

# Imperialist Socialism of the Chair

## *Gustav Schmoller and German Weltpolitik, 1897-1905*



ERIK GRIMMER-SOLEM

### Introduction

The intense involvement of Wilhelmine academics on behalf of the German navy has always been both fascinating and troubling—fascinating because of the sophisticated organization and broad influence of this activity, and troubling given these policies’ undoubted contribution to the rising tide of international tensions before July 1914. The involvement of university teachers as “agitators” for the German high seas fleet has been perceptively investigated.<sup>1</sup> Yet the specific motivations and activities of a leading “Navy professor” and colonial enthusiast, the economist and social reformer Gustav Schmoller, have not been explored, and the dense and fascinating web of domestic and international contacts in which he was enmeshed during this activity has remained obscure. This gap in the historiography is surprising, given that a prominent “socialist of the chair” such as Schmoller would seem an ideal candidate for testing the concept of Wilhelmine “social imperialism.”

The historian Eckart Kehr was himself well aware of Schmoller’s importance in shaping public opinion on behalf of the fleet. Yet Kehr’s analysis of his specific role remained both superficial and ambiguous, in effect asserting that men such as Schmoller had supported the fleet for vague and poorly considered reasons. Schmoller, according to Kehr, had consequently been blinded to the social imperialistic domestic agenda of those classes benefiting from and pressing for the high seas fleet.<sup>2</sup> While Wolfgang Marienfeld warned against interpreting academic involvement on behalf of the fleet as a political tactic or outcome of manipulation,<sup>3</sup> the Kehrite interpretation of social imperialism facilitated by bourgeois apologists such as Schmoller has found a

firm place in Hans-Ulrich Wehler's *Deutsche Gesellschaftsgeschichte*, and hence has become something of a permanent fixture in German historiography.<sup>4</sup>

The question that this chapter addresses is whether or not it can be said that Gustav Schmoller acted as cog in the machinery of social imperialism. More specifically, did he directly or indirectly instrumentalize *Weltpolitik* for a domestic social and political agenda, a palliative to ongoing socialist agitation, thereby distracting from the backlog of overdue social and political reforms? Moreover, can it be said that he was manipulated to placate powerful material interests and lend credibility to the existing regime? These are intriguing questions, given that it is beyond dispute that fear of socialist revolution was an important impulse for the social reform activities Schmoller had organized and directed since the early 1870s, the most prominent example being the Verein für Sozialpolitik.<sup>5</sup> Equally, the policy writings and activities of Schmoller before 1895 were focused almost entirely on domestic social policy, in particular, factory legislation, trade unionism, vocational training, social insurance schemes, and agricultural reform.<sup>6</sup> We would therefore come to expect a continuation of these themes in his activities as a German imperialist. Yet, as this essay will demonstrate, this does not turn out to be the case.

The following pages seek to illuminate the specific involvement of Gustav Schmoller in German *Weltpolitik* during the years 1897-1905, when a new German policy of naval power and assertive imperialism took shape. I will argue that Schmoller was not manipulated into becoming a naval and imperial advocate, that there is a remarkably consistent theme of international power politics and economic competition that permeates his *Weltpolitik*, that there is an absence of the themes social reform and social imperialism in his writings and activities in these years, and that his views were consistent with his historical interpretations of mercantilism and his position on the strategic use of trade. Concluding remarks address how we might assess Schmoller's *Weltpolitik* and what this might tell us about German imperialism.

## Schmoller and the High Seas Fleet

Schmoller's active involvement on behalf of the German navy began in late July 1897, following a visit from Commander Heeringen of the newly created Information Bureau of the Imperial Naval Office. Heeringen had been sent by Alfred Tirpitz to discuss the longer-term involvement of leading academics on behalf of the expansion of the German fleet. As is known, Tirpitz had a very high estimation of professors and their capacity to influence the *Bürgertum* and had especially added Schmoller's name to Heeringen's list.<sup>7</sup> A letter from Schmoller to his colleague Lujo Brentano in Munich seeking Brentano's involvement for the fleet shortly after the visit from Heeringen shows that Schmoller had already known Tirpitz for some time and was on friendly terms with him. It also indicates that Schmoller hardly needed persuading. This letter and two others sent to him are worth citing at length because of the revealing detail they contain about the motivations for involvement on behalf of expanding the high seas fleet:

Through his deceased father-in-law Siepke I have known Secretary of State Tirpitz since old times. He recently sent Lieutenant Commander von Heeringen to me to discuss how one could, and better than hitherto, awaken in broader circles an understanding not so much for fleet plans as for the German colonies, exports, the significance of international power struggles with England, etc. Since on the whole I am on the same standpoint as he is and also have found in previous conversations with Tirpitz that he has clear and sensible views about our trade policy, etc., I therefore gladly declared my willingness to be helpful, yet I did not conceal that under the current government all efforts to quickly gain something for the fleet would be futile. Cap. v. H agreed completely and repeated his intention with precision: voting in the next budget years is less the aim than constantly producing a change in views about the significance of our external trade, German exports, the colonies, the power questions. Only a permanent change in the whole of public opinion can guarantee us the sort of fleet building [that] is needed and so spread itself over a generation.<sup>8</sup>

As this letter makes clear, from the very beginning, and at least as far back as Schmoller's first discussions with Tirpitz, the matter of the fleet was linked very closely to colonial policy, German exports, and an international power struggle with England. Indeed, these appear very much the ends of any expansion of the fleet (at least, as was presented to Schmoller by Tirpitz and Heeringen) and therefore also seem to be the basis for consensus with Schmoller. The response from Brentano is as interesting as this letter from Schmoller. Brentano was a passionate Anglophile and a left-liberal free trader, yet this did not stop him from lending his assent to Schmoller's request for support:

Every policy that effectively works toward raising our exports is assured my support. For—whether one may view it as a fortune or misfortune—it is nevertheless a fact that Germany is now an industrial state. Since this is how things are, the most important concern is to find sales markets for its products, and particularly the export of its industrial products. On this the sales will now depend, namely, even the domestic sales market of our agricultural products. For our domestic sales market is dependent upon whether we have a solvent working population. The solvency of the industrial working population has replaced the old [saying]: “if the farmer has money, so does everybody.” The future of agriculture lies in the purchasing power of our industrial working population, the development of its necessities, the increase of its efficiency, and the adjustment of agricultural production to its needs. Yet the solvency of our working population has as a precondition the development of our exports.

