

TO: Georg Weizsaecker, Verein für Socialpolitik

FROM: Erik Grimmer-Solem, Department of History, Wesleyan University

DATE: January 19, 2021

SUBJECT: Gustav von Schmoller (1838-1917)

This report is in response to your request on behalf of the executive board of the Verein für Socialpolitik to investigate the integrity of Gustav von Schmoller in light of questions about his views on race to assist the broader aim of your organization to improve diversity. These questions were raised by the Verein in light of reference to the second chapter of the first book of volume one of Schmoller's *Grundriss der allgemeinen Volkswirtschaftslehre* (1900) entitled "Die Rassen und Völker."¹

The chapter in question is an elaborate treatment of the topic "races and peoples" that served as a foundation for Schmoller's treatment of political economy from the perspective of the "younger" German Historical School. The chapter was part of a much larger conceptual foundation that included the psychological and customary basis of economic activity, the relationship of economic activity to the natural environment, the impact of population movements, and the historical development of technology. It extended into discussions of the family economy, settlement patterns, the division of labor, property, the formation of social classes, and the emergence of business enterprise. That is, an understanding of "races and peoples" was part of a much broader project to understand the economy as an historically-evolving, comprehensive social system.

As Schmoller makes clear at the end of this chapter, analyzing race and nationality as a factor in economic activity was still incomplete and hypothetical but nevertheless part of an ambition—first elaborated by one of the fathers of the Older Historical School, Karl Knies—to analyze not humankind in the abstract but humankind as it was found in its natural diversity and in its national contexts.² In this sense the *Grundriss* can also be seen as part of an older German tradition of *Staatswissenschaften*, a pre-disciplinary "science of state" drawing on insights in many neighboring fields of economics in anthropology, ethnology, social psychology, sociology, demography, business management, technology, and policy. Much of Schmoller's scholarship and especially the *Grundriss* was meant as a corrective to the individualistic-deductive treatment of political economy based on a universal *Homo economicus* and the strong trends at the time within the field of *Volkswirtschaftslehre* (political economy) toward ever greater disciplinary specialization within the confines of a then emerging neoclassical economics.

A close reading of Schmoller's chapter on "races and peoples" leaves no doubt that he espoused a racist view of human difference grounded in hereditary, environmental, and other evolutionary factors. That extended beyond physical traits to intelligence, instincts, talents, emotions, and character. To his mind this established a racial hierarchy where white Northern Europeans and their North American cousins stood at the very pinnacle of development. Lesser races and nations were ordered into a descending hierarchy according to their perceived economic and technological development, a hierarchy with various so-called *Kulturvölker* on the upper rungs of the developmental ladder, followed by such so-

¹ Gustav Schmoller, *Grundriss der allgemeinen Volkswirtschaftslehre*, Erster Teil (Munich and Leipzig: Duncker & Humblot, 1920 [1900], 141-60.

² *Ibid.*, 160.

called *Halbkulturvölker* as the Chinese and Japanese, followed in turn by “Negroes and related tribes,” and then ultimately the supposedly lower *Naturvölker* (Australians, Polynesians, Bushmen [San], Hottentots [Nama], and “lower Indians” at the very bottom.³ The logic of his discussion itself follows an economic developmental telos, beginning with the most “primitive” *Naturvölker* and ending with the most highly developed *Kulturvölker*.

Interestingly enough, the most highly evolved *Kulturvölker* in this scheme were not the Germans but rather the English and the white North Americans. Schmoller was thus himself not blind to the limitations and weaknesses he perceived in the Germans as a “race and people,” as many of his observations about them in this chapter show—despite higher levels of schooling, they were “slow and clumsy”⁴—and as their ordering right after the Russians, Italians and French but before the English and North Americans makes obvious.⁵ Schmoller is attentive also to the dangers posed by the incursion of “certain lower races” (*gewisser niedriger Rassen*) in lands of “higher standing races” (*höherstehenden Rassen*) such as the Chinese in North America and the Slavs in Eastern Germany.⁶

Schmoller’s conclusions appear to be grounded in a wide reading of the contemporaneous literature in the fields of physical anthropology, ethnology, Social Darwinian racial theory, and eugenics. However, on reading this chapter with its anecdotal and somewhat unsystematic style—Negroes apparently “easily seduced to dance” and Mongols “lacking idealism”⁷—one does gain the distinct impression that his own racial prejudices and popular stereotypes crept into the discussion and gained the status of scientific findings. This raises the question of whether his reading of this literature led him to this view or whether his own prejudices directed him to a selective reading of that literature. One example illuminates this problem. Schmoller acknowledged the quasi-mythological Aryan master race theories of Arthur de Gobineau while also criticizing their speculative and literary limitations. Yet in his own discussion of “Semites,” Schmoller seems to draw on Gobineau’s theories of race, notably the notion that racial qualities determined the capacity to create durable state institutions that forged higher civilizations. Here Schmoller seems to subscribe to the idea that this was an “Aryan” trait. He also drew on Gobineau (and Daniel Chwolson) in his enumeration of the negative qualities of the “Jewish race” within European societies, while also acknowledging their positive qualities as moral and technological teachers of, and as a beneficial racial admixture to, Indo-Europeans.⁸ The other cited literature from Herbert Spencer, Francis Galton, Alfred Ploetz, Moritz Wagner and many others shows the hold of then prevalent Social Darwinian, eugenic, and racial hygienic theories and the influence of neo-orientalist and colonial ethnology in Schmoller’s racial perspective.⁹ That had obvious parallels among many of his contemporaries in France, Great Britain, and the United States at the time. Indeed, if anything the influence of eugenics was probably more widespread in the Anglo-Saxon world than in Germany around 1900.

