

## Communal Economy and Community\*

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Hans Ritschl's book<sup>1</sup> declares the idea that we live in an exclusively capitalist economic order to be a mistaken one. The title of his book already hints at what he believes to be correct. He agrees with the critique of the idea that community and society as basic forms of co-existence succeed each other in history. Rather, he notes that there is today, as always, a dualism in the social order, "which takes hold of the individual human being – a part of one's being and life is captured in community, another part in society." The principle of association in the state is allegedly not that of society, but that of community.<sup>2</sup> In note 19, he asserts that I would regard the state in the sense of natural law (implied herein is rational natural law in line with the age of the Enlightenment) as a general societal connection, existing and established, as it were, for the purpose of protecting the freedom and property of its subjects like any other constituted association. Ritschl believes that he has demonstrated in the text that a people in a state, "especially in today's nation-state,"<sup>1</sup> must also be regarded as a community, and that to him it seems inappropriate to restrict the concept of community to local life-communities.<sup>11</sup> (I must correct the honorable author to the effect that this has never been my opinion, since I have always also recognized ideational community,<sup>111</sup> which is motivated by solidarity, i.e. purely based on the mind.)

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1934. "Gemeinwirtschaft und Gemeinschaft." *Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* 58 (III): 317–26.

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<sup>1</sup> Hans Ritschl. 1931. *Gemeinwirtschaft und kapitalistische Marktwirtschaft*. Tübingen: J.C.B. Mohr (Paul Siebeck).

<sup>2</sup> *ibid.*, 34 and 56.

Ritschl is correct in asserting that we are born as members into the community of the people and into the citizenry of the state; the history and fortunes of state and people are shared by us. In the community of the people, only the man and the woman who share common speech, common custom, and common mentality<sup>IV</sup> are cast in the same mold, while in the exchange society everyone is welcome who obeys its statutes.

On this, I shall make the following comments: I meant nothing else than to coin the two concepts and to develop them in their relatedness as well as in their opposition in order, so that they can be applied as standards to the objects of experience. This has not been challenged by critics who have understood the theorem correctly (among whom I count H. Ritschl), as it seems to be challenged here. Ritschl is correct when he argues that I view the state as a general societal relation; he seems to overlook the fact, however, that at the same time I describe the state as an ideal or mental concept.<sup>V</sup> Although he praises the fact that I describe the community of people of the state<sup>VI</sup> as a polity<sup>VII</sup> at earlier historical stages, a term which he wants to employ for the political organization of the community of the people.<sup>VIII</sup> In contrast, I have conceived of the notion of a polity in opposition to the concept of the state (and vice versa). This is not simply an arbitrary formation of concepts; it not only ties into natural law, which, admittedly, is very characteristic of it, but into everything that has otherwise become customary to describe as a modern state. Thus G. G. Gervinus,<sup>3</sup> writing around 1850, already aptly stated that for 70 years the genuinely new painting of an unprecedented state has been rolled up here:

The state of the Middle Ages, built on corporations, on large family networks, on massive groups, has given way to another, which is placed on drifting sand, where all the individual former groups, guilds, nobility, the church, the military, etc. are dissolved or, like the family association, loosened; where there is only the one bond of the state vis-à-vis the scattered crowd of individuals whose goals are pursued largely individually or, where this is not sufficient, in free connections independent of the state.

He then expresses his admiration for the achievements of the state which is built on sand instead of rock.

In his lecture on economic history, Max Weber emphasized emphatically that the state – in the sense of the rational state – only existed in the Occident, and that the rational state, in which alone modern capitalism can thrive, rests for him on specialized officialdom<sup>IX</sup> and rational law; in his view, the alliance between the state and formal jurisprudence has also indirectly benefited capitalism. This view is completely in line with my theory, except that it is based on a normal (i.e. ideal typical) concept of the state.<sup>X</sup> I do admit to my critic that some important communal elements which I otherwise emphasize as elements

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<sup>3</sup> G. G. Gervinus. 1853. *Einleitung in die Geschichte des 19. Jahrhunderts*. Leipzig, § 96.

