He detested individualism, egalitarianism, liberalism, democracy and materialism; he was vehemently anti-Semitic; and he was an extremely intolerant German nationalist.[49] He was a bitter foe of Social Democracy in all its works and manifestations. Though he persistently and violently attacked "modern mammonism" and "money tyranny," his economic views had little in common with the Marxian critique of capitalism.[50] The "class conflict," in his opinion, was purely the figment of a demagogic imagination, for the true interests of capital and labor were identical in theory and reconcilable in practice. It was merely necessary that the state assume vigorous leadership in economic and social affairs with a view to inculcating a less hedonistic spirit in all classes. Corporative organization of industrial life would,

[49] An excellent analysis of Stoecker's nationalism is presented in the chapter devoted to him in L. L. Snyder, *From Bismarck to Hitler* (Williamsport, Pa., 1935) 13 ff.

[50] Labor, far from being the unique creator of value, was, according to Wagner and Stoecker, only one of several sources; land, capital and entrepreneurial ability also contributed, as did the state. Stoecker was willing to concede that some workers might be "exploited" by selfish or unscrupulous employers, but in general he believed that labor was justly remunerated in accordance with an "iron law of wages."

he hoped, create the favorable social milieu indispensable to the success of this program of moral regeneration.[51]

Christian Socialism, therefore, aimed "to construct within the framework of the existing social order a system of material and ideal assistance that will satisfy the worker." Its method was essentially that of paternalistic cameralism, as traditionally conceived and practiced by "the social monarchy of the Hohenzollerns." In the end, Stoecker felt, the exact number of political rights exercised by the workers was of secondary importance. The essential thing was to make them conscious of belonging to the incomparable German nation in a recognized and honored capacity. The "fourth estate" must be accorded a new position of dignity which would enable its members to regard themselves as integral parts of the social organism.[52]

The founding of the Christian-Social Workers' Party in January, 1878, was signalized by the promulgation of an electoral program [53] which announced the new organization's championship of Christian faith and of love for King and Fatherland. Social Democracy was rejected as "impracticable, un-Christian and unpatriotic." The movement's goal was stated to be "narrowing of the gulf between rich and poor, and the attainment of a higher degree of material security" for the worker. Following this résumé of "fundamental general principles" was an itemization of the party's specific demands. These embraced four categories of assistance required by the workers: (1) aid from the state—further classified under (a) labor organization, (b) labor protection, (c) state enterprise

[51] A wide selection from Stoecker's speeches and articles was published in 1885 under the title, *Christlich-Sozial*. A second edition, somewhat enlarged, appeared in 1890. Citations are from the 1890 collection, abbreviated as *C-S.*

[52] *C-S.*, 171 ff., 114.

[53] Salomon, *op. cit.*, I, 47–8.

and (d) taxation; (2) aid from the clergy; (3) aid from the possessing classes; and (4) self-help.

Listed at the head of the specific demands for *Staatshilfe* was a demand for the establishment of "obligatory vocational associations [*Fachgenossenschaften*], differentiated by trades, and embracing the whole Reich." The program went on to specify that these organizations should be legally empowered to represent labor in negotiations with management. Industrial arbitration courts should be set up with power to render final and binding decisions in all cases where collective bargaining produced no result. The vocational associations should establish and administer insurance schemes in which all workers would be obliged to participate. The regulation of matters relating to vocational education and to apprenticeship should also fall within the province of the associations. A concluding plea urged the workers to lend their "joyful support [to these new institutions] . . . as a substitute for what was good and useful in the guilds," and to be vigilant in "upholding personal and professional honor."

Stoecker had been struck by the success of Social Democracy in rallying the urban masses to its cause. He concluded that the crying need of the age was for "more, rather than less, organization of labor," and for leadership capable of directing the labor movement's great potential force into "wholesome" channels. In the age of the masses, organization and leadership had become decisive:

> The magic word [*Losungswort*] of the present day is *organization!* No idea on earth will ever amount to anything if it does not take on a definite shape and form, if all those who share it do not join together to make it a strong and living reality.[54]

[54] *C-S.*, 233. Emphasis follows the original.

He saw in the beginnings of trade unionism a clue to the type of labor organization demanded by modern conditions, but it was crucial, he felt, that the power of that movement be harnessed to serve Christian and patriotic ends. At all costs, the initiative in promoting labor organization must not be allowed to fall into the hands of those who would pervert the movement into an instrument of class warfare and national disruption. But he saw no way of averting precisely these developments if the monarchical state itself did not undertake the organizing task, assuming direct responsibility for seeing to it that labor unions became truly corporative bodies—in the words of his program of 1878, "peaceable organizations capable of carrying out, in harmony with the other elements of the nation, all necessary practical reforms." Only then would "the dawn of a new day" appear on the horizon.

The spirit of the new age, infusing its corporative institutions, would be "socialist" in the sense that its mission—"as momentous as that which confronted Luther's generation in the ecclesiastical sphere"—was that of overcoming "egoism" and "mammonism." The mighty force to be set in motion toward these goals was that of the Hohenzollern monarchy, acting through its bureaucracy and operating simultaneously on two levels. "From above" there was to be initiated an energetic program of social reform, while at the same time the effort was to be pressed "from below" to bring about a thoroughgoing change of attitude among the masses toward the existing political and economic order. The instrument for producing this psychological transformation was to be a corporative organization of industry, and the organization itself was to be fashioned for the masses by their betters. Stoecker never tired of insisting that if this latter task were neglected the first line of attack (concessions from above) could not alone yield the desired result. "I do not believe that the state

can carry out its plans for social betterment in a wholesome fashion if it relies solely on the method of bureaucratic regulation." Rather, corporative bodies must "stand midway between the freedom of the individual and the compulsion exercised by the state, mediating between them and improving both": [55]

> To bring together once again the atoms that today are scattered, and that cannot find their way back to a true union; to establish guilds [*Innungen*] and factory associations; to organize labor on sound lines—these are the problems of our generation. . . . *Die Korporation ist ein erweiteter Leib, beseelt wie dieser.*[56]

Stoecker anticipated that a corporative organization of labor would provide the wage-earner not only with a somewhat increased measure of material security but also—and this figured as the more important consideration—with a field of practical activity which would absorb his interests and dull his susceptibility to revolutionary agitation. With Schäffle, he hoped that out of the experience gained in administering (jointly with employers) a system of corporative insurance funds would arise a new sense of solidarity between management and labor, and that as a result an enhanced appreciation

[55] *C-S.*, 121. From a speech in the *Berliner Eiskeller*, December 2, 1881, in which Stoecker hailed the imperial message of November 17, 1881, on social insurance as "the dawn of a new day." The message had announced the government's intention of "protecting and encouraging *korporative Genossenschaften.*" On this same occasion, incidentally, Stoecker traced the origins of the modern social problem to the French Revolution as the source of subsequent perversions of the true meaning of liberty and equality: "Just as liberty can be falsely interpreted as absence of constraint, as license to break the law, to scorn the traditions of the nation, to destroy the social order, to dissolve the corporations, to undermine the family—just so can 'equality' become a pernicious word. When it is believed that everyone should have and be as much as every other, then the notion of equality becomes a perilous one, for the world rests upon distinctions."

[56] *C-S.*, 121.

of the viewpoint of practical business would gradually make itself felt among the leaders of labor.

Employers would, he thought, be well advised to encourage these developments by consulting as frequently as possible with workers' representatives on matters pertaining to factory rules and regulations, recreational programs and welfare activities. It was thoroughly characteristic of Stoecker's fundamentally paternalistic, authoritarian point of view, however, that he would countenance "no meddling [*Dreinreden*] by the worker in the technical, financial, or economic policy of the enterprise." The employer should be a "leader" and, while he should feel responsibility for the welfare of his "followers," there could be no question of democracy in the factory. "The absolute employer must become a constitutional sovereign," just as the Hohenzollerns had voluntarily consented to limit the exercise of their absolute prerogatives, but the factory must remain a monarchy. Further than this, "the employer-employee relationship must take on the character of a family tie. The boss [*Herr*] must become a patriarch [*Hausvater*], his workers must become his enlarged family." [57]

Stoecker had originally hoped to build his Christian-Social Workers' Party upon the support of factory workers attracted away from the false prophets of Social Democracy. His success in this enterprise was negligible, if not actually negative.[58] It soon became evident that the party was making no headway with the followers of Bebel and Liebknecht. Beginning in 1879, therefore, Stoecker began to turn more and more to

[57] *C-S.*, 210, 213.

[58] The party was seriously embarrassed only a few months after its debut when its General Secretary (a "redeemed" Social Democrat and former agitator named Grüneberg) was found to have been engaging in forgery and embezzlement of party funds. He was expelled forthwith, whereupon he proceeded to sell highly sensational, but mostly manufactured, "revelations" about Stoecker to the left-wing press. (Frank, *op. cit.*, 44, 55–60.)

the middle strata of Berlin's population as a more promising field of endeavor. His increasing reliance on "the Jewish problem" was part of this tactical shift, and the result was both immediate and gratifying. Early in 1880 police agents assigned to observe his meetings began to report the presence, in growing numbers, of "better-educated persons." [59] Stoecker's associates presently began pointing out that, while only 150–200 of the party's several thousand enrolled members were wage-earners, many potential adherents among the white-collar group were hesitant to identify themselves with a "Workers' " party. Stoecker reluctantly conceded the soundness of this argument and in January, 1881, the offending word was officially dropped from the organization's title. Thereafter petty tradesmen, minor state functionaries, junior officers, students, craftsmen and other "respectable citizens" flocked to the fold in swelling numbers.[60]

The Christian-Social Party never elected a deputy to the Reichstag or to any other representative body. At the height of its popularity in 1887 only 72,000 votes were cast in Berlin for the combined list of Conservative and Christian-Social candidates. In 1890 their vote was only 34,000, and in the same year the Social Democrats became the strongest party in the Reich capital with 125,000 votes. Furthermore, a large part of the Christian-Social following was undoubtedly attracted not so much by the party's economic and social program as by its anti-Semitic agitation, a field in which Stoecker and Wagner were then pioneers.[61] One of the main reasons for the party's

[59] *Ibid.*, 77.

[60] *Ibid.*, 60, 77–9.

[61] Frank cites police reports showing that attendance at Christian-Social meetings was regularly double or triple the normal figure on those occasions when Stoecker announced in advance that he would discuss *"die Judenfrage."* His next best drawing cards seem to have been "The Handicraft Worker—Then and Now," and "Compulsory Accident Insurance." *Ibid.*, 126.

eclipse after 1887 was its loss of this anti-Semitic support to more extreme "racial" leaders. The latter rapidly outdistanced Stoecker, whose campaigns had been conducted mainly on the religious and cultural planes. After 1890 the anti-Semitic movement in Germany developed almost independently of his influence.[62]

In 1878 it had been Stoecker's dearest hope that Bismarck could be induced to abandon his uneasy alliance with liberalism, together with the laissez-faire economic and social policies that had cemented that incongruous union. Like his academic friends in the Union for Social Politics, Stoecker wholeheartedly endorsed the government's definitive break with the liberals when it finally occurred in the following year, and he welcomed the turn toward more intense economic nationalism and more comprehensive social legislation which ensued. Throughout the 1880's, as a Conservative deputy in the Reichstag and as a *Volkstribun* among the masses, he labored valiantly in behalf of the policies so largely carried into effect by the imperial government. He was at the same time a vocal and effective proponent of the corporatist conception which Bismarck, with somewhat less than complete success, endeavored to translate into practice as one of the elements in his famous "double-edged" program of forcibly suppressing socialist agitation while extending a series of economic concessions designed to undermine the Marxist movement's popular support.

Bismarck's Corporative Experiments

Bismarck's efforts to promote the development of corporative political and economic institutions during the decade 1880–90 were closely bound up with his "new orientation" away from liberalism. His plan to supplement (or perhaps

[62] *Ibid.*, 80.

even to replace) the democratically elected Reichstag by establishing a National Economic Council was defeated. He came somewhat closer to a realization of corporatist ideas in the insurance schemes which he carried through, and his corporatist sympathies were also strongly reflected in the amendments to the Trades Law (*Gewerbeordnung*) enacted under his auspices in the same period. He was thus only partly successful in his efforts to find in corporatism a means of counteracting what he considered to be the socially and nationally disruptive tendencies deriving from both economic liberalism and democratic collectivism. The history of his corporatist experimentation is worth recounting, however, if only because of the powerful subsequent influence of his precept and example.

As a young man in the years just before 1848 Bismarck had been a warm partisan of the "estates" theory of political organization propounded by Stahl and von Gerlach, the leading contemporary protagonists of Junker conservatism. Stahl's chief preoccupation had been with justifying the traditionally privileged position enjoyed by the land-holding nobility of Prussia. His ideal *Ständestaat* had been a rigidly stratified structure in which the three estates represented in the United Prussian Landtag of 1847 were accorded hereditary predominance in the state by reason of the "superior social value" of their members.[63] In the early 1840's Bismarck had been thoroughly convinced of the eternal rightness of such a scheme of *"ständisch aufgebaute Volksvertretung."* In 1848, however, he came to the conclusion that a "fourth estate of the dispossessed" should be drawn into the political scheme as a counter-weight to the liberal middle classes. Like his political mentors and associates, Stahl and von Gerlach, he still had as

[63] *Rechts- und Staatslehre auf der Grundlage christlicher Weltanschauung* (1 ed. 1830–33; 3 ed. 1854–56. 2 vols.). See especially II, 2–3, 9, 18, 177, 236, 536.

little use for the "head-counting" principle of universal suffrage as for the three-class system of property qualifications subsequently adopted for the Prussian Chamber of Deputies.[64]

After 1851, as a result of his experiences under the post-revolutionary absolutist regime, Bismarck became more and more firmly persuaded that the lower classes disfranchised by the *Zensus* were, when all was said and done, "better royalists than . . . the bourgeoisie and upper classes." [65] After 1859, when the three-class franchise began to produce liberal majorities in the Landtag—majorities which in the 1860's had the temerity to obstruct the government's military program—Bismarck came to see in universal manhood suffrage a means of breaking the parliamentary dominance of liberalism and of rallying the masses to the cause of forcible national unification. These counsels of *Realpolitik,* and not any change of heart regarding the absolute desirability of *"ständische Volksvertretung,"* led him to base the constitution of the North German Confederation (1867) and of the German Empire (1871) upon a democratic franchise.[66] By way of precaution, he provided for an independent executive branch not dissimilar to that envisaged by the framers of the American constitution, adding to its prerogatives the power of dissolving the legislature, and substituting a hereditary monarch for an elected chief magistrate.[67] His political ideal remained "a monarchical power . . . controlled by an independent representative body resting upon estates or upon vocational associations [*durch eine unabhängige . . . ständische oder berufsgenossenschaftliche Landesvertretung . . . kontroll-*

[64] R. Mönig, *Heinrich von Treitschkes und Bismarcks Systeme der Sozialpolitik* (Giessen, 1933), 141.