How did Schmoller’s view on “races and peoples” compare with some of his German scholarly contemporaries? Max Weber’s inaugural public lecture on assuming a chair in political economy at the

³ Ibid., 150-51.

⁴ Ibid., 157.

⁵ Ibid., 156-58.

⁶ Ibid., 149.

⁷ Ibid., 151-52.

⁸ Ibid., 149-50, 153-54.

⁹ See the listed consulted literature in *ibid.*, 141.

University of Freiburg in 1895 revealed a deeply hostile and dismissively racist view of the Poles, the centrality of “racial differences” (*Rassendifferenzen*) in economic struggles, and an uncompromising Social Darwinian nationalist worldview.¹⁰ Recent scholarship has also revealed that he harbored highly prejudicial Sinophobic views that distorted his sociology of world religions.¹¹ Moreover, during a visit to the United States in 1904 Weber described Black farm workers in the American cotton belt as “semi-apes.”¹² There is thus no doubt that Weber accorded great importance to human biological heredity and subscribed to Northern European racial superiority even if he had a cordial relationship with the likes of such Black intellectuals as Booker T. Washington and W.E.B. Du Bois and never formalized his understanding of race in a longer treatise.¹³

By comparison, at the German Colonial Congress in Berlin in 1902, Schmoller criticized colonial plantation farming because it reduced the natives to the status of proletarianized wage laborers, leading to short-term profits but in the long run to the economic ruin of the colonies.¹⁴ Instead, he supported “native farming” (*Eingeborenenkulturen*) and fostering the technical improvement of “native small businesses” (*Eingeborenenkleinbetrieb*), which he saw as working toward the intellectual and “economic upbringing” (*wirtschaftliche Erziehung*) and for the future of the “subdued lower races” (*unterworfenen niedrigen Rassen*).¹⁵ What is remarkable about these ideas is that they mesh almost seamlessly with the kinds of policies that Schmoller and his colleagues in the Association for Social Policy had been advocating in Germany since the late 1860s, notably securing, modernizing, and integrating the *Mittelstand* trades into an industrial economy and fostering land reform in Prussian East Elbia, in the case of the latter, to break up large estates into family farms and foster a move to modern intensive farming.¹⁶ Despite the racial hierarchies evoked by references to “subdued lower races,” transferring German developmental strategies to African colonial subjects made the rather liberal assumption that the “natives” were receptive to incentives and could be integrated into an evolving modern capitalist economy without resort to compulsions, and that technical improvements could pave the way to better

¹⁰ Dirk Kaesler, *Max Weber—Preuße, Denker, Muttersohn: Eine Biographie* (Munich: C.H. Beck, 2014), 407-13.

¹¹ Georg Steinmetz, *The Devil's Handwriting: Precoloniality and the German Colonial State in Qingdao, Samoa and Southwest Africa* (Chicago and London: University of Chicago Press, 2007), 365, 415-16, 458.

¹² Andrew Zimmerman, *Alabama in Africa: Booker T. Washington, The German Empire, and the Globalization of the New South* (Princeton and Oxford: Princeton University Press, 2010), 210.

¹³ See *ibid.*, 207-17.

¹⁴ Deutscher Kolonialkongress, *Verhandlungen des Deutschen Kolonialkongresses 1902 zu Berlin am 10. und 11. Oktober 1902* (Berlin: D. Riemer, 1903), 515. See also Franz-Josef Schulte-Althoff, “Koloniale Krise und Reformprojekte: Zur Diskussion über eine Kurskorrektur in der deutschen Kolonialpolitik nach der Jahrhundertwende,” in *Weltpolitik, Europagedanke, Regionalismus: Festschrift für Heinz Gollwitzer zum 65. Geburtstag am 30. Januar 1982*, ed. Heinz Dollinger, Horst Gründer, and Alwin Hanschmidt (Münster: Aschendorff, 1982), 407-25, here 412-13.

¹⁵ Deutscher Kolonialkongress, *Verhandlungen*, 515.