The future of our exports is, however, currently very threatened. The development of the relationship between England and its colonies could become very detrimental to us. Similarly, our senseless bounty policy has given us the American Dingley Bill, whose horrors will likely be felt even sooner. Decades of work of our businesspeople could be endangered by it. Under such conditions it is natural that one looks about for alternatives. To expect this from our colonies would be childish. But in Asia and South America there may still be very much to be had. From this viewpoint, an increase in the German fleet appears justified.<sup>9</sup>

While Brentano was acutely aware of the dangers of a confrontation with Britain arising from an expanded German high seas fleet, he nevertheless felt that a larger navy was justified as a consequence of Germany's growing reliance on exports as an

industrial power and, as importantly, the threats he saw to German exports emanating from a possible British imperial preferential tariff and American protectionist legislation. The larger fleet was to seek out and open alternative markets in Asia and South America. Later in this letter, Brentano admitted to Schmoller what a hindrance the southern German Center Party was to any of these plans, mentioning particularly the hostility to trade and exports growing out of the extreme protectionism then current in Bavaria.

Interestingly, very similar themes and justifications were given in a letter Schmoller received from Tirpitz, thanking Schmoller for his willingness to take up the task of popularizing the necessity of a larger fleet as part of Germany's broader international economic interests:

Since the [18]80s I have been fighting for our fleet to be understood as a function of our maritime interests and to be constructed accordingly. This opinion has finally prevailed. Over the last year in Asia I have once again been able to convince myself of what influence this 'agency' of the German Empire is in the preservation of Germandom abroad and in the assertion of our economic interests, once it is sufficiently powerful and properly handled. I could give you countless reports about this. I have been able to observe the ruthless advance of Pan-Americanism, the tremendous successes of Russia, and the entirely astonishing growth in strength of the British Empire idea from close proximity with alarm. How depressing and alienating by comparison is the effect made by our political situation in general, and the position of our Reichstag majorities on the question of the fleet in particular. Daily detailed reports by telegraph come to Hong Kong on the position of the Reichstag regarding the development of the fleet; such interest and such understanding is compelled for this question by the English in Asia. I may have the pleasure to discuss these things and the economic prospects in Asia over the course of the winter. Since I am known everywhere and have first-rate contacts, a post as admiral is incomparably favorable for gaining a certain overview of these things.<sup>10</sup>

While these letters do not prove anything, they are suggestive about the set of motivations that drove Schmoller and his colleagues to lend their support for an enlarged fleet. There is not much evidence of having been "goaded" by Heeringen and Tirpitz, and little, if any, discussion of social reform, let alone evidence of "social-imperialist imperatives," which is quite surprising, given that Schmoller and Brentano were two of the leading social reformers in Imperial Germany.<sup>11</sup> The focus is squarely on Germany in the international arena, jostling for export markets and spheres of influence vis-à-vis the other powers in a climate of rising protectionism. One also finds an explicit understanding that Germany, as a major industrial power and exporter, would need a larger fleet to protect its interests and that this would mean reducing or challenging British hegemony. In short, there was a clear assertion of German power. Schmoller did not inadvertently wobble into this position as a consequence of illusions entertained about the purpose of the fleet, nor did he take this stand as an extension of his social imperialism. Real and imagined economic interests were linked closely to political and military power interests. In any case, it becomes easier to view the fleet and *Weltpolitik* as projects independent of domestic social reform or social imperialism in Schmoller's case.

The speeches and writings Schmoller subsequently produced on behalf of the navy are remarkably consistent with the picture we get of his motivations from these early letters. Schmoller began writing articles on the theme of German *Weltpolitik* and the role of the German fleet in 1898, contributing to such newspapers and journals as *Die Jugend*, *Tägliche Rundschau*, and *Die Woche*, and he was solicited for many more.<sup>12</sup> The activities of the “Navy professors” (*Flottenprofessoren*), as well their relationship to Tirpitz via Heeringen in the Information Bureau of the Imperial Naval Office, have been investigated and need not be explored here, but it is worth mentioning that Schmoller recommended one of his students, Ernst Levy von Halle, to direct the research and publishing activities of the Information Bureau.<sup>13</sup> Von Halle was an immensely bright and ambitious young economist whose direct knowledge of American economic conditions had contributed greatly to Schmoller’s 1894 Verein für Sozialpolitik investigation of the controversial trust and cartels issue.<sup>14</sup>

An important theme that comes through in this early pro-fleet activity, despite the basis of agreement between Tirpitz, Heeringen, and Schmoller, is the utter inability of either the Imperial Naval Office or the Navy League—an organization comprised mainly of merchants, heavy industry, and banking—to bring under their aegis (let alone control or direct) the activities of the *Flottenprofessoren*. As is known, Schmoller and other academics were invited to join the Navy League in June 1898. They stipulated that they would join only on condition that the composition of its managing board be broadened to include opinions besides those of industrialists.<sup>15</sup> The refusal of the Navy League to meet this condition led Schmoller and his colleagues to organize their own body in November 1899, the Free Union for Naval Lectures (*Freie Vereinigung für Flottenvorträge*), to organize popular lectures on behalf of the fleet throughout Germany.<sup>16</sup> A loose association of academics, writers, and artists, the Free Union was nevertheless quite a sophisticated and effective pressure group because of the broad range of expertise from which it drew, its apparent disinterestedness and independence, and the academic authority of many of its participants.