[65] From a speech made in 1854, quoted in Mönig, *op. cit.,* 141–2.

[66] *Ibid.,* 142.

[67] A. Wahl, *Deutsche Geschichte von der Reichsgründung bis zum Ausbruch des Weltkrieges* (1871–1914) (Stuttgart, 1926–32) I, 3 ff.

iert] to the degree necessary to ensure that neither monarch nor parliament can change the constitution without the consent of the other.[68]

The new Reich was not many years old before its chief architect began to feel very keenly that its parliamentary institutions were woefully inadequate. As the virtual unanimity inspired by the stirring events attending the *Reichsgründung* began to give way to embittered party battles, as the Reichstag began to fight for power and influence over the government and as the parliamentary strength of an avowedly *"reichsfeindlich"* revolutionary socialist party increased by leaps and bounds,[69] the Imperial Chancellor grew more and more disillusioned with his experiment in democratic parliamentarism, and seems to have turned once again to the political ideal of his youth, brought up to date by the newer theories of Schäffle on "vocational representation."

He grew more sharply critical of "individual suffrage" and of "individual economy," publicly alluding to the need for substituting "collective ties." [70] He repeatedly voiced his disappointment with the Reichstag's low level of competence in economic matters and deplored the fact that the majority of its members were "not drawn from the producing classes . . . but rather are estranged from the real working life of the nation by reason of their literary or scientific interests, having neither sympathy nor understanding for its weal and woe." [71] He lamented that "political parties will be the ruin of our constitution and of our future." [72] He told the Prussian Land-

[68] *Gedanken und Erinnerungen* (Stuttgart, 1898), I, 15.

[69] Wahl, *op. cit.*, I, 46–60, 479–97, 575–7.

[70] *Die politischen Reden des Fürsten Bismarcks*, ed. H. Kohl (Stuttgart, 1893), VII, 290 f.

[71] Cited without indication of exact source by J. Curtius, *Bismarcks Plan eines deutschen Volkswirtschaftsrats* (Heidelberg, 1919), 12.

[72] *Politischen Reden*, X, 130.

tag that "we must find means of becoming independent of the obstruction of a majority in the Reichstag. . . . I will not allow the achievements of our army to perish through internal discord, and I will find a way to prevent this." [73]

Bismarck made his first attempt to find such a way in 1880–81, when he brought forward his project for setting up a National Economic Council (*Reichsvolkswirtschaftsrat*). He seems to have hoped that the success of this project would be a first step toward his ultimate goal of modifying the democratic franchise and of supplementing or perhaps superseding the Reichstag by means of a corporative chamber based upon vocational associations.[74] After his retirement, he frequently laid claim to a belief of many years' standing that "in Prussia, as well as in the Reich, our electoral laws could be founded upon . . . vocational bodies, with each of these associations enjoying the right to be represented directly by its own deputies." [75]

During the Reichstag debates which culminated in June, 1881, in that body's refusal to vote funds for the National Economic Council (already constituted by Imperial decree in January of the same year), the opposition speakers were as one man in accusing the Chancellor of hostile designs against

[73] January 28, 1886. *Politischen Reden*, XI, 446 f.

[74] Most German students of this episode agree in attributing to Bismarck the ultimate aim of getting rid of the Reichstag in order to substitute a corporative parliament. *Cf.* Mönig, *op. cit.*, 142–3; Curtius, *op. cit.*, 13–14, 54; H. Herrfahrdt, *Das Problem der berufsständischen Vertretung* (Stuttgart and Berlin, 1921), 65–7, 81; K. Bachem, *Vorgeschichte, Geschichte und Politik der deutschen Zentrumspartei* (Köln, 1927–32), IV, 83; H. Rothfels, *Prinzipienfrage der Bismarck'schen Sozialpolitik* (Königsberg, 1929), 16–17. Wahl, *op. cit.*, concludes (II, 117–19) that Bismarck certainly wanted a corporative chamber "at least to complement" the Reichstag, but that his parliamentary opponents were probably unjustified in their fear that he planned to supersede the Reichstag altogether.

[75] Speech of April 17, 1895, greeting delegates of the craft guilds. *Politischen Reden*, XIII, 357.

the existing parliamentary system.[76] Bismarck himself, in two powerful speeches defending his project, scornfully disavowed even the remotest inclination in such a direction, but his critics remained unimpressed.

The National Economic Council was to have been a consultative body of 125 members. All proposals for economic legislation were to have been submitted to it for study and evaluation prior to action in parliament or, in the case of decrees, prior to promulgation. It was principally intended to serve as a central organ for co-ordinating the views of existing interest-group organizations like the *Deutscher Handelstag,* the *Deutscher Landwirtschaftsrat* and the *Zentralverband Deutscher Industrieller* on pending questions of national economic policy.[77]

An Economic Council of seventy-five members had been established in Prussia some two months before the creation of the national body on an almost identical plan. Funds for this council were duly voted by the more docile Landtag, and for several years it functioned as an expert advisory body on economic and social questions. It laid some of the groundwork for the basic social insurance laws in its sessions of 1882, 1884 and 1887, and in 1884 it was called upon to appraise a bill to amend the Trades Law. Frustrated in his plan to extend the institution to the whole Reich, however, Bismarck soon

[76] *Stenographische Berichte über die Verhandlungen des deutschen Reichstags,* 1881. The main opposition speeches were made by Richter of the *Fortschrittspartei* (II, 1592, 1604), by von Bennigsen of the National Liberal Party (II, 159), and by Windthorst and Reichensperger of the Center (II, 1287, 1692). The last two approved the stated purposes of the government's project, opposing the National Economic Council purely out of mistrust of Bismarck's ulterior motives. A minority of the Center, led by Baron von Schorlemer-Alst, voted in support of Bismarck, who also received the votes of both the Conservatives and the Free Conservatives.

[77] Bismarck's speech at the inaugural session of the Prussian Economic Council, January 27, 1881. Cited by Curtius, *op. cit.,* 16.

lost interest in his Prussian Economic Council, and it was not again convened after 1887.[78]

A somewhat larger measure of success attended his efforts —apparently inspired principally by Schäffle—to organize workers' insurance along corporative lines. Testimony confirming such an interpretation of his policy can be cited abundantly out of his own mouth. In an article published in the *Hamburger Nachrichten* [79] after his dismissal he referred to his desire, as Chancellor, to promote the development of groups "within which the tasks of social politics, *in specie* those of [workers'] . . . insurance, could be worked out on corporative [*genossenschaftlich*] lines and which, . . . when established by legislation, could have formed the foundation for electoral colleges in a system of national representation."

In 1883 he had told a co-worker that he considered accident insurance a matter of secondary importance in itself, his intention being to use it as the foundation upon which to establish a structure of "corporative associations which little by little must be extended to include all productive classes of the nation." [80]

There is some reason for thinking (though it cannot be conclusively established) that Schäffle's influence was a decisive factor in producing Bismarck's rather striking about-face in 1881–2 with respect to his plans for workers' insurance. In April, 1881, the Reichstag had found much fault with his first project of law on compulsory, state-supported insurance. This proposal had been extremely centralistic and bureaucratic in conception, and had contained no reference

[78] Curtius, *op. cit.*, 19–20.

[79] January 18, 1893. The article is reprinted in H. Hofmann, *Fürst Bismarck 1890–1898* (8 ed. Stuttgart, 1914), II, 199 ff.

[80] H. Rothfels, *Theodor Lohmann und die Kampfjahre der staatlichen Sozialpolitik* (Berlin, 1927) 63–4.

to corporative bodies. Centrists, particularly, had opposed the idea of an all-embracing *Reichsversicherungsanstalt,* and had led the opposition in amending the bill in committee so as to eliminate this feature, as well as to strike out the state subsidy. In its amended form the bill provided for provincial administration of the scheme. It was passed by the Reichstag only to be rejected by Bismarck, acting through the Bundesrat, on June 25, 1881.[81]

At some time during the next five months Bismarck seems to have discarded his earlier, centralistic plan in favor of one that embodied definite corporatist features, for on November 17 an imperial message on social insurance [82] announced the government's intention of basing the projected system upon "corporative associations." Schäffle had been active in urging his ideas on Bismarck in the interval, and the correspondence between them indicates that Schäffle's suggestions met with a very sympathetic response.[83] Further correspondence took place during December, and in January, 1881, Schäffle was invited to Berlin to confer in person with the *Reithskanzler.* Schäffle received the impression, at that time, that he had been completely successful in winning Bismarck over to his own corporatist conception. At any rate, whether owing to Schäffle's arguments or to Bismarck's calculation of the tactical advantages to be derived from appealing to corporatist sentiment in the Center, or to both factors in conjunction, the government's new project of law on sickness and accident insurance, laid before the Reichstag in the following spring, eliminated the earlier bureaucratic feature of a central *Reichsanstalt,* and provided instead for the administration of the

[81] Wahl, *op. cit.,* II, 145–51.

[82] See Note 55 above.

[83] Reproduced by Schäffle in his memoirs, *op. cit.,* II, 151–191. See Note 39 above.

scheme by *"genossenschaftlichen Organisationen der in Betracht kommenden industriellen Betriebe."* [84]

The accident insurance law of July 6, 1884, represented in fact the closest approach under the Hohenzollern Empire to a practical realization of industrial associations of the type approved by the corporatist theory of monarchical socialism. Vocational bodies comprising both employers and workers were made the "bearers" of the insurance liability. All workers covered by the law were obliged to become members of the "insurance society" established for their particular trade. The state bore only the cost of maintaining a National Insurance Office, which was charged with general supervisory responsibility.[85]

The only other important legislative enactments bearing a recognizable imprint of monarchical socialist corporative doctrine were the amendments of 1881, 1884 and 1886 to the Trades Law of 1869. The original statute had been adopted under liberal auspices by the parliament of the North German Confederation, and had been re-enacted after the *Reichsgründung*. Its main provisions had abolished all surviving legal sanctions upon which the craft guilds depended for the enforcement of their regulations. The amendments successfully sponsored by Bismarck in the 1880's revived a number of those sanctions and limited the right to engage in certain occupations independently of governmental or guild authorization. The principal effect of these reversions to the pre-liberal industrial regime was to strengthen and extend guild organization in some fields as against factory industry and, incidentally, to hamper the radical trade union movement.[86]

[84] Wahl, *op. cit.*, II, 151.
[85] Dawson, *op. cit.*, 109–27; Wahl, *op. cit.*, II, 156 ff.
[86] Clapham, *op. cit.*, 334.

The Legacy of Monarchical Socialism

The corporatist doctrines of monarchical socialism had only a slight impact on contemporary institutional developments; their practical effects during the Bismarckian era were out of all proportion to their subsequent influence. The effort to make workers' insurance a staging ground for the eventual development of a corporative industrial and political structure did not yield any of the results envisaged by Schäffle, Stoecker, Bismarck and their collaborators. Bismarck's attempt to achieve a corporative reform of parliament by way of a National Economic Council met with complete failure, though the idea remained alive and reappeared nearly forty years later when it became a hotly contested issue in the constitutional debate at Weimar.

On the whole, however, the main currents of the age were moving in another direction, and during the years following Bismarck's dismissal the omens became progressively less propitious for the type of corporative organization contemplated by monarchical socialists. Labor organization became more and more a matter of independent trade unionism under Marxist political leadership. On the side of management the period 1890–1914 witnessed an impressive growth of cartels, trade associations, employers' organizations and economic pressure-groups on a pattern which followed fairly closely the model approved by Schäffle and his associates. Industrial courts of arbitration were widely established, but there is no reason to think that their purely advisory decisions contributed significantly to the advancement of industrial peace.

Monarchical socialism and its stepchild the Christian-Social movement fell somewhat out of fashion during the

1890's when the era of energetic social reform from above was succeeded by an *"Aera Stumm,"* so-called in recognition of the achievement of the Saar industrialist Baron von Stumm, in promoting his economic philosophy. The central dogmas of his creed were that paternalistic employers should be absolute masters in their own houses, unhampered by labor organization of any type, and that the "free play of forces" in industrial life should be disturbed as seldom and as superficially as possible by bureaucratic tampering. Wilhelm II faithfully mirrored this attitude of many industrial leaders when in 1896 he confided to von Stumm that, in his august opinion, *"Christlich-Sozial ist Unsinn."*

A partial explanation of this change is perhaps to be found in the passing of the "long depression." With the advent of a new era of expansive prosperity after 1896, the industrial population experienced a noticeable improvement in its material conditions of life. Popular discontent abated somewhat as real wages increased.[87] Responsible leaders of the labor movement lost much of their original ardor for radical social change and settled down to gather the "attainable" fruits of reformism. The growing influence of "revisionist" tendencies in Social Democracy was a closely related phenomenon. And the more *"salonfähig"* the workers' party became, the less did conservative groups feel the urgency of "positive social reform."

Thus the corporatist doctrines elaborated by the leading proponents of monarchical socialism did not flourish conspicuously beyond the troubled times in which they had been conceived. It would not, however, be correct to conclude that the corporatist teachings of Schäffle, Wagner, Stoecker and

[87] A. Sartorius von Waltershausen, *Deutsche Wirtschaftsgeschichte 1815–1914* (2 ed. Jena, 1923), 523 ff., esp. 526. This rise in real wages may have amounted to as much as one per cent per year, on the average, between 1894 and 1904.

Bismarck were thereafter consigned to the museum of extinct social theories. The generations of students that passed through the German university system between 1870 and 1914 found the major premises of "monarchical corporatism" set forth as axiomatic social truths in their textbooks and heard their most celebrated professors of social science propound the superior virtues of a corporatively organized community in comparison with an "atomistic" or "inorganic" society resting upon the individual values common to Kantian liberalism and Marxian socialism. The rising generation thus derived instruction and inspiration from the example of Bismarck and his fellow laborers in the vineyard of monarchical socialism. And when Germany's collapse in 1917–18 ushered in a new time of troubles, many members of the conservative educated classes—filled with consternation at the apparently imminent prospect of social dissolution—again discovered a lively interest in corporatist solutions to the problem of social conflict.

CHAPTER FIVE

GERMAN COLLECTIVE ECONOMY

THE COLLAPSE of imperial Germany in the fall of 1918 brought the nation face to face with a crisis in its political and social affairs more profound than any it had confronted since the downfall of Frederician Prussia in 1806. Indeed, the two historical situations exhibit a number of rather striking parallels. Both in 1806 and in 1918 an imposing military and civil organization revealed unsuspected inner weakness as it disintegrated under the simultaneous pressures of a lost war and of a social revolution that had triumphed elsewhere and threatened to spread to Germany. In both situations there were Germans who early discerned the fatal shortcomings of the old order, but who had less than complete faith in the revolutionary remedies that were currently being applied in near-by countries. Both in 1806 and in 1918 earnest efforts were made by such persons to draw lessons from the nation's disaster in order to discover the way to a restoration of Germany's fallen fortunes at some future time. In 1806 Fichte and vom Stein perceived in popular nationalism and social renovation the secrets of French military superiority and immediately set about harnessing those two mighty forces in the service of monarchical Prussia. In the months following the Russian Revolution of 1917 Walther Rathenau and Wichard von Moellendorff, with Fichte's and Stein's example consciously in mind, bent their efforts to a

not dissimilar purpose—that of reconstituting a strongly integrated national community in which individual values would be subordinated to the demands of Spartan discipline and self-sacrifice.

