

The Association for Social Policy [Verein für Sozialpolitik] (1872–97)

Abstract

The Association for Social Policy [Verein für Sozialpolitik] was founded in Eisenach in October 1873 by a group of economists and politicians from (mainly) the Progressive and National Liberal parties (see part A, below). Their aim was to provide a basis for social reform that would take into account the needs of the state but also the plight of workers and the rise of a labor movement. The association was soon the target of criticism from other liberals who opposed trade unions and government intervention in business. One of these critics, Heinrich Bernhard Oppenheim, famously referred to the reformers as “socialists of the lectern” or “academic socialists” [*Kathedersozialisten*]. (For another contemporary view, see Heinrich von Treitschke’s polemical essay from 1874, “Socialism and Its Patrons,” also published in this volume). By the 1890s, the Association for Social Policy had lost much of its original impetus: its members turned their attention to scholarly debates and the publication of massive reports on German society and the economy. In Parts B and C, below, a leading member of the association, Gustav Schmoller (1838–1917), provides detailed accounts of its efforts and achievements up to the 1890s.

Source

A. Call for the Founding of the Association for Social Policy (May 31, 1873)

The Eisenach Assembly, which was held October 7, 1872, for the purpose of discussing the social question, delegated the undersigned committee to hold a meeting on the same topic this current year.

For our understanding of social conditions, we refer to the printed proceedings of the previous year's assembly (Proceedings of the Eisenach Assembly, etc., Leipzig, 1873).

From the totality of the more or less legitimate attempts to continue to develop today's income-driven society, the conflict between capital and labor appears a conspicuous threat. We believe there is urgent need for peaceful reforms in this area on the part of both government and society.

First of all, it will be necessary to examine the conditions of workers and their relations with employers; to establish what is needed in cooperative education and to support its robust development; and to promote any attempts towards understanding between the parties in dispute.

Other current social and economic problems should likewise be examined, such as health and education, transport, the joint-stock system, and taxation.

We are convinced that the unrestricted dominance of individual interests, which may in part oppose one another or have unequal strength, does not guarantee the welfare of the whole; that the demands of the public spirit and of humanity in general must assert their validity in economic life as well; and that the state should intervene in a timely, well-considered manner to protect the legitimate interests of all involved.

We see this state welfare not as a stopgap or an inevitable evil, but as the fulfillment of one of the highest missions of our time and our nation. In the sincere execution of these tasks, the egoism of the individual and the immediate interest of the classes will subordinate themselves to the permanent and higher

purpose of the whole.

We believe that a regular exchange of ideas between employers and workers, men of theory and practice, will make a significant contribution towards understanding these problems, and we urge last year's participants and all like-minded persons, especially government administrators, to appear in Eisenach on October 12 of this year and to join the association that is to be founded.

Berlin, May 31, 1873.

The committee

Dr. Bitzer, State Councilor; Borchert, Jr.; Prof. Dr. Brentano; Franz Duncker; Dr. J. Eckardt; Dr. Engel, Privy Senior Government Councilor; Geibel, Jr.; Professor Dr. Gneist; Prof. Dr. Baron von der Goltz; Prof. Dr. Held; Prof. Dr. Hildebrandt; Prof. Dr. von Holtzendorff; Dr. Max Hirsch; L. Jacobi, Privy Government Councilor; Prof. Dr. Knapp; Prof. Dr. Knies; Dr. Löwe-Kalbe; Dr. Meitzen, Privy Government Councilor; Dr. Mithoff; Prof. Dr. Nasse; Rud. Ranisch; Baron von Roggenbach, Minister of State, retired; Prof. Dr. Roscher, Privy Court Councilor; Prof. Dr. Schmoller; [A.L.] Sombart (Ermsleben)[1]; J. Schulte, Chamber of Commerce Secretary; Prof. Dr. von Sybel; Thorade, Bank Director; Tiedemann, County Councilor; Prof. Dr. Wagner; von Wedell-Malchow; Prof. Dr. Wirth.

