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**Article**

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## Economic Theory and Economic Sociology\*

By Leopold von Wiese\*\*

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### I. Economic Theory

More than ever, the question of which phenomena of human life are to be encompassed by the framework concept of socio-economics calls for a clear answer; more than ever, however, this answer seems to be much too difficult and much too exposed to the vagaries of individual or school opinion. For example, some hold the untenable view that the economy is an appendage of the law and to be understood from the starting point of this latter. Or some are inclined to simply equate economic and social activity. Or some even deprive it of its own character to the extent that it is considered as a mere sum of means in the service of superordinate purposes,<sup>1</sup> which are in part ethical, in part – today predominantly – political. It is emphasized that economic science self-evi-

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\* Translated by Hazel James.

1936. “Wirtschaftstheorie und Wirtschaftssoziologie.” *Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* 60 (VI): 647–75.

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dently has as its object interpersonal relations, which are to be grasped politically or (more generally) sociologically.

It is comprehensible, necessary even, that those schooled in economic theory should by contrast hold such a blurring of the boundaries to be exceptionally dangerous and should consider a narrow framing of the purely economic to be necessary. The old gulf which has already long existed between the economic theorist and the economic politician or historian is widening. It seems almost as if systematists and historians are no longer able to even comprehend how necessarily and self-evidentially their thought and working processes complement each other. The historians in particular not infrequently lack understanding for the extra-temporality<sup>II</sup> of logical categories. They have become so accustomed to thinking in the dimension of the temporal process<sup>III</sup> that they accuse the systematists of holding their concepts to be eternal and of elevating the transient present to the infinite,<sup>IV</sup> whilst the categories of the systematists in truth are neither eternal nor transient, but rather express nothing at all about their validity over the temporal process. They do not address the question: “When?” but rather: “Why and for what purpose?” Thinking in temporal processes has however culminated in the concept that economic theory is a doctrine of individual periods of time or development systems of the economy.

By contrast, the theory of pure economics<sup>I</sup> has retreated to an extremely narrow and abstract problem set, which in fact stands in a strangely disproportionate relationship to the breadth of the field which is in practice considered to be the economy, and which is expected to be studied by science.

Ultimately, these and other differences of question and perspective have their roots in extremely varied concepts of what science can and should achieve in our area. Here, I wish to put aside the dispute over judging, ordering, and understanding, and rather simply offer a reminder of other more or less clearly visible oppositions. It goes something like this: Political economy shall supply practice, especially political, with arguments as weapons for the battle for existence;<sup>V</sup> it shall clarify the tasks of the present era, or the national requirements; or it shall collect and order concrete facts; or it shall establish epochs of development; it shall analyze economic activity psychologically; it shall explain the connection between matters of the group and the nature of the individual;<sup>VI</sup> or rather expound the circulation of goods; or study – as mathematically as possible – the relationship between supply and demand;<sup>VII</sup> or modify the law of pricing and the phenomena following from the principle

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<sup>1</sup> The term economic theory is consistently used above in the sense of a “pure theory of the economy,” in line with what Spiethoff describes in this essay “Die allgemeine Volkswirtschaftslehre als geschichtliche Theorie. Die Wirtschaftsstile” in the Commemoration for Werner Sombart (*Schmollers Jahrbuch* 56 (6): 895). However, as Spiethoff shows there, the theory of economic styles also has its own particular corresponding economic-theoretical components.

of scarcity; or treat in theorems all the problems of equilibrium underlying all economic activity.

These and numerous other requirements and attempts for solution principally stem from the constantly resurfacing opposition of the concrete and the abstract. Here, one wishes to capture life itself as a chain of experiences, as the historian does: Without simplification, felt as a totality of events, tangled, disordered, fitful, and incomprehensible<sup>VIII</sup> in terms of logical coherence. One only actually wishes to know what is happening, seeks a witness to occurrences which one has not experienced at all, or only fragmentarily. Those describing, the detailers, the “photographers” amongst scholars do most justice to these requirements.

