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II. On the Methodology of the Sciences of the State and Society

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Menger, Dr. Carl, Full Professor[1] of Sciences of the State[2] at the University of Vienna, Untersuchungen über die Methode der Sozialwissenschaften und der politischen Oekonomie insbesondere (Investigations into the Method of the Social Sciences with Special Reference to Economics). Leipzig, Duncker & Humblot. 1883. 8^0. XXXII and 291 pages.

Dilthey, Wilhelm, Professor of Philosophy at the University of Berlin, Versuch einer Grundlegung für das Studium der Gesellschaft und der Geschichte (Introduction to the Human Sciences[3]: An Attempt to Lay Foundation for the Study of Society and History). Volume 1. Leipzig, Duncker & Humblot. 1883. 8^0. XX and 519 pages.

The two works that I list here lie extraordinarily far apart in direction, mentality, and individuality of the authors. At first they were externally connected for me, since I received them both at the moment when I was preparing to hold my lecture on methodology of the sciences of the state again after a longer interruption. So I felt urged to read them both one after the other. And since there is, after all, the inner connection that they both want to pave and show the way for our sciences, it seemed to me expedient to report on them together here, even if mainly in the modest form of displaying the content. For an exhaustive review and discussion of the problems raised by both writers I lack the time, and with regard to Dilthey's book, also some other things. Only in Menger's case I cannot completely restrain the polemics, since some of his attacks also affect me personally.

In his book we have before us the serious attempt of a theorist of political economy with quite some astuteness to save the true method of the social sciences, or rather of theoretical political economy, with the practical edge of exposing and rejecting the aberrations of the historical school, and with the pretension of bringing about a reform of the present state of political economy in Germany. Let us look more closely at the content:

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* Gustav Schmoller. 1883. "Zur Methodologie der Staats- und Sozialwissenschaften." *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirthschaft im Deutschen Reich* 7 (3): 975–94.

[1] ordentlicher öffentlicher Professor.

[2] Staatswissenschaften.

[3] Geisteswissenschaften.

According to Menger, there are two main directions of inquiry: the one wants to grasp the concrete phenomena according to their position in space and time as well as in their specific relations to each other, while the other wants to grasp the forms of phenomena recurring in the alternation of the former. The one wants to grasp the individual, the other the general, the typical, the typical relations. In all fields, there are sciences of the individual and of the general, and likewise in the field of economics. History and statistics are concerned with individual economic phenomena, which can, of course, also be collective phenomena. Theoretical political economy is concerned not with analyzing concepts, but with investigating the general essence and the general interrelation of economic phenomena. Next to both of these, economic policy and public finance position themselves as mere arts[4]. In history, it is always about an individual process of becoming. In theory, every individual concrete phenomenon appears to us only as a particular case of a certain regularity. Both activities must not be confused; by having conflated both, one has damaged the systematics and methodology of our science and neglected the development of theory. The two paths which theoretical political economy has to follow are the realistic-empirical and the exact one. The former, the inductive identification of empirical reality, never reveals to us laws in the strict sense, but at most empirical laws. The realistic direction of theoretical research excludes the possibility of obtaining strict (exact) theoretical knowledge in all areas of the phenomenal world. Therefore, we have to go mainly on the other way, the exact one, i. e., to conclude from the simplest elements (better said from certain hypotheses), in order to come to the identification of the typical relations, the laws of the phenomena. The latter direction is completely misunderstood at present. That empirical reality does not conform to these conclusions is only natural. To demand this means to misunderstand the most elementary principles of scientific methodology.

The emphasis on the inseparable connection of economic development with social and state development is a contradiction to the exact direction of theoretical research. A fundamental theorem of all methodology is that it is only the isolation of problems, the theoretical investigation of *individual* aspects separately from others, which alone promotes science. The phantom of a universal theory of social phenomena can at first only confuse. Since theoretical political economy does not have at all the task of teaching us to understand the universal nature of economic phenomena, but only wants to provide us with an understanding of one particular, albeit the most important side of economic human life, it is a foolish, hardly comprehensible folly to begin from the psychological motives of human action in general, instead of from the driving force of self-interest. The chemist also dares to abstract from the physical circumstances accompanying the chemical phenomena, Aristotle and Hugo Grotius started exclusively from the social drive[5]. The allegation of atomism, which has been made against the "exact" (i. e., the Manchesterian-individualistic) direction of theoretical political economy, arises only from misguided analogies, which the historical political

[4] bloße Kunstlehren.

[5] Gesellschaftstrieb.

economist have borrowed, on the surface, from the historical school of jurisprudence. After all, the phenomena of the economy are only the results of individual economic endeavors and must therefore also be considered from this point of view.