At their hands the corporatist ideal, which had appeared in Germany as a product of the crisis prepared by the French Revolutionaries and by Bonaparte, received a full measure of development in the shadows cast by the achievements of Lenin and of Clemenceau. Rathenau's transcendental idealism and Moellendorff's imaginative cameralism were the philosophic and practical points of departure for the theory of corporative organization which the two men jointly developed. The "new economy" which they prescribed as a restorative of Germany's depleted strength was from many points of view the twentieth-century counterpart of Fichte's corporative commonwealth. Like Fichte's economic ideal, also, their *"Deutsche Gemeinwirtschaft"* was to be realized within a closed commercial state. Their advocacy of self-government for industrial and professional groups stemmed from a theory of organic functionalism which they claimed to have derived from the philosophy that had inspired Stein's efforts to reinvigorate the Prussian state after Jena. Like Fichte and Stein, also, Rathenau and Moellendorff attached more importance to moral factors on the one hand and to economic factors on the other than to particular forms of government, holding that Germany's national future depended, in the first instance, upon the cultivation of a stronger sense of devotion to the common weal and, in the second instance, upon the development of improved economic and social institutions.

Their general conception of German Collective Economy found a considerable measure of sympathy, particularly among intellectuals, during the interval between the Armistice of

November 11, 1918, and the adoption of the Weimar constitution on July 31, 1919; but for various reasons it had a relatively slight effect upon contemporary practical affairs. It left certain superficial traces in the text of the new constitution, and contributed elements to some of the experiments in "socialization" initiated in 1919; but both Rathenau and Moellendorff considered that their ideas had remained largely barren of practical results during the years when the Weimar Republic was being fashioned. Their failure was partly a consequence of the fact that their well-wishers were drawn from highly diverse backgrounds and never came to form a homogeneous group united in support of a specific program of action. German Collective Economy had sympathizers in several of the major political parties, but in none of these did it enlist the approval of a majority, and it never obtained the formal endorsement of any responsible party leader. Neither Rathenau nor Moellendorff was particularly adept at promoting their corporatist ideal in the realm of practical politics. Each was something of a *prima donna,* and a bitter personal quarrel between the two leaders eventually sealed the fate of the movement by dividing its supporters into antagonistic factions.

Though it did not significantly shape the institutional configuration of the Weimar Reich, the German Collective Economy episode did bring into focus a number of convergent though previously distinct corporatist tendencies in German social thought. Various features of the Rathenau-Moellendorff program appealed strongly to anti-liberal, anti-Marxian economists like Schmoller and Sombart, to many sociologists who were critical of political parties and of the orthodox territorial scheme of parliamentary government, to jurists of the *Genossenschaft* school, to conservative nationalist philoso-

phers like Spengler, to certain "neo-revisionist" Social Democrats, to a number of Catholic "Solidarists" and to a sympathetic group within the German Democratic party. There was a high degree of agreement among these otherwise ill-consorting groups as to many of the central features of the new corporative order which they hoped to see established. Divergencies existed, but most of these were traceable to personal rivalries or to disputes over details. All were convinced that social control must supersede the free play of forces in economic life and that such control should be exercised not by a centralized, bureaucratic state but by autonomous, vocational bodies. All agreed, further, with the general aim of erecting a structure of councils to represent these "professional communities," culminating in some kind of National Economic Council.

Thus under the aegis of "collective economy" a loose, temporary union of several diverse corporatist tendencies took place. The history of the movement that reflected this partial coalescence of forces may be divided into two phases. During the two years prior to November, 1918, Rathenau and Moellendorff formulated their corporatist ideas and disseminated them in a preliminary way. In the next interval, between the Kaiser's flight and the completion of the new constitution, their program for realizing German Collective Economy became a burning issue of public debate largely because of Moellendorff's efforts, as permanent undersecretary in the Ministry of Economic Affairs, to translate that program into legislative and constitutional texts. This second phase ended in the summer of 1919, with the failure of Moellendorff's rather reckless attempt to secure the coalition cabinet's blanket approval of his scheme for instituting corporative planned economy.

Rathenau's Cartel Corporatism

Walther Rathenau (1867–1922), who probably deserves to be called the senior architect of German Collective Economy,[1] was a remarkably gifted and versatile individual. After 1933 his name was a forbidden word in Germany, partly because of his Jewish origin and partly because as foreign minister in 1921–22 he had attracted, with fatal consequences to himself, the fanatical hatred of extreme nationalists by his championship of the "policy of fulfillment." Few of Rathenau's contemporaries, however, established stronger or more numerous claims to a prominent place in the record of a crucial period in German history. In the opening years of the twentieth century, as chief assistant and then as successor to his father, Emil Rathenau, the founder of Germany's greatest electrical combine, the *Allgemeine Elektrizitäts-Gesellschaft,* he made a notable contribution to the development of cartel organization in German industry. In 1914–15, as the creator of a Raw Materials Department in the War Office, he was

[1] There may be room for a difference of opinion as to the just apportionment of responsibility for originating the basic conception. After his quarrel with Rathenau, Moellendorff challenged his former colleague's claim to sole authorship, maintaining that he had developed his own ideas independently for the most part, and pointing out that the appearance of his pamphlet, *Deutsche Gemeinwirtschaft* (Berlin, 1916), had antedated Rathenau's first detailed exposition of the scheme by several months. (See Moellendorff's article, "Zur Geschichte der Planwirtschaft," in *Recht und Wirtschaft,* 9. Jahrg., 1920, 9–11.) He never insisted strongly upon the point, however, and specifically gave Rathenau credit for having conceived the system of war cartels (see below) which furnished common prototypes for so many of the subsequent ideas developed by both Rathenau and himself. The late Dr. Werner F. Bruck, who was closely associated with both men throughout the war period, and with Moellendorff in the Ministry of Economic Affairs afterward, told the author in 1944 that according to his understanding and recollection the original conception of collective economy had been Rathenau's, and that Moellendorff's debt to his former chief had been far heavier than he was willing to admit in later years.

responsible for initiating the first comprehensive modern attempt to plan a nation's entire economic activity. Though he played no public part in the events attending and immediately following the Revolution of 1918, his views on Germany's political and social future achieved almost universal currency during the period between the armistice and the promulgation of the new constitution. The extensive and consequential "rationalization" movement in German industry during the 1920's owed much of its inspiration to his ideas on industrial organization. Finally, as a critic of contemporary institutions and social *mores* he made a noteworthy contribution to modern social philosophy in the form of a corporatist doctrine that still retains much of its original relevance to the twentieth-century scene.[2]

It is not easy to characterize Rathenau's philosophic attitude toward fundamental problems like the destiny of man, the nature of society, the function of the state or the ends of economic activity. His mind was an unusually complex one, and it ranged over a vast panorama of topics. Engaged throughout most of his mature life in a multitude of business enterprises, he found time to employ his extremely prolific pen in the service of theoretical physics, drama, aesthetics, religion and mysticism, economics, morality, metaphysics, politics, ethics, history, psychology and autobiography. Moreover, as he was well aware, there was a certain dualism in his nature which tended to produce puzzling contradictions in

[2] The best account of Rathenau's career and influence is the well documented though somewhat eulogistic biography by his friend, Count Harry Kessler, *Walther Rathenau: Sein Leben und sein Werk* (Berlin-Grünewald, 1928), published in English as *Walther Rathenau: His Life and Work* (New York, 1930). The English edition is cited. Other useful treatments are: Etta Federn-Kohlhaas, *Walther Rathenau: sein Leben und Wirken* (Dresden, 1928); I. Révész, *Walther Rathenau und sein wirtschaftliches Werk* (Dresden, 1927); Gerhart Hauptmann et alii, *Gedenken an Walther Rathenau* (Dresden, 1928).

his thought and behavior. He was capable of mercilessly dissecting the economic and political scheme of things and of drawing conclusions consistent with the most extreme social leveling and cosmopolitanism. Yet his feelings were constantly in conflict with the conclusions to which his intellect led him, and his emotional loyalties were inseparably bound up with many of the most intensely conservative elements of the German nationalist tradition. Though a Jew and the victim of continual racial attacks, he came close to sharing his opponents' anti-Semitic point of view. He idealized the "Prussian type," contrasting the (Semitic) intellectual, or "fear man," with what he regarded as the superior (Nordic) "man of courage and purpose." He was at once a profoundly cynical misanthrope and a transcendental idealist with strong mystical and ascetic tendencies, much influenced by Fichte, by Spinoza and by Jewish Hasidism. His ultimate moral values were "the growth of the soul," "freedom," "self-determination" and "democracy"; yet he was convinced that in order to realize these ends, society must be purged of "individualistic nihilism," that the German people must be brought to a new sense of responsibility grounded in "consciousness of organic necessity" and that their state must become the expression of a "unitary will." [3]

The core of his philosophy, the central idea that ran through all his thinking, was that "mechanization" represented the source of all modern moral and social evils. An ineluctable consequence of the great growth of populations during the preceding century, mechanization had first appeared as a technological, then as an organizational phenomenon. But it had not stopped there:

[3] See especially his essay, "Von Schwachheit, Furcht und Zweck" (1904), in *Gesammelte Schriften in fünf Banden* (Berlin, 1918) IV, 9–34; Letters 191 and 208, in *Briefe* (2 ed. Dresden, 1926). Other examples are mentioned by Kessler, *op. cit.*, 36–7, 52–8, 81–4.

We encounter mechanization in every department of human activity to which we turn our eyes. . . . To the economist it appears as mass production and distribution of goods; to the industrialist as division of labor; . . . to the geographer as development of transportation and communication and as colonization; to the technician as control of natural forces; to the scientists as application of the results of research; to the sociologist as the organization of labor; to the business man as capitalist enterprise; to the statesman as realistic economico-political statecraft. But all these have in common something which separates them . . . from the modes of life of earlier centuries: namely, a spirit of specialization and abstraction, standardized thinking, . . . complicated uniformity; a spirit which seems to justify the term "mechanization" even when applied to the sphere of the emotions.[4]

Mechanization had even riveted its fetters on the modern era's characteristic form of proletarian insurgency when it had come to dominate the outlook of Marxian socialism:

This movement bears the curse of its father, who was not a prophet but a scholar, who did not put his trust in the human heart but in science. . . . That violent and unhappy man was mistaken enough to ascribe to science the ability to establish ultimate values and purposes; he scorned the forces of transcendental *Weltanschauung,* of inspiration and of eternal justice.[5]

Marxian socialism had never been a truly constructive force, he thought, mainly because Marxists never could understand that their opponents were often motivated by ideal impulses. "In the center of the stage was enthroned a godless materialism, and its power was not love but discipline; its gospel was not idealism but utility." "The sum of its achievement was a prodigious strengthening of the reactionary spirit, a shattering of the liberal ideal and an abasement of the love for

[4] *Zur Kritik der Zeit* (Berlin, 1912) 55-6.
[5] *Von kommenden Dingen* (Berlin, 1918) 65.

freedom." "Greed replaced the desire for self-determination . . . when the aim of the popular liberation movement became money and goods." [6]

Mechanization contained within itself, moreover, two elements which were irreconcilable with the eternal demands of the human personality for growth and self-expression or, in other words, with the ideal of a free society. In the first place it was "a material order, created by a material will out of material means, giving to earthly life an impulsion toward the non-spiritual." In the second place, as a form of organization depending upon compulsion, mechanization was destructive of human freedom in a more subtle but also a more complete fashion than any previous society had been, for "a screen of external freedom conceals the mechanistic bonds. . . . The anonymity of unfreedom brings to pass by its magic what the ancient despots and oligarchies . . . failed to achieve: the stabilization of dependency." The guild craftsman, for example, had also been unfree, but because his subordination to the master was personal and therefore obvious, his status was "filled with inner freedom." The modern industrial worker, however, was reduced to a much more oppressive condition of dependency precisely because of the impersonal, invisible nature of his servitude. Deprived of cultural opportunity equal to that enjoyed by his masters, the proletarian was powerless to change his status: "However he may arrange his life within the bounds of his sham liberty, it will run its course from generation to generation in the same dreary uniformity." [7]

Even the emergence of a theoretically perfect collectivist state would not destroy these consequences of mechanization; it would at the most "effect a redistribution of property and

[6] *Ibid.*, 66–7.
[7] *Ibid.*, 34–8.

power that would be inconsiderable from the cultural point of view, without even furnishing any guarantee that the new distribution would be permanent." [8] There was, moreover, no possibility of reverting to the pre-mechanistic scheme of things, for there were now too many mouths to be fed. Hence "only mechanization itself can lead us beyond mechanization." [9] The productivity of human labor must be even further increased (at least tenfold, as he later estimated) [10] in order to supply the material means of abolishing poverty and in order to provide an economic surplus in the form of leisure for universal cultural development.

Fortunately the mechanistic order itself revealed certain inner tendencies that must ultimately transform it into its opposite. In the first place the process by which the management of large enterprises was steadily being dissociated from ownership was producing a new type of socially responsible industrial leader whose dominant impulse was a selfless pursuit of creative activity for its own sake, rather than personal ambition or love of pecuniary gain. Among the proletariat there was to be observed yet another impulse destined to contribute to the rise of a new social ethos—a growing sense of solidarity arising out of common suffering:

> Thus the last shall be first; . . . now the broad way of suffering and introspection is smooth and manifest for all. The sufferings of our soulless age have not yet reached their climax, but the end is in sight. Those very masses who today set the pace of mechanization and are enslaved and overcome by it are hastening this end. It will come not by sacrificing the upper classes. not by revolution, but

[8] *Zur Mechanik des Geistes* (Berlin, 1913) 303.

[9] Letter 263, in *Briefe, op. cit.*, I, 280.