The others know that one cannot explain anything or present it in logically coherent ways if one does not simplify it. They practice the art of omission. They must see that events can never be objects of scientific understanding in their totality of experiences. The concrete does not belong in science. But specific elements of concrete, associable experiences may be grasped in an intellectually comprehensible order.<sup>IX</sup> The task of science is to create such orders.

The question is: What is of greater utility? Sometimes, the description of the concrete, when it is vivid enough to convey plastic images to the inner eye, is capable of awakening mentally enriching powers of reliving.<sup>X</sup> The effects are here the same as in art. In fact, we are dealing with art in this case as well, and since art is by no means lacking in immediate epistemological value (quite apart from its other values), then that evocation of totalities of experience, if conducted in a masterly fashion, also remains important and useful enough in science. However, in essence this is not science, but rather artistic activity in the field of science. Mostly, however, the road taken in this case may only be traveled in part, because the totalities of successive events cannot be ordered at all, cannot even be seen in overview. Life as a chain of experiences, that is, in the totality of actual events, can never be the object of a science. A particular science can only ever detach those elements corresponding to its task from the events, and connect and order them in this detachment. In an unattainable ideal case, there ought to be one total science complex, which would consist of numerous individual sciences and which would comprise so many simplifying abstractions that a summation of cross-sections would arise from it, encompassing the entire chain of experience. In reality, we have only a few methods of abstraction (equivalent to individual sciences), which however together only record a part of the experiential connections.<sup>XI</sup>

This means, however, that to assume that a social science could represent life as it actually is would be an entirely false expectation. One demands from it in vain a photograph of the practical world. It cannot therefore be correct, either, to object to a discipline on the grounds that its pronouncements do not correspond to full reality (where the emphasis lies on the word “full”).

Ought this not to lead to the recognition that the value of science is limited, and that its doctrines – especially to those of a reformatory bent – are dreadful? What use is a reflection of life which is itself not a full reflection, but rather only affords a stylized image such as an x-ray, and even that based in the principles of omission and decolorization?

It seems to me that one might thereupon reply: The disordered mass of experiences is a chaos which absolutely cannot be mastered by the mind. If one wishes to understand something of the world, that is, to grasp the connections between events, then one must associate the elements of phenomena which result in a connection for the intellect which does not correspond, or only partially corresponds, to that perceived from the outside. With every abstraction, one puts oneself at a distance from the total event – with the result that orders and comprehensibilities only then become apparent in the image of the world.<sup>xii</sup> Anyone who attaches no importance to grasping the connections in his experience and to making one experience useful for another, will prefer to deny the fruitfulness of science. Others, however, know that much is to be gained if one can jointly associate phenomena – even though in just one or another relationship – according to a specific and immutable question. If one wishes to come as close as possible to a total comprehension of life,<sup>xiii</sup> the only way is to pursue each individual question clearly, purely, and completely, to subsequently follow this with as many others as possible, which are to be treated equally strictly. Above all, in order not to become lost in analytical one-sidedness, the special consideration of grasping the totality must never be abandoned; every other perspective is to be retained, kept to some degree in reserve and occasionally drawn upon, without confusing each with the others; ultimately, despite all isolation, the total notion of the concrete whole should not be displaced. The whole is “envisioned” therein. The artistic evocation of the total experience mentioned above will have to resurface over and over again, not only in order to relieve the intellect by the imagination, but in order to achieve the proximity to reality which science, especially social science, requires in spite of its abstractions.

However, it will be impossible to master all experiential connections simultaneously and with equal clarity through logical thought; rather, some portions will remain in twilight or darkness, whilst others are strongly illuminated. This deficiency may be compensated for, however, by changing the “direction of illumination.” The link between the changing perspectives indicates the vision of the total object; but this interpretative vision<sup>xiv</sup> (interpretative in the sense employed by Sombart) is no logical process; it is effected by other organs of our mind and soul than those which facilitate discursive thought.

