

Different Views of Socialization Strategies in Germany Since the First Socialization Debate



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1 Why and How to Review Former Debates on “Socialization” (Sozialisierung)?

Debates on “socialization” of resources and economic activities took place in Germany throughout the 19th century, but they came to a theoretical and political clarification only after the First World War. The “Socialization Commission” (1919/20) in Berlin may be acknowledged as a symbol of the introduction of a special institution. The reports, documents, and publications referring to the discussions at the conferences of the Commission and during the decades after the First World War were effective as background material for economic investigations and political proposals by authors of different scientific schools. Some selected examples of related studies will be exposed in the present article. The authors of the concerned publications elaborated their views during or after the First World War, but they brought the written work to print mainly during the 1920s or later.

The question, *why* the former debates on “socialization” in 1918 and during the later decades should be reviewed, may be answered with two arguments: first, the determinant factors of the former debate must be analyzed from a “present-day view”, and second, the consequences for a new debate on “socialization” of economic resources and activities in the “European Future” should be demonstrated. The additional question, *how* that debate may be carried out, may be answered in different ways. The following article will be based on related publications by selected authors. Additional authors who were involved in the first debate on “socialization” in 1918 and thereafter, may also be considered. Books of different views will be pointed out with special interest. Specific emphasis will be directed to the strategic aspect of “socialization”.

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2 Aims and Structure of the Review on Socialization Strategies

A reliable starting point for a review of different studies on socialization in Germany since 1918 can be found in Klaus Novy's study on "Strategies of Socialization". The book concerns the discussion on economic reforms during the Weimar Republic (Novy 1978). Part I of the study deals with the preconditions and starting points of socialization policy, Part II concerns strategies of socialization. Here, a clear pattern may be found for the intended study of socialization strategies. Novy introduced his book by reference to a general interpretation of "socialization" as demand for "Vergesellschaftung der Produktionsmittel", translated as "socialization of economic resources". But Novy added a former comment by Korsch (1912) according to which this interpretation would appear as an empty formula without concrete impact (Novy 1978, 13). Furthermore, Novy complained that concrete strategies of transformation and of related economics were lacking. He was even afraid that the development of the basics of a socialist economic reform policy would turn to stagnation (Novy 1978, 14). In order to strengthen the understanding of socialist economic reforms, the author proposed a classification of the phases of those reforms. According to Novy, the phases started with the works of Marx and Engels; the phases included the debate of socialization (1918—ca. 1920), and they were continued up to a debate about the planning of investment (1973 ff). Probably, the author Klaus Novy would have been prepared to identify further phases of the later economic development. But he died early.

In order to concentrate the interest on the socialization debates of 1918 ff, the aims of socialization must be identified. Two lines of discussion should be distinguished according to Novy's view: (1) the debate and (2) the movement of socialization (Novy 1978, 18). Parallel to both lines (1919/20), the institutionalization of two commissions of socialization should be pointed out. The related discussions were sustained by new publications (1920 ff) of different authors from different sciences. In Novy's words, "It was the hour of unlimited thinking and projecting. The atmosphere of starting from an assumed hour zero after the break-down of the German Kaiser-Imperium set free unexpected energies" (Novy 1978, 19; translated by K.-H. Sch.). Unfortunately, the economic and political changes in Germany brought this phase of socialization to an end.

One general formula should be acknowledged as resulting from the socialization-debate: the "Vergesellschaftung" of economic resources. This term is relevant also for the structure of the following investigation concerning the process of socialization. The paragraphs refer to selected authors who published their contributions to the debate after the First World War or during subsequent decades. Only few authors can be considered in this article: Franz Eulenburg, Eduard Heimann, Joseph Schumpeter, Gisbert Rittig, and Klaus Novy. The conclusions for future debates on socialization will finish this article. Concerning the history of socialization, the review-article on this topic by Ortlieb and Stavenhagen (HdSW 1956, vol. 9), should be considered.