Let us pause for a moment here, at the end of the first book, to engage with the author. The separation of the directions of inquiry from which he starts undoubtedly has a certain justification. Just as descriptive botany and zoology are juxtaposed to plant physiology and comparative anatomy, so can statistics and history (and next to them books of travels, works of descriptive economics, the great exhibition reports, geographic and ethnographic works) be juxtaposed to the works that want to represent the general nature of economic phenomena. But this contrast must not be taken as an unbridgeable divide. The science of the individual, I would rather say the descriptive science, supplies the preparatory work for the general theory; this preparatory work is all the more accomplished when the phenomena are described according to all essential characteristics, changes, causes, and consequences. But the accomplished description presupposes again an accomplished classification of the phenomena, an accomplished conceptualization, a correct classification of the individual within the observed types, a complete overview of the possible causes. Every accomplished description is therefore a contribution to the identification of the general essence of the respective science. And the more accomplished a science already is, the closer is the contact between accomplished descriptions and the doctrines of the general interconnection of things. The more imperfect the descriptive part still is in a science, the more the theory consists only of a sum of provisional, still doubtful, partly premature generalizations, the larger must be the distance. And this seems to me to be the situation of the social sciences, and to some extent particularly of political economy, in spite of its relatively greater progress. The way to remedy the situation is, first and foremost, to increase, sharpen, and improve observation, to improve the classification of phenomena and the conceptualization with the help of more extensive and better descriptive empirical material[6] of all kinds, and to recognize more clearly the typical series of phenomena and their interconnection, the causes in their entire scope. It is by no means a disregard of theory, but the necessary substructure for it, if in a science at times the procedure is predominantly descriptive. Reproaches against this direction are justified only in so far as the descriptive material is bad. It is in the nature of the scientific division of labor that such work temporarily prevents a part of the forces from working on theory. If in the meantime little is done generally in the scientific development of theory, as Menger complains, then this is less a reproach against those who undertake historical investigations than against those who undertake theoretical investigations. If Menger complains about Roscher's and Hildebrand's historical works, these two, however, are not to blame for the fact that he also finds Schäffle's theories unacceptable. Menger is of course right in that the historians of a science are usually not its great theorists, that the historical direction perhaps exhibits an exaggerated caution towards generalizations and theories. But these are the natural

[6] deskriptives Erfahrungsmaterial.

defects of their virtues. We mortal humans can achieve something only by one-sidedness. After the older abstract political economy had achieved remarkable things, the spring of its vitality was exhausted, because it let its results evaporate too much into abstract schemes, which were completely devoid of reality. It was not the continuation of this abstract direction, which had succumbed to spiritual waning[7], that could help, but rather a turnaround that above all sought to grasp things from a completely different angle. However, what the historical direction now achieved stood on the ground of the older theory, as far as it had created something lasting. And in the future a new epoch will come for political economy, but only by utilization of the whole historical-descriptive and statistical material which is created now, not by further distillation of the hundred times distilled abstract propositions of the old dogmatism. Wherever we encounter sound approaches to new theoretical formations today, the truth of this remark reveals itself strikingly.

Menger names the two paths, which he now indicates to theoretical political economy, the realistic-empirical and the exact; he means by this what one otherwise calls the inductive and the deductive procedure. The former way is simply that which he previously eliminated as a special science of the individual, as an observational science[8]. He thinks that it does not lead to strict and exact results, because no observation, no matter how good per se, guarantees the repetition of the case. We would like to deny this; as soon as the observation is quantitatively and qualitatively accomplished, our rule of reasoning[9] compels us to assume that the same qualitative and quantitative causes produce again and again the effect observed only once. It is precisely the rule of reasoning which he presents as a prerequisite for his exact conclusions. According to him, the theoretical science of political economy should mainly rest on these conclusions. What he says about the permissible isolation of the phenomenon that is to be observed is now generally correct; it must also be admitted that great progress has been made in our science with such isolation. But does this mean that an isolation successfully applied once should be binding for all further investigations in that same science? Is this not the same thing as if one sought to bind the natural scientist studying a particular material forever to a single experiment? The isolation performed by the chemist today is abandoned for the experiment tomorrow, in order to examine the object form a different perspective. And furthermore: some isolations may be completely wrong. The chemist may venture to abstract from the physical properties of a chemical matter, but if he were to analyze atmospheric air and said, following Menger's principle of isolation, that he only considers nitrogen because it is prevalent, he would be immediately expelled from the laboratory.

If one provisionally assumed self-interest as some apparently fixed variable in the price investigations of one's time, it had a salutary effect on explaining the most basic market process. However, it is a mistake to magnify this to a rule for all future research,

[7] geistige Schwindsucht.

[8] Beobachtungswissenschaft.

[9] Denkgesetz.

for the investigation into all more complex economic processes. In any case, in so far as one proceeds in that manner, one ought to be always aware that, starting with hypotheses, one only obtains hypothetical propositions. And one should not, through the misleading label "exact," convey these propositions the pretense of strictest scientific rigor[10].

This caution – emphasized so much by Mill in his *Logic* – is entirely dropped by Menger where he describes his starting point not as an isolating process, but as deducing from ultimate elements[11]. He is right in that; if one possesses the simple elements[12] of a science, of a scientific area, then everything else becomes relatively easy. All accomplished science is deductive because, as soon as one masters the elements completely, even the most complicated can be nothing more but mere combinations of these elements. Nevertheless, these simple elements which have been established in mathematics and some branches of physics, for example, are far from being so properly investigated and established in any science of human thought, sentiment, and action, least of all in the social science, that one would only have to deduce from them. It requires – according to my subjective feeling – a most unworldly, ivory-tower naïveté[13] to see ultimate simple elements in a scientific sense of the word when starting from human needs or acquisitive drive or self-interest[14]. If acquisitive drive or egoism[15] were an ultimate element in a strict scholarly operational sense, then within a scientific psychology they would have to be clearly distinguished from other, parallel mental forces, and proven as such. This, however, is not the case. That is precisely why all more profound scientific attempts over the last fifty years – socialism as well as the historical school and the dogmatists Rau and Hermann – have been searching for an improved psychological foundation for political economy. This quest has been so little fruitful only because the persons involved, fearfully attentive to their blinders of the specialized academic division of labor, did not dare to turn to the source, i. e., to scientific psychology.