B. Excerpt from Schmoller's Opening Address after His Election as Chairman of the Association at the Frankfurt Congress of 1890

When we started our association activity in 1872, our job was simple. Faced with a government and a parliamentary majority that, in the financial excess of the nation's founding years, reveled in the tremendous progress of technology and economic prosperity, denied the importance of social issues, rejected any social reforms, and miscalculated the great, already deeply rooted movement of the working class, it was imperative to point out the legitimate demands of workers and to create an atmosphere for social reform. With bold, youthful courage, our association then put the biggest and most difficult issues on its agenda. We debated factory legislation, employment contracts, trade associations, apprenticeships, arbitration, mediation procedures, mutual aid funds, fair taxation, trade reform, and other issues. Our decisions still largely did not address details, because the practical execution of our program was still a long way off. From 1877 to 1880, moving into a significantly different situation, we then entered the second epoch of our existence and confronted a profound change in our state economic and social policy. This change was brought about partly under the influence of our endeavors; in any case, it was supported and approved by many of our members. But influencing government policies on the level of details effectively lay outside the sphere of our association's activity. The new social policy of the German Empire was determined exclusively or at least predominantly by Prince Bismarck. With this development, our association lost the mandate that had been assigned to it in the first years. Devoting all our strength to the publication of our writings, we sought to publish about a number of the most important social policy issues, including preliminary works, reports, and collected accounts of the facts. Today we can be proud of our impressive series of 46 volumes. In our general assemblies, in accordance with the social policy situation, we deferred discussion of the principal issues of major importance and were content to discuss social policy issues to which active government policy had till then turned less attention, such as international factory legislation, usury, the farmers' debts and their right to inheritance, domestic colonization, and the like.

Now the situation has again changed significantly. Our domestic policy is no longer as determined as before by the omnipotence of a single, great, head statesman. Thus, the various currents and tendencies of interests, parties, and beliefs are given the opportunity to act freely. They are now struggling more energetically than ever for precedence, for prominence in public opinion, in parliament, in government. However, the problems that must be solved, despite what German social policy has already

accomplished, are scarcely any easier than they were in the 1870s. To be sure, we are not faced with a Manchesterist government that rejects all social reform, as we were then; all parties and interest groups acknowledge that there is much that remains to be done. But “what” and “how much,” specifically, still today remain the subject of bitter disagreement. We may still be proud of the results of our extensive legislation regarding mutual aid funds, but today we see one thing clearly: this legislation does not address the core of the social question: the system of work relations. The reform of our Industrial Code and of factory legislation from 1878 to 1883 was a considerable step forward, but the fact that it did not go far enough is now admitted by almost everyone; there is daily, mounting controversy concerning how much reform is still needed. The question of a labor association law has so far been avoided; but this has not hindered the increase in work stoppages, coalitions, and associations. The deferred problems of tax reform and the reform of rural government are pounding at our gates with greater urgency. The long economic crisis is over, prices have risen, and we even have behind us a period of economic boom, but the big question of the regulation of production—through cartels, protective tariffs and other means—has not disappeared; it is closely related to the regulation of labor supply, to work stoppages, and so on. In these problems, we are facing the colossal question—I do not exaggerate—of whether or not the whole concept of free competition and a large amount of individual freedom, as were formulated, believed, and brought to life 100 years ago as the surest tenets of doctrine and practical life, may more or less disappear.

The Committee has placed two of these major, difficult questions on our present agenda: the continued development of the labor contract and the reform of rural government in the eastern part of the Prussian monarchy. We have prepared the debates on the basis of five volumes of published writings, which were sent to the members; the committee must express its sincere thanks to all the gentlemen who contributed to this effort. The more substantiated these two points of discussion are, the greater the attention that will be given to our debates, especially if we conduct them in the spirit of calm, scientific objectivity that our traditions demand. We are not attending a meeting of a party or an interest group. We are patriots, scholars, businessmen, and civil servants who seek to instruct and educate one another other, and other parties as well, through our debates. We are a scientific association that at the same time seeks to influence public opinion, as does the best part of our journalistic press. As the chorus of an ancient tragedy accompanies the impassioned actions onstage, we also want to stand aside quietly and dispassionately, to advocate for the true and the good, for the reasonable and the just, and seek to give greater weight to these highest powers of human life. Let us hope that today and tomorrow we will continue our proceedings in this spirit, as we have done so far. Our present responsibility is greater than ever before: today the goal is no longer merely to create an atmosphere for social reform—as it was in the seventies—but rather, to assess which steps are possible in all their detail, which are the best and most beneficial for our fatherland!