3 Concepts from Selected Authors About the Process of Socialization

3.1 *Franz Eulenburg's Analysis of Types ("Arten") and Stairs ("Stufen") of Socialization*

The first author to be considered is Franz Eulenburg, a German scholar of the Historical School. He wrote his doctoral dissertation under the supervision of Gustav Schmoller and completed his Habilitation work under the responsibility of Karl Bücher. Though he had to wait for about 18 years until he got an academic chair at a university, he proved to be an excellent researcher and author of a variety of basic studies including theoretical knowledge and empirical data. It is of no surprise that he was connected by a lifelong friendship to Werner Sombart. Eulenburg's publications concerned basic topics like the question, are 'historical laws' are possible (1922)? Another example is a study on problems of a European customs union, his most important work on foreign trade and foreign trade policy (1929). Prior to these studies, Eulenburg had published an expert document concerning "Types ("Arten") and Stairs ("Stufen") of Socialization" (1920). This publication gives rise to evaluating the contents of the small but concentrated study on the important problem of how to change the economic and social system. The German scholar and expert in social economics, Gottfried Eisermann, later was convinced that Eulenburg was part of that great generation of German economists who combined theoretical thinking with the potential to consider and to elaborate social, political, and cultural implications of economic life adequately (Eisermann 1961, 358).

Franz Eulenburg started the book "Types and Stairs ...", which was based on the former expert document, by exposing the purpose of the study: to investigate with pure objectivity ("rein sachlich") which economic effects of the intended measures (of the socialization project, K.-H. Sch.) may be expected and how far they may be distributed over the total economy ("was eigentlich ihre Tragweite für die ganze Volkswirtschaft sei", Eulenburg 1920, 1). The author emphasized that his study was concentrated on the economic effects of socialization. He argued that other related studies—apart from few exceptions—did not consider economic reasoning. Therefore, his arguments emphasized the economic view (Eulenburg 1920, 1).

Eulenburg's study starts with introductory notes on the definition of the term "socialization". He refers to a general short version: "... all measures, which can approach ("näherführen") economic life towards the aim of a socialist order" (Eulenburg 1920, 5). Following the German application of such order, the term "Vergesellschaftung" of the productive resources is applied, but it is understood to include the management of production and distribution in favour of and by the activities of the whole society ("Volksgesamtheit"). On the other hand, Eulenburg considers the term "Verstaatlichung". He points out that the measures of socialization must not coincide with "Verstaatlichung". The author tries to distinguish three rows of motives: firstly, the idea of economic growth concerning goods and productive resources, secondly,

the idea of a more equalized distribution of goods to all people, and thirdly, the idea of considerable codetermination of workers in the company and at the production process—contrasting to the determination of economic decisions in the given economy (concerning 1920!).

Conclusively, Eulenburg identifies three issues: (1) a problem of wealth, (2) a problem of distribution, and (3) a problem of power. All of these problems are interrelated, but in practical politics the fight for the distribution of surplus is realized as a fight for power and vice versa (p. 1). Eulenburg moreover points out (in a footnote) that the term “socialism” is extended to larger aspects of the society in other countries than in Germany (Eulenburg 1920, 1, footnote 1).

Another basic remark in the introductory chapter concerns the long-term development of the economy and society towards “Vergesellschaftung” of life. Eulenburg tends to distinguish four stairs of measures to move towards that aim (Eulenburg 1920, 6): (1) determinant influence of the workers on the development of the enterprise (“Betriebsräte”), (2) transfer of mature (“reife”) businesses (“Gewerbe”) to the responsibility of the total society (“Gesamtheit”), (3) participation of the total society in the economy: mixed companies (“gemischtwirtschaftliche Betriebe”), (4) planned management of the economy by change of the economic constitution (“Wirtschaftsverfassung”) to be designated by a special term (“Gemeinwirtschaft”). Eulenburg adds two remarks: first, each stair can be realized in different empirical ways, and second, the measures to strive for a specific stair will be investigated under the criteria of (a) the contribution to national economic production and (b) the individual share of production and thus of real income. Eulenburg is convinced that both criteria will face the central problems of any economy but also of a socialist economy (Eulenburg 1920, 7). However, the author emphasizes that the total problem of socialization is not covered by this argumentation, because there are problems of power involved which can be evaluated only by political calculations and decisions. Instead, he wants to restrict his study on investigating the logic of socialization, the “metapolitical” aspect behind the considered measures, i.e. if carried out, what would be the consequences for the total economic process? In the author’s original words:

Wir möchten also gleichsam die Logik der Sozialisierung untersuchen, ihren metapolitischen Sinn, der hinter den äußeren Maßnahmen steckt: wenn durchgeführt, welches kann ihre Tragweite für den volkswirtschaftlichen Gesamtprozeß sein? (Eulenburg 1920, 7)

The subsequent chapters of Eulenburg’s study concerns the four stairs of measures as mentioned above (“Betriebsräte, Vollsozialisierung, Gemischtwirtschaftliche Betriebe, Gemeinwirtschaft”). In every chapter the author attempts to point out the economic effects of the potential measures to be applied. The final chapter is oriented to summing up the probable economic effects but also to point out political questions of socialization (Eulenburg 1920, 41–48).