The success of individual professors as well as the Free Union in influencing public opinion on behalf of the first two navy bills between 1898 and 1900 meant that the Navy League was initially eclipsed as the organizational locus of fleet advocacy coordinated by the Imperial Naval Office.<sup>17</sup> What is more, Schmoller and his colleagues succeeded in imposing fundamental changes on the Navy League’s managing board to include liberals and social reformers. Pressure was put on its secretary, Victor Schweinburg, to resign, and Schmoller played a key role in forcing the resignation of Octavio von Zedlitz-Neukirch.<sup>18</sup> This had much to do with Schmoller’s own personal hostility toward Zedlitz, because the latter had subjected Schmoller and other “socialists of the chair” to withering criticism in the debates over university expenditures in the Prussian Diet. Zedlitz, along with the industrialist Karl von Stumm, not only had attacked the commitment to social reform and supposed softness on socialism of Schmoller and other academics, but also had questioned their very competence as scholars.<sup>19</sup> With Zedlitz and Schweinburg gone, the basis for closer cooperation between the Navy League and the professors was finally established, and the Free Union disappeared.

Schmoller's broadening out of the Navy League to include Naumannite liberals and social reformers would suggest that social reform and social imperialism would be themes in Schmoller's own writings on the navy, yet remarkably this was not the case. Schmoller's speeches for the Free Union for Naval Lectures were in fact particularly revealing for how consistently they emphasized the importance of the battle fleet to Germany's international power struggles with the United States, Russia, and especially, England; the struggle for export markets in a rising climate of protectionism; and the role of the fleet in sustaining and expanding German commercial and colonial interests.

In his capacity as a member of the Free Union, Schmoller himself crisscrossed Germany in late 1899 and early 1900 on a lecture tour that generated extensive German and international press attention.<sup>20</sup> The speech Schmoller gave in Berlin, Strasbourg, and Hanover was later published in a separate collected volume by the Free Union under the appropriate title *Handels- und Machtpolitik* (Trade and Power Politics).<sup>21</sup> In it, Schmoller begins his discussion under the pall of the disappointing economic upswing of 1894-1900 and the admonition that Germany had better accustom itself to a more difficult international economic climate or else broaden its economic horizons and secure a sufficient economic basis, particularly in light of its rapidly growing population. With growth of 1 percent yearly, Schmoller projected no fewer than 104 million souls by 1965, and as many as 208 million by 2135, a demographic expansion that demanded an international outlet, given the European territorial strictures of the Reich. More fearsome than these figures were those he cited of the French demographer Leroy-Beaulieu, who predicted no fewer than 200 million Germans by 1999. Interestingly, Schmoller was positively enthusiastic about this population surplus as it assured Germany's place in the international "Wasserwanderung" for new settlements, a development that had yet to reach its climax and would ultimately determine the rank of nations.<sup>22</sup> In light of the vast size of the populations of the three great world empires, growth in the German population to 100-150 million was "neither a fantasy nor undesired. It should, it will, it must come, if we want to remain a great and powerful people. And it cannot be accommodated exclusively in the old homeland. We must have farmer colonies and territories of cultivation that can absorb this surplus. Let us see to it if and by how much we can increase our home population."<sup>23</sup> There is not much hand wringing here about demographic time bombs and their social implications for Germany.

Equally interesting about this speech is that Schmoller was resigned to the fact that German agricultural productivity had strict limits and that therefore Germany would remain a country that imports a substantial portion of its food grains. Unlike agriculture, however, he noted that industry had no such strictures, encouragingly mentioning that the latest economic upswing was based much more on a boost in domestic consumption than on exports of industrial goods. Nevertheless, with rising population density, exports needed to expand to ensure the importation of foodstuffs, raw materials, and colonial goods (*Kolonialwaren*). The fact was, he asserted, that no large nation could exist and progress without vast imports and exports, without

being interwoven into the world economy, and the threats posed by this dependence on the world market receded to the degree that a state had colonies and naval power. Germany's "impotence on the seas" would therefore have to end. With the stagnation of exports over the last twenty-five years, only the highest degree of technical, intellectual, organizational, and social political progress would lead to export expansion, but only on the basis of a far-sighted trade policy and good trade treaties, so that the production of food and colonial goods, as well as the importation of German industrial goods in the colonies, were secured. All of these things necessitated a larger fleet. Aided by the fleet, colonial development could also retain for Germany the twenty million emigrants projected for the twentieth century.<sup>24</sup>

Schmoller's speech was predicated upon an interpretation of mercantilism that emerged from his historical research on the economic policy of Prussia in the eighteenth century published in the mid 1880s, excerpts of which he had republished in 1898 as "The Mercantile System in its Historical Significance."<sup>25</sup> In it, he had defined mercantilism as a doctrine neither of money nor of trade balances or protectionism, but as "in its innermost core nothing but state building—not simply state building but instead simultaneous state and economy building, state building in the modern sense, which creates out of a political society an economic society."<sup>26</sup> In other words, seventeenth- and eighteenth-century states had created larger consolidated economic units—national economies. Much of the remainder of Schmoller's speech was based upon this insight, one used in refuting those who would believe that trade policy could still be pursued independently of the power politics of states. Only by following the most ruthless piracy, destruction of rival shipping, seizure of colonies, and fraudulent trade treaties, through harsh navigation laws, steep tariffs, and import-export prohibitions, he recalled, had England emerged following the Napoleonic wars with a consolidated economy and an unchallenged international position. This had facilitated the spread of the liberal economic doctrine that became the basis for the long era of peace from 1815 to 1870 that had so benefited Germany, providing the conditions for the humane commercial interaction of states in the modern world economy.<sup>27</sup> This, he reminded, was possible as long as Cobden's ideas held sway and Gladstone led Britain. Had Britain abandoned its fleet and colonies as Cobden and Gladstone had proposed, Schmoller noted, Germany would not have any "*Flottensorgen*."<sup>28</sup>