Regarding the invocation of the state and society, of morals and law to explain the theoretical problems of political economy, our science is undoubtedly supposed to give a mere theory about the economic side of a people's life. However, Menger himself concedes that this theory must not start from the premise of a stateless economy. He himself wants to have the general nature of economic phenomena taken into consideration. This first of all requires a theory grounded on an observation, which would deserve praise for objective validity and exhaustive accuracy. However, amongst the characteristics of such a scientifically useful observation, the first of our German logicians, Sigwart, counts the following requisite: "The individual shall be

[10] Schein der strengsten Wissenschaftlichkeit.

[11] letzte Elemente.

[12] einfache Elemente.

[13] eine ganz weltflüchtige, stubengelehrte Naivität.

[14] Eigennutz.

[15] Egoismus.

examined from the very beginning as a part of the whole and in all its perceptible relations to the latter." Does it not hold most eminently for the scientifically useful economic observation that it examines the relation of economic events to the people's and the state's life? Furthermore, how would one even approach the great fundamental questions of the economy without touching upon the relations between the state and the economy? What could be said about the relation of private enterprise to corporate and public enterprise, about the relation of the family economy to the corporation and the state economy, without touching upon the nature of the state? The problem of economic freedom can only be discussed on the grounds of a theory of legal philosophy about the limits of morality, custom and law, individual arbitrariness and public coercion. But those who, as Menger seems to do, limit theoretical political economy mainly to the doctrine of the formation of value and price, distribution of income and the monetary system, do not need any of this, or at least so it seems; nor do they offer a theory of the general nature of the economy. Menger, too, renounces this in the sixth chapter of the first book and declares political economy to be an exact science, i. e., it wanted to unilaterally draw several secured deductive conclusions from what it regards as first elements[16]. In comparison with these conclusions, empirical reality might be scornfully thrust aside as something unimportant. However much ingenuity and consistency may be expended in this "exactness," to us others, the empiricists who burrow in the dust, this appears to be a strange misunderstanding between the doctrine of general nature of the economy and scholastic thought exercises. These exercises will be just as false as their very premises. According to Menger, he who seeks laws, has to abstract. We reply that of course all thinking and cognition[17] rests on abstraction; it is only a matter of abstracting correctly, so that as a result of our abstractions, we receive scientific truths rather than shadowy phantoms, dreamed Robinsonades, which are so often intended to replace economic studies and truths. We do not conceit ourselves to acquire laws immediately at any price; we do not share the belief they could be gathered like blackberries, because we primarily search for true knowledge, i. e., necessary and generally valid judgments. And where there are no laws yet, we content ourselves with working on the perfect observation of reality, on classifying this material, and on investigating its causes. We already find typical series and probabilities in a sufficient number to outline a theory of the general nature of and the general relations within the economy, which is far from having to be a "phantom of a universal theory of social phenomena." We believe, however, that certain "general" theorems on psychic mass relations, on the emergence of intellectual mass movements, on morality, custom, and law, on state coercion and freedom rights etc. are shared by all social sciences, so that in political economy they have to be either presupposed or held as an introduction and auxiliary propositions. This is not about importing specific aspects of historical research into economic theory; instead, the complete knowledge which is available in this field is utilized for psychological and social processes which are simultaneously of economic nature. We are not as pre-

[16] erste Elemente.

[17] alles Denken und Erkennen.

tentious as to attempt to explain the most complex that exists by a single element, only to remain "exact," i. e., deductive. We do not believe that we remain on the grounds of economic theory by starting from an equally psychological, but untenable hypothesis; instead, we demand an examination of all essential causes of economic phenomena. And only as far as we deem to have found them, we venture to deduce from them again. This is not a kind of "many-sidedness which German science could well be spared," but it constitutes the scientific approach, which alone, in my humble opinion, lets us progress.

Apart from these objections which I am obliged to raise against the main content of the first book, I would like to say a word about the treatment of economic policy and public finance as mere arts. These disciplines certainly also aspire to provide practical advice, according to the way they are usually presented as well as treated and ill-treated in older textbooks; these older books, sometimes still in use today, have been nothing but social policy, administrative law, and public finance formula compilations. But it is the progress of the recent times to have overcome that; especially Roscher's second and third volume as well as Stein's and Wagner's public finance represent the most accomplished attempts to elevate these disciplines to the rank of theoretical sciences. Should there only be a theory about the general nature of a field of phenomena as a whole and not also a theory of its parts, a theoretical treatment of individual aspects, of the most critical aspects of an object? Practical political economy can completely shed the veil of being an art, if it were to present in detail the specific developments of German, maybe the of German and the French-English economy during the last centuries regarding agricultural, industrial, and commercial policy in their causes and effects. Practical political economy limits itself to proceed in a mostly descriptive manner, by which it might be an equally good or even better means for education or instruction of future government officials, as if it aimed to be a mere art, i. e., when it provides free-trade or state-socialist advice. It then provides the student with a concrete individual picture, but sorted according to the concepts, types, relations which result from the general theory of political economy. This picture is specialized up to the point of pursuing the individual of the phenomena and causes, which in the overall and hence faded image of general political economy[18] are either entirely missing or pushed into the background. And quite the same is also valid for public finance. It also becomes a science to the extent to which it rises to a doctrine of the general essence of the state economy, having started from comparative financial statistics.