[10] *Die neue Gesellschaft* (Berlin, 1919). This and subsequent references to this work indicate page numbers of the authorized English translation by Arthur Windham, *The New Society* (New York, 1921) 38–9.

through the rebirth of the people themselves, redeemed by the sacredness of suffering.[11]

Rathenau's own experiences during the war years brought home to him with redoubled force the shortcomings of an economic order based upon the mechanistic principle of unlimited competition (*fessellose Wirtschaftskampf*). Germany, in August, 1914, found itself so woefully unprepared on the economic front that the Allied blockade threatened to cripple its war production by cutting off essential raw materials formerly obtained from sources now controlled by the Entente. After the seriousness of this situation had been called to his attention by von Moellendorff,[12] Rathenau lost no time in persuading the military authorities to place him at the head of a newly created *Kriegsrohstoffabteilung* (KRA) in the War Office (August 8, 1914). With the aid of Moellendorff and with a hastily assembled skeleton staff of experts drawn largely from private industry, Rathenau proceeded to build up almost overnight, and in the face of almost universal hostility, a comprehensive organization to cope with the impending disaster.[13]

By devising the new legal concept of "earmarking" (*Beschlagnahme*) he provided his organization with the necessary authority to exert control over the use of critical materials throughout the entire manufacturing process. In order to avoid bureaucratic administration of this control he instituted a series of war industrial companies (*Kriegswirtschaftsgesellschaften*), one for each important industry, to take charge

[11] *Zur Mechanik des Geistes, op. cit.*, 334, 297.

[12] Federn-Kohlhaas, *op. cit.*, 126.

[13] Much useful information on the history of the KRA is presented in an article by Fritz Redlich, "German Economic Planning for War and Peace," in *The Review of Politics*, VI (1944) 315–35.

of the procurement of "earmarked" commodities and to distribute these at controlled prices among manufacturers according to a scale of priorities established by the central administration. The operations of these non-profit companies were subjected to the scrutiny of "independent commissions for valuation and distribution" directed by the officials or members of the Chambers of Commerce. The Reich participated in each as a majority stockholder, with a state official wielding an absolute veto over all major policy decisions. Thus virtually the whole of German industry was converted into an integrated structure of "self-governing" but state-dominated cartels which came to exercise next to complete control over all production and distribution.

Rathenau and his associates were well aware of the significance of their innovations, not only for the future of war economy but also for the organization of the nation's industry in time of peace. To Rathenau's mind the system born of wartime emergency betokened nothing less than "an economic transformation predicated upon the methods of socialism and communism, without being in harmony with the predictions and demands of radical theory." [14] The war cartels had represented "a decisive step in the direction of state socialism," but they had simultaneously aimed at "self-government in industry to the highest possible degree." The new type of organization "standing midway between the capitalist form of private enterprise and a bureaucratic scheme" would, he felt sure, continue to demonstrate its vitality after the emergency had passed. "Our economy is (already in 1917) the home-market economy [*Binnenwirtschaft*] of a closed in-

[14] W. Rathenau, "Deutschlands Rohstoffversorgung. Vortrag gehalten in der Deutschen Gesellschaft 1914 am 20. Dezember 1915," in *Gesammelte Schriften, op. cit.*, V, 25 ff.

dustrial state. In the future our methods are certain to have a very far-reaching effect." [15]

Having created the organization which made Germany's autarchic war economy a going concern, Rathenau retired from his post at the end of March, 1915, leaving the *Kriegsrohstoffabteilung* in the hands of a successor chosen by himself. The latter was Major (later Colonel) Josef Koeth, a regular army officer who while fully sharing Rathenau's basic conception was more acceptable to the military bureaucracy and therefore able to secure better administrative results than his predecessor, who had labored under the double handicap of being both a civilian and a Jew.

Discouraged by the hostility he had encountered on all sides and mortified by what he felt was an inadequate recognition of his services, Rathenau withdrew from public affairs to cogitate upon Germany's post-war social problems. He did not cease for long to be a focus of public attention, however, and in February, 1917, there appeared the first in a series of topical books wherein he addressed himself to the German nation in much the same spirit of evangelism as that which had moved his hero, Fichte, in 1807–8. *In Days to Come* [16] was a summary of his war experiences in relation to his central problem, that of charting a path forward beyond mechanization to the "realm of the soul." It was supplemented a year later (in January, 1918) by *The New Economy*.[17]

[15] *Ibid.* Subsequently he frequently spoke of the organization as an experiment in "war socialism" (*Kriegssozialismus*), e.g., in *Gesammelte Schriften, op. cit.*, V, 249.

[16] *Von kommenden Dingen, op. cit.*, was actually written in July, 1917. The English title, *In Days to Come*, is that of the translation by E. and C. Paul (London, 1921). Citations here refer to the original German edition, and the extracts given in the following pages have been retranslated in some instances in order to give a more satisfactory rendering of certain special terms.

[17] *Die neue Wirtschaft* (Berlin, 1918).

His main thesis, more explicitly developed in the second of these two books, was that the war had been a blessing in disguise in that it had called forth a new type of economic organization designed to serve a communal rather than a private purpose, thereby creating the prototype of a future, non-mechanistic order. The psychological foundations of pre-1914 "private economy" had been shattered by the successful wartime experiment in deliberate economic planning, thus opening the way for a new outlook. This new outlook, which Rathenau's writings so vigorously sought to promote during the next months and years, should amount in essence to a realization that "property, income and consumption are not private matters, but are of direct concern to the national collectivity." [18] Widespread recognition of the need for subordinating private interests to the welfare of the community, Rathenau hoped, would make possible "the abolition of the proletariat" without recourse to violent revolution.[19] In particular, "restriction of the right of inheritance, in conjunction with the raising of popular education to a higher level, will throw down the barriers which now separate the economic classes of society and will put an end to the hereditary enslavement of the lower classes." [20] He even went to the length of demanding that all private fortunes eventually be taxed out of existence "in recognition of the principle that a person who acquires means beyond what he needs for the ordinary amenities of civilized life is only the conditional owner of his wealth, the state being fully entitled to relieve him of any or all of it." [21]

In place of material incentives to work conscientiously and to exercise initiative the new economy would offer only

[18] *Von kommenden Dingen, op. cit.*, 87.
[19] *Die neue Wirtschaft, op. cit.*, 32.
[20] *Von kommenden Dingen, op. cit.*, 114.
[21] *Ibid.*

ideal rewards—for the "liberated" proletarian there would be "solidarity" and "pride in good workmanship"; for the "responsible" entrepreneur there would be "power" and "joy in creation." He scoffed at the objection that these ideal incentives would not suffice to call forth economic effort and leadership of the requisite quality, arguing that even the large-scale enterprise of the existing type was "no longer purely a system of private interests; it is rather . . . a public concern belonging to the nation which . . . for some time past, and in growing measure, has been serving the collective interest." [22] Claims to ownership had become so minutely subdivided, so widely dispersed and so mobile that "the enterprise assumes an independent life as if it belonged to no one; it takes on an objective existence such as formerly was embodied only in church and state, in municipalities, or in the life of a guild or religious order. . . . The enterprise is transformed into an institution which resembles the state in character." [23] This tendency had produced a new outlook among the leaders of great corporate undertakings, where "we find already an official idealism identical with that prevailing in state service. . . . The psychology of the industrialist evolves in the same direction as do the conditions of ownership." [24]

Universal equalization of incomes and of cultural oppor-

[22] "Vom Aktienwesen" (1917), in *Gesammelte Schriften, op. cit.*, V, 154.

[23] *Ibid.*, V, 120 f. Although there seems to be no direct evidence that Rathenau's thinking was influenced by the writings of Otto von Gierke (see pp. 65–9 above), this passage is strikingly reminiscent of the latter's thesis as to the juridical similarity between the modern joint-stock company and the "German medieval conception of the state." Gierke held that according to Germanic common law guilds and other associations (*Genossenschaften*) did not derive their rights from those of their individual members as had been the Roman conception, but were real legal personalities in their own right, existing independently of their members and hence "resembling the state in character."

[24] *Ibid.*, V, 122 f.

tunities, Rathenau emphasized, would not automatically result in any appreciable raising of the level of popular well-being. Instead it would only make everyone poorer unless it was accompanied by an enormous increase in the productivity of human labor. This increase must be achieved by ruthlessly eliminating all forms of waste and inefficiency, by accelerating the rate of technical progress and, most important of all, by instituting a more "rational" scheme of industrial organization based upon the principle of a "division of labor among groups." This last task could be accomplished only by using the authority of the state to bring about the compulsory grouping of all German industry in an integrated system of semi-public, self-governing cartels:

> Let us imagine that all enterprises of the same kind, whether in manufacturing, handicraft or trade, are grouped together—for example, all iron-wire works together, all joiner's works together, all textile wholesalers together. Imagine further that each of these associations is linked up with associations of the industries most closely connected with it in the productive process—that, for example, the whole cotton textile industry, the whole wood industry, the whole iron industry and the whole linen industry are organized each in its own group. The first of these two types of organism may be called a professional union [*Berufsverband*]; the second an industrial union [*Gewerbeverband*].[25]

Anticipating the objection that he was merely proposing compulsory extension of the system of private cartels already in existence to the remaining competitive sectors of the national economy, Rathenau was careful to explain that the new industrial unions would have an essentially different aim from that pursued by existing cartels. The latter were organized to serve "only the interests of private groups, and not the interest of the collectivity." Far from seeking to re-

[25] *Die neue Wirtschaft, op. cit.*, 56.

strict economic activity in order to realize an anti-social profit, the new organizations would have the aim of "expanding and strengthening industry." Furthermore, "though endowed with extensive rights of their own, the professional and industrial unions would be public bodies [*Körperschaften*] recognized and supervised by the state." [26]

The more important of these two types of industrial organization would be the professional union of enterprises having the same or closely similar products. The main task of the industrial union would consist of adjusting and harmonizing the activities of its constituent professional unions. All producers in the sphere to be "ordered," whether they wanted to or not, would be compelled to join the professional association and to participate in its purchasing and marketing syndicates. Moreover the quotas allotted by these syndicates would have full legal force. In return the state would be accorded a share in profits and a veto over high policy decisions. Labor and consumers would also receive a voice in management, though Rathenau did not specify either the extent or the mode of exercise of this "consultation." Special courts would have jurisdiction over wage disputes. Each of these professional unions would thus come to form a "unitary economic group," within which the members would find "united strength and vital force." [27]

The organized producers themselves, and not the state or any of its departments, would bear the main burden of managing the day-to-day affairs of industry, assuming responsibility for promoting rationalization and technical development and for regulating both domestic distribution and foreign trade. The state would lend its prestige and authority to the organizations performing these tasks, and would in-

[26] *Ibid.*

[27] *Ibid.*, 56–9.

fluence the flow of capital funds by means of a Reich Investment Bank, but would seek to limit substantive governmental intervention to a minimum:

> The new economy will . . . not be in any sense a state economy [*Staatswirtschaft*], but a private economy . . . that makes use of the state's collaboration in order to attain free organic coherence, eliminate internal frictions and multiply its own capacities.[28]

Rathenau anticipated that his ideas would inevitably be greeted with the cry, " 'These organizations are nothing but the old guilds in modern dress!' " He tried to dispose of this objection in advance by denying that he had any desire to revive or to perpetuate the anti-social privileges of exclusive private groups. On the contrary the New Economy would rest upon "a community of production" in which all members would be "organically bound up with one another from side to side and from top to bottom in living unity, possessing a common vision, a common judgment, a common strength and a common will—in short, not a confederation, but an organism." [29]

Prior to November, 1918, Rathenau's main preoccupation had been with the economic aspects of social reform, and he had given only passing attention to the political implications of his proposals. With the downfall of the imperial regime, however, the shape of Germany's future state became an open question of the highest urgency. He hastened therefore to enter the momentous constitutional debates of the year 1919, propounding his ideas in three small but incisively written brochures intended to show that the "threefold revolution" through which the nation was struggling would not have attained its final goals until it had brought forth not

[28] *Ibid.*, 75; *cf.* also 27–8.
[29] *Ibid.*, 61.

only a new economy but also a new society and a new state. For, he insisted, the conquest of mechanization would not be complete until the centralized, bureaucratic, parliamentary state had been superseded by an organic hierarchy of "functional states [*Fachstaaten*]." At the summit of this hierarchy the "political state," relieved of economic, cultural, religious, administrative and other extraneous tasks, would fulfill only its own essential mission, that of "giving direction and making final decisions." [30]

These ideas contained little that was new, aside from their novel context—a "collective economy" and a "people's state." During the second half of the nineteenth century there had developed in Germany an uninterrupted and fairly influential tradition of hostility to the party system and to existing parliamentary institutions.[31] After 1900 these tendencies were strongly reinforced by the emergence of a school of writers calling themselves "party sociologists." This group was severely critical of the observed shortcomings of party politics and tended to favor reform of parliamentary institutions by the introduction of some kind of "functional representation" based on a vocational grouping in place of or in combination with the traditional geographical grouping of the electorate.[32] Rathenau's thinking reveals strong affinities to the teachings of this school as well as to a number of the central tenets of the pre-1914 British Guild Socialist movement.[33]

[30] *Der neue Staat* (Berlin, 1919) 28, 32.

[31] See pp. 62–5 above for the ideas of some of the leading exponents of this tendency in the period before 1870. The similar critique advanced by Schäffle and other monarchical socialists was discussed in Chapter IV.

[32] For a summary of this literature see F. von Oppeln-Bronikowski, *Reichswirtschaftsrat und berufsständischer Gedanke* (Berlin, 1920) 8 ff. See also J. Grunzel, *Der Sieg des Industrialismus* (Leipzig, 1911); G. Jellinek, *Verfassungsänderung und Verfassungswandlung* (Berlin, 1906); R. Michels, *Zur Soziologie des Parteiwesens in der modernen Demokratie* (Stuttgart, 1911).

[33] As outlined, for example, in A. J. Penty, *The Restoration of the Guild System* (London, 1906). The best account of the aims of Guild Socialism in its

As Rathenau saw it, political evolution in the modern era had culminated in a centralized, unitary state that had succeeded by degrees in drawing virtually every human activity into its orbit. Though this "political state" pretended to be an end in itself, it had "come more and more to serve a non-political purpose—that of economics." It had become "a complex of ideal states . . . which, upon close examination, is found to comprise besides the political and juridical state an administrative state, a military state, an ecclesiastical state, a cultural state and . . . an economic state." "Each of these states is already self-sufficient, . . . almost independent; but they are severally and collectively mutilated by reason of their lack of strong roots in the soil of the nation." [84]

It is necessary to separate the ideal states that are now shackled together and haphazardly intermingled, to build them up in a rational way so that each may stand by itself. Thus we shall fashion the New State, the state of the future; thus we shall create a genuine democracy, . . . a people's tribune for the masses, . . . a rational, just and far-seeing legislative, political and governing authority, . . . a compromise between centralization and particularism.[85]

In the New State legislation would no longer be, as in the "mechanical" parliamentary system, "a matter of chance," suffering from pressures exerted by special interests, from

later development is G. D. H. Cole, *Self-Government in Industry* (London, 1917) and his *Chaos and Order in Industry* (London, 1920). See also S. G. Hobson and A. R. Orage, *National Guilds* (London, 1919) and Bertrand Russell, *Roads to Freedom* (London, 1918). Rathenau was not in the habit of acknowledging intellectual indebtedness to others, and Kessler (*op. cit.*, 209, 216–20) raises the question of whether and to what extent he derived his ideas from the British Guild Socialists, only to evade it with the observation that "no completely new ideas have come into being for several thousand years past." A number of passages in Rathenau's later writings read, however, remarkably like paraphrases of certain pages in G. D. H. Cole's *Self-Government in Industry*.