Schmoller believed that rising international competition and growing populations after 1870, combined with a new scramble for colonial possessions and protected spheres of influence, demonstrated that international competitive struggles remained power struggles. Britain under Disraeli helped to initiate an era in which prohibitions, tariffs, blockades, search and seizure of shipping, and prohibitions on the use of sea cables and coaling stations had become the order of the day. While announcing in 1876 that Britain was satiated and not an aggressive power, Disraeli had seized Natal, Cyprus, Egypt, and Burma. The territory of Great Britain between 1866 and 1899, Schmoller mentioned, had grown from 12.6 to 27.8 million square kilometers, thirty times that of the German Empire. The United States between 1800 and 1900 grew from over 2 to 9.3, and Russia between 1866 and 1899 from 12.9 to 22.4 mil-



lion square kilometers. He believed that events over the last generation had created a wholly changed world and a different foundation for international economic relations. In place of a community of equal and peaceful states, three conquering world empires emerged against which all other smaller states paled. Only France and Germany had a position in between these three “conquering and colonizing empires” and the smaller states.<sup>29</sup> And it was in the freest states, Britain and the U.S., that tendencies to conquest, plans for imperialism, and hostility to up-and-coming economic competitors had emerged out of popular sentiment fanned by unscrupulous plutocratic leaders. The conquest by the United States of Cuba and the Philippines and its tendency to seek to exclude the Europeans from North and South American markets, as well as Britain’s war against the Boers and its plans to dominate sub-Saharan Africa and bring the British Empire into a closer union to the exclusion of others, all necessarily led to greater conflicts with other states.<sup>30</sup>

In the final sections of his speech, Schmoller asserted that the dangers to Germany’s trade and colonies by a “relapse to mercantilism” had long been there and were hardly created by plans for a larger fleet. But Germany, he claimed, did not aspire to a chauvinistic *Weltmachtspolitik*; it did not wish to become a naval and colonial power of the rank of Britain but only to expand its trade and industry, support a growing population, defend its colonies, and acquire a farmer colony somewhere. It was Germany’s aim, he asserted, to oppose the exaggerated “robber mercantilism” and division of the earth by the three great world empires. To do so, a larger fleet was needed; the larger fleet would deter attack from these powers and at the same time win over the smaller and medium-sized states of Europe, who by joining into peaceful economic union with Germany could have their own colonies protected. In any case, according to Schmoller, Germany had become too large and powerful, and its competition too uncomfortable to the great world empires, to allow the competitive struggle to be conducted without proper naval armaments.<sup>31</sup>

Some of Schmoller’s concluding proposals were not without Pan-German accents, such as his call to establish a large German settler colony in southern Brazil and to forge a customs union with Switzerland, Austria, Scandinavia, and Holland.<sup>32</sup> Closer customs, trade, and colonial ties to Holland were particularly enticing to Schmoller; Germany could gain access to colonial ports, coaling stations, and sea cables in return for guaranteeing Holland’s political independence and colonial possessions. More broadly, Schmoller asserted, it was only through a fleet and with treaty ports such as Kiautschou in China that the East Asian and Middle and South American markets, with such promise for the future, could be held open.<sup>33</sup>

We see, then, that Schmoller’s speech is noteworthy for the degree to which it remains focused on international economic competition and tensions, particularly on the strategic threats of the new imperialism for Germany, which he saw increasingly squeezed by the United States, Russia, and, especially, Great Britain. Schmoller envisioned Germany as a player in this international big league, and it was implicit, if not always explicit, that he sought to establish Germany as the fourth great world empire. There is no mention of what such *Weltpolitik* would contribute to social



reform, nor is there much, if anything, that could be construed as social imperialism. The striking consistency with the themes outlined in the letters between Schmoller, Brentano, and Tirpitz above should be noted once again. Just as importantly, the justifications for *Weltpolitik* and the fleet were neither vague nor had they been quickly cooked up to serve a naval agenda; they were based upon scholarly convictions that had emerged out of research that predated considerably the proposals for the high seas fleet.

## Schmoller and the New Mercantilism

The prospect of a protectionist and imperialist United States excluding Europe from North and South American markets as well as a neomercantilist Britain carving up the lion's share of what remained of the earth for itself was, as I have just outlined, a major theme in Schmoller's justifications for a larger fleet. As also suggested, Schmoller's contributions as a scholar of mercantilism undoubtedly played an important role in his assessments of the international situation and his proposals for remedies—in particular, that states had a role to play in securing and consolidating world markets, and that trade was to be seen in strategic terms. This next section will explore the extent to which this logic figured in Schmoller's subsequent writings and activities and their possible lines of influence.