of the polity are also experienced and encountered in today's state; they are more or less strong and, wherever they become strong, they are more or less artificial, i.e. initiated and thus evoked for the purposes of the state;<sup>XI</sup> even if they are quite natural and genuine. So we observe that there was an old Germany within the loose and unattached German Confederation, wherein one had intended to restore, however feebly, the even looser but historically impressive political organization of the Holy Roman Empire of the German Nation after it had been destroyed by Napoleon. There was still the German fatherland extolled by a brave poet: As far as the German tongue sounds, it sings songs "to its God in heaven."<sup>XII</sup> The new established Empire, in the form of a federal state,<sup>XIII</sup> has produced a different type of consciousness of the people, which is better referred to as a national consciousness. But even more artificial is the national consciousness of a nation-state, such as the Habsburg double monarchy, or only the national consciousness of each of its two halves. Perfected is the national consciousness that seems to unite the citizens of the United States of America. But whether something like this is also present in the British dominions, which have constituted themselves as federal states, may be doubted. By nature, the more artificial this spirit is, the less strong it is; and the more natural it is, the stronger. One will find the national consciousness and thus the identification with the state,<sup>XIV</sup> as we may call it, stronger in Norway or in Denmark – even if not without intense class tensions – than for instance in Belgium where there are two peoples with different languages, and also in Switzerland, where there is neither common language, nor common custom, nor common mentality.

The author raises the question of whether it is necessary to show once again that all individualistic constructions of the state may be a misrepresentation. He refers to the fact that the power and coercive force<sup>XV</sup> that is discernible in the state alone does not primarily prove itself in the statutes or through the order of an exchange society, but rather that it is embodied in the armed forces, which are based on the last and highest sacrifice of individual life for the community. One would assume that the author is well aware of the real and manifold attitudes of the state to its task of protecting against external intervention, even if the author did not himself explicitly examine and emphasize these different attitudes in the first chapter of the third section. Namely, by measuring the differences of those attitudes in a system which he calls liberal democracy, and by further differentiating a threefold form of the political order which he places in contrast to the capitalist market economy: First, the pre-capitalist, unadapted<sup>XVI</sup> political order; second, the purely parliamentary and liberalistic<sup>XVII</sup> democracy adapted to capitalism; third, the post-capitalist, unadapted order, consisting of the formal democratic states en route to developing towards social democracy – i.e. are presented in the process of transition – and to whom Germany, England, France, Spain, "and most European states" belong. This is based on correct observations, but also on somewhat hasty generalizations of ephemeral experi-

ences from which it is concluded that, at least practically, a monistic-capitalist order is not viable, because the free market economy allegedly requires a complementary state economy; this thereby would in principle concede – “even if not consciously” – the necessity of a dualistic economic order.

Even the restriction of the state economy to a minimum to safeguard “pure community needs”<sup>xviii</sup> is understood by the author as a dualistic system in his sense. Unlike other cases in which he typically employs the concept of community the way I do, he does not apply it in that way here; including, for example, where he contrasts<sup>4</sup> in a large table the market economy to the state economy according to several factors: The type of association (communal – societal), the type of needs, of mentality, of economic management, of economic structure, and of technology. I even consider a socialist design of all economic life to be deducible from the principal essence of society, and even consider it more probable under the thoroughly societal preconditions of today’s coexistence.<sup>xix</sup> Like capitalism, which still boasts its individualistic basis and is always judged by it, has long made the much-praised entrepreneurial individual disappear under the association, just as individual, relatively natural business disappears in the artificially constructed trust or corporation – presumably most purely in the distinctively capitalist America. It would only be the application and extension of individual utility and benefit if an entire nation of individuals, among whom all races, all origins of the state and all opinions were represented, united to the effect that it would be expedient to organize, coordinate, and manage both the entire production and the entire trade of goods through a single great entity; with the intention, namely, of distributing income as evenly as possible, and only with a gradation of differences according to the salary levels of officials today. The broad base of labor becomes the true purpose of societal production, thus no longer presenting itself as an obstacle to the only assumed purpose of social production to date, i.e. the greatest possible profits, but would instead represent a main part of the main and genuine purpose; this would undoubtedly, if the other conditions were to remain, significantly lift the position of the great number of people but lower the position of the protagonists of the past.<sup>xx</sup> Incidentally, the market economy could not remain as it is because it would be rationalized to a high degree, but instead of the many competing and thus mutually combatting capitals within the state – all anxiously focused on their profit – the *one* capital would replace them, that of the state itself. In particular, it would be its lone task to bear responsibility for real capital – the means of production – as well as for the corresponding land, so that it could never be of the task to distribute the entire yield of production among the individuals who participated in it, nor among all the members of society and their families. Rather, only goods intended for individual or family consumption would be distributed according to their stipulated gradation, i.e. according to their mone-