[84] *The New Society*, *op. cit.*, 12–13, 28–9.

[85] *Der neue Staat*, *op. cit.*, 30–1.

the opportunism of vote-hungry politicians, from the ignorance, arbitrariness and incompetence of the bureaucracy. No longer, for example, would weighty cultural questions be decided by a parliamentary majority representing business interests, or an economic question by a religious majority. The outworn device of a single, omnicompetent parliament—"never more than a desperate expedient"—would be superseded, in the people's state of the future, by a whole series of functional parliaments, by "a living structure, gathering together, in its component groups, . . . the forces surging up from below and turning these to constructive ends in a continual process of internal movement and renewal." [36]

Only in this way, too, would it be possible "to transform the ancient, rigid, petrified pillars of bureaucracy into living, growing trunks filled with organically circulating sap." In the organic state, moreover, where all elements achieved articulate self-expression in representative bodies of their own, the task of balancing potentially antagonistic social forces would no longer devolve upon an overburdened political sovereign but would fall instead to the "supreme organ of a self-conscious *Fachstaat,* representing the totality of its constituent . . . corporations." In these corporations each group would enjoy "parity"; that is, in the economic *Fachstaat,* for example, equal weight would be given to employers, workers, consumers and middlemen. Normally all technical matters would be left to experts but all major decisions would be arrived at through processes of "organic self-government, from which no relevant group would be excluded." "Drawing upon the multifarious elements of local and professional life, the nation governs itself." [37]

Rathenau was optimistic about the ultimate if not the im-

[36] *Ibid.,* 28–9, 30, 34.
[37] *Ibid.,* 35, 40–2.

mediate prospects for bringing about such a deep-reaching transformation of the German state. He thought he saw two promising long-term tendencies at work. On the one hand, many potential nucleuses of a future system of self-governing functional groups were already in existence, though these organizations were still "primitive, . . . one-sided, . . . and dominated by special interests"—witness, in economic life, "the existence of only a handful of vegetating, capitalistic Chambers of Commerce." On the other hand, the tremendous popular enthusiasm for Workers' Councils modeled upon the Russian soviets showed that the masses would no longer be content with a *"spiessbürgerliches Parlament."* Their vague but insistent aspiration toward something better was giving rise to "a demand that cannot be silenced for counterweights to bourgeois democracy." "The masses are not lawgivers, but their instinct is essentially sound." The soviet political system would not of course suit a nation like Germany, whose cultural life was too rich and varied to be comprehended within a uniform, "one-sidedly mechanical system that knows no other form of popular representation than the dictatorship of the worker." Hence the *"Räteidee"* must be rejected as the basis of Germany's future political state, but "Workers' Councils can and must form the foundation of the economic state." [38]

Rathenau's ideas on Germany's future state and economy, as these have been outlined in the foregoing pages, received a remarkably extensive circulation after 1917. Five thousand copies of *In Days to Come* were sold in the first month after publication, and within a year the total sale had reached 65,000. *The New Economy* had an even more spectacular success, selling 30,000 copies in the first month after its appearance in January, 1918. These circulation figures sur-

[38] *Ibid.*, 38–9, 32.

passed those achieved by even the most popular novels of the day, and Rathenau became for a time "the most widely read and most passionately discussed of German writers." [39] Because he was the head of one of Germany's greatest combines, however, and because of the conspicuous part he had had in organizing the war economy, he was personally unacceptable to the new republican regime in the first months of its existence. His efforts to play an active political role as a candidate for the National Assembly on the German Democratic ticket ended in humiliating defeat in December, 1918.[40] Thereafter his writings were virtually his sole contribution to the attempts initiated during the first part of 1919 by some of his sympathizers and pupils to carry into practice the corporatist social ideal which he had so eloquently propounded.

Moellendorff's Campaign for Collective Economy

Wichard von Moellendorff [41] had been second only to Rathenau as a prophet of "the new economy" during the last two years of the war, and after the revolution of November 10, 1918, Moellendorff took upon himself the task of promoting the practical realization of the scheme which both he and Rathenau had so closely at heart. Whatever concrete expression that program received during the months when the Weimar constitution was being framed was largely the product of Moellendorff's almost single-handed achievement in urging his ideas upon the right-wing Social Democratic cabinet ministers under whom he served as a high-ranking civil servant throughout most of that crucial period.

Born in 1881, while his father was German consul at

[39] Kessler, *op. cit.*, 212–13.

[40] *Ibid.*, 247–54.

[41] Biographical information about Moellendorff is extremely sparse and fragmentary. An outline of the high points in his early career is contained in the

Hong Kong, Moellendorff was a scion of the Protestant *Uradel* of Brandenburg, though for several generations his branch of the family had intermarried with commoners and had derived its income from sources other than land-holding. At the age of ten he was sent home to Germany for schooling. After completing his pre-university studies he chose mechanical engineering as his future profession. Following graduation from the Charlottenburg college of technology, he accepted a position in the designing department of the *Allgemeine Electrizitäts-Gesellschaft*. There his ability attracted the notice of the elder Rathenau, and his advancement was rapid. He took on progressively greater administrative responsibilities until in 1914 he held one of the highest posts in the concern's metals division. During the years just before the war he had become an ardent disciple of the American efficiency expert Frederick W. Taylor and had written a number of articles for literary and engineering journals expressing views closely similar to those later propounded by advocates of Technocracy in the United States.

In the decade before 1914 Moellendorff had been closely associated with Walther Rathenau in the A.E.G. and on the outbreak of war, thanks to his own special knowledge of the

editor's preface contributed by Hermann Curth to *Konservativer Sozialismus* (Hamburg, 1932), a collection of Moellendorff's writings and official documents down to 1922. A few additional details are presented in the article, already cited, by Fritz Redlich. Much of the remaining biographical information on which this section is based was drawn from conversations with the late W. F. Bruck, from the latter's books, *Economic and Social History of Germany, 1888–1938* (Cardiff, 1938) and *The Road to Planned Economy* (London, 1934), and from scattered autobiographical allusions in Moellendorff's own writings. The author was also able to consult some personal letters written by Moellendorff to Dr. Catherine Stern of Jackson Heights, Long Island. This material, supplemented by Dr. Stern's own recollections of Moellendorf—particularly valuable in view of her close acquaintance with him over a period of nearly twenty years—has been used to fill a number of serious lacunae in published information about the later phases of his career.

economics of metals, he was the first to call Rathenau's attention to the critical position of German industry with respect to raw materials. He became one of Rathenau's chief lieutenants in organizing the nation's war economy during the autumn and winter of 1914–15. Subsequently he took over the direction of the war cartel for chemicals, as well as a number of other high posts in the central administration of war economy.

Early in 1916, when hopes for an early peace became widespread, he took an active interest in several official projects then initiated for the purpose of planning the economic transition to peace. Later in the same year he brought out a small pamphlet, *Deutsche Gemeinwirtschaft,* in which he outlined his ideas on Germany's future economic order.[42] The central thesis of this work was that the nation should endeavor to preserve the communal spirit that had inspired its unparalleled wartime industrial achievements in order to be able to profit by its experience in organizing a successful "military collective economy [*Gemeinwirtschaft des Militärs*]." [43] For, in the peacetime economy to come, there

[42] Berlin, 1916. An indication of the character and extent of the audience reached by this pamphlet during the last months of the old regime and the the first months of the new is afforded by the recollection of the sympathetic jurist F. Glum, that during that period "the small, yellow booklet . . . by Wichard von Moellendorff . . . was to be found in ministries and imperial departments, in the offices of large enterprises and in various political clubs—hidden, it is true, by many timid people, among official documents—and it circulated in the rooms and across the desks of department heads, ministers and industrial leaders." "Das Problem des Reichswirtschaftsrats," in *Recht und Wirtschaft,* 10. Jahrg. (1921) 35 ff.

[43] Moellendorff was much impressed by the fact that in the war economy output rather than profit was the test of success or failure. Much in the manner of Veblen, he distinguished between "*Technik (Arbeit)*" and "*Handel (Geschäft)*" and concluded that a system based on the former was more congenial to the German spirit. Werner Sombart, who was later to describe the

would continue to be urgent need for subordinating individual purposes to common interests, and private enterprise should continue to be subservient to a national purpose. This collective purpose should not be dictatorially imposed upon the national economy by a bureaucratic state, but should instead be formed and executed through special organs of industrial self-government. To this end a series of *Wirtschaftsgruppen* should be organized, each embracing all the enterprises in one important industry. These "professional communities," in formulating and carrying out industrial policies calculated to advance the national interest, should enjoy virtual immunity from state interference.[44]

Moellendorff failed to indicate in his pamphlet precisely how these "self-governing bodies" would be made to function harmoniously in pursuit of common ends, but his reticence did not spring from any lack of definite ideas on the point in question. What he had in mind was "a National Economic Council modeled after the ideal of Stein or Bismarck," which would serve as the central organ for coordinating the views and interests of organized industrial groups in order to arrive at a non-bureaucratic determination of national economic policies—decisions that would at the same time be free from the distortions of party politics. There were, however, tactical considerations which seemed to make it inadvisable to speak with full candor on this subject at the moment. Therefore he did not publish a manuscript which he wrote late in 1916 under the title quoted above, noting that:

Third Reich as a "German socialist" state (*Deutscher Sozialismus,* Charlottenburg, 1934, 121), had given expression to similar ideas in *Händler und Helden* (Munich, 1915), and Moellendorff constantly mentions Sombart's name with reverence.

[44] *Deutsche Gemeinwirtschaft, op. cit.,* 29–32, 41 ff.

However much it is to be desired that our un-German Reichstag, dominated as it is by lawyers and rhetoricians, should be supplanted by a system of corporative representation [*Ablösung . . . durch eine ständische Vertretung*], just so little can this aim be publicly discussed at the present time. . . . Objective logic compels us to follow in the footsteps of Bismarck, but for the sake of appearances we must devise a new vocabulary.[45]

Instead of using Bismarck's term *"Volkswirtschaftsrat,"* for example, it would be more tactful to promote the corporative parliament of the future under some unobjectionable title such as *"Oberster Beirat für Wirtschaftsfragen,"* a body which might be established by a Bundesrat decree and whose members might be appointed at the outset by the Chancellor. Eventually, of course, its members should be chosen by the representative organs of the new corporative structure.

In 1917 Moellendorff made a second appeal to public opinion in behalf of German Collective Economy. This pamphlet was published as the first monograph in a series under the editorship of Rathenau's friend Erich Schairer; it was entitled *Die Deutsche Gemeinwirtschaft,* and ran to eighteen titles before it was allowed to lapse in 1920.[46] Choos-

[45] This manuscript was not published until 1932, when Moellendorff gave permission to the editors of *Konservativer Sozialismus, op. cit.,* to include it in that collection. The passages cited appear on pages 216–20.

[46] One contribution to this series which illustrates how *Gemeinwirtschaft* became a temporary focus of previously existing related currents of corporatism was Reinhold Planck, *Vom Privatrecht zum Gemeinrecht; der Weg zur Selbsterneuerung des deutschen Volkes* (Jena, 1917). This pamphlet, Heft 3 of the series, was devoted to acclaiming the ideas of Karl-Christian Planck (see pp. 63–5 above) on the subject of a *Berufsstaat.* The publisher of the *Gemeinwirtschaft* series, Eugen Diederichs of Jena, also brought out a new edition of K.-C. Planck's *Testament eines Deutschen* in 1917, and a collection of his other writings on vocational representation, *Der Berufsstaat,* edited by his daughter, Mathilde Planck, in the following year. Reinhold Planck was apparently not a close relative of the other two Plancks.

ing a much quoted dictum of Rathenau's as his motto ("Economy is no longer the individual's province but is an affair of the collectivity"), Moellendorff invoked the authority of a distinguished company of "German socialists" that included Frederick the Great, Fichte, Freiherr vom Stein, Friedrich List, Bismarck and Paul Lagarde. The bulk of his pamphlet, somewhat wistfully entitled *Von Einst zu Einst,* consisted of excerpts from the works of these masters, selected with the aim of showing that the Rathenau-Moellendorff program was in direct line of descent from an indigenous and non-Marxian collectivist tradition.

When the armistice came and the Kaiser's flight left Social Democracy the somewhat reluctant heir to a host of problems posed by the loss of a war and complicated by the threat of a social upheaval, Moellendorff hoped that Germany's new rulers might prove more receptive to his advice than their predecessors had been. During the final stages of the war he had been careful to preserve his standing as a man of no party while not neglecting to maintain his acquaintance with several leading Social Democrats. This policy now yielded fruit and on November 18, 1918, a week after Ebert and his Council of People's Plenipotentiaries assumed power, Moellendorff was invited by Dr. August Müller, the new chief of the *Reichswirtschaftsamt,* to become his second-in-command. Moellendorff promptly accepted and was given a free hand to prepare plans for rebuilding the nation's shattered economy.

Although the new government probably accepted him at the outset largely for want of any better alternative, his path was appreciably smoothed during the ensuing months, thanks to the existence of certain currents within Social Democracy, centering in the "neo-revisionist" review, *Sozialistische Monatshefte,* which tended in much the same

direction as his own thinking. Dr. Müller allowed him to fill the leading posts in his department with sympathetic former colleagues from private industry, of whom many had previously been drawn into the administration of war economy by Rathenau or his successor.[47] When the Scheidemann cabinet took office on February 15, 1919, the *Reichswirtschaftsamt* succeeded in getting its status elevated to that of a ministry and, even more auspiciously for Moellendorff's plans, the portfolio was given to Rudolf Wissel, a leading representative of the *Sozialistische Monatshefte* group.

Wissel had a long record of loyal service both in the party organization and in its allied trade union movement. Like many of his trade union associates he heartily subscribed to a number of the fundamental tenets of Moellendorff's "conservative socialism." He was an admirer of the ideal as well as of the material achievements of "our war socialism," and felt that class conflict was a luxury which impoverished and debt-ridden Germany could ill afford.[48] He was strongly attracted, therefore, by Moellendorff's scheme for incorporating Germany's "fundamentally idealistic workers" into a future "people's community" that would be based on an equal sharing by capital and labor of economic power and responsibility. Indeed, as he saw it, this was the only practical alternative to Bolshevism, which meant chaos and "physical war of all against all." [49] He became an enthusiastic promoter of the Rathenau-Moellendorff program, and figured during the spring and early summer of 1919 as Moellendorff's unswerving ally in urging the merits of German Col-

[47] R. Wissel and W. von Moellendorff, *Wirtschaftliche Selbstverwaltung. Zwei Kundgebungen des Reichswirtschaftsministeriums,* in *Deutsche Gemeinwirtschaft* series, Heft 10 (Jena, 1919) 28.