A few pressing conclusions must be drawn from this for the science of the social economy.<sup>xv</sup> There is no individual science which would be capable of comprehensively and exhaustively treating all total phenomena which are practically connected with sustenance.<sup>xvi</sup> There is only a complex of several re-

lated sciences which certainly possess the same overall object, sustenance in the collective form of life, but which each investigate different aspects of it; taken individually, each must necessarily be one-sided if they are to deliver clear results. It is naïve to think it possible to reflect all connections of economic life in all directions in such a way that typical repetitions, connections resembling laws, and potential predictions could be made possible. All those who have ever tried it either furnished mere external description or changed optics with confusing irregularity, achieving only a distorted image of reality. Anyone who approaches the theory of social science with the expectation of grasping totality, is entirely mistaken as to its essence and is bound to be disappointed. Many of the critics' misjudgments (for example of Ricardo or Marshall or the marginalist schools) arise from this kind of false expectation. Ricardo's representation of the circulation of goods and money in international trade, for example, is not proven incorrect because this schema does not correspond to the actual phenomena of today or even of that day. Or the necessity of working in theory with the fictions of a homo oeconomicus or a Robinson is not disproved because one rightly establishes that these figures do not exist. There is not a single economic theory which would not begin with Thünen's "provided that." This is almost always overlooked by the critics. Most disparaging verdicts on works of science are based in the reader or listener approaching questions and expectations which the renderer had not posed to themselves or demanded of themselves. As is also often the case in everyday life, in science too reproaches mostly miss their object; they assume something that absolutely could not lie in the direction of vision of the other.

The objection can of course always be raised: Do you not want any more, can you not give any more? How far you lag behind what we wish to know and have to know in order to have effect. Your one-sided presentations are not relevant to us. This criticism is understandable in view of the impatience with which we live. However, one can only counter the deficiency by juxtaposing a series of scientific disciplines concerning economic life, within each strictly and ascetically restricting oneself to its corresponding problematic, and subsequently comparing and striving to unite their different considerations. But every synthesis must necessarily be preceded by analyses.

If one must also impose a restriction upon the number of disciplines of economic science in order to be able to ever complete one's task, then one should at all events give the following three which are indispensable: The economic-theoretical, the economic-sociological, and the economic-ethical. The synthesis which succeeds these may be termed the economic-political, insofar as consequences for practical action are to be drawn within it.

The connection of economic theory and economic sociology is here closer than that between these two and economic ethics, since the former two deal with what is, while the latter one relates to what ought to be.

Each of these three, which find their further supplementation in economic biology, economic psychology, economic aesthetics, economic technology, and other disciplines, is equally necessary; they are triune and yet in a certain sense immiscible.<sup>xvii</sup> Not in the sense that results from the one would not be used within the context of the others, nor that they do not at times have the same individual objects, but rather in the sense of a different fundamental question and correspondingly different perspective. Together, they generate that which was earlier designated theoretical political economy, but which, as one entity, was a discordant, arbitrary, and unmethodical structure composed of three internally unequal components. Without making it apparent, the author frequently slipped out of the sociological into the economic-theoretical and then again into ethical trains of thought; this produced a constant impression of aimlessness, lack of restraint, and insecurity about what was actually the problem.

A political economic system of this type also thereby deprived itself, however, of a good portion of its influence on practical action, even though the author had precisely believed that he had to take into account all the numerous forces which actually exert an effect on the economy. He wished to endow his treatment with the correct closeness to life by allowing the purely economic, the political, the ethical, the social-technical element and anything else which might come into question, to flow simultaneously into his “General Theory of Political Economy.” He believed that because practical life combines everything with everything else in experience, then his scientific system had to do this as well. However, hereby he only produced confusion.