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<sup>4</sup> *ibid.*, 66.

tary income, while all production goods would remain under the management of the central authorities. That would be a system of state economy which could also be called state capitalism. It would be the abolition of the tax state, as already proclaimed by the specialists,<sup>XXI</sup> for it would be self-evident that the state would thus consider land and the other means of production in terms of general societal needs, just as it considers the peculiar needs of the state and their satisfaction. It would have to acknowledge this as its profession and special task. There would be two categories of consumers who would be privileged prior to the people or the consuming public, which in turn would, under normal circumstances, no longer have to live from hand to mouth.

I repeat, therefore, that setting up such a system would neither require a local nor, by its very nature, a much weaker national – let alone international – community consciousness.<sup>XXII</sup> But I do not imply to deny that through an increasing thinking in terms of community<sup>XXIII</sup> – be it on the basis of the remnants of a not yet vanished era of community, be it on the basis of the knowledge gained from the experiences of the 19<sup>th</sup> and the 20<sup>th</sup> century so far – the real emergence of any such change could and would be significantly shaped by the *motives* of this notion of community. In other words, the sober and cool consideration of utility and interest could be strongly invigorated and warmed by the lively participation of feelings or even enthusiasm; even if one may doubt whether such feelings would exclusively prove to be of use to the great intention, or rather, if they were combined with incorrect opinions and expectations, even with delusions, would also entail severe inhibitions. For this is the very essence of illusion: At the same time it promotes and inhibits, invigorates and paralyzes, especially when it is quickly followed by disappointment. Our age has every reason to be wary of illusions, and in its more strictly educated elements it does not favor it. The scientific spirit is against it and must retain or establish its predominance in every large enterprise.

In the following, I assume Ritschl's book to be known, in particular his description of the state's own production and consumption economy,<sup>XXIV</sup> as he distinguishes it vis-à-vis the uniformly conceived system of needs. I acknowledge these distinctions, much like I also appreciate what he says about public finance and tax systems.<sup>XXV</sup> It is finally claimed here that the "world economy," commonly thought of as a uniform exchange economy, has never existed, but rather only a national-corporatist world economy whose units and components are the individual national economies.<sup>5</sup>

In the last section, titled "Monistic or dualistic economic order," the author correctly emphasizes that a system of communal economy<sup>XXVI</sup> asserts itself over and against a capitalist economic order (although I would say that the former developed under the influence of the latter). He undoubtedly implies, but

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<sup>5</sup> *ibid.*, 121.