For the one who takes this standpoint, the methodological differences in the treatment of theoretical and practical political economy are gradual, not fundamental, unlike for Menger. The one who thinks and teaches like this can also not regard it as the worst scientific crime to have mixed the methods of theoretical and practical political economy.

[18] allgemeine Nationalökonomie.

By far not so fundamental is my disagreement to what Menger presents in the second book, where he specifies his general accusations and ideas. He starts out with a concession to the historical direction of thought: economic phenomena, such as money, pass though different stages and forms of development; the individual "worker," the individual "corporation," the individual "business crisis" undergo different states which one needs to know. Thus each individual economic phenomenon undergoes its individual changes, and institutions undergo large reconfigurations that are spread over decades and centuries. However, he says, one must just not aim at creating as many economic theories as there are different stages of development. According to Menger, the theoretician has to limit himself to assuming a specific state of the economy, important with respect to space and time, as basis for his depiction. Only in passing should he point at the modifications of other times and peoples, just as the European anatomist only considers in passing the deviations of the body of the negro or the Malay. In so far as the demands of the historical school go beyond that, they are false. When this school fears all generalization, when it accuses the cosmopolitism and perpetualism of theory, it should realize that its generalizations do not exhaust reality either; the realistic direction always needs to content itself with approximation values[19] in science. Without denying the historical changes, the exact direction does not need to take them into account, as they are a new problem for each new manifestation. According to Menger, historical development enlarges the circle of its objects, but does not affect its method.

Now follows the list of sins of the pseudohistorical directions: they only dress up unhistorical theories with historical accessories, they take history of ideas and doctrines[20] for theory itself; they confuse experience in general with history, while the observation of singular phenomena of the human economy stands adjacent to and above history; they confuse philosophy of history with political economy and fancy to find the sole, even main content of theoretical political economy. In practical political economy as a mere art, the consideration of the temporal, spatial etc. differences is anyhow so self-evident that a specific emphasis on historical development only has the meaning of a self-evident warning against a mistake.

Some things in these statements of the second book are correct; also one may agree in parts with the list of sins of the historic school. But does this rule out the justification of this direction, does it eliminate its merit of deepening and enriching the entire science? Menger's concessions to the historical approach at the beginning of the book in no way exhaust its relevance. Menger can obviously not understand the essential cause and necessity of the historical school because he lacks the organ for that: the historical school represents the return to the scientific grasp of reality instead of a number of abstract mist pictures[21] which lack any reality. Menger also does not see that all important economic phenomena are spatially and temporally so encompassing that

[19] Annäherungswerthe.

[20] Literatur- und Dogmengeschichte.

[21] abstrakte Nebelbilder.

they are only accessible to a collectivist approach as conducted by history and statistics. This is sealed to him because he solely takes the singular consideration of the individual economy as a starting point, always only thinks about exchange, value, money etc., not about the economic organs and institutions which constitute the skeleton of the economic body.

And what Menger conceded to the historical school, he takes back with the remark that the theoretical political economist has to base his depiction upon a single state of the economy which is relevant with regard to place and time. Therewith he admits that he, as the whole older dogmatic political economy, concerns himself only with the present of Western Europe, that he shares the large methodological error of taking the essence of his time for the general essence of the economy. His interjection is correct that the process of change ought not give rise to countless different theories for each phase of development. But why should not *one* developmental theory explain the changes of each institution? Why should we content ourselves with one singular temporal average of events, the one of the present? When Menger can undertake the comparison that the economies of different times and peoples behaved like the anatomic differences of the Indo-Germanic and the Malayian body, so it is a very lame comparison, as is easily the case with the ones taken from natural science, and it shows how little the author was ever concerned with the economic institutions of other times. I want to say that by professing this, he resigns as theorist and becomes what he treats so condescendingly, namely the descriptor of a picture limited in place and time, one who no longer has the general essence of the economy at heart, although he imagines to construct this thing exactly from ultimate simple elements.

In the third book the author deals with the attempts to further the understanding of the social phenomena through analogies with natural organisms, so mainly with Carey, Schäffle, and Lilienfeld. According to Menger, the perception of social collective phenomena as a uniform body which function purposefully, which appear as processes that run naturally and unintendedly, have seduced the aforementioned attempts. However, in his view only a part of social phenomena features an analogy with natural organisms. By contrast, many are the result of human calculation, legislation, agreement. And also where there exists an analogy, it is not a complete one, according to Menger. The overlap which one assumes about the so-called interaction has no meaning at all; because the idea that something is simultaneously a cause and an effect must be rejected as a dark expression which is incompatible with our laws of thinking. The analogy regarding the so-called organic origin of natural and social entities is even more inadmissible for Menger; social entities are all either the result of the common will or of individual endeavors with their possibly unintended consequences. However, it is the task of the theoretical social sciences to recognize the partial social phenomena in their meaning and function for the whole. But that is why for Menger the transfer of research results of psychology and anatomy *per analogiam* into political economy is such an absurdity that no methodically educated man would even consider it for a serious refutation. It would be the same as if the physiologist wanted to explain the nerve life by a depiction of the telegraph system. Analogy can only be used