What we need is an economic theory which is nothing but economic theory, an economic sociology which is nothing but sociology, and an economic ethics which is nothing but ethics. Only then will the problematic which applies in each become clear and will one come to understand the necessities and requirements which flow precisely from this one-sided perspective. Only in this way will one arrive at the syllogisms, necessary deductions, and uniformity of thought processes which turn an investigation into a work of science. However, in the process it also becomes clear that this consideration alone cannot do justice to life; one is driven to supplementation; one recognizes and indicates where gaps remain, and why they have had to remain. They will be closed as soon as the new vision, the only thing which can now suffice, becomes complete.

It can therefore only be advisable to keep each of the three approaches entirely separate if the task is solely the clarification of the specific problem itself. In didactic terms, and in order to achieve a complete system, it is otherwise desirable to maintain outwardly the triunity of the old theoretical political economy. But the most important thing is the decomposition of this whole (more or less the whole textbook) into its three methodologically differently “instrumented” components, which are recognizable as such.

Precisely because the science of the social economy is the discipline of both needs and wants, and of branches of politics, and of specific forms of human coexistence, and of mutual support, and of the lives of the people, and precisely because it is not accomplished – as one so often likes to maintain today – “in a vacuum,” but rather in the lively world of humanity, this science must not mingle everything together, but must rather be treated successively as a theorem of the principle of scarcity, then as a branch of sociology, and then as a doctrine of duties.

I would also consider this order to be expedient, thus first to present that which is here termed economic theory, then economic sociology, and finally the prescriptive economic ethics (which therefore has an entirely different nature). Anyone who is of the opinion that a prescriptive perspective predicated on the formulation of recommendations does not belong within the ambit of theoretical research and teaching, may forego economic ethics. Only it should then be considered that this economic ethics also encompasses the general principles of economic politics. Politics, which of course can be interpreted in many ways, is in this case intended in a different sense to that above, when it was equated with “practical political economy.” I am here referring rather to the doctrine which prevails in Germany today according to which politics is principally the manifestation of a particular disposition (therefore of that which one terms, to use an unhappily chosen but customary word: worldview). This gives rise, however, to a close association between ethics and politics. They have become one. In order to gain access to the individual questions of practical political economy, one will not at present forego the ethical-political foundation, nor treat our science merely as the result of theoretical research, i.e. as value-free as possible. Rather, one will once again pass the finished product of economic theory and economic sociology through the refining process<sup>XVIII</sup> of political ethics (or ethical politics). Only then will one be considered fully prepared for the treatment of the questions of the day and of the practically mandated specialized problems.

But if one recognizes this, one will have to demand all the more decisively that ethical-political questions be independent. To this end, the same applies as formerly resulted from the value judgment debate: Not to dispense with such judgments and recommendations, rather to clearly separate the treatment of the spheres of the descriptive and the prescriptive.

In the following, I restrict myself however to the two other components of the General Theory of Political Economy, which resemble each other in line with the intellectual approach of the researcher and which differ in line with their methodological typology: Economic theory and economic sociology.

A linguistic deficiency disturbs us here: The opposite of “theory” is not “sociology.” Both are theories, even the economic-sociological part. Perhaps it would be better to speak of economics (“pure” economics) and socio-econom-

ics,<sup>XIX</sup> nevertheless another misunderstanding may attach to this choice of words; since that which is termed socio-economics here is in reality not economics any more, but is rather characterized precisely by driving back the actually economic. It would seem even better to speak of economics and economic sociology. Nevertheless economic theory is the conventional designation. Our only recourse (as so often) is to indicate that a mere interpretation of terms does not sufficiently clarify the matter.

Therefore, wherein lies the difference?