[48] *Ibid.,* 4–5.

[49] *Ibid.,* 7–10.

lective Economy and in promoting Moellendorff's conception of a National Economic Council.

With Wissel acting as his *porte-parole* to the National Assembly, Moellendorff managed in March, 1919, to secure the adoption of a "basic socialization law." That largely embodied his own ideas and had little to do with the generous outpourings of Marxian phraseology with which his ministerial superiors were simultaneously endeavoring to calm the revolutionary waters recently agitated by Spartacism.[50] Armed with this authority, Moellendorff and his chief proceeded to organize the coal and potash industries as semi-public cartels along the general lines laid down by Rathenau for his "self-governing industrial unions." To each of these "professional communities" was added the extra feature of a National Council made up of employers', workers', distributors' and consumers' representatives, together with a commissioner named by the government.[51]

[50] The substance of this law was carried over into Article 156 of the Weimar constitution, which provided that "in cases of urgent need the Reich may by law create federations of enterprises and companies for purposes of collective economy with the aims of assuring the collaboration of all elements of production, of providing for the joint participation of employers and workers in administration and of regulating production, distribution, employment and prices, as well as the importation and exportation of goods, according to principles of collective economy."

[51] Bruck, *Economic History of Germany, op. cit.*, 158–9. It is not unlikely that the ideas of Gustav Schmoller may have had some part in forming the views of Rathenau and of other proponents of collective economy with respect to the possibility of combining cartel forms of organization with socialization. Rathenau had studied under Schmoller at Berlin, and may well have been influenced by the latter's address, "Die Verhältnis der Kartelle zum Staate," delivered at the Mannheim assembly of the *Verein für Sozialpolitik* in 1905. This address had provoked a heated controversy and had attracted much public interest. (*Schriften des Vereins für Sozialpolitik*, Bd. 116, 237 ff., esp. 259 ff.) Schmoller had suggested that the state should control the cartels, without impairing their "autonomy," and should share in their profits. One of the influential friends of collective economy, the chairman of the German Demo-

Moellendorff was also able to secure Wissel's active collaboration and support for the most ambitious of all his projects, that of inducing the Weimar coalition cabinet of Majority Socialists, Centrists and German Democrats to endorse the program of Collective Economy as a whole. With this object in view Moellendorff drafted a confidential memorandum containing a systematic exposition of the entire scheme together with an outline of his legislative proposals for translating it into a new set of economic and political institutions.[52]

This memorandum was couched in trenchant language that left no doubt of the author's impatience with the philosophy of "gradualism" so popular at the time in official quarters. Germany, he warned, was on the verge of total economic collapse; in the face of spreading unemployment the cabinet was rapidly losing popular confidence. Unless decisive measures were taken at once the possibility of a violent seizure of power by some minority group could not be excluded. The crying need of the moment was for a clear and unequivocal program. The people must be shown some definite goal capable of inspiring them to fresh sacrifices.

cratic party, Friedrich Naumann, had roundly attacked Schmoller at the Mannheim assembly in 1905, but in 1917 Naumann changed sides and arrived at a position similar to that of Rathenau, advocating a peacetime economic system in which the cartels would become semi-public bodies charged with broad fiscal and regulatory functions under the general supervision of the state. He did not, however, take an active public part in forwarding the Rathenau-Moellendorff program because the majority of his party clung to economic liberalism. See T. Heuss, *Friedrich Naumann, der Mann, das Werk, die Zeit* (Stuttgart, 1937) 79, 229, 445, 446.

[52] Later published in full, after an incomplete version had prematurely been obtained and made public by the press, as Heft 9 of the *Deutsche Gemeinwirtschaft* series, under the title, *Der Aufbau der Gemeinwirtschaft. Denkschrift des Reichswirtschaftsministeriums vom 7. Mai 1919* (Jena, 1919); hereafter cited as *"Denkschrift."*

Germany must concentrate all its energies in order to restore its productive power; hence all waste and inefficiency must be ruthlessly eliminated, all material and spiritual resources must be mobilized and all internal frictions must be reduced to a minimum. All elements and subdivisions of economic life must be "brought into line [*gleichgeschaltet*]," [53] just as an engineer might co-ordinate the strength and frequencies of the various electric currents passing through a great master-switchboard.

To delay the adoption of such a "perfectly unitary economic policy" would be to invite disaster complete enough to "discredit socialism in Germany for decades," for the result would be to expose the nation to "utter economic annihilation and slavery." "German socialists" must act promptly and decisively, because there was no time for temporizing measures:

> Our socialism is already suffering from ideal poverty—witness, on the one hand, the terrifying proportions assumed of late by the struggle of German workers for higher wages (*profitlich gerichtete Streben*) and, on the other hand, the growing power of attraction exercised by crazy [*verworrenen*] foreign ideas.[54]

The consequences of a Bolshevist victory in Germany would be catastrophic. Because of the one-sided stress which it placed upon individual welfare, that principle of organization would lead to complete economic chaos in a highly industrialized nation, thus condemning "one-third of the population to choose between emigration and slow starvation":

[53] This metaphor, which afterward became a favorite with the Nazis, did not actually appear in the memorandum under discussion, but it was coined by Moellendorff and began to achieve currency in economic discussions at about this same time. (Bruck, *Economic History of Germany, op. cit.*, 157.)

[54] *Denkschrift*, 10–11.

> The mode of labor in an industrial society . . . presupposes —and this is the great gulf that separates German socialism from Russian Bolshevism—the recognition of basic duties along with basic rights, a socialist organization instead of individualistic disorganization: in short, rigid labor discipline [*straffer Arbeitsordnung*], something that a nation consisting mainly of peasants, tradesmen and artisans can always get along without, but which a nation largely active in industry always will find indispensable.[55]

In view of these considerations it was the duty of German socialists to turn their faces resolutely against both Bolshevism and that spirit of *Manchestertum* which was daily becoming more powerful owing to a universal and partly legitimate yearning to have done with bureaucratic and militaristic restrictions carried over from war economy. Therefore all those who believed that Germany ought to strive for a more wholesome social order in harmony with its own national tradition should rally to the cause of *"gebundene Planwirtschaft,"* even though that would mean "paying allegiance to those most unpopular of all ideas—duty and compulsion."

The "people's community" sought by German socialism would not be a "paradise for weaklings [*ein weichliches Schlaraffien*]," and honesty required that this fact be candidly admitted.[56] It would aim at social justice, in the sense of a more exact apportionment of rewards according to achievements, rather than at increasing the masses' consumption of physical goods. For the immediate future and in all likelihood for many years to come, the average level of material well-being would actually decline. Hardships must be borne, however, to make possible the rebuilding of Germany's eco-

[55] *Ibid.*, 12. The reproach of excessive individualism which Moellendorff, in common with most German corporatists, levelled against Marxism and against Soviet Communism, has little in common with the liberal attitude of most English-speaking critics of Marxism.

[56] *Ibid.*, 13, 10–11.

nomic power to the point where it would be possible to compel the "have" nations to accord Germany an adequate place in world economy. In the meantime the nation must strive to attain as high a degree of autarchy as possible.[57] If these aims were to be achieved, there could be no question of reinstating the old order resting on private profit and competition. Nor would the requisite type of dynamic economic leadership be afforded by a conventional program of "nationalization," for this would only substitute a bureaucratic state for the private capitalist at the helm of industry. Nothing less than "a new economic order, built up from below and resting upon the associative tendencies already in evidence among the producing classes of the population," was demanded.[58]

The nation's political institutions must also be brought up to date in order to elicit the highest possible measure of popular participation in the great communal enterprise to be undertaken. The system of territorial representation had served well enough in the days before Germany had ceased to be an agrarian community. In that bygone era the strongest social ties had been those arising out of physical proximity, and the local commune or municipality had formed "the natural unit of political and economic activity." When Germany became a densely populated, urban, industrial nation, however, local neighborly ties had lost most of their earlier importance, rendering territorial forms of political and social organization largely obsolete. The time had come to recognize that under contemporary conditions the strongest loyalties binding individuals together were those gen-

[57] From an address made by Moellendorff on June 12 before the *Reichsverband der Deutschen Industrieller* in Berlin, printed in Heft 10 of the *Deutsche Gemeinwirtschaft* series, *op. cit.*, 24–6.

[58] *Denkschrift*, 7.

erated by the common interests and purposes subsisting among persons who followed the same profession. "It was no accident that in the decades before the war *the feeling of solidarity emerging within certain vocational groups revealed itself to be the strongest single impulse making for social coherence.*" Trade unions, employers' organizations and associations of the free professions were notable instances of the new type of vocational group "upon which if we desire to create an organism endowed with strength and vitality we must erect the structure of our new economy":

> Our prime object must therefore be to construct, alongside our regional forms of organization, . . . economic groups differentiated according to function [*fachliche Wirtschaftsgruppen*] which will comprise in every case workers, employers, merchants and consumers.[59]

Moellendorff's memorandum concluded with a summary of the specific measures which the Ministry of Economic Affairs considered essential to its program of economic recovery and social reform. The list, largely concerned with emergency action of a fiscal or financial character, was headed by a proposal to establish a National Economic Council capable of "providing supreme economic leadership, . . . furthering collective economy, upholding social peace and building up the nation's productive capacity." This body should form the apex of a pyramid of regional and local economic councils "reaching down to the functional groups of the community of labor." These *Fachgruppen,* in turn, were to "evolve into industrial unions [*Wirtschaftsbünde*] capable of discharging legal as well as business functions." Workers and employers would each have their own factory, district and national councils (*Arbeiter- und Unternehmer-*

[59] *Ibid.* Emphasis follows the original.

räte), and would enjoy parity with respect to representation in regional economic councils (*Bezirkswirtschaftsräte*), as well as in the national body, to which a supplementary group of members representing "consumers, commerce and science" would be named by the government from lists of candidates proposed by the respective "solidarity organizations" of those groups.[60]

Such was the program designed by Moellendorff for realizing a collective economy in harmony with the spirit of "German socialism." It now remained to see how much of that program the governing coalition could be induced to adopt as its own. Moellendorff's memorandum was laid before the cabinet by Wissel at its meeting of May 7, 1919. Before the document could be acted upon, however, the memorandum was prematurely made public (on May 24 by the *Vossische Zeitung*, organ of the German Democratic party) in consequence of an "indiscretion" of unknown origin.[61] Both friends and foes attached the epithet *"Planwirtschaft"* to the scheme, and during June and July "planned economy" became a hotly debated issue in the press and in the National Assembly, as well as in the party and trade union congresses then in session.

The Debate over *Planwirtschaft*

The extreme left, which since the first days of the new regime had rejected liberal parliamentarism on principle, and which fought for a soviet system on the Russian model all through the winter and spring of 1918–19, remained

[60] *Ibid.*, 26 and Appendix I, "Richtlinien für ein Gesetz über die Deutsche Gemeinwirtschaft."

[61] See Wissel's account of the incident in his apologia, *Praktische Wirtschaftspolitik* (Berlin, 1919); also Erich Schairer's preface to the *Deutsche Gemeinwirtschaft* edition of the *Denkschrift.*

unreconciled to any form of "class collaboration." It was the pressure of these leftist elements, however, which early in March had forced the government to promise that workers' councils would be "anchored in the new constitution" as representative organs for the economic interests of labor. This promise in turn had furnished Moellendorff with an excuse to bring forward his own plan for a National Economic Council. But the Independent Socialists and Spartacists would have no part even of the purely advisory National Economic Council finally agreed upon by the coalition parties, and *Planwirtschaft,* which proposed to place employers and workers on a footing of "parity" within its scheme of economic councils, was downright anathema.[62]

Within the three parties of the Weimar Coalition there were several important minority groups that sympathized, in varying degrees, with the general aims of *Planwirtschaft.* Mention has already been made of Wissel's "neo-revisionist" friends among the *Sozialistische Monatshefte* circle. Besides these Majority Socialists there were a number of prominent figures in the German Democratic party, many of whom were personal friends of Rathenau's, who were inclined to share the corporatist aims of *The New Economy.* This group included the party's chairman, Friedrich Naumann, formerly a leading member of Stoecker's Christian-Social party, and Georg Bernhard, editor of the Democratic organ *Die Vossische Zeitung,* and of the financial review *Plutus.*[63] Among the younger leaders of the Christian Democrats (the

[62] An account of the bearing of extreme leftist demands for workers' councils upon the evolution of the National Economic Council is presented in H. Finer, *Representative Government and a Parliament of Industry* (London, 1923) 72–95, esp. 85 ff.

[63] M. Prélot, *La représentation professionnelle dans la constitution de Weimar* (Paris, 1924) 59–61.

old Catholic Center) there was a sympathetic group of "Christian Solidarists" led by Mathias Erzberger.[64]

The *Sozialistische Monatshefte* group, under the leadership of Max Cohen and Julius Kaliski, had been successful in urging upon the second Congress of Workers', Soldiers' and Peasants' Councils (April 8–14) a proposal looking toward the establishment, alongside the national territorial parliament, of a Chamber of Labor endowed with considerable legislative competence. The primary electoral units of this "economic parliament" were to have been "production councils" constituted in every industrial establishment on the basis of equal representation for workers and management. This scheme, however, was subsequently repudiated by a Majority Socialist party conference in June when the need for conciliating the extreme left had become less acute, and the party thereafter took an official stand in support of the purely consultative National Economic Council that was finally established under Article 165 of the new constitution.[65]

At the same *Rätekongress* in April spokesmen of the German Democratic party had favored a scheme of factory

[64] See p. 118 above. Franz Hitze, dean of Catholic *Sozialpolitiker,* recalling his own proposals of 1880 for a corporative planned economy, found much that was to his liking in the Rathenau-Moellendorff program. He referred to the "acceptable" portions of the collective-economy ideal as "the same ideas that I attempted to formulate in *Capital and Labor,* and which even now—or rather, now more than ever—have validity." He was far from agreeing with "the extreme proposals of Rathenau," however, and felt that "in the last analysis Wissel's proposals cannot be spared the reproach that they may contain a tendency to 'over-organization.'" ("Kapital und Arbeit und die Reorganisation der Gesellschaft: Nachwort zu der gleichnamigen Schrift," in *Deutsche Arbeit, Monatsschrift für die Bestrebungen der christlich-nationalen Arbeiterschaft,* 6. Jahrg. (1921) 62–3, 65–6.)