It should be considered that Eulenburg wanted to restrict his study to Germany but it has opened the economic view concerning the consequences of socialization-measures in more general terms, i.e. in any market based economy.

Some remarks may demonstrate Eulenburg’s final comment on socialization (Eulenburg 1920, 41–48):

- As long as the social productive forces (“die gesellschaftlichen Produktivkräfte”) are not yet fully developed, a totally bureaucratic administration cannot be envisaged (Eulenburg 1920, 41).
- Part of the socialization measures is orientated only to demonstrate a new transfer of power. But the development of the productive forces should not be restricted. If the workers’ committees, on the level of the firm, hinder technical-organisational measures, future technological and economic development would be restricted. The real future strategies of the workers’ committees will determine if and how far a progressive imagination of the economy can prevail (Eulenburg 1920, 41 f).
- The distribution of monetary surplus to the working force of the economy can be instituted at the expense of the incomes of the proprietors, or of the funds of future capital formation and future economic growth, or of the funds of public taxes, i.e. in three ways. But neither the latter nor the funds for capital formation should be restricted, because, if so, the future growth of production of commodities would be diminished (Eulenburg 1920, 42). Therefore, only one way of distribution-change seems promising in Eulenburg’s view: to increase the share of workers and salaried persons in relation to the total surplus (“am Ertrage”) at the expense of the private consumption funds of the hitherto favoured social groups (entrepreneurs, capitalists, pensioners, landowners) (Eulenburg 1920, 42). Eulenburg, yet, points out that in the end, the total redistribution would be changed in small amounts only. Even the restriction of the total extra-consumption by proprietors would not considerably enlarge the production of commodities for the majority of the working class. The author concludes:
- The general consumption funds will not be enlarged considerably by a redistribution of the total real over-consumption of the proprietors (“Überkonsum der Besitzenden”). Finally, he adds, that all measures aiming at redistribution on the grounds of private economic orders turn out to be unrealistic solutions (“Scheinlösungen”) (Eulenburg 1920, 44).
- The only decisive question of socialization is—according to Eulenburg’s view—how to solve the “production problem” of the economy. In order to answer, he points out that the “unproductive costs”, also called “dead weight costs”, should be effectively reduced, e.g. concerning the decentralization of companies, the existence of too many firms in specific industries, the economic structure being determined by the inefficient locations of companies etc. (Eulenburg 1920, 44 f).
- Even a planned economy will not prove to be more efficient than a market economy; mainly, because the planning activities will be linked with new kinds of “dead weight costs” and unproductive effects of the organisation of production (Eulenburg 1920, 46).
- Summarizing, Eulenburg emphasizes at the end of his study that it is mainly the “dead weight costs” that hinder a positive response to the question of “socialization of the economy”; the economic side of socialization turns out to be based on a production problem—namely, how to increase and develop the productive resources of a given system of economy (Eulenburg 1920, 47)?
- Apart from the question of economic analysis, i.e. if a socialization program shall be carried out, it is taken by Eulenburg as a political problem. The author pre-

sumes that it may be solved only in the long-run, not by revolution but by organic development of the prevalent internal structures of resources towards steady effectiveness of the social determinant factors. Eulenburg seems to be convinced that the measures of the socialization process are bound to laws of organic development of the social economy. As a direct result of his study, Eulenburg emphasized that socialization can be realized only through a long-term process of organic development:

... auch die stärksten Maßnahmen der Sozialisierung vermögen nur außerordentlich langsam eine Änderung in der wirtschaftlichen Lage der großen Masse der Bevölkerung herbeizuführen ... (Dabei) ... vollziehen sich die großen Änderungen nicht durch Revolution, sondern durch organische Entwicklung von innen heraus und durch das stetige Wirken der gesellschaftlichen Kräfte. Sie vermögen durch politische Maßnahmen wohl beschleunigt, aber nicht grundstürzend geändert zu werden. (Eulenburg 1920, 48)

The author conclusively recommended “Not Revolution, but Evolution!”. Franz Eulenburg herewith proved to have been a scholar of Gustav Schmoller and the German Historical School of Economic Sciences.