for the purpose of "illustration;" as a method of research it is an unscientific aberration. It seduced to have a low opinion of exact investigation because allegedly natural organisms are also inaccessible to complete exact explanation. In the case of social entities which are based on a common will, the investigation of the origin is clearly given; one must go back pragmatically to the intentions, opinions, and means of the united people or the rulers. The entities which cannot be traced back to this – the most peculiar problem of the social sciences – are those of whose "organic" origin one speaks; the formation of prices, the market, money – just like language, state, and law – are to no small part the unreflected result of social development. One can further approach this problem empirico-realistically, and that has happened in Germany so often that an exposition of the results is superfluous. Menger, by contrast, wants to provide an exact interpretation of the so-called organic social entities. To this end, he chooses the example of the origin of money, an occurrence that seemingly contradicts the notion of being merely directed by self-interest. The difficulty of barter – this is Menger's main explanation – first created marketable, generally popular commodities, and in this way money emerged by itself.

This "precise" explanation, which does not excel by surprising novelty, is followed by a few short sentences of a similar kind on the emergence of settlements, on the origin of the state; "They are, however, not the result of agreement, contract, law, or special consideration of the public interest by individuals, but the result of efforts serving individual interests."

It is only in the fourth book that Menger tells us that this perspective can be distinguished from the older one of Adam Smith. He accuses Smith and his students of pragmatically attributing too many phenomena to agreements between people. By contrast, Menger rather wants to trace back social entities to the interplay of individual efforts, which unintendedly lead to overall societal outcomes.

He is certainly correct that all social entities can ultimately be traced back to individual psychic processes. But the spiritual life of the individual cannot be reduced to the contrast between agreement and egoistic[22] endeavor. Instead, it is composed of an infinite amount of selfish[23] and sympathetic sentiments and aspirations, both of which – partly due to conscious agreement, partly due to unconscious or merely perceived coincidence – lead to further results, to firmer formations[24] of economic and social life. This, it seems to me, is the most significant gap in Menger's complex of socio-political ideas and conceptions[25]. Apparently, he does not know, or deliberately ignores, the great recent advances in empirical and philosophical psychology, linguistics, legal philosophy and ethics, which have already achieved so much with regard to the secrets of the individual spiritual life and psychic mass phenomena. Not merely all more

[22] egoistisch.

[23] selbstisch.

[24] festere Gestaltungen.

[25] sozialpolitischer Ideen- und Vorstellungskreis.

complicated social problems have been deepened and elevated to a different scientific level with the aid of these elements, but in particular the doctrines of egoism, economic instincts and virtues, human needs, the formation of value, supply, and demand etc. So much in fact, it seems to me, that the entire question of which specific entities are the consequence of agreement and which are the results of endeavors which serve individual interests, appears no longer accurate and at the height of today's level of knowledge. I do not want to go into any more detail here, I only note that the way in which Schäffle made use of this philosophical research in his "Construction and Life of the Social Body" should already be enough to keep our profession from renouncing this help again.

The last, fourth book's content is literary-historical in nature. First, a number of quotations from Machiavelli, Bodin, Bacon, Plato, Aristotle, Sismondi, and Baumstark are supposed to prove that the basic ideas of the historical school of German economists had long been known in political science. And it will have to be admitted that ever since people have written about political issues, there have been echoes of the doctrine of the relativity of state institutions. Then Menger attempts to prove that the historical school of German economists misunderstood the decisive reform idea of the historical school of jurisprudence and only erroneously considers itself a historical one in the sense of the latter. Savigny and Niebuhr appear as students of Burke, who, in contrast to rationalistic pragmatism, understand law as the unreflected result of higher wisdom instead of the conscious activity of higher power, while they speak nowhere of the relativity of legal institutions. According to Menger, a transfer of their doctrine to political economy would have opened up for our science "a vast realm of fruitful activity" in the sense of Burke. This lively sympathy for the mysticism of Savigny's people's spirit evidently arises from the Manchesterian aversion to any conscious activity by collective societal organs. Just as the law arise by itself, the economy should be left to its own devices, understood only as an interplay of egoistical and yet harmonious interests. I would think that this immeasurable area of fruitful activity has been sufficiently cultivated without producing lasting fruit. It was an advance on Savigny that Roscher did not make these mystical ideas of the romantic school his starting point.

So instead of going this way, according to Menger, a number of average thinkers, Spittler, Luden, Pölitz, Weber, Wächter – who were half politicians, half historians – went astray towards one-sided historicism, thus causing a step backwards far behind Bodin's position. Gervinus is presented as the actual founder of the heretic economic school based on these historical politicians, due to his 1836 review of Dahlmann's *Politik* where he demands that the doctrine of the state should be founded upon universal-historical knowledge. Supposedly Roscher took up this idea, not examining the history of a people like Savigny and Eichhorn, but comparing all the peoples which he got hold of. In this way he aspired to achieve what Gervinus aimed at for politics, Bodin for the doctrine of the state. But, we must object, if the founder of a school sets his goal too high, if he strives for universality too quickly, does this make the thought wrong?