does not declare it explicitly, that this is the case in Europe; because apparently, in the United States, even today the system is still weak and almost limited to the protective functions; one can say that this applies to America and also to the colonized world. In line with Hirsch and others, Ritschl estimates the share of the system of communal economy to be one fifth of the national wealth<sup>xxvii</sup> in Germany or Switzerland, but to him that is not the end of the story. The truth, according thereto, is that there is hardly a free market economy any longer. The growing organization of individual economies in cartels, trusts, corporations, and syndicates also belongs to their controlled administration.<sup>xxviii</sup> Now almost only the idea of communism is understood as a monistic communal economy, in addition to the attempt at its Bolshevik realization, because allegedly even in Russia there still is a market economy, money circulation, and so on. The realization is criticized in the same manner as its idea, without denying that a communist order could bring about a more even and just distribution; however, for Ritschl the danger of an “absolute equalization”<sup>xxix</sup> is associated with it, and in any case the technical possibility and the economic rationality of the monistic communal economy remain doubtful – why does the author not positively say “limited”? It cannot spare the “deceived manual worker” from the additional sums that are paid to the heads of production and of the state.<sup>6</sup> Marx, who is quoted here, has even emphasized with all his strength that the distribution of the entire labor yield is an erroneous demand and expectation. According to Ritschl, the tragedy of all socialist aspirations is that in attempting to rationalize the overall order, it calls into question and endangers the rationality of its elements. The abolition of money is purportedly quite consistent for a communist economy which to him is only conceivable as a natural economy. Here this economy seems to be understood as a special kind of the monistic communal economy, and the mistakes of the idea are sharply rebuked with reference to the recently observed mistakes by the Russian governments. In contrast, however, the author emphasizes that all serious attempts at socialization will have to align with the existing communal economy as part of the state economy.<sup>7</sup> A decentralized economy consisting of corporate enterprises would be just as conceivable for large areas of industrial production and mining<sup>xxx</sup> as it already existed in transport and other branches.<sup>8</sup> In reality, an advancement of the system of communal economy could be observed according to Ritschl: The social movement is slowly freeing itself from the shackles of pure negation and is becoming a driving force for further development.<sup>9</sup> In this context, everything that is said about the basic requirement for the realization of true socialism is quite good and correct: It should grant the worker self-determina-

<sup>6</sup> *ibid.*, 131.

<sup>7</sup> *ibid.*, 143.

<sup>8</sup> *ibid.*, 144.

<sup>9</sup> *ibid.*, 146.

tion, freedom, and responsibility, as well as a life in human association.<sup>xxxI</sup> In this sense, the statement on settlement communities deserves full recognition.<sup>10</sup> All genuine socialization, it says here, must rise from a grounding in true living and working communities<sup>xxxII</sup> into the narrower circles of human coexistence – the nationalization of the monopolized branches of the economy is allegedly postulated by the general interest. This is quite in line with my thought, as is what is said about the system of cooperatives<sup>xxxIII</sup> which is no longer based on competition but on solidarity. Likewise, social policy in its entirety is both in need of and capable of both comprehensive expansion and a finer reconstitution.<sup>xxxIV</sup> Thus the conclusion of the book represents a deep trust in the growing spirit of community, responsibility, and freedom, which is not limited to any particular party, as the author states confidently;<sup>11</sup> the freedom of action and of courage must be preserved over and against centralization and bureaucracy as well as the “manger mentality of the entitled.”<sup>xxxV</sup> This implies simultaneously maintaining and granting its members the freedom of action, especially within the system of communal economy. The deep conviction of the emergence and growth of a new order as the overcoming of principled “individualism”<sup>xxxVI</sup> appears here with intensified energy.

I think I am quite close to the author in the way I think about and judge the present social state of affairs and its tendencies. In the last section, the realization of the emerging modifications of capitalism, which are presented with obvious sympathy, eclipses the otherwise prevailing concept of an already existing state economy which profoundly modifies capitalism. But at the same time the proper understanding corresponds, by its very nature, to acknowledging the tremendous inhibitions and difficulties of such a further development: I would emphasize this more strongly than the esteemed author. And this discrepancy is due to the already discussed difference of my sociological principles. Of course, I too appreciate “the law of increasing state activities” that Adolph Wagner developed, and I consider any well-founded progress in this direction to be significant. But in it, I do not see a return to the community-based foundation for association.<sup>xxxVII</sup> Either way, I see the considerable probability of the formation of a socialist economy in the main branches of labor and transportation, but I cannot help but recall the slow progress of the still weak interventions of the state into economic life otherwise left to itself, of which Wilhelm Roscher already said more than once: “How often, when expanding the factory laws, has one heard the prophecy which has never materialized before, namely that it would lead to the ruin of the trade in question.”<sup>12</sup>

For me, the concept of community implies an inner unity and consensus among the participants in a social relationship, a social ensemble, or a social

<sup>10</sup> *ibid.*, 149 f.

<sup>11</sup> *ibid.*, 157 ff.