Economic theory never takes as its principal object a problem of interpersonal life. The circumstance that herein the market or price theory (and of the distribution of income, indeed, as in almost every other sub-section as well) includes in the very least two persons, but more often entails a multitude of people, does not make its substance a social theory. The actual sociological problematic, that is, the complex of questions on the effect of a person on another person and the nature of group life – everything which I term the problems of the social space – plays a subordinate role. The different forms of expression of human association and disassociation as well as the complexities of social distance are not treated; rather, for economic theory, the image of man (as fellow beings)<sup>XX</sup> is fairly simple and, from a sociological perspective, devoid of problems. The behavior of groups is only relevant insofar as it is influenced by the fact of the (potential) scarcity of goods, that is, of things. It is not the quantity and quality of persons, but rather of things, which is decisive. The image of man is meager, fictitious, uniform; it is that of the *homo oeconomicus*, solely oriented by the principle of scarcity. (Strange to what extent this figure of the *homo oeconomicus* is misunderstood by those who lack clarity as to the nature of economic theory; they turn the figure into a type of greed and understand it from an ethical perspective.)

Economic theory only keeps in mind a very particular necessity of life,<sup>XXI</sup> which is not derived from human social life, but from the relationships between human needs and the means for their satisfaction.

If one erroneously includes interpersonal relations by definition in the core problematic of economic theory, then one obstructs access entirely to that which is essential to the economy. In fact, we often observe that political economists are ignorant as to the essence of economic activity. This leads to the peculiarity that they proffer ethics, politics, sociology, history, psychology and, with especial enthusiasm, jurisprudence, and often make significant pronouncements upon these, but actually under a false heading. This is not only a curiosity of the history of our discipline, but also has extremely serious consequences for our practice. If those who present economics professionally discuss all sorts of things worth knowing but are simply incapable of awakening understanding for the task which is vital to life and which flows out of one of the basic necessities of our human existence, that is: To confront the (threatening) disproportion-

tion of needs and goods, then we cannot expect that other people will demonstrate sensitivity towards and understanding of this problem and its solution, or the dangers of disregarding it.

The economic-theoretical image of life may be stylized into the following simplification: There are beings – i.e. persons – who feel needs and act in accordance with these. The actual nature and the rhythm of expression of these needs are the object of economic physiology and psychology; they certainly have to be observed and recognized by economic theory (as an introduction to this), but it is not the specific subject of this latter. Above all, economic theory learns from these disciplines which supplement it that needs have an inclination to exert greater and greater influence on the quantity and degree of intensity of actions – provided that they are not driven back by external circumstances. They have a tendency to increase towards infinity. Even though a few of them (by no means all) are subject to the laws of satisfaction, the fact of their constant reappearance and their reproducibility still applies. Just as the lower life-forms have the inclination to reproduce to infinity through constant division, so new needs grow out of previous ones; if they encountered no resistance, they would soon overgrow the earthly realm.

In contrast to this one power, in which essentially only this tendency to gas-like expansion is of interest, stands another which displays the opposite inclination towards reduction if – once again: if – a particular human activity does not frustrate this tendency. This power is the capacity of goods to satisfy the needs of persons. All good things – “good” being things which satisfy needs – are scarce on Earth, not necessarily absolutely scarce, but when measured against compelling human needs.

It is therefore a matter of quantitative adjustment between the forces: Human needs and things.

One might interject: Goods are not merely objects, but also services rendered by persons. Therefore economic theory purports to bear sociological content, since services rendered are inseparable from their “bearers,” persons. Utility rendered by persons are, however, objects of economic theory and in no way subjective, i.e. to be grasped here from the starting point of the subjective character of the person. By designating work as goods (or, in the specialist case of trade: as wares), it is rightly made into an object. Here again, they are only of interest for their capacity to help to satisfy human needs. Anyone who then immediately starts to bemoan that this robs the working person of his dignity and equates him with dead material, that it turns the image of God into a thing of utility, misapprehends again the necessity of (one-sided) abstraction and omission. An objection of this kind is a matter of the interpolation of perspectives which are alien.<sup>XXII</sup> There is absolutely no intention of making pronouncements on humanity, on the totality of the working subject and his relationship to other persons (the problem of the working class is thereby by no

means resolved); rather, one is simply taking account of the fact that, in order to render things capable of satisfying human needs, human activity must also be taken into account; human activity thus enters the sphere of means of satisfaction and becomes an object, or (better) associated with objects, and thereby has to be judged according to the perspectives of relative scarcity.