3.2 Eduard Heimann’s Ideas on Social Policy and Socialization

3.2.1 Social Idea, Social Movement, Social Policy and Socialization (1929)

An important author of basic contributions to the debate on the theory of a socialist economy and on the aims and means of socialization was Eduard Heimann (1889–1967). After studies in Berlin and Vienna he was engaged as secretary general of the Socialization-Commission (1919–1922). In Cologne he was promoted by Habilitation to academic teaching and research (1922) that was followed by a position of lecturing at the University of Freiburg (1922) (Janssen 1998, 566). As a full professor he became member of the University of Hamburg (1925–1933). His economic thinking was influenced by authors who were involved in theoretical discussions and political debates on socialist systems, movements, and also on religious-socialist ideas. In his publications, Heimann referred to the problems of prices and quantities of production in a socialist economy. With special interest he also published articles and books on questions of social policy. As a member of the “Brauns-Commission” (1932) he contributed to proposals on measures to overcome the economic crisis in Germany. His related publications had considerable effects on initiatives to develop new concepts of economic policy. But, at the same time, Heimann recognized that he needed to leave the country—for racial and political reasons. He immigrated to United States (1933). Only after 30 years did he return to Germany (1963).

Reviewing Heimann’s publications, it becomes obvious that the topics mainly concern problems of socialization, public economy, social policy, social theory of

capitalism, credit policy and public orders, and of the history of economic doctrines (Janssen 1998, 566).

In his book on and titled “Social Theory of Capitalism” (1929), Heimann argued for social liberty, social movement, and social policy—especially under the conditions of capitalism—and in the final chapter as method of socialization. It is this chapter which gives room for Heimann’s basic idea of the relations between socialization, productivity (“Leistung”), and freedom. Inhere, one may recognize a link to the author’s basic remarks on long-term social development—pointed out by the relations of history and theory—in the introduction of the book (Heimann 1929, 1f). The author has pointed out the following:

Theory must be historical. For it is a historical process, which theory exposes; it is not any casual connection of timeless elements as it is thought about in terms of abstract economic theory. But on the other hand theory must be theory and not history, insofar as the main characteristics of appearances and their changes are to be comprehended and exposed independently from all framework conditions of history ... (Heimann 1929, 1f).

Moreover, Heimann added, concerning the impact of theory as an expression of social theory—namely, that “Theory is social theory, because it describes the relations of human beings in the economy ...” (Heimann 1929, 1, transl. by K.-H. Sch.).

On the grounds of these introductory remarks, Heimann turned to social policy as a method of socialization in the last chapter of his book of 1929. He exposed social policy as the “... institutional framework (“Niederschlag”) of the social movement ...” (Heimann 1929, 211). Herewith, “socialization” was interpreted in relation to social policy and freedom: “If the introduction of a social freedom order is called socialization, social policy is the hitherto preferred way of socialization” (Heimann 1929, 212, transl. by K.-H. Sch.). In the author’s German version

Wenn man die Errichtung der sozialen Freiheitsordnung als Sozialisierung bezeichnet, so ist die Sozialpolitik bisher der bevorzugte Weg der Sozialisierung (Heimann 1929, 212).

Conclusively, Heimann understood “socialization” as the process of introducing freedom and justice in the economy by means of social policy oriented to bringing about not only public property, but, also, freedom of the working people. The author wrote

Es gibt keinen anderen Weg zur sozialen Freiheit als den der Sozialpolitik (Heimann 1929, 229).

Heimann’s additional comments instead let presume, that social policy turns out not to be highly effective to realise the aims of socialization. The author even seemed to consider the opportunity, that socialization may bring about the introduction of a bureaucratic and cesarlike dominating order, if the workers are unable to apply their freedom and need to leave power and responsibility to others (Heimann 1929, 231).

Sozialisierung kann auch der Name für die Errichtung einer bürokratischen oder cäsaristischen Herrschaftsform sein, wenn die Arbeiter ihre Freiheit nicht zu handhaben wissen und darauf angewiesen sind, anderen die Macht und die Verantwortung zu überlassen (Heimann 1929, 231).

Indeed, Heimann's comment foresaw the later development of the social order in specifically large and powerful states.