Attached to the consideration of Roscher are a few words about Hildebrand and Knies, which, it seems to me, do little justice to the peculiarities of both. It is said of Knies that no other writer before him had so completely developed the methodological postulates of the realistic direction of research in the field of political economy, but also that no one had so completely misunderstood the independent meaning of the exact direction of theoretical research in the above field of phenomena, the nature of exact laws of the latter, indeed economic laws in general. If this is true, one should hardly believe that a man should be dismissed with such a judgment who has never done any major work in economic history proper, who perhaps called for the historical method in one of his youthful works, but mostly abandoned this method in his more mature works on money and credit, works which are always among the best created by German theoretical political economy.

We are done with the book. It should be permitted to add a word about the author whom we certainly don't want to offend, just as he assures that he does not want to offend his historical opponents.

Menger is a penetrating dialectician, a logical mind, an extraordinary scholar, but he lacks the universal-philosophical and historical education as well as the natural breadth of horizon which is able to accommodate experiences and ideas from all sides. He is right about many individual arguments that he puts forward against the historical school of German economists. Anybody concerned with these things will read his *Investigations* with interest and benefit. They are, in a way, a pleasant sign of the intellectual vigor and the scholarly differences in today's German sciences of the state. But his impact will certainly not be that of a reformer. Rather, he is an epigone. Trained exclusively in Mill's natural-scientific logic and following only the older abstract dogmatics of political economy, he confuses a little corner in the great edifice of our science – the only one he knows in detail and where he has cocooned himself in his acumen and erudition – with the whole edifice or at least with the best and most decent parlor in it. We do not claim that his little corner has no legitimacy, only that one does not sufficiently overlook the whole from there. We do not resent that he defends his way of doing things, but that he takes the stick in his hand with too much school-masterly self-esteem and believes that, walking around in the other rooms of the edifice, he is allowed to hit the fingers of everyone he finds there who is of a different intellectual formation. His proud word of contempt for the incapable – the historians, who, feeling that they are incapable of solving the highest tasks of the specialized sciences, would like to make their own inability the measure of value of scientific achievement in general – we would never dare to apply to him. And that even if he had taken more to heart Goethe's saying that only rascals are modest, which is of course difficult to do.

Dilthey is, I would like to say, the complete antipode of Menger in everything, although he overlaps with him in the one issue that he disapproves of the dissolution of the theoretical sciences of the state, society, and economy into mere history. His horizon is just as wide as Menger's is narrow. The universality of his knowledge and

education is just as admirable as the originality of his conception is attractive by disdaining all traditional, well-trodden tracks. What he offers us in the first volume is, however, only a fragment, a beginning. A first, introductory book is intended to give us an overview of the relations of the individual human sciences[26] to each other and to expose the necessity for a fundamental science. A second book presents historically the development of the human sciences and the sciences of the state in the time when they were still dominated by metaphysics. It is meant to prove that the time of metaphysical justification is over once and for all. This larger part of the book contains a clearly arranged history of science and scientific thought in general up to the 18th century, showing us at the same time how the human sciences and the social sciences grew out of the maternal soil of knowledge. The highlight in this overview, or rather that which scientists of the state will find most interesting about it, is the genesis of the Greek, the medieval-ecclesiastical and the 18th-century abstract natural doctrines of state and society. The evidence of the historical development of these theories bears in itself witness to their limitations.

The first volume concludes with an excellent discussion of the formation of modern scientific spirit and a final consideration of the impossibility of a metaphysical role of cognition.

A second volume is to track the historical process toward the stage of individual sciences and epistemology. Furthermore, it shall present and evaluate the epistemological writings up to the present. Subsequently, it shall attempt its own epistemological foundation of the human sciences on this basis.

For Dilthey, too, the relation between historical consideration and theory is at the center of the discussion. With the end of the Middle Ages, he says, the individual human sciences came into being. They remained in the service of metaphysics until the 18th century. The growing power of the knowledge of nature even led them into a new subservience. It was only the historical school which accomplished their emancipation, proved the falsity of the whole system of ideas which we encounter in natural law, in natural religion, in the abstract doctrine of the state, and in abstract political economy. From the historical school, a stream of new ideas has flown through innumerable channels to all the individual sciences. But the historical school has not yet broken through the inner barriers which had to inhibit its theoretical formation on the one hand, and its influence on life on the other. For the utilization of historical phenomena, their connection with the ultimate facts of consciousness is missing. A philosophical foundation was missing, which Comte, St. Mill, and Buckle aimed at in vain by transferring principles of the natural sciences. The protest of deeper and livelier natures (such as Carlyle) against this meager natural-science school must be replaced by a true foundation of the human sciences. This is the high goal that Dilthey has set for himself. He does not want to sail backwards behind the time of the historical

[26] Einzelwissenschaften des Geistes.

school as did Menger. Rather, he wants to raise the historical school from its isolation toward an epistemological whole.

In the first, introductory book the contents of which we will exclusively discuss here briefly, he starts with the assumption of an opposition between the natural sciences and the human sciences. In spite of their manifold interconnections, both groups appear as self-contained units. The sciences of man, of society, and of history have the science of nature as a foundation in a twofold way. The individual human being can be studied only with the help of biology, and all purposes of the individual and of society are related to nature and its control. Nevertheless, the causal world of the mind is a domain of its own. The separation is justified by the incomparability of mental and material processes.

The individual human sciences grew by the practice of life. After the great theorists of the Socratic school developed our knowledge in its entirety as a scientific whole, the development to comprehensive scientific theories was mainly oriented to the need of the leading classes for a professional education, as it is still shown today by our encyclopedias (e. g., that of Mohl), which have been joined only recently by philosophical attempts of an overview (A. Comte, Spencer, Stein, Schäffle).