When persons cultivate land, make shoes, dance in the ballet, or drive locomotives, these have many different aspects worthy of sociological, aesthetic, political, or ethical consideration; in purely economic terms, i.e. as means for overcoming scarcity, they are services rendered which yield utilities such as land, leather, gauze dresses, or iron. One may place these in a higher category of goods (as land and capital) and thus insist on correspondingly higher compensation (although it is questionable how successful this will be); but all these human services support things in unfolding their capacity to satisfy needs. As soon as these services cannot be exhaustively understood through this characteristic of a mere thing (as is the case, for example, in the scenario of the ballet included above), then they have already moved beyond the grasp of the merely economic and belong to the phenomena whose essences is not constituted by the quantitative consideration of relations of need and satisfaction.

Of principal importance is the observation that the core problematic of all economic theory concerns the relations of persons and goods, and that goods are precisely things or phenomena to be viewed as things. It is a matter of a person-thing-relation. This person-thing-relation in turn gives rise to just one problem: The establishment of an adjustment between, on the one hand, needs (all that is of relevance about persons, according to economic theory) which typically tend to expand to infinity, and, on the other hand, goods (again, all that is of interest about the thing-world) which have an inclination to become scarce. To harmonize these two contrary motions would be an impossible task, and the attempt to conquer them intellectually quixotic, were it not possible to mitigate the two opposing tendencies or to bring them into a temporary state of balance and rapprochement through that which we precisely term economic behavior or economic activity. The substance of economic theory is how this occurs in mathematical-physical ways.<sup>XXIII</sup>

The question again arises as to whether at this point it is once again necessary to slip into economic sociology and social psychology; since it is obvious that the tendencies are balanced through human work. However, a complete theory of work would, it is suggested, only be possible by addressing the problem of organization (regulation of common human work), thus by addressing a sociological task and by becoming absorbed in the mental processes of the reaction of sensations of need to the present attempt at adaptation (i.e. work).

Nevertheless, here once again, a complete and exhaustive theory of work is not a necessity for economic theory. Work as such is not an object of this discipline; at issue here is merely one sample calculation, the solution to which then

generates further tasks for the science of organization,<sup>XXIV</sup> i.e. for sociology, psychology, politics, and technology. What sample calculation?

Given the following situation: The task is (in practice and in corresponding theory) to balance supply (stock of goods) and demand (i.e. objectively calculable quantities of needs). Which approaches are feasible? First: To only satisfy as many needs as correspond to the available stock of goods. Second: To attempt to stretch the available goods (even though they will not stretch to infinity, but still) in order to satisfy significantly more needs. Third: To expand the supply of goods and restrict the needs. In the long run, the only possible approach amongst these is the third. However, significant variations may still manifest themselves within this one approach, depending on whether it tends more towards the first (compression of needs) or the second (expansion of production).

Yet how can it be possible to simultaneously achieve both an increase in production and a restriction in needs? On the one hand, one goes down the route of compulsion by the will of an authoritarian force embodied in particular persons. A headquarters orders how much is produced and to what extent needs are satisfied. If pure arbitrariness is not to persist, the problem of adapting supply and demand to each other still remains. The sample calculation is not resolved; but the scientific task is addressed in the statistical offices of the centralized authority. However, it is not simply a matter of counting; rather, given the variability of both quantities (supply and demand), a calculation of greater complexity is encountered in which equations of unknown sizes are introduced and future eventualities need to be taken into consideration. In other words: Economic theory is not displaced by a communist-centralizing organization, but rather constrained regarding the political-sociological. Every economic theory of the perfected socialist economy<sup>XXV</sup> appears relatively insignificant, by comparison with its task of organizing work, insofar as some difficulties inherent in mathematical solutions are forcefully eliminated by those in power. The Gordian Knot is not solved; it is cut through.