The history of the emergence of heightened international economic tensions over the course of the nineteenth century remained a topic on which Schmoller wrote after the turn of the century, and in these pieces many of the themes that had been mentioned in his historical analysis of mercantilism and his Free Union speech were reiterated.<sup>34</sup> Schmoller described this new era as one in which a synthesis between mercantilism and free trade had been established. Indeed, he even wrote as if such a rebalance between national special interests and an international division of labor had been bound to develop and was therefore quite normal.<sup>35</sup> Schmoller here could speak from authority, as he had himself played a role in both free trade and protectionism, pressing for the free trade treaty between the Zollverein and France in the early 1860s (an act that had ended all prospects for a career in his native Württemberg), as well as participating in the passage of protective tariffs in the late 1870s.<sup>36</sup> Indeed, he had come to occupy a pragmatic middle ground in between doctrinaire free trade and ruthless mercantilism, justifying moderate protective tariffs for agriculture on the grounds of preserving and modernizing German farming in the face of fierce international competition—thereby avoiding massive foreclosures and the sort of dire rural poverty he knew of in Britain—yet mindful that such tariffs could and should be used as a negotiating tool to secure beneficial trade treaties, as they had been in signing the Caprivi treaties.<sup>37</sup> As far back as the early 1880s, Schmoller had also been advocating the strategic trade goal of creating a Central European customs union.<sup>38</sup>

Just such a position was staked out by Schmoller in 1901 during a Verein für Sozialpolitik debate over the Bülow tariff bill. In it, he clearly articulated that trade

policy was a tool of power in an international competitive struggle, which, when applied correctly and moderately, could foster a national economy. While trade often benefited both parties, the formation of prices and distribution of the share of gains could be determined by the relative power of the trading parties, and here the weaker party, particularly the “undeveloped nation,” as he put it, had a right and duty to protect itself.<sup>39</sup> Schmoller continued by noting that while in 1879 he had supported a position in favor of moderate industrial and agrarian tariffs because of the “agrarian and industrial crisis,” his primary motivation for supporting them was his hope that they would be used as a negotiating chip to arrive at favorable trade treaties. He noted that he had warned of the dangers posed by escalating protectionism driven by interested parties—that tariffs were a cumbersome instrument to be used with great care and discretion. He recalled that he had become very skeptical when higher tariffs were negotiated than he had wanted, especially with subsequent increases in the rates, which he saw as an excessive burden on consumers and industry. As in the more democratic states, France and the U.S., the tariffs had been exploited in Germany to forge parliamentary majorities. For this reason, the Caprivi trade treaties had had his hearty support.<sup>40</sup>

While he could support moderate increases as a preparation for a trade treaty, he viewed the current bill with increasing concern. The official organs of the Reich had for years now taken a narrowly protectionist position and privileged the opinions of iron industrialists and large estate owners; worse, the preparations for the bill had been shrouded in bureaucratic secrecy.<sup>41</sup> Following the bad French example, German tariffs had become so extensive and complex that they delayed and obstructed cross-border trade. Schmoller noted that he had tried to understand the logic of the current bill but had failed—it remained “a book with seven seals.”<sup>42</sup> As such, he concluded, it was an attempt by the government to win “all voices outside and within the Reichstag.”<sup>43</sup>

At this point Schmoller reiterated his interpretation of mercantilism and the origins of what he called “*Neomerkantilismus*.” While protectionism, deployed felicitously, could be beneficial, Russia, France, and the United States had regressed into a “*Hochschutzzollsystem*,” and indeed “to a trade policy of raw power and violence of the worst kind.” Under such circumstances, Germany had to employ certain trade “countermeasures,” which he hoped could then be used to secure better trade treaties. Neomercantilism, he emphasized, would have to be fought by means of trade treaties “to bring about a reasonable measure of equitable and just trade policy in the entire international commerce of the civilized world.”<sup>44</sup>

One might be excused for seeing a double standard underlying Schmoller’s argument: only the protectionism of the U.S., France, and Russia was neomercantilism, not that of Germany. The possibility of a retaliatory cycle of tariffs and escalating trade wars was also clear. Recall also that Schmoller had explicitly asserted in his Free Union speech that it was one of the purposes of the high seas fleet to help secure trade treaties for Germany. Just how Schmoller imagined it being deployed to secure treaties with these countries is an interesting question. Yet despite these inconsisten-

cies, the set of arguments presented on the issue of trade policy meshed seamlessly with those developed earlier on behalf of the fleet. The common thread here, if worn a little thin in places, was Schmoller's interpretation of mercantilism, particularly that states and state power could be used to secure and consolidate markets on terms more beneficial than would otherwise be possible. And here it is important to emphasize that in Schmoller's mind protectionism was not an end in itself but only a means—a means to international treaties.

In forming his opinions about trade and its relationship to German *Weltpolitik* early in the century, Schmoller was privy to an extensive international set of contacts that he maintained throughout his life. One of Schmoller's former students from the U.S., Henry W. Farnam, a professor of economics at Yale University and a Progressive who had written a doctorate on French dirigisme at Strasbourg University under Schmoller's supervision in the late 1870s,<sup>45</sup> frequently related his interpretation of events in America to Schmoller. Farnam wrote in September 1898 of his pleasure at the successful completion of the Spanish-American War and his view that Puerto Rico and Cuba should be linked to the union, given the close economic ties, yet he could not fail to add his displeasure with the widespread and extreme imperialist and jingoistic sentiments in America.<sup>46</sup> Three years later Farnam wrote of America's "bad example" with respect to protective tariffs and his belief that "the world is surely large enough for both peoples [Americans and Germans], and each can advance without necessarily harming the other."<sup>47</sup> Intriguingly, Farnam, who was under the influence of the theories of state administration Schmoller had developed from his historical writings on Prussia, was also a strong advocate of civil service reform and the expansion of the jurisdiction of the federal government in the United States. Farnam later wrote that he strongly supported Theodore Roosevelt on those very grounds.<sup>48</sup> As is known, Schmoller had some influence on the development of American Progressivism through the many future American university teachers he trained, and Progressives were, with some exceptions, supporters of an expanded American navy, protectionism, and imperialism.<sup>49</sup> This is not to claim that Schmoller necessarily acted as a catalyst for these developments in the U.S.; while that possibility exists, the lines of influence were reciprocal and complex. One can certainly imagine Farnam's letters having an impact on Schmoller's views on trade and Germany's relations with the United States.