¹⁶ Erik Grimmer-Solem, *The Rise of Historical Economics and Social Reform in Germany 1864-1894* (Oxford and New York: Oxford University Press, 2003), 144-49, 223-45; cf. Gustav Schmoller, *Zur Geschichte der deutschen Kleingewerbe im 19. Jahrhundert: Statistische und Nationalökonomische Untersuchungen* (Halle: Verlag der Buchhandlung des Waisenhauses, 1870); *idem*, *Korreferat über innere Kolonisation mit Rücksicht auf die Erhaltung und Vermehrung des mittleren und kleineren ländlichen Grundbesitzes*, *Schriften des Vereins für Socialpolitik*, vol. 33 (Leipzig: Duncker & Humblot, 1886), 90-101; Sebastian Conrad, “‘Eingeborenenpolitik’ in Kolonie und Metropole: ‘Erziehung zur Arbeit’ in Ostafrika und Ostwestfalen,” in *Das Kaiserreich transnational. Deutschland in der Welt 1871-1914*, ed. Sebastian Conrad and Jürgen Osterhammel (Göttingen: Vandenhoeck & Ruprecht, 2004), 107-28.

material conditions for the native population and longer-term prosperity.¹⁷ What this reveals is that in practice, Schmoller's views on race did not preclude a degree of common humanity and liberal notions of progress.

What makes Schmoller stand out from his colleagues, then, is not so much the peculiarity of his views on race but rather the fact that many of his colleagues gave themselves a much narrower scholarly remit and so never elaborated their views on race in a formal treatise like the *Grundriss*. Here it is important to be reminded once again that Schmoller was working against what he perceived as a harmful narrowing of political economy, reinforced at the time by the unfolding "marginalist revolution." He was working instead within the older tradition of *Staatswissenschaften* for a more empirical, historical, and evolutionary approach to the field. As already mentioned, the ethnography of race was one small part of this bigger project. That in no way excuses his views on race but does provide a context often missing today.

What was the wider impact of Schmoller's racist worldview? Gustav Schmoller was the intellectual leader of the "younger" Historical School, an active social reformer, and throughout his life, a politically-engaged scholar (*Gelehrtenpolitiker*). Germany's public life and overseas entanglements shaped his view of the wider world and he in turn came to shape German public opinion. Indeed, over his lifetime Schmoller involved himself in many public debates that found their way into the major newspapers of Imperial Germany, making him one of the most prominent public figures of the time. This included many interventions propounding his views on the worker question, class stratification, social democracy, protective tariffs, social insurance, worker protection laws, and agrarian reforms. There is no question that this activity had a significant indirect impact on public opinion and on social legislation.¹⁸

During the era of German *Weltpolitik* Schmoller was likewise very active as a public proponent of the German Navy, the overseas colonies, the Bülow tariff, trade treaties, and public finance reform.¹⁹ As already alluded to, Schmoller's views on races and peoples were actively shaped by Germany's own colonial encounters with so-called "*Naturvölker*" and "*Halbkulturvölker*" in Africa, China, New Guinea, and the western South Pacific at the time about which he was well informed through his many students and colleagues at the University of Berlin, throughout Germany and overseas, as well as through his many contacts in the Prussian and Imperial government. Schmoller thus reflected to an unusual degree what might be termed respectable conservative-nationalist opinion. Indeed, it can be said with confidence that his views on race and peoples were widely shared by those of his milieu in the Wilhelmine establishment. There can thus be no doubt that his public voice helped shape an imperialist *Zeitgeist* that may have contributed to the tensions on the eve of the First World War.

After the outbreak of war in 1914, Schmoller defended the violation of Belgian neutrality, lent his expertise to reorganizing the war economy, and was embroiled in public debates over unrestricted submarine warfare, German war aims, and the Jewish question.²⁰ Schmoller's views of "races and peoples" as published in his *Grundriss*, together with his public stature, would have lent such views scholarly credibility and public visibility and worked to reinforce racism and anti-Semitism within the German university-educated stratum of the early twentieth century. In that respect Schmoller does

¹⁷ Kolonialkongress, *Verhandlungen*, 516.

¹⁸ See here Grimmer-Solem, *Historical Economics*, 171-245.

¹⁹ See here Erik Grimmer-Solem, *Learning Empire: Globalization and the German Quest for World Status, 1875-1919* (Cambridge: Cambridge University Press, 2019), 221-27, 268-69, 276-80, 345-51, 466-68, 470, 472, 476-77.

²⁰ *Ibid.*, 516-17, 520, 525, 527, 539, 568-78.

share some responsibility for the German public's later receptiveness to National Socialism, as does a wider cross-section of Imperial Germany's *Bildungsbürgertum*.

Acknowledging and critically engaging with the disturbing and fateful intersection of racism and scholarship as revealed in Gustav Schmoller's oeuvre is a difficult but necessary task. I applaud the Verein für Socialpolitik for lending it the seriousness it deserves and hope that whatever deliberations occur about his legacy for the Verein and its namesake prize also take into account the full picture of Schmoller's life and work. That should recognize his important role as co-founder and long-serving chairman of the Verein, his role as an influential social reformer, and his importance to the development of the social sciences and progressive movements not only in Germany but elsewhere in Europe, North America, and Japan.