3.2.2 Basic Pattern of a "Socialist Economic and Labour Order" (1932/48)

In another book, which was firstly published in 1932 and then again in 1948, Eduard Heimann discussed the "Socialist Economic and Labour Order" ("Sozialistische Wirtschafts- und Arbeitsordnung"). The book includes a broad first chapter on this topic and an additional chapter on the history of the socialist economy (Heimann 1948, pp. 62). In the first chapter of this booklet the author pointed out main characteristics of social property and decentralised economic management, central planning, individual property and labour order, and administration. Finally he summarized the basics of freedom and order in a socialist economy. Though the author was not convinced that the new publication of the former book was needed, he agreed to get it published again in 1948. It seems to be worthwhile to consider especially the concluding paragraph on "Freedom and Order in the Socialist Economy" (Heimann 1948, 58 f).

Beforehand, yet, main important ideas of the first chapter of Heimann's study should be pointed out. It consists of two sections: (1) The economic order, and (2) The labour order.

Turning to the first section, "The economic order", we find three parts.

The first part deals with social effects of public property ("Gemeineigentum") and with the economic functions of prices and different incomes in a decentralized economy.

The second part is entitled "Central Economic Planification" ("Zentrale Wirtschaftsplanung"), but it deals firstly with capitalism and technical progress and with the dislocation and reintegration of workers in the economy. On these grounds, secondly, the tasks of economic planning are demonstrated. The author exposes the relations between a central administration of credits and decentralized formation of prices as well as the problems of central capital formation. Finally, the policy concerning monopolies is discussed; Heimann turns especially to the opportunity of applying monopoly policy to reduce the differences of incomes in the economy.

The third part of the first section is oriented to specific forms of individual property in cities. Foreign trade is only mentioned in a short annex.

Reviewing the contents of the three parts of the first section of Heimann's study, it seems adequate to strengthen three central features of the text (Heimann 1948, 16 ff):

1. The author starts from the idea that the capital (in the form of property) of producing enterprises be transferred to the organized society.

The socialist order shall be realized by a sociological unification ("Einheit") of the people, i.e. by ending the separation of classes of private owners and persons not owning any property. In Heimann's original words

In der soziologischen Einheit des wirtschaftenden Volkes ist das wichtigste Merkmal der sozialistischen Ordnung gewonnen, und die noch fehlenden Merkmale können kraft der soziologischen Einheit durch die organisierte Gemeinschaft hinzugefügt werden (Heimann 1948, 16)

In order to avoid future economic crises, central economic planning is necessary, because the universal management and disposal of the economy must be carried out ... “The method of planification needs a real foundation of power by means of public property”, in German:

Die planwirtschaftliche Methode bedarf einer wirklichen Macht-Grundlage im Gemeineigentum. (Heimann 1948, 16)

In order to discuss the economic functioning of prices in the socialist economy, Heimann refers to Max Weber’s arguments against fixed prices of resources in the production process of a market economy (p. 18). In opposition, Heimann exposes bookkeeping (“Buchführung”) as the most important instrument of economic decision making in a market economy and in an economy based on public property. He seems to be convinced that public property thoroughly allows for an objectively effective formation of market prices and bookkeeping, in his own words:

Hier kommt es zunächst auf die Feststellung an, daß das Gemeineigentum eine objektiv gültige Marktpreisbildung und Buchführung durchaus erlaubt. (Heimann 1948, 20)

Herewith, Heimann refers to a number of well-known authors of studies on the economics of socialism, mainly in England, France, America, and Germany. Independent from each other, they described aims and methods of management and production in a centralized socialist economy, f.e. H. D. Dickinson, R. L. Hall, Oskar Lange and others (Heimann 1948, 20/21, footnote 1). It should be an informative message to report Heimann’s arguments concerning the centralized administration of loans and capital formation and of policies concerning monopolies, but it should be adequate reasoning, as well, to point out his arguments related to “The Order of Labour”, the second section of his study (Heimann 1948, 51–56).

In that part, Heimann deals with the problems of labour. Referring to Karl Marx, he points out productivity increasing effects of machinery investment. Further aspects are demonstrated relating to organization and administration. The problems of unemployment will not be solved for all of the workers. That discussion would enable the transfer of ideas and evaluating statements to the final conclusions and to the additional chapter “On the History of the Socialist Economy” (Heimann 1948, 62).