[65] R. Wissel, "Zur Räteidee," in *Die Neue Zeit,* 37. Jahrg. (1919) Bd. 2, Nr. 9, May 30, pp. 195–207; Finer, *op. cit.,* 97.

councils similar to that proposed by Cohen and Kaliski, declaring that "the German nation must be organized in vocational estates [*ist berufsständisch zu organisieren*]." The Democrats had however stopped short of assigning any legislative powers to their National Chamber of Labor, and had insisted upon including the free professions in any future scheme of "economic interest-representation." [66] Moreover, as subsequent events were to show, the majority of the party felt that even factory councils represented too great a concession to Bolshevism, and supported the government's final version of the National Economic Council with great misgivings.[67]

Throughout the debate on *Planwirtschaft* the Christian Democrats took the position that while it would be highly desirable to have all elements of the nation's productive life organized in vocational estates, the formation of these bodies should be a gradual process developed spontaneously "from below." Dr. Heinrich Brauns, for example, outlining the party's point of view in the National Assembly, conceded that "many a good idea is to be found in *Planwirtschaft,*" but added that "the state cannot itself be the reorganizing agency." [68]

On the extreme right there were many who approved of Moellendorff's conservative socialism and who applauded the idea of establishing a professional parliament as a counterweight to a Reichstag based on universal suffrage. Dr. Hans Delbrück, the Nationalist leader, anticipated, for example,

[66] The text of this resolution, as well as that of the alternative suggestions presented respectively by the Cohen-Kaliski group and by the government, is reproduced in Wissel, *loc. cit.*

[67] Prélot, *op. cit.*, 59–60.

[68] *Verhandlungen der verfassunggebenden Deutschen Nationalversammlung.* Stenographische Berichte (66. Sitzung, July 25, 1919) Bd. 328, p. 1896. (Hereafter cited as *"Nationalversammlung."*)

that since all legislation was more or less social or economic in character, the powers of a National Economic Council would naturally tend in time to be magnified to the point where the latter would displace the Reichsrat as the second chamber of government.[69] Gustav Stresemann and other prominent members of the German People's party seem to have entertained somewhat similar hopes, and the conservative and nationalist press took a generally friendly attitude toward *Planwirtschaft.*

During the six weeks' debate that followed the premature publication of their memorandum both Moellendorff and Wissel made valiant efforts to defend their ideas against a swelling tide of criticism. Wissel sought to conciliate the opposition in a speech of June 5, delivered before the Berlin Society of Merchants and Industrialists.[70] After recapitulating the argument of the Ministry's memorandum, he went on to deal with specific objections. The proposed "industrial alliances" would not be "undemocratic," nor would they be in any way comparable with existing private cartels, he insisted, because workers and consumers would participate in all decisions of management on a footing of equality. Nor was it proposed to revive the medieval guilds, although he himself saw much that was admirable in the heyday of that system. "Planned economy" did not seek to perpetuate the rigid state control of industry associated with the recent war economy; on the contrary its intention was to get away from *"Bureaukratismus und Polizei"* as rapidly as possible, substituting "self-government in industry." Just as the illustrious vom Stein had made possible the reconstruction of the Prussian state by introducing municipal self-government, so

[69] Prélot, *op. cit.*, 57–8; Finer, *op. cit.*, 92 ff.

[70] Reprinted in Heft 9 of the *Deutsche Gemeinwirtschaft* series, *op. cit.*; see esp. 9–13.

the introduction of "professional autonomy" would again release fresh popular energies capable of restoring social unity and national strength.

A week later, on June 12, Moellendorff pleaded with the leaders of heavy industry not to "leave Germany's fate to God, to the Entente and to Bolshevism." He begged them, inasmuch as time was short and no other detailed plan of action was available, to:

> Make our program your own; develop it further and bring it to perfection—then you will discover that upon you, and not upon us, will fall the chief burden of responsibility as well as the decisive portion of power. . . . We will disappear from the economic executive. . . . *You* will combat profiteering, do away with waste, determine the just price and completely liquidate the war companies.[71]

It soon became clear, however, that the proponents of *Planwirtschaft* were waging a lost battle. From the extreme left they were denounced for plotting the betrayal of socialism and for wishing to deliver the nation bound hand and foot to the mercies of the great trusts. Organized labor took alarm at Moellendorff's proposal, coupled with the rest of his program, to proclaim a "holy year of toil" during which strikes in essential industries would be permitted only if nine-tenths of the affected workers approved.[72] Spokesmen of commercial interests foresaw the elimination of all independent traders and middlemen if distribution should be completely absorbed by the "rationalized" sales and purchasing syndicates of monster cartels. Many conservatives felt that insufficient respect was shown for the institution of private property in connection with certain of the memoran-

[71] Speech before the *Reichsverband der Deutschen Industrieller, ibid.;* see esp. 18, 29. Emphasis follows the original.

[72] *Denkschrift,* 20–1: Hitze, *loc. cit.,* 65.

dum's proposals for heavy redistributory taxation and for a levy on private capital.[73]

Rathenau's many political and personal enemies attacked the Ministry's project as being calculated to perpetuate the "straitjacket economy" of war cartels which had become identified with his name. Wissel had tried in advance to conciliate these critics during the National Assembly's debates on the socialization law,[74] in which he gave the impression of going out of his way to misrepresent some of Rathenau's ideas in order to be able to attack them, and he disavowed any connection between his own program and that of *The New Economy*. The only result of this maneuver, however, had been to alienate Rathenau's friends and to drive them into the opposition camp.

Rathenau himself had been deeply hurt by the incident,[75] and when the memorandum of May 7 was made public he was dismayed by what he felt was an utterly irresponsible attempt on the part of his former friend and associate Moellendorff to stake the whole future of Collective Economy on one reckless throw of the dice with the odds overwhelmingly against success. It would have been much better, he thought, to proceed more gradually, while simultaneously preparing the ground politically by educating the public in the elements of the new economy. Stung by what seemed to him effective even if unintentional sabotage of his own ideas and work, Rathenau came out with a bitter pamphlet [76] directed against the Moellendorff-Wissel scheme. Foreseeing an ig-

[73] E. Heilfron, ed., *Die Deutsche Nationalversammlung in ihrer Arbeit für den Aufbau des neuen deutschen Volksstaates,* 9 vols. (Berlin, 1919–20) VII, 87–97; VIII, 320.

[74] *Nationalversammlung* (23. Sitzung, Mar. 8, 1919) Bd. 326, p. 604.

[75] Kessler, *op. cit.,* 254–5.

[76] *Autonome Wirtschaft,* in the *Deutsche Gemeinwirtschaft* series, Heft 16 (Jena, 1919).

nominious defeat for *Planwirtschaft,* he anticipated that discredit would thereby be reflected upon his own ideas with the result that his brain-child, the new economy, would never survive the perils of infancy.

This prediction was vindicated when, on July 8, 1919, the cabinet acted upon the proposals of the Ministry of Economic Affairs by voting, over Wissel's solitary protest, to reject them *in toto* without further consideration. Wissel immediately resigned. Shortly after his retirement he was virtually repudiated by his party comrades as a traitor to the cause of socialism in a leaflet issued by the executive committee of the Majority Socialist party under the title, *"Sozialisierung und Planwirtschaft."* The proponents of *Planwirtschaft* (not identified by name) were charged with seeking to perpetuate capitalism by "mightily reinforcing the power of the entrepreneur," who alone would benefit from any compulsory scheme of labor organization. *Planwirtschaft* would provide the capitalist with legal protection against losses—"in fact it would guarantee him a profit under any and all circumstances." It aimed further at "inducing the workers to share with the employers the guilt of exploiting the [consuming] public," thus "conciliating the workers with capitalism . . . and diverting their attention from the struggle against the absolute power of the employer." The leaflet further took note of "the enthusiastic support for *Planwirtschaft* in many industrial quarters"—observing that "the 'plan' behind 'planned economy' is ingenious, but it is also transparent!"—and concluded with the slogan, *"Sozialismus gegen Planwirtschaft!"* [77]

On July 23 Gustav Bauer, the Majority Socialist cabinet chief, explained to the National Assembly why the govern-

[77] Reproduced by Wissel in an appendix to his *Praktische Wirtschaftspolitik, op. cit.*

ment—"and especially its Social Democratic members"—had rejected "this forced cartelization of all branches of our economy." The government was determined not to "exchange the straitjacket of the war cartels for a new straitjacket tailored for peace." Instead the surviving remnants of the war cartels would be speedily abolished and the government would press forward with its program of establishing workers' and employers' councils that would "prepare the ground for, and then become the bearers of . . . the coming collective economy." This last would not, like *Planwirtschaft,* "strengthen and protect the entrepreneur against socialization, but . . . will place the worker beside his employer as a collaborator and partner." [78]

Moellendorff, as a "non-political" civil servant, was technically under no obligation to follow his chief into retirement, and there are indications that important sections of heavy industry, in particular the great industrialists of the Ruhr and Rhineland, might have encouraged him to remain at his post if they themselves had not been politically so much on the defensive at the moment.[79] He concluded, however, that he could no longer accomplish anything worth while in his official position, and on July 15, 1919, he tendered his resignation.

He had nothing but contempt for the National Economic Council eventually created under Article 165 of the new constitution by "the most inglorious of all national assemblies." "The democracy of subalterns celebrated real orgies of self-satirization when it created a counterfeit National Economic Council in its own image." The latter represented nothing more than "a footnote to the Magna Carta

[78] *Nationalversammlung* (64. Sitzung, July 23, 1919) Bd. 328, p. 1848.

[79] H. Curth, "Einleitung" contributed to Moellendorff's *Konservativer Sozialismus, op. cit.,* 23.

Preussica"—in sum, its spirit was "not at all Bismarckian, not at all Lassallean." [80] He foresaw only a brief and unstable existence for the edifice so laboriously erected at Weimar:

> Either the Reichsrat-Reichstag constitution will be still-born—in which event we can put it aside altogether and solve our legislative problems within a system of councils based upon vocational estates—or it will fall sick, as I am more inclined to expect. . . . In that event we can free it of the ballast which it assumed when it took on executive functions and tried to make the kind of decisions that are better left to experts. Thus the political parliament . . . will fully recover its purely legislative functions, but it will be stripped of all others.[81]

For the moment, however, the "lawyers and rhetoricians" had won out. "German socialism" must wait until unrestrained individualism should once more have brought Germany face to face with annihilation before the time would again be ripe for a rebirth of collective economy. Accepting defeat, at least for the duration of the parliamentary republic, Moellendorff contented himself with recording his prediction that an inevitable world catastrophe would eventually reveal the hollowness of his opponents' victory and vindicate the cause for which he had worked. His forebodings grew less insistent, however, as the ensuing years brought an impressive recovery and a notable expansion of Germany's industrial strength. Professional interests again absorbed his attention, and in the late 1920's he busied himself with a comparative study of foreign industrial conditions and statistical methods which he undertook for *I. G. Farbenindustrie*. He served also as a member of the German delegation to the

[80] Article in the *Westdeutsche Wochenschrift*, May 14, 1920, reprinted in *Konservativer Sozialismus*, 255–8.

[81] *Ibid.*, 258–9.

disarmament conferences held in Geneva, an experience which seems to have deepened his sense of futility and weariness almost to the point of utter despair.

In 1932, when National Socialist agitation, drawing strength from economic collapse and mounting social unrest, was beginning seriously to undermine the Weimar Republic's badly shaken foundations, a group of his former collaborators who had never abandoned the ideal of collective economy took hope again and brought out a collection of Moellendorff's earlier writings under the title, *Konservativer Sozialismus.* The publisher, *Hanseatische Verlagsanstalt,* was specializing at the time in books which attacked republican ideas and institutions both from an ultra-rightest and from an ultra-leftist or "brown bolshevist" (though emphatically anti-Marxist) point of view.[82] The editor's introduction prophesied a glowing future for Moellendorff's program in the following terms:

> Germany's political and economic problem has today reached the same stage at which it stood during the days of Spartacism. . . . Moellendorff's attitude and insight offer ready answers, appealing in different ways to both right and left, to the leader and to the nation, not only for today, but also for the future.[83]

Moellendorff himself seems to have remained politically inactive under National Socialism, scrupulously avoiding any public expression of his views. He retained his position as adviser to *I. G. Farbenindustrie,* however, and continued to keep in close touch with current developments in the industrial field.

[82] Although Moellendorff made his papers available to Alma de l'Aigle, Curth and the other collaborators, he took no interest in the project according to Dr. Stern, and was deeply disturbed when the book appeared under the imprint of a publisher closely associated with the Nazis.

[83] H. Curth, *loc. cit.,* 28.

Although the Nazis proceeded to adopt a number of his (and Rathenau's) proposals in the fields of economic policy and business organization, Moellendorff came to feel more and more keenly that National Socialism with its racialist delirium,[84] its naked cynicism and its open contempt for all human values was at most a senseless caricature of his own "German socialist" ideal. His deepest feelings—a genuine sense of personal dedication to humanity and an uncompromising hatred of poor craftsmanship—were outraged by all that went on in Germany after 1933. His letters to friends outside Germany clearly convey this growing disgust, and it did not come as a complete surprise when in 1937 they received word that Moellendorff, in a moment of extreme depression, had taken his own life.[85]

The Aftermath of Collective Economy

Rathenau's corporatist theorizing and Moellendorff's official efforts in 1918–19 to translate the program of German Collective Economy into practice did not result in any particularly impressive achievements, at least in so far as concerned the political and social institutions of republican Germany. The National Economic Council that emerged from the deliberations at Weimar had virtually nothing in com-

[84] When Haber, the great Jewish chemist who had been Moellendorff's teacher and then one of his closest friends, died in 1934 Moellendorff wrote: "If it is true, as Frau O. has told me, that your uncle died peacefully after spending a gay evening, I believe he was relatively fortunate. For I had feared for him nothing so much as sorrow and tribulation. And how could he have avoided these if he had lived? . . . He who loved his work, who loved teaching and learning, who loved the reciprocal exchange of emotion between one human being and another—he of all men must surely have been driven to distraction . . . by this collapse of all morality. . . . I, at any rate, do not begrudge him the peace of utter unconsciousness."

[85] The letters alluded to are addressed to Dr. Catherine Stern. (See above, pp. 183–4)

mon with their ideal of an economic parliament based on "functional representation." Its membership included a distinguished galaxy of experts and economic leaders, but as a purely advisory body it had no real powers and performed no conspicuously important functions during the ten years before it was finally shelved by the Bruening government and forgotten. Moellendorff's socialization law remained on the statute books but was not applied, except in the coal and potash industries, to any important sectors of the national economy. Moreover, despite their new "semi-public" status, the nationalized industries continued to operate in a manner virtually indistinguishable from the conventional practice of private cartels, and showed no signs of evolving into professional "communities of labor."

Though collective economy could point to no remarkable successes of a concrete character, its program had achieved wide dissemination and had elicited considerable sympathy in many influential quarters of educated public opinion. Much of this sympathy proved evanescent, and the return of "normalcy" dissipated much of the interest which the ideas of Rathenau and Moellendorff had attracted during the turbulent spring of 1919. But there remained an important residual core of allegiance to the type of economic planning which they had outlined at that time.