<sup>12</sup> Among others, System III, 907.



association<sup>XXXVIII</sup> – at least to the extent that it is a question of the affirmation of such entities with a will.<sup>XXXIX</sup> It is not very likely, let alone necessary, that the internal unity of workers and employees with the managers and heads of a large economic enterprise will be greater because the enterprise belongs to the state as opposed to the case when it belongs to a single entrepreneur or a joint-stock company or something similar. As little as it is observed today, it would be substantially different through the overall expansion of the communal economy. Even the improved possibility of advancement into business leadership<sup>XL</sup> would only partially lead to an increased understanding, for the resentment of those not advancing would be contrary to this, as it is in any career. The state would now also be an interested party, implying that appeals to the justice system would not turn out to be easier. However, it should be expected that labor law already in force in Germany today would not only remain valid and be expanded by the state, but would also be maintained and safeguarded by the courts with particular care. The community which always looks up to an unrealistic model that embodies fraternity and patriarchically benevolent rule<sup>XLI</sup> would not have particularly good chances because of the significantly heightened existing freedom and equality of different generations, of women and men, of foreigners and natives, etc. when compared to private economic relations. This does not mean that the living conditions of the community in other areas, such as in family life, in collegiality and friendship, would not be improved. Such an improvement, however, would not be the consequence of the state economy as such, but rather of the intended effect that trade – which is the truth<sup>XLII</sup> of capitalism – would be limited here in its nature and formation, and would in a certain way would cease, except as an activity for the benefit of the whole, which of course would not exclude conflicts and quarrels between the individual divisions and branches of national labor.<sup>XLIII</sup> Incidentally, what applies here is what the apologists of capitalism argue for: That all improvements are due to the quality of human beings, and that they probably cannot be cured of the basic deficiencies of our kind, of obstinacy and defiance, of envy and resentment, together with all related mistakes – without at the same time losing their sense of honor and ambition, their honest striving for their personal future as well as that of their children and their home. The special peculiarities which have been formed by an economic life entirely geared to profit and happiness and which, according to Adam Smith, have turned everyone into a merchant, will not disappear; but they can diminish to the extent that the personal advantage at the expense of one's fellow men and the whole, the state, society would become less probable, and to the extent that the costs of such ruthlessly egoistic struggle would be higher than the attainment of such advantages, i.e. by their successes in the best-case scenario. In this sense, the important and promising *cooperative movement* – which we refer to in Germany by the concept of *Genossenschaft* – has been growing throughout Europe and, more recently, also to some extent in colonized countries. The idea has proven to be



extremely fruitful for as an idea of development, in spite of some mistakes that characterize its still early stage, namely in the form of small shops for daily needs; above this basis district associations and finally a cooperative arises which jointly makes large purchases of commodities. The more powerful this entity becomes, the easier it is for one's own production to replace the purchasing, and the easier it is to establish a new, closer relationship between labor and its management; that relationship better approximates the community character in which some workers directly become managers and some managers directly become workers, so that a sharp, clear, and permanent difference does not easily develop. However, even in this system, the dispute about working conditions will remain possible and will hardly disappear in its entirety. For the cooperative has its own internal laws, much as the state also has its own laws, and it must be attentive to its self-preservation. To this self-preservation belongs, to a different degree than in the private enterprise and in a communal enterprise, the well-being and satisfaction of its contributors who are united in good will. Insofar as actual exchange values are no longer created here, the cooperative – from a purely economic point of view – acquires a character similar to that of a family household, and it seems to be suited to undermine the otherwise tough nature and the harshness of commercial business.

I have occasionally compared the activity of the state on the one hand and that of the cooperative on the other by juxtaposing it with the technology of tunnel construction. However, it is a significant problem to allow these two different types of economy – which is new in general but is based on the principles of society – to meet. The construction of a tunnel is known to be a very difficult task. It demands skilled, scientifically trained engineers. The moral-political tunnel of which we are talking here requires diligent and scientifically trained statesmen. The scientific education of the statesman has hardly been recognized as such; it is gained primarily through practice.