Heimann’s book turns out to be a valuable study on the development of the theory and policy of a socialist economy. The author seems to prefer education and cultural reasoning in social discussions and policy-making, instead of powerful revolution ending in cruel and inhumane results. Therefore, Eduard Heimann’s book on “Socialist Economic- and Labour-Order” should be brought back to lectures and seminars at the universities and to decision making by politicians in political negotiations.

In a short final chapter Eduard Heimann summarizes his concept of socialization. He points out two principles for organizing freedom and order in a socialist economy. He distinguishes (1) “socialism from below”, and (2) “socialism from above”

(Heimann 1948, 58). Both principles are designated to be necessary for an efficient and social economic order. Heimann finishes his text with two statements that express his conviction that it should be possible to realize a socialist order:

1. The socialist order in equilibrium between central management and decentralized freedom will be a solid basis for the human being and will demand his personal involvement.
2. Freedom in “Gemeinschaft” based on freedom that will be the humane sense of the socialist order, the full answer to Marx’s vision of a “truly moral humanity” (“wahre sittliche Menschlichkeit”) (Heimann 1948, 59). This final sentence in Heimann’s book demonstrates again the author’s high level of demand for a stable and humane economic and social system. The author was convinced that socialism from both sides (below and above) could be realized, though he simultaneously recognized diverse reasons for danger, even of hindrance, in developing the social order according to Heimann’s vision.

3.3 Joseph Schumpeter’s Conclusions About the Relations of Democracy and Socialist Society in “Capitalism, Socialism and Democracy”

Joseph Schumpeter’s famous book “Capitalism, Socialism and Democracy”, published first in New York 1942, contains a whole chapter about the relations of “Socialism and Democracy”. But in order to expose a theory of the democratic process, which considers “all kinds of reality of group-actions and of public opinion”, the author firstly explains and criticizes the contents of classical theory of democracy and secondly points out “another theory of democracy”. He starts from the definition of “democratic method”:

... demokratische Methode ist diejenige Ordnung der Institutionen zur Erreichung politischer Entscheidungen, bei welcher einzelne die Entscheidungsbefugnis vermittels eines Konkurrenzkampfs um die Stimmen des Volkes erwerben (Schumpeter 1946, 428).

Schumpeter’s statement about the social function of Parliament activities concerns the “production” of legislations and administrative activities. In order to understand democratic policy focused on this social target, his vision of competition for power and any office must be considered, and the consequence must be acknowledged, “... that the social function – similar to production – will turn out as a side-effect of aiming at profits” (transl. K.-H. Sch.) (Schumpeter 1946, 448). On the grounds of these general theoretical ideas, Schumpeter finally draws basic conclusions concerning “Democracy in the Socialist Order”. (Schumpeter 1946, 471 ff)

Schumpeter especially mentions the problem of interventions by politicians and important members of commissions into the management of economic activities. For illustration, he refers to the conferences of the German “Socialization-Commission”

after the First World War. He emphasizes “In 1919 ... the more radical members continued to believe, that some measures of socialization were practically necessary, and consequently a commission was installed to describe the targets and to recommend adequate measures” (Schumpeter 1946, 476) (transl. K.-H. Sch.). But Schumpeter does not hesitate to mention his skepticism concerning the effectiveness of discussions and recommendations which the commission attempted to expose publicly, and he adds “If it is possible anyhow to talk about results of the discussions, which should lose their practical significance ...” (Schumpeter 1946, 477). In fact, the socialist managers had not differed a great amount from their capitalistic forerunners. In a former chapter, the author already had concluded, that “...serious socialists today and during the following fifty or hundred years cannot do anything else but to preach and to wait”; but interestingly, this remark was ended by a question-mark (364)! No surprise, that Schumpeter finished his book with the following statement of skepticism: (The socialist democracy) “...will not imply any more considerable approach to the ideals, which are sheltered in the shrine of classical theory” (Schumpeter 1946, 480).

Schumpeter in fact kept his mind open for wide amplifications of economic theory. What he called “the shrine of classical theory” might be identified—under consideration of his intense interest in the theoretical approach of Leon Walras—by the term “pure economic theory”. Here we find a “bridge” linking two river banks: the theory of the market economy and the theory of the socialist economy and socialization. Furthermore, this reflection may be taken as reference to a later author, who published diverse articles on socialization: Gisbert Rittig. Some of his publications will be considered subsequently.