C. Schmoller’s Opening Address on the 25th Anniversary of the Association at the Cologne Congress of 1897

At the opening of our proceedings, may I remind you that we are celebrating the 25th anniversary of the Association with this year's General Assembly. In the first days of October 1872 a number of men of all political parties met in Eisenach for a discussion about the most important social questions of the time: factory legislation, trade unions, and the housing issue. Our association was formed as a result of these discussions. Without a doubt, the period from 1862 to 1875 may be called the most important time of our century for our fatherland. The new German Empire came into being, and the German economy found its legs, such that its equal status with Western Europe was recognized. The new social stratification of society was the result of tremendous technical and economic progress; social problems pounded at the gates of Parliament, and the self-awareness of the modern working class was awakened. The legislators worked feverishly, but Germans at all levels still retained the philistine attitude of the petty state, the outdated traditions of yesteryear, and the one-sided ideals of individualistic enlightenment. New ideals

had to form, and new social orders and institutions had to emerge.

The formation of the Association for Social Policy was one expression of this turmoil, this aspiration. At that time, some elements tended to the social ideals emerging from the political radicalism and republicanism of the forties and fifties—utopian and revolutionary ideals or, at very least, those that negate the entire existing social order. Other elements optimistically and complacently found the existing situation admirable, denied the labor question, and considered free competition the answer to all social riddles. Between these groups stood a number of thinkers and politicians, businesspeople and journalists, humanitarians and economists, who, free of class interests, doctrinaire party stereotypes, and traditional economic attitudes, believed in social progress alongside political progress. They wanted to seek social progress, take sight of social ills and struggles in order to perceive social reality, and advocate for social reform on the basis of the really existing situation.

It was always a small group of men. They did not wish to form a parliamentary or other kind of party, nor to serve exclusively in the service of a party or a class interest, and therefore they were not able to gather a crowd around their flag. They only wanted to enlighten through their activity, to cast light on the truth; to bring all parties and classes to a greater understanding of social matters with their speeches and writings, meetings and publications; and to pave the way for the legitimate, practical ideals of feasible social reform. We never insisted that our members swear allegiance to a social program, and we soon gave up voting in our general assemblies. We have only trusted that, through good reasoning and evidence, and through the power of truth and justice, our influence will be felt in wider circles.

Our committee has met once or twice annually for the past 25 years and has prepared our writings and general assemblies. So far we have held only 13 assemblies. But in the 74 volumes of our writings, we have set forth our thoughts and ideals, our suggestions and contributions towards the understanding of social reality. These are the foundation of our effectiveness. Our most important writings, and our related proceedings, can be summarized in a few words.

A first group of these writings has dealt with trade, emigration, monetary, and fiscal policies: these most basic economic issues. Generally speaking, from 1879 to 1892, we discussed the pertinent questions at the two major turning points of our German trade policy, and from 1892 to 1894, we created a large collection of documents that represent the trade policy of all civilized countries in the period from 1860 to 1892. We did not believe that we were digressing from the social core of our mandate. Every truly observant person knows just how much depends on state power, the influence of commercial policy, tariff and trade agreements—specifically, the situation of the lower classes of workers in every country. One might say it is unfortunate that in Germany this is not recognized enough—not as much, for example, as in England. We are countering an economic policy onslaught of the great empires against the middle-sized and smaller civilized states, which may be one of the most important and vital questions for our social future and the situation of the lower classes in Germany for some time to come.

The second group of our writings refers to corporations, mainly corporations that engage in manufacturing. We discussed and debated joint-stock companies, and the suggestions made by us and others at that time led to the reform of the Stock Corporation Law in 1884. We have a number of volumes on German domestic industry, and now we have published some new volumes on the German and two on the Austrian craft industries and their competitiveness, which we will discuss today. A few years ago, we published a collection of reports on the cartels and then debated them. There is nothing better in the literature on this subject than our writings and those responding to them.