Similar lines of contact and influence existed between Schmoller and the British economist William Ashley, a former student of Arnold Toynbee's at Oxford.<sup>50</sup> Ashley had been an admirer of Schmoller's work since the 1880s.<sup>51</sup> In particular, he was intimately familiar with Schmoller's oeuvre; indeed, he was so impressed with Schmoller's work on the history of mercantilism that he actually took the trouble to translate and publish this piece in English in 1896.<sup>52</sup> Schmoller himself later wrote a letter of reference for Ashley, which enabled him to secure a new professorship at the Faculty of Commerce at the University of Birmingham, which had been founded by Joseph Chamberlain.<sup>53</sup> As letters to Schmoller reveal, in his capacity as a professor at Birmingham, Ashley sought to defuse growing tensions between Britain and

Germany. He wrote: "I do hope that in my new position I may do something to draw England & Germany more closely together. They are natural allies—if we look at the large tendencies of economic development and away from the pressing causes of friction." Yet in the very next line Ashley went on to observe: "I have learnt very much of late from your paper in *Macht und Handelspolitik* [sic]," a reference to Schmoller's speech for the Free Union.<sup>54</sup> How much he would have learned in this tract about peace and understanding between Germany and Britain is of course questionable. Nevertheless, Ashley seems to have been a very good student of both Schmoller's writings on mercantilism and his new *Weltpolitik*: two years later Ashley would write that his own sympathies were strongly with Chamberlain.<sup>55</sup>

Just how strongly was revealed in Ashley's 1903 book *The Tariff Problem*, which promoted an imperial system of preferential tariffs to draw the British Empire into closer economic union, just the thing Schmoller had fretted about in his speeches for the Free Union only three years prior.<sup>56</sup> The irony is capped by what Ashley wrote to Schmoller in April 1904, just as the Entente Cordiale between Britain and France was being signed and Schmoller was penning a review of Ashley's book for his own *Jahrbuch für Gesetzgebung*:<sup>57</sup>

You will find many indications of the way in which I have been affected by German methods of thought. Unlucky I do not find much *direct* assistance in dealing with our problems in current German writing. German literature deals mainly with the desirability of agricultural protection in Germany & in a lesser degree with the question of industrial protection in its relation to a given state. Our problem here—or so I conceive it—is that of binding together the very loosely connected members of a world empire by economic links.

You will be glad to hear that there is now very little averse reference to Germany in the public discussion of fiscal policy....

PS: You may, perhaps, have noticed that the well known sociological writer, Mr. Benjamin Kidd, has been referring to your essay on *Mercantilism*; & at Mr. Kidd's request I sent a copy of my translation to the Prime Minister. But I do not know whether he has read it.<sup>58</sup>

Certainly, Ashley had learned much from Schmoller, and Prime Minister Balfour might have read the book Ashley sent him with interest and instruction. This of course raises the intriguing question to what extent Schmoller the scholar of mercantilism might have contributed to the very problems that Schmoller the *Weltpolitiker* confronted. Nevertheless, caution is called for. Schmoller's scholarly influence in rehabilitating the reputation of mercantilism does not suffice to make Schmoller a neomercantilist or, as has been claimed, a "spokesman for neomercantilist ideas of world empire."<sup>59</sup> Writing about mercantilism, even acknowledging the contributions of mercantilism to state building and the creation of national economies, is one thing, advocating such policies, another, and it is to his credit that Schmoller repeatedly denounced the practices of the mercantilist age as unsuited to the modern era.<sup>60</sup> Nor, as we have seen, was he blind to the nefarious potential of German *Sammlungspolitik* to precipitate a regression to mercantilism.

That being said, Schmoller clearly had something analogous to mercantilism in mind when justifying German power politics to negotiate trade treaties, to create a Central European customs union, and to secure a German *Weltwirtschaft* within the context of the heightened tensions of the new imperialism. Schmoller did not create those tensions, but he did not do much to lessen them, either. I would nevertheless suggest that what is most striking about Schmoller's trade policy as it related to *Weltpolitik* is not its German peculiarity but rather its thoroughgoing conventionality—that is, its direct comparability with prevailing European and American thinking on the relationship between navies, empire, and trade around the turn of the century.

## Conclusion

A study of Schmoller's *Weltpolitik* reveals a picture at odds with some of the core assumptions underlying the concept of social imperialism. There is little evidence that Gustav Schmoller was manipulated to lend his hand to the fleet-building campaign. Despite his status as a leading Wilhelmine social reformer, there is a striking absence of any discussion of how the fleet and German *Weltpolitik* would further social policy or provide specific social or political benefits to the German people. Neither is there evidence that stabilizing and legitimating the existing regime or placating influential material interests played an appreciable role in motivating him to lend his scholarly weight to the campaign for the fleet, nor does this play an explicit role in his arguments. Instead, there is every reason to believe that this involvement was born of strong personal convictions and a view of the world gleaned from his own scholarship. Schmoller's *Weltpolitik* was nothing more and nothing less than an international assertion of German economic and political power. The two were closely intermeshed.

This view is supported by considering the remarkable consistency between Schmoller's letter to Brentano of 1897, the speeches for the Free Association of 1899-1900, and his comments on the Bülow tariff bill of 1901. Indeed, what emerges is a picture of surprising consistency and clarity, certainly at odds with the view of Kehr and others that men like Schmoller supported the fleet for vague and ill-considered reasons. This hardly means that the views expressed by Schmoller were nonproblematic or always consistent; indeed, the contradictions and ironies in Schmoller's *Weltpolitik* have been highlighted. Nevertheless, a consistent logic informed these policies. We have good reason, then, not to attach the label "irrational" to the campaign to build the fleet and German *Weltpolitik*.