3.4 *Gisbert Rittig’s Basic Contributions on “Theory of Socialization” (1956)*

In his article on “Socialization (I) Theory”, published 1956, Rittig exposed different terms, purposes, and links of socialization towards the target of socialization.

Before explaining the contents of the sub-sections, the author’s background contributions to the analysis of socialization should be considered. He lectured at the University of Göttingen as a full professor of economic theory. He published in scientific journals and books, especially on the theoretical foundations of socialization, f.e. in the series of the “Verein für Socialpolitik”. The author distinguished—in his article in HdSW (1956)—between socialization in a “more narrow sense” and “in a wider sense”.

The “more narrow sense” means that the targets are assumed to be given (existing) but to be distinguished into three forms: (1) to realize a specific income distribution, (2) to overcome private (and public) monopoly power, and (3) to realize general economic planning in the sense of a socialist order of the economy and society. Rittig’s comment concerning the realization of a planned economy points out that “... it will depend on the kind and number of instruments (measures) of economic

policy, which must be applied by a socialist system in order to realize the targets (aims), if socialization is necessary for this purpose” (Rittig 1956, 458).

The “socialization in a wider sense” seems to be open for different targets of planning institutions or social groups, but Rittig adds: “Socialization...seems to be consequent in relation to the social targets only, if they are orientated to the real preferences of the society (the totality of consumers) (understanding the term consumption or consumer in the widest possible sense)” (Rittig 1956, 459), (transl. K.-H. Sch.).

Following from this condition, three theoretically fixed fundamental points to argue in favour of socialization are demonstrated by the author: (1) every economic order suffers from “indetermination of prices” in relation to individual preferences. Addressing this problem, Rittig formally published specific articles (Rittig 1956, 459). (2) The distribution of incomes is a specific problem in every economic system. It has to be brought forward to an income distribution which is based on the economic contributions of the individuals/groups to the total social income (Rittig 1956, 461). (3) According to a “maximum-theorem”, the resources should be utilized in order to maximize the benefits of the consumers in the economy. But because of indeterminate prices, irregular distribution of incomes, and restrictions of the side-conditions of economic decision-making, the economic results do not correspond with the conditions of the maximum-theorem (Rittig 1956, 461). Rittig is not conclusively convinced that the socialist order can guarantee a better economic system than a market system. All instruments of economic policy should be investigated seriously to find out the effects in relation to the basic target of economic policy, also in case of socialization. This result includes the coordination of the investment quota with the preferences of consumers. Rittig points out the following:

Hierher gehört auch die Abstimmung der Investitionsquote mit den Wünschen der Konsumenten, die sowohl von marktwirtschaftlichen wie von vielen sozialistischen Systemen vernachlässigt wird (Rittig 1956, 42).

To conclude, Rittig’s comment on the preconditions and consequences of socialization are theoretically based, generally valid, and independent from actual valid problems of economic policy. In fact, Rittig’s argumentation turns out to follow similar lines as Eulenburg’s views and conclusions. Both authors refer to arguments based on “pure economic theory”.

3.5 Klaus Novy’s Monograph on “Strategies of Socialization” (1978)

In the introductory and second section of this paper the strong interest in the long-term effects of the debate on socialization after the First World War was already pointed out. Klaus Novy’s study on “Strategies of Socialization” was mentioned as part of the basic literature on the long-run perspective of “Vergesellschaftung der Produktionsmittel” (above, Sect. 2); but, it continued up to a debate on the

“planification of investment” (1973 ff). Consequently, Novy’s view on (1) the debate and (2) the movement of socialization should be considered as part of the attempts to carry out reforms towards socialization in the long run. Especially, Novy’s ideas and definitions of specific strategies of socialization are to be exposed in short versions. Therefore, part II of Novy’s book is of particular interest (Novy 1978, 119 ff).