### Annotations

- I “auch das Staatsvolk ‘gerade im heutigen Nationalstaat’”.
- II “den Begriff der Gemeinschaft auf lokale Lebensgemeinschaften einzuengen”.
- III “ideelle Gemeinschaft”.
- IV “von gleicher Zunge, von gleicher Art und gleichem Sinn”.
- V “zugleich als ein ideelles oder Gedankending”.
- VI “Gemeinschaft des Staatsvolkes”.
- VII “Gemeinwesen”.
- VIII “Volksgemeinschaft”.
- IX “Fachbeamtentum”.
- X “nur daß diese einen Normalbegriff (gleich idealtypischen Begriff) vom Staat zugrundegelegt”.
- XI “d. h. für die Zwecke des Staates gleichsam angeblasen, also hervorgerufen worden”.
- XII “und ihrem Gott im Himmel”.
- XIII “Das als ein bündischer Staat hergestellte neue Reich”.
- XIV “Man wird das Nationalbewußtsein und also das Staatsgefühl”.
- XV “Macht und Zwangsgewalt”.
- XVI “die vorkapitalistisch nicht angepaßte”.
- XVII “liberalistische”.
- XVIII “Wahrung der ‘reinen Gemeinschaftsbedürfnisse’”.
- XIX “Voraussetzungen des heutigen Zusammenlebens”.
- XX “Es wäre nur Anwendung und Ausdehnung des individuellen Nutzens und Vorteils, wenn eine ganze Nation von Individuen, unter denen alle Rassen, alle Staatsursprünge wie alle Meinungen vertreten wären, dahin sich vereinigten, dass es zweckmäßig sei, durch eine einzige große Gesellschaft die gesamte Güterproduktion wie den gesamten Verkehr organisieren, lenken und leiten zu lassen in der Absicht auf eine möglichst gleichmäßige und nur nach Art der heutigen Beamtengehälter abgestufte Verteilung der Einkommen, wobei also nicht mehr die breite Basis der Arbeit eine Hemmung des bisher einzigen Zweckes der gesellschaftlichen Produktion, nämlich der möglichst großen Gewinne, bedeuten, sondern einen Hauptteil des eigentlichen und wahren Zweckes selber darstellen würde, wodurch ohne Zweifel, wenn die übrigen Bedingungen bleiben würden, die Lage der großen Menge stark gehoben, die der bisherigen Protagonisten gesenkt würde”.
- XXI “Es wäre die schon von berufener Seite verkündete Abschaffung des Steuerstaates”.
- XXII “Gemeinschaftsbewusstsein”.
- XXIII “Gemeinschaftsdenken”.
- XXIV “staatliche Eigenleistungs- und Verbrauchswirtschaft”.
- XXV “staatliche Abgabewirtschaft und Steuersysteme”.

- XXVI “eine national-körperschaftliche Weltwirtschaft, deren Einheiten und Glieder die einzelnen Volkswirtschaften seien”.
- XXVII “das gemeinwirtschaftliche System”.
- XXVIII “Hier wird dann zur Bindung auch die wachsende Organisation der Einzelwirtschaften in Kartellen, Trusts, Konzernen und Syndikaten gerechnet”.
- XXIX “absoluten Gleichmacherei”.
- XXX “weite Bereiche der gewerblichen Produktion und des Bergbaus”.
- XXXI “ein Leben in menschlicher Vergemeinschaftung”.
- XXXII “Begründung wahrer Lebens- und Wirkensgemeinschaft”.
- XXXIII “Genossenschaftswesen”.
- XXXIV “sowohl eines umfassenden Ausbaus als auch einer feineren Durchbildung bedürftig und fähig”.
- XXXV “Futterkrippengesinnung der Versorgungsberechtigten”.
- XXXVI “Überwindung des grundsätzlichen ‘Individualismus’”.
- XXXVII “Rückkehr zur gemeinschaftlichen Basis des Zusammenlebens”.
- XXXVIII “innere Einheit und Einigkeit der Teilnehmer an einem sozialen Verhältnis, einer sozialen Samtschaft oder einem sozialen Verbands”.
- XXXIX “Bejahung solcher Wesenheiten mit Wesenswillen”.
- XL “Möglichkeit des Aufstiegs in die Leitung”.
- XLI “in patriarchalisch wohlwollender Herrschaft”.
- XLII “die Wahrheit”.
- XLIII “zwischen den einzelnen Abteilungen und Zweigen der nationalen Arbeit”.