Rathenau's books continued to be widely read and discussed during the 1920's. The circumstances attending his tragic assassination at the hands of nationalist fanatics in 1922 made him a martyr to the cause of international reconciliation, and in 1927 a Walther Rathenau Foundation was established to perpetuate his memory and to cultivate his ideas. The "rationalization" movement in German industry prior to the depression of 1929 was heavily indebted to his pioneering activities both in the realm of theory and in that

of practice. Finally, it is not a little ironical that some of his organizational proposals for enhancing the efficiency of industry (compulsory cartelization, in particular) were carried into effect by the National Socialists, not with the aim of providing popular well-being and culture but with the diametrically opposite purpose of waging war against humanity and civilization.

A number of further considerations, moreover, make it difficult to regard the Nazi organization as anything more than a perversion of the corporatist scheme proposed by the authors of collective economy. Both Moellendorff and Rathenau had been persuaded that social control must come to supersede the unrestricted play of private interests in economic life; they had rejected the Marxist and Leninist method of imposing and exercising this social control; and they had instead favored retention of the entrepreneurial function within a system of corporate private property. At the same time, however, they had entertained the strongest sort of repugnance to bureaucratic domination of economic life and had vigorously endorsed the thesis that the centralized state should be stripped of all but its "purely political" functions, leaving economic affairs to be managed autonomously by "self-governing professional communities." National Socialist economic leaders, especially in the first years of the regime, doubtless paid much verbal tribute to this last principle, as well as to a number of other slogans which they culled from the lexicon of *Gemeinwirtschaft.* But that was the limit of their borrowing, as the colossal bureaucratic apparatus of the Third Reich abundantly testified, and although the Nazis' total mobilization of the nation's energies for war may be regarded as the realization of a species of collective economy, it is not likely that Rathenau would

have considered Hitler's police state a faithful application of his own prescription for overcoming mechanization and for fostering the growth of the soul; as for Moellendorff, the testimony of his last deliberate act leaves no possible doubt on this point.

CHAPTER SIX

CONCLUSION

EVERY SUMMARY is in some degree a falsification. The aptness of this statement cannot but be brought home with special force to anyone who attempts to digest and appraise in a few pages the many diverse theories that have figured as main elements of the German corporatist tradition. From the time of the French Revolution, when the estates and corporations of the old regime first came under serious attack, and came consequently to be consciously defended, down to 1919 when in the shadow of the Russian Revolution a climactic point in the evolution of corporatist doctrines was reached, there has been a virtually uninterrupted stream of speculation about corporative forms of economic and political organization in Germany. This speculation, moreover, was not carried on in a vacuum, but was directly or indirectly the product of actual historical events, reflecting the different circumstances and preoccupations of a great variety of persons in a constantly changing social environment.

Although the stream of corporatist philosophizing has tended to maintain a fairly constant volume over the past century and a half, the degree of practical interest in those theories manifested by publicists, by statesmen and by the general public has tended to fluctuate rather widely. It is possible to distinguish four separate periods during which the most lively discussions of corporatist doctrines occurred.

Each of these periods was marked by a profound political crisis, or by mounting social tensions, or by the occurrence of both in conjunction. Widespread interest in corporatist ideas was manifested, in particular, during the national struggle against Napoleon; during the constitutional and social conflicts of the 1840's; during the years of rapid industrialization accompanied by social polarization and religious contention between 1870 and 1890; and during the years of war, national defeat, political turmoil and social unrest that preceded and attended the birth of the Weimar republic. Corporatism figured during each of these troubled intervals as a philosophic common denominator among two or more groups that saw in some version of the corporatist ideal an alternative to contemporary tendencies that seemed to lead inescapably toward social upheaval, economic instability, political injustice and national dissolution.

Probably in no country has corporatist speculation been more abundant, more continuous or more varied than in Germany. A partial explanation of this circumstance is doubtless to be found in the tenacious survival in many parts of Germany of the guilds, and of the feudal estates as the only mediums for political representation, down to the middle of the nineteenth century and even beyond. Industrialism and modern parliamentary institutions remained largely absent from the German scene prior to 1848, and it is perhaps not to be wondered at that German social philosophy continued to be preoccupied with the forms of the older economic and political organization.

Another factor that can by no means be left out of account is the peculiar course of development taken by the nationalist movement in Germany. The first spectacular upsurge of militant national sentiment took place during the wars of liberation waged under the leadership of monarchical Prussia

against the heir of the French Revolution, Napoleon Bonaparte. Hostility generated at that time against the French conqueror came to be directed also at the political and social principles which he sought to impose upon the satellite states of the French Imperium. Romanticism sought to vindicate the cultural individuality of the German nation, especially by exalting its medieval past in opposition to the political and social philosophy of the Enlightenment and French Revolution. Nationalist philosophers like Fichte and Hegel thought that Rousseau's atomistic conception of the state as an aggregation of undifferentiated individuals was inadequate as a moral foundation for the strong state that the German *Volk* obviously needed if it was to achieve political unity and social coherence.

The organic theory of the state, foreshadowed by Fichte, powerfully developed by the Romantics and brought to a highly integrated metaphysical synthesis by Hegel, came to express and to perpetuate much of this nationalist antipathy to the individualism of the French Revolution. Virtually all subsequent German corporatists have held the individualistic, rationalistic and egalitarian spirit of the Revolution to be the antithesis of a truly German social outlook, insisting that the German nation could fulfill its historic mission and develop its greatest potential strength only by giving full scope for expression to all the subsidiary communities which were its organic members.

Having been closely bound up with militant nationalism in the early stages of its evolution, German corporatism came to reflect the same social divisions that gave a distinctive character to the nationalist movement after 1830 and especially after 1848. Conservative and traditional nationalism, as represented by doughty champions of the landed nobility like Stahl and Gerlach, looked to a revival of feudal "consti-

tutionalism" and pluralism to counter the democratizing and centralizing tendencies of the modern age. Republican radicals and humanitarian social reformers like Marlo and Baader advocated a renovated guild system that would set bounds to the advance of laissez-faire industrialism and that would remove those incipient class conflicts which they felt must surely prove destructive of social harmony, and hence of genuine national feeling.

After the appearance of Marxian socialism as a powerful movement aiming both at social revolution and at placing class loyalties on a higher plane than national loyalties, conservative and moderate groups tended more and more to identify it as a legitimate child of the individualist tradition. They proceeded to develop doctrines of social solidarity that stressed ideal instead of material considerations and that transferred emphasis from individuals and classes to the "functional" subdivisions of the organic national community. Especially after 1870 many corporatists were moved, largely by their alarm at the electoral victories of Social Democracy, to express antagonism toward the doctrine of monistic state sovereignty and toward the reality of bureaucratic centralism, seeing especially in the latter an instrument that might work much harm if it were to fall into socialist hands as a result of the operation of the democratic franchise. Just as revolutionary Marxian socialism came, after 1870, to supersede liberalism as the main target of corporatist attack, so after the rise of revisionism in German Social Democracy—and especially after the Russian Revolution of 1917—Leninism and revolutionary communism came to figure in that role. Corporatist doctrines, which previously had not found much support to the left of the Center, now came to enlist the sympathies of some radicals and liberals (Rathenau was a member of the German Democratic party), and even to

some right-wing Social Democrats, appearing as one product of their resistance to extreme leftist tendencies in 1918–19.

Each of the three principal types of corporatist doctrine evolved between 1870 and 1919 was sufficiently indebted to earlier ideas to establish its affiliation with a theoretical tradition that had become firmly implanted in German social philosophy before the full effects of the industrial revolution had begun to be directly felt in central Europe. Each represented a distinctive combination of some elements present in the residue of previous corporatist speculation, and each added new elements from the context of an increasingly industrial and urban society. The corporatist theorists of Social Catholicism, of Monarchical Socialism and of German Collective Economy made use of ideas which they drew from earlier critics of atomistic individualism, laissez-faire capitalism and monistic state sovereignty in order to underline their own opposition to economic liberalism, to popular sovereignty, to state omnipotence and to the program of Marxian socialism, all of which had achieved greater prominence with the spread of industrialism. They made extensive use of the organic conception, both in attacking their opponents' philosophies and in formulating their own programs for achieving a social order that would subordinate individual demands to communal purposes, that would mitigate the socially disruptive consequences of economic change and that would reconcile social conflicts without violent interruption of existing continuities.

None of the three movements was without its own internal divergencies in matters of detail, and even greater dissimilarities may be discerned among the main tendencies themselves, yet all three attacked the same enemies and embraced many of the same ultimate aims. All were essentially conservative or only moderately reformist in that none favored

sudden, sweeping changes in the prevailing pattern of social institutions. All were perhaps more strongly concerned with ideal values than with material considerations, and all aimed at the creation of a new social ethos as the necessary preliminary to institutional changes. (Bismarck and Moellendorff were tempted to reverse this order, but both probably figured more as practitioners than as philosophers of corporatism, and both came to regret their impatience.) Finally, all three corporatist doctrines were substantially in agreement as to the necessity for gradually developing a new form of social organization the fundamental unit of which would be an occupational group rather than an individual citizen or an economic class in the Marxian sense.

All anticipated that in an economic system based on such groups it would be possible to achieve a better ordering of production. They hoped that a judicious mixture of central planning with independent group initiative would eliminate the wastes and frictions of competition while simultaneously avoiding the stultifying rigidities of *étatisme* and bureaucratic control. In the political sphere each of the three corporatist doctrines under examination contained proposals for instituting some kind of vocational parliament to coordinate the views and interests of the various corporative groups. All had a low opinion of the existing parliamentary system, and all were in agreement that the sphere of the political parliament would have to be redefined in relation to the powers to be exercised by a new, functional chamber; but, with the possible exception of Bismarck and Moellendorff, none seriously entertained the aim of suppressing territorial representation or of making the democratically elected Reichstag subordinate to a body formed on the basis of vocational suffrage.

The divergencies among these three types of corporatist

doctrine related principally to matters of detail, but there was one fundamental issue—the role to be played by the existing state in bringing about the new corporative order —on which fairly sharp differences in principle may be noticed. According to the program of Monarchical Socialism, the secular state as represented by the "social monarchy of the Hohenzollerns" was to be the principal reorganizing agency, acting from above to impose the new institutions, and actively intervening afterward in order to preserve a balance of social forces. Although there were Social Catholic theorists (Hitze and Vogelsang, for example) whose views might be construed at some points in a similar sense, the memory of the *Kulturkampf* and of earlier struggles between church and state in Prussia lingered among Catholic social theorists and made them extremely reluctant, on the whole, to enlarge the sphere of influence of a potentially hostile state. Collective Economy, although its authors had much to say about the evils of bureaucracy and about the advantages of self-government in industry, took the position that Germany's direst national catastrophe since the Battle of Jena could not be retrieved without vigorous, unified leadership, and that this leadership could come only from a strong, central authority. In contrast to Schäffle and Wagner, however, both Hitze and Moellendorff anticipated that once the state had fulfilled its mission of presiding over the transition to a corporative system, it would retire into the background, progressively delegating more and more authority and responsibility to autonomous organizations representing the new vocational bodies.

One additional point of contrast may be noted between Collective Economy and the two earlier doctrines. The corporatist conceptions developed respectively by the theorists of Social Catholicism and by those of Monarchical Socialism

flourished most conspicuously during the early stages of the industrial transformation that so profoundly altered the economic foundations and the institutional configuration of German society during the closing decades of the nineteenth century. Their preoccupation with guild forms of corporative organization was a natural one at a time when substantial remnants of the old handicraft bodies still manifested a hardy propensity to survive alongside the small or medium-sized establishments of an emergent factory system, and when class-conscious trade unionism was still in its infancy. By 1914, however, and especially after the exigencies of autarchic war economy had given increased momentum to powerful pre-existing impulses in the direction of cartelization and of trade unionism, corporatist thinkers sought and found a new model for their scheme of functional organization. Abandoning Marlo's, Schäffle's and Hitze's dream of re-invigorating the ancient *Zunftverfassung,* Rathenau, Moellendorff and their associates projected their ideal corporatist order in the shape of a closely integrated structure of federated cartels in which the public interest, as well as that of labor and that of management, would receive appropriate recognition. Thus within the space of fifty years German corporatism ceased to be tinged with nostalgia for the age of the *Meistersinger* and came to focus attention sharply upon economic realities and social problems that are as modern as one of the most efficient dynamos constructed by Moellendorff for the *Allgemeine Elektrizitäts-Gesellschaft.*

It is not easy to appraise the long-term significance of corporatism in German intellectual history. Despite the efforts of some of its protagonists it has never commanded a large popular following, and the generic ideal has never exerted demonstrably important influence upon developments in

public law or in practical politics. Yet the tenacity with which it has persisted and the great variety of the speculation which it has evoked combine to suggest that theories of corporatism in Germany have represented something more than the aberrant notions of isolated, unrepresentative thinkers. On the contrary, some of the most illustrious German names of the nineteenth and twentieth centuries appear on the roster of contributors to the German corporatist tradition, and few of the nation's pre-eminent political and social philosophers have not been in some way associated with its evolution.

Moreover the ideal of a harmonious national community, articulated according to functional groups, has shown a remarkable tendency to cut across lines of party, class, region and religious confession, appealing as it has to Protestants as well as to Catholics, to aristocrats as well as to commoners, to Prussians as well as to Bavarians, to trade unionists as well as to industrialists, to Social Democrats as well as to Conservatives. The generic conception has never been a monopoly of any one of these groups, and has shown so much adaptability that an economic and political system embodying "corporatist" features could conceivably be inaugurated at some future time under the auspices of the "right," of the "center" or of the "left."

Corporatism of the "left" would of course be quite a different affair from any scheme which corporatists of the "right" would approve. It would have scant respect for historic rights, including those conferred by ownership of property or by special cultural advantages. It might resemble Fichte's egalitarian commonwealth, or the kind of collective economy projected by Rathenau and promoted in 1919 by Moellendorff and other "German socialists." Corporatism of the "right" would doubtless place heavy emphasis upon the

aristocratic and hierarchical values implicit in the medieval scheme of privileged estates, and might even be founded upon a modified system of hereditary social status. Between these two extremes it is conceivable that an intermediate variant of corporatism, possibly applying some scheme of "social federalism" in the spirit of Marlo or of Hitze, might seek guarantees of social harmony, economic equilibrium and political moderation by attempting to locate the nation's center of gravity among the middle strata of the community.

There is at present very little basis even for venturing to guess which if any of these hypothetical experiments may be likely to appeal to any considerable number of the inhabitants of post-Nazi Germany. A revival of fascism would not, on the strength of the National Socialist record, be accompanied by any meaningful application of corporatist organizational formulas. Likewise, a thoroughgoing social revolution that resulted in a definitive victory for Leninist principles would effectively preclude experimentation along the lines of a theory which in the past, even when promoted under "leftist" auspices, has been profoundly hostile to the idea of a proletarian dictatorship. Barring either of these two extreme cases, however, the future may conceivably demonstrate that the autumn of the year 1947 was too soon to conclude the final chapter of a history of corporatism in Germany.

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