To concentrate on the basic components of Novy’s chapter on “Sozialisierungsstrategien”, the definition of different strategies of socialization in part II of his book must be acknowledged. The author distinguishes five basic strategies (“fünf Grundstrategien”, Novy 1978, 124 f):

1. Strategy of industrial self-management and administration (“Selbstverwaltung”), related to a concept developed by W. Neurath;
2. Socialization of “key-sectors” (Schlüsselsektoren), including approaches of central planning;
3. Strategy of active or aggressive (“offensive”) socialization of parts/sectors of the economy, especially by vertical socialization (formation of public trusts concerning production needed for life in all sectors of industries “Produktionsstufen”); this strategy is aimed at the decrease of private business or at control of the private economy by competition and demonstration of practical cases of policies [“Kontrolle durch Konkurrenz und Exempel (Horten)”] (Novy 1978, 125).
4. Formation of “socioeconomic islands” (“gemeinwirtschaftliche Inseln”) by segmentation of the market economy via alternative methods of organization and management;
5. “Dual-economic strategy”, oriented to the division of the economy into two sectors or groups according to preferences, forms of property, and forms of markets.

Novy adds short remarks on some strategies which he did not consider, f.e. a system of participation or “penetration” as an evolutionary strategy, oriented to mixed enterprises (“gemischtwirtschaftliche Unternehmensformen”) (Novy refers to Vandervelde 1902; Novy 1978, 125). On the whole, Novy does not trust the approaches of reforming the economic organization. The participation in property and management will turn out to be ineffective, because the mechanisms of economic functions remain unchanged. The author concludes:

Da es ... zu einer Änderung der ökonomischen Funktionsmechanismen nicht kommt, erweist sich der durch Eigentumsbeteiligung gewonnene Einfluß als kaum ausspielbar (Novy 1978, 125)

Novy refers to a broad list of names of other authors having published articles and books on socialization including f.e. Eduard Heimann, who was considered earlier in this contribution.

Summarizing, Novy’s book on “Strategies of Socialization” turns out to be an intensely researched and documented exposition of diverse approaches to reforms of the social and economic system—not only in Germany, but in any country suffering from “the dark side of the street”. Novy, yet, had to admit that there is no easy way of reforms out of capitalism towards functioning socialism.

4 Conclusions for Future Debates on Socialization

The considered works of the diverse authors presented in the paragraphs above, let conclude that the topic of socialization has motivated famous economists to investigate the opportunities and effects to move away from pure capitalism towards effective socialism. The process of socialization should be pursued in accordance with a definition of the targets and a corresponding movement of socialization.

Reviewing the considered authors, Franz Eulenburg's small but intensely documented and elaborated study, proves to be a solid theoretical study which is orientated simultaneously to sustain efficient reforms, and not revolutionary approaches to a new system of economy and society.

Similar conclusions are obvious after having considered the related works published by Eduard Heimann.

At the end of Joseph Schumpeter's famous book on the problems of socialism, the author's hesitant position in the field of discussions on socialization turned out as somewhat surprising: to wait and see!

Even after the Second World War, authors continued to demonstrate different concepts of socialization. Gisbert Rittig argued in terms of hard theoretical conditions and conclusions referring to the process and results of socialization. But the author kept up a position of skepticism concerning the introduction of a socialist system. Special problems would have to be considered following from the "Indeterminiertheit des Preissystems" and from institutional changes.

In a nutshell the comments on the selected authors and their publications allow for several conclusions regarding future strategies of socialization:

1. No one from the selected authors preferred a "social revolution".
2. The authors preferred a "soft" process of socialization, based on theoretically founded phases or a long-term process of reorganizing the institutional framework and measures of socialization.
3. To compare the concepts of the considered authors, the following characteristics of their ideas should be brought to light:
 - a. Franz Eulenberg argued in terms of "pure" economic theory, taking the market economy and a socialist economy under consideration. His argumentation may be seen in correspondence to Gisbert Rittig's later theoretical analyses of socialization.
 - b. Gisbert Rittig demonstrated the pure economic theory of socialization on the grounds of neoclassical theory.
 - c. Eduard Heimann's argumentation concerned the distinction between ideas, movement, and policies of socialization, preferring a long-term process of reforms.
 - d. Regarding Joseph Schumpeter and his analysis of socialization, the surprise about his final statements and presumptions should be noted: not any revolutionary action, but long-term reforms seemed to be preferred in the final

chapter of his famous exposition on socialism (in his book “Capitalism, Socialism and Democracy”).

- e. Klaus Novy summarized in his broad study the concepts of former authors and aimed at exposing “strategies of socialization”. He concentrated his study on five strategies, which were described shortly in the related paragraph above.

On the whole, he points out the following: The mentioned authors prefer a long-term process of socialization based on solid economic theory, allowing for effective measures of economic and social policy to open the door for the future development of peaceful socialization.

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