Next to these commercial and industrial issues are the social questions pertaining to agriculture, which can be called the third area of our activity. The agrarian crisis, land inheritance, preservation of the peasantry, inner colonization, usury, the question of rural credit, and finally, that of rural labor—we have frequently been concerned with these questions. Closely related to these subjects were our writings and

debates on the system of rural government, which helped to prepare the final ruling on this important matter in the years 1891 to 1892. Tomorrow we will return to the question of rural credit, which has great significance for preservation of the peasantry and the small and medium-sized farms in rural areas. The innovations in Germany in the last 30 years, especially the recently implemented vocational training programs within the rural cooperative system, can hardly be overestimated in their importance.

The last and most important group of our writings and debates fits within the narrower circle of social questions pertaining to industry. We have published and discussed papers on factory legislation and the reform of the Industrial Code, on the housing question and workers' profit sharing, on the employment contract and its continued development, on work stoppages and trade associations, on arbitration and mediation, on liability insurance and workers' health and accident insurance, and on old-age and disability funds. On the third day of this year's General Assembly, we will return to the important question of labor, association, and coalition law.

From this brief picture of our activity, the goals for which we have struggled are already more or less clear. We never wanted to rebuild the economy from the ground up, and we never presented a plan for a perfect social future. We only wanted to shine the light of science upon the future paths of practice, to inform ourselves—and, if possible, the fatherland—about the concrete details of social facts and reforms, and to ensure that the voice of equity, reason, and science can be heard amid today's conflicts of interests and passions.

Has our activity of the past 25 years amounted to nothing? Has it accomplished good and useful things? As we know, they tell us from the right that we are impractical dogmatists who have only done harm, and from the left, that we are cowardly middlemen who have not put forth any great and new ideas. We have been vilified at times by the social-democratic and at times by the bourgeois press. This is to be expected. I daresay if this had not been the case, it would have been bad! In fact, it proves our effectiveness. On the other hand, it is also conceivable that the same enemies who attack us today as dangerous or cowardly, might tell us tomorrow that our entire activity has been completely irrelevant, that it has had no historic influence on the social policy of our fatherland.

The Social-Democratic party has repeatedly stressed that its activity, not ours, has given the decisive impulse to social reform. This is true in a sense. Their activity is based on organized political power. Social Democracy represents a powerful class interest. We are a small group of scholars and humane practitioners. We could not and did not seek to operate in the same manner as the Social Democrats. But does this prove that we have not worked effectively in a different way?

The free enterprise interests have repeatedly accused us of being too friendly with the working classes. We have been and still want to be friendly to workers, as long as we see the raising of the lower classes as an essential condition of life for our society and our state, and as long as we recognize the great gap in social culture and income as one of the greatest dangers of today. But we are not hostile to those business owners whose merit we have always recognized as commanding officers of the economic army. In the last session of the Prussian Parliament, the charge was made against us, with an appeal to a privy councilor—as if to prove this charge—that we had not delivered a single building block that directly benefitted Germany's social reform legislation. Of course, since we do not want to be a political party, we have not drafted any legislation in the manner of privy councilors and parliamentarians. But the spirit of the social movement that emanated from us has influenced the farthest circles. We can say without exaggeration that if a different mentality from that which reigned from 1866 to 1872 dominates Germany today through every stratum, and if nobody today wants to be called a "Manchester man," and if everyone thinks differently about the social duties and rights of the state than they did at that time, and if the main features our social security, our labor protection legislation, our entire modern social law, are in fact not seriously disputed by any party, this is the result not of our association, but rather, of the great intellectual and scientific movement whose threads converge in our association more than anywhere

else.

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NOTES

[1] This seemingly refers to Anton Ludwig Sombart (1816–1898), father of the economist and sociologist Werner Sombart—ed.

Source: Franz Boese, *Geschichte des Vereins für Sozialpolitik*. Berlin: Duncker & Humblot, 1939, pp. 248–49, 250–52, 253–57.

Translation: Elizabeth Tucker

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