While not irrational, Schmoller's economic *Weltpolitik* was certainly dangerous: it was an assertion of power that assumed from the outset that British hegemony would be challenged. Schmoller did not unknowingly drift into this position. If we assume that hegemony is a zero-sum game, this assertion of German power was bound to antagonize Britain, and it is hard to imagine a policy of accommodation on mutually agreeable terms, given the prevailing strategic assumptions and attitudes

about naval power. Indeed, the case of Gustav Schmoller's *Weltpolitik* lends weight to the argument that by the very first years of the twentieth century a course had likely already been set for some kind of future conflict between Germany and Britain.<sup>61</sup>

## Notes

1. Wolfgang Marienfeld, "Wissenschaft und Schlachtflottenbau in Deutschland 1897-1906," *Marine Rundschau Beiheft 2* (April 1957): 1-125.
2. Eckart Kehr, *Schlachtflottenbau und Partei-Politik 1894-1901. Versuch eines Querschnitts durch die innenpolitischen, sozialen und ideologischen Voraussetzungen des deutschen Imperialismus* (Berlin, 1930), 415-23.
3. Marienfeld, "Wissenschaft und Schlachtflottenbau," 8, 57. Reiterated more recently by Konrad Canis, *Von Bismarck zur Weltpolitik. Deutsche Außenpolitik 1890 bis 1902* (Berlin, 1997), 335.
4. Hans-Ulrich Wehler, *Deutsche Gesellschaftsgeschichte*, vol. 3, *Von der "Deutschen Doppelrevolution" bis zum Beginn des Ersten Weltkriegs 1849-1914* (Munich, 1995), 1129-1145, especially 1131ff.
5. For example, Gustav Schmoller, "Die Soziale Frage und der Preussische Staat" [1874], in *Zur Social- und Gewerbepolitik der Gegenwart. Reden und Aufsätze* (Leipzig, 1890), 37-63.
6. See Erik Grimmer-Solem, *The Rise of Historical Economics and Social Reform in Germany, 1864-1894* (Oxford, 2003).
7. Wilhelm Deist, *Flottenpolitik und Flottenpropaganda. Das Nachrichtenbureau des Reichsmarineamtes 1897-1914* (Stuttgart, 1976), 102.
8. Schmoller to Brentano, 23 July 1897, Bundesarchiv Koblenz (hereafter BAK), N 1001 NI Brentano, Nr. 57, Bl. 107-8.
9. Brentano to Schmoller, 27 July 1897, Geheimes Staatsarchiv Preußischer Kulturbesitz (hereafter GStA PK), VI. HA NI Schmoller, Nr. 114, Bl. 275-76. A short excerpt of this letter was quoted by James J. Sheehan, *The Career of Lujo Brentano: A Study of Liberalism and Social Reform in Imperial Germany* (Chicago and London, 1966), 180.
10. Tirpitz to Schmoller, 28 July 1897, GStA PK, VI. HA NI Schmoller, Nr. 189a, Bl. 83-84.
11. Geoff Eley, *Reshaping the German Right: Radical Nationalism and Political Change after Bismarck* (New Haven, 1980; reprint, Ann Arbor, 1991), 85.
12. For example, "Was lehren uns die Vorgänge in Samoa?" *Die Woche* 1, no. 5 (1899). Schmoller was asked in January 1898 to write an article in the *Neueste Nachrichten* by the editor, Otto Friedrich Koch, under the heading "Was ist uns China?" Koch to Schmoller, 4 Jan. 1898, GStA PK, VI. HA NI Schmoller, Nr. 190a, Bl. 216-17.
13. Kehr, *Schlachtflottenbau*, 101-2; Deist, *Flottenpolitik*, 113.
14. Gustav Schmoller, ed., "Über wirtschaftliche Kartelle in Deutschland und im Auslande," *Schriften des Vereins für Socialpolitik* 60 (1894). Von Halle's contribution on American trusts is on 93-322.
15. Schmoller to Schweinburg [draft], 15 June 1898, GStA PK, VI. HA NI Schmoller, Nr. 190c, Bl. 171. See also Kehr, *Schlachtflottenbau*, 171; Deist, *Flottenpolitik*, 153; Eley, *Reshaping the German Right*, 85-86.
16. Marienfeld, "Wissenschaft und Schlachtflottenbau," 86.
17. Deist, *Flottenpolitik*, 103.
18. Secretariat of the German Navy League to Schmoller, 14 Dec. 1899, GStA PK, VI. HA NI Schmoller, Nr. 191b, Bl. 170-71: "Regarding the retirement from the managing committee of Freiherr Zedlitz, negotiations are still pending about the form in which his voluntary resignation should