The material of all human sciences is the historical-societal reality, as far as it has survived as historical doctrine in the consciousness of the people, as far as it has been made accessible to science as a societal doctrine extending over the present state of affairs. This is an immense and yet quite incomplete material. Only at two points can it be considered as somewhat ascertained in the extent and solidity of the observation: namely, in the account of the spiritual development by the writings and in the numerical registration of the present state of society by statistics. We owe the critical screening to philology. In geography and in the historical-societal description, the collection of the material turns into its intellectual processing.

Three classes of statements[27] are presented to us by the material: the perception of what really happened, the theorems, and the value judgments. The human sciences consist of these three classes of assertions.[28] "And the relation between the historical, the abstract-theoretical, and practical tendencies pervades the human sciences as a universal fundamental relationship." The apprehension of what is individual is as much a final end as the development of abstract uniformities. Abstracting cognition is necessary for all three areas to the same extent. It is the prerequisite for the emergence of individual science, which extracts partial content from historical-societal reality. Besides this, however, the overview of the whole of this reality is a prerequisite for the clarity about abstraction. "The organization of these sciences and their healthy growth in their separated state are consequently bound up with insight into the relation of each of their truths to the whole of reality of which they are a part."

[27] Klassen von Aussagen.

[28] Klassen von Sätzen.

Anthropology and psychology as the sciences of the psychophysical life units are the foundation for all other human sciences. This is a thought which Hildebrand, disdained by Menger, already formulated years ago for political economy: "the study of psychic mass movements will become increasingly important." I have already held this statement against Menger in a similar formulation above. Dilthey rightly adds that one should not subjugate the relation between psychic units and society to a construction that makes an unknown whole appear as a unified force. Psychologically, the individual should always be taken as the starting point. This explains the importance of biography as an important tool for the further development of real psychology.

However, along with the individual, society has also been an object of analysis from the very beginning. It is easier for us to study society than nature, because the latter always confronts us as something alien. Society is our world. We share the experience of its play of interactions. We are compelled to master the image of its condition, as it presents itself to us, in constantly vivid value judgments, to reshape it in the imagination with never idling willpower. Therefore, there exists per se an immediate understanding of society, a direct practical and theoretical behavior toward it. "From one point of view sciences of society have thus grown out of the individual's consciousness about his own activity and the conditions for it; this is the way that grammar, rhetoric, logic, esthetics, ethics, and jurisprudence first came into being. And this is the reason why their position in the structure of human sciences has remained in a shaky middle ground between analysis and rule-making aimed at the particular activity of the individual and analysis and rule-making aimed at the entire social system. If it is true that politics also, especially in the beginning at least, had this same interest, that interest was nevertheless already linked with another interest – that of supervising political bodies. It was exclusively out of such a need for a free, contemplative overview inwardly motivated by interest in the human that historical writing came into being." And with the further differentiation of the professions and the need of technical training for them, the individual sciences emerged. In them, the practical need was more and more pushed back by the interest in knowledge itself. They were generated by the large process of differentiation of society and is reflected in the coexistence of manifold theories. The position of each individual, special science is determined solely by its relation to the living fact of historical-societal reality and its descriptive representation, but not by its relation to a general, supreme, all-summarizing science.

The study of the natural organization of humans has its foundation in ethnology which, together with the history of peoples, provides the image of independent centers of culture, of individual units of life. What is called the people's soul or spirit[29] can only be grasped by studying the language, religion, art etc., i. e., through the separate analysis of abstract entities[30], whereby facts linked by a relation of purpose are separated out from the historical life of the peoples. This is a series of cultural

[29] Volksseele oder Volksgeist.

[30] abstrakte Wesenheiten.

systems[31] which give rise to self-contained sciences; all of them are more or less leaning on the external organization[32] which mankind has given itself. The sciences of the systems of culture[33] rely on psychic or psychophysical contents with their corresponding concepts, which are specifically distinct from those used in individual psychology and, when compared to them, can be qualified as second-order concepts in the structure of the human sciences. Regarding this distinction, it is most important that the relation of the partial content, which is to some extent dragged out (by considering it from the perspective of the sciences of the state, of economics, and of law), to the organism of reality, in which alone life pulsates, is never forgotten. "It was the fundamental error of the abstract school" said Dilthey, "to ignore the relation of the abstracted partial content to the living whole and ultimately to trat these abstractions as realities. It was the complementary but no less disastrous error of the historical school – in its profound feeling for living, irrationally powerful reality which transcends all knowledge based on the principle of sufficient reason – to flee from the world of abstraction."

The systems of culture coexist in such a way that the individual and almost all its actions constitute an intersection point of those systems. The same action can have a scientific, economic, moral, legal etc. side. In the fact that law exists, the systems of culture are not yet separated from the external organization of society. "Law is a system of purposes grounded in consciousness of justice as a permanently operative psychological fact." The external organization of society and the willful fact of the law, which expresses itself in the imperatives of the general will, are correlative. However, the law-creating forces are the individuals. The law is a system of culture, but simultaneously more than that, a function of the unity of the will, which has constituted itself in the external organization of society.