- be urged—in any case, however, I can only emphasize my assurances of yesterday that this resignation will be secured under all circumstances.”
19. Prussian Landtag, Stenographische Berichte, Haus der Abgeordneten, vol. 3, 75th session (4 May 1897), 2380-83; Prussian Landtag, Stenographische Berichte, Herrenhaus, vol. 1, 19th session (28 May 1897), 382-88. These and other attacks in the press were motivated by the opposition of the socialists of the chair to repressive legislation against striking workers, support of the Hamburg dockworkers' strike in 1896, and Schmoller's defense as rector of Berlin University of the Social Democratic physicist Leo Arons in 1897.
  20. “Professor Schmoller über die Flotte,” *Hamburgerischer Correspondent*, no. 560 Abend-Ausgabe (29 Nov. 1899); “Eine Flottenrede von Gustav Schmoller,” *Breslauer Zeitung*, no. 841 Morgen-Ausgabe (30 Nov. 1899); Die deutschen Universitäten und die Flottenbewegung,” *Hamburgerischer Correspondent*, no. 280, Morgen-Ausgabe (10 June 1900); “Talk of German Future,” *The Chicago Tribune* 59, no. 195 (14 July 1900).
  21. Gustav Schmoller, Max Sering, and Adolf Wagner, eds., *Freie Vereinigung für Flottenvorträge. Handels- und Machtpolitik. Reden und Aufsätze* (Stuttgart, 1900).
  22. Gustav Schmoller, “Die wirtschaftliche Zukunft Deutschlands und die Flottenvorlage” [1900], in *Zwanzig Jahre Deutscher Politik (1897-1917). Aufsätze und Vorträge von Gustav Schmoller*, ed. Lucie Schmoller (Munich and Leipzig, 1920), 1-6.
  23. *Ibid.*, 6.
  24. *Ibid.*, 6-9.
  25. Gustav Schmoller, “Studien über die wirtschaftliche Politik Friedrichs des Großen und Preußens überhaupt von 1680-1786,” *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* (hereafter cited as *JbGVV*) 8 (1884): 1-61, 345-421, 999-1091; idem, “Das Merkantilsystem in seiner historischen Bedeutung,” in *Umriss und Untersuchungen zur Verfassungs-, Verwaltungs- und Wirtschaftsgeschichte* (Leipzig, 1898), 1-60.
  26. Schmoller, “Das Merkantilsystem,” 37.
  27. Schmoller, “Die wirtschaftliche Zukunft Deutschlands,” 9-12.
  28. *Ibid.*, 12.
  29. *Ibid.*, 13.
  30. *Ibid.*, 14.
  31. *Ibid.*, 14-19.
  32. *Ibid.*, 19.
  33. *Ibid.*, 20.
  34. Gustav Schmoller, “Die Wandlungen in der europäischen Handelspolitik des 19. Jahrhunderts. Eine Säkularbetrachtung,” *JbGVV* 24 (1900): 373-82.
  35. *Ibid.*, 378.
  36. [Gustav Schmoller], *Der französische Handelsvertrag und seine Gegner. Ein Wort der Verständigung von einem Süddeutschen* (Frankfurt a.M., 1862); Gustav Schmoller, “Korreferat über die Zolltarifvorlage,” *Schriften des Vereins für Socialpolitik* 16 (1879): 19-29.
  37. Gustav Schmoller, “Neuere Litteratur über unsere handelspolitische Zukunft,” *JbGVV* 15 (1891): 275-82.
  38. Gustav Schmoller, “Die amerikanische Konkurrenz und die Lage der mitteleuropäischen, besonders der deutschen Landwirtschaft,” *JbGVV* 6 (1882): 247-84, here 283.
  39. Ständiger Ausschuß des Vereins für Socialpolitik, ed., “Verhandlungen der Generalversammlung in München, 23., 24., und 25. September 1901,” *Schriften des Vereins für Socialpolitik* 98 (1902): 264-65.
  40. *Ibid.*, 265-66.
  41. *Ibid.*, 267.
  42. *Ibid.*, 268.
  43. *Ibid.*, 269.
  44. *Ibid.*, 271.
  45. Henry W. Farnam, “Die Innere französische Gewerbepolitik von Colbert bis Turgot,” *Staats- und socialwissenschaftliche Forschungen* 1, no. 4 (1878).



46. Farnam to Schmoller, 7 Sept. 1898, GStA PK, VI. HA NI Schmoller, Nr. 190b, Bl. 184-85.
47. Farnam to Schmoller, 4 Aug. 1901, GStA PK, VI. HA NI Schmoller, Nr. 194a, Bl. 3-6.
48. Farnam to Schmoller, 19 July 1904, GStA PK, VI. HA NI Schmoller, Nr. 196b, Bl. 35-39; see also Gustav Schmoller, "Die Amerikaner," *JbfGVV* 28 (1904): 1477-94.
49. William E. Leuchtenberg, "Progressivism and Imperialism: The Progressive Movement and American Foreign Policy 1898-1916," *The Mississippi Valley Historical Review* 39 (December 1952): 483-504; Jurgen Herbst, *The German Historical School in American Scholarship: A Study in the Transfer of Culture* (Ithaca, 1965); Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, Mass. and London, 1998); Axel R. Schäfer, *American Progressives and German Social Reform, 1875-1920: Social Ethics, Moral Control, and the Regulatory State in a Transatlantic Context* (Stuttgart, 2000).
50. On Ashley and Toynbee, see Alon Kadish, *The Oxford Economists in the Late Nineteenth Century* (Oxford, 1982); on historical economics in England more generally, see Gerard M. Koot, *English Historical Economics, 1870-1926: The Rise of Economic History and Neomercantilism* (Cambridge, 1987).
51. Ashley to Schmoller, 24 Nov. 1887, GStA PK, VI. HA NI Schmoller, Nr. 153, Bl. 25-26.
52. Gustav Schmoller, *The Mercantile System and Its Historical Significance illustrated Chiefly from Prussian History*, trans. William J. Ashley (New York and London, 1896).
53. Ashley to Schmoller, 31 July 1901, GStA PK, VI. HA NI Schmoller, Nr. 193, Bl. 109.
54. *Ibid.*
55. Ashley to Schmoller, 19 Sept. 1903, GStA PK, VI. HA NI Schmoller, Nr. 195b, Bl. 58-59.
56. William J. Ashley, *The Tariff Problem* (London, 1903).
57. Gustav Schmoller, "Die künftige englische Handelspolitik, Chamberlain und der Imperialismus," *JbfGVV* 28 (1904): 829-52. Schmoller was very kind in his review and went some way to try to defuse tensions between the two countries by playing down the threat posed to Germany of an imperial customs union. See especially 850-52.
58. Ashley to Schmoller, 9 Apr. 1904, GStA PK, VI. HA NI Schmoller, Nr. 196a, Bl. 17-18.
59. Canis, *Von Bismarck zur Weltpolitik*, 333.
60. Schmoller, *The Mercantile System*, 79; *idem*, "Die Wirtschaftliche Zukunft Deutschlands," 10-12.
61. Canis, *Von Bismarck zur Weltpolitik*, 396-401.