The action of the individuals only separates out the further systems: economy, morality, language, religion, art, and science, which, in this sequence, reach out beyond the domain of national organization. As the first of these systems, Dilthey subjects that of morality to a thorough analysis in order to subsequently move on to the external organization of society in family, state, church, corporations, institutions, associations, and all kinds of relations of domination. He discusses the facts which lead to a consciousness of the community. Communal feeling, feeling of being for oneself, domination, dependence, freedom, coercion are the psychic and psychophysical facts of second order. The study of the external organization of society is based on the knowledge of these facts through concepts and principles. From them, the tissue of associations and relations of domination is formed in infinite richness. The family is the fertile womb of any human order, of all life in associations. However, even within the family, the individual remains in its ultimate depth for oneself. A consideration which analyzes the family as a social tissue cell must necessarily end

[31] eine Reihe von Kultursystemen.

[32] äußere Organisation.

[33] die Wissenschaften von den Systemen der Kultur.

with the socialist design of society. All associations are about end, function, and structure; asking for them therefore constitutes the initial point for the method of comparison. If the different ends of life will be better reached through coordinated individual action or through an association, will be decided by the general relation of life actions of the individuals, of the cultural systems, and the external organization of society. The state as a strong hand, as the association which is superior in power to all other, holds and forces toward order the unrestrained violence of passions, an order which is the precondition of the coordination of individual action and of satisfying the most vital interests of society. The state is the precondition of all consequent action of the individuals within the systems of culture.

The oldest idea of a natural law above positive law originated from the realization that the law is not only an expression of the uniform will of the state but, at the same time, a product of the legal consciousness, representing a cultural system of its own. The autonomy of legal science[34] vis-à-vis the sciences of the state, too, results from the relative autonomy of the law. "The idea of natural law became erroneous because people treated this purpose-complex in law as cut off from its relationships, especially those to economic life and to external organization of society, and shifted it into a sphere outside of historical development. Hence abstractions usurped the place of realities; most creations of the legal system remained inexplicable." The problem which natural law posed itself is only solvable in conjunction with historical-psychological analysis and in the nexus with the positive sciences of the law.[35]

Legal science is contrasted with the sciences of the state. In the dusk of life of the Greek poleis, the two great theorists of the state stood out who have laid the foundation of this science. Their theories are only understandable on the grounds of the Greek conditions of the state at the time, just as the more recent attempts to found a particular science of society[36] are to be explained through the specific social and commercial circumstances of our century. In any case, the latter task is impossible to solve by staking out a terrain (like Mohl did), but only by finding new truths.

The infinite wealth of the intellectual and societal life and the necessity to relate all individuality to the whole of historical-societal reality lead us to the question: is there knowledge of this whole? Have the German philosophy of history or the English-French sociology brought about such knowledge? Dilthey denies this completely. Only the progress of the individual sciences can help on the way to the knowledge of the whole nexus: historical research based on a mastery of the individual human sciences that is as comprehensive as possible, only this takes us ahead. This cannot be achieved by some unified formula of the course of the world, whether it may be religiously, metaphysically, or teleologically defined. Generalizations that emerge on the grounds of philosophy of history dazzle, but do not provide a lasting extension of

[34] Rechtswissenschaft.

[35] positive Wissenschaften des Rechts.

[36] Gesellschaftswissenschaft.

knowledge. Even Comte only created a naturalistic metaphysics of history, which as such was much less adequate to the facts of the course of history than those of Hegel and Schleiermacher. He believes that spiritual life completely depends on physiological facts. His historical overview rests upon the naturalistic trick according to which the forebrain will reach superiority over the hindbrain. This finding is then recast into the general, not all too new assertions of an increasing dominance of the human being over nature, a growing influence of intelligence over the affects, of the social dispositions over the egoistic ones. Mill, too, wants to adapt the study of the human sciences to the methods of the natural sciences. He does not recognize the character of the history of these sciences, which consists of a progressing analysis of a whole, which we possessed beforehand by direct knowledge and understanding.

The philosophers of history owe their great achievements not to a general theory, but to the simultaneous mastery of important individual sciences with an encompassing view, like Vico combined legal science and philosophy, Herder study of nature and history, Turgot political economy, natural sciences, and history. The problem of knowledge about the historical nexus of subsequent conditions of society can only be advanced on the grounds of psychology and anthropology as well as by interlinking the three major categories of the human sciences: ethnology, the sciences of the systems of culture and of the external organization of society. The growing extent and perfection of the individual sciences is the condition for the proper mastery of the whole. The individual sciences, however, require a consciousness of the relation of their truths to the realities, of which they are partial content, as well as to the other truths, which like them are abstracted from this reality: i. e., they require an epistemological foundation of the human sciences, a critique of historical reason which is both epistemology and logic.

The psychic and psychophysical facts form the foundation of the theory not only of the individual, but also of the systems of culture as well as of the external organization of society. They also constitute the historical observation and analysis in any of their stages. It is necessary to epistemologically examine how they are given to us to assess their evidence; this is true methodology of the human sciences; it teaches us on which path and to what certainty we have reached our knowledge.

On behalf of the sciences of the state, I can only shout to Dilthey a sympathetic "good luck" with all my heart and in grateful recognition. May he soon complete what he has given us here in the form of a beautiful beginning, of which I have given a most rough outline from the first book. And I gladly admit that in this condensation the best thing about Dilthey, the refinement of the individual explanations, has been lost.