The other route is the more normal in the context of economic theory: An automatic apparatus is activated between the build-up of supply and the meeting of demand; this apparatus expands in one place and contracts in another, or vice versa, of its own account, as needed. This apparatus is the price mechanism.

All economic theory is nothing other than the doctrine of the movements and effects of prices. (Economic theory is price theory.) The question is simply what is counted amongst the “effects.” Effects on the build-up of supply are production influences, that is, variations in the organization of work; they thereby extend into the sphere to be treated by sociology. Restrictions of demand through price increases (the preminent function of the price mechanism) are not capable of simply eliminating needs, those psychological phenomena;

but they have the greater or lesser effect (problem of elasticity) of causing only a proportion of needs to be transformed into demand, thus to be determined and perceived quantitatively. The problem of the disproportion between experienced needs and the demand as documented on the market ties in with our observations regarding the price mechanism. Economic theory is thereby linked with questions of a social-psychological and an individual-psychological, and furthermore a sociological as well as finally a political nature.

Nevertheless, this all only serves to prove that which here is not only not in doubt, but is rather here insisted upon: That all economic theory encounters boundaries (whether here or there) where neighboring disciplines begin; these neighboring disciplines bear the problems onward. But neither the theory of the organization of human work nor the theory of the reaction of needs thereby becomes economic theory itself. Rather, economic theory receives specific results from the other disciplines (or, in market mechanism practice, receives from companies there and those expressing demand here); it then inserts these results into its calculation as variable quantities, without examining their coming into being.

The automatically self-regulating market is the immediate field of study of economic theory; however, a market- or price-free economy, or the economy of a market with limited self-regulation, pose the same tasks for economic theory if the authorities governing the market wisely recognize the principle of scarcity and regulate it as though it were left to its own devices with regard to price determination. They may leave the lessons to be drawn from economic theory more or less out of consideration, due to predominating political, ethical or related extra-economic perspectives; that is, they may restrict the applicability of economics in social life. (Which will of course then entail certain unavoidable consequences.) They may say: I know that the principle of scarcity and the requirement to aim for productivity which flows from it have imposed certain requirements on us; but, for reasons of greater importance to us, we are transgressing against this commandment. (For example, the statement that politics is more important than the economy cannot be disproved scientifically.) However, what the researcher wishes to urgently recommend to the practitioner is knowledge about what is required by the economy here, or politics there. No type of politics or ethics yet exists which can dispense with economic theory in the narrowest sense of the word, i.e. price theory, even if it is not willing to follow this in practice.

Furthermore, no matter how narrow a definition is ascribed to this “pure” economic theory, it is only narrow and brief in its fundamental problematic. (In each discipline, the core question is certainly extremely profound, but terse.) Depending on the results (as mentioned above) supplied by the neighboring sciences, the sample equilibrium calculation posed to economic theory is of a different type (even though also retaining a constant similarity). The presence of restrictions on competition in all possible forms of incomplete monopoly and polyopo-

ly,<sup>XXVI</sup> the variations in manifestations of elasticity in relation to supply, demand, and pricing, the instances of substitution which are likewise highly variable, the extremely diverse reproducibility of types of goods, the phenomena encompassed within the concept of the margin, the brevity of existence of all market phenomena, and thereby the low relevance of all merely static observations, the simultaneity of long and short waves of economic movement – these are all circumstances which render the seemingly simple task of a theory of the equilibrium of supply and demand (as the sole content of economic theory) convoluted and difficult. But precisely because this problematic of equilibrium is hardly less complex than the tasks of theoretical physics, it is absolutely necessary that no alien elements are admixed. Thus one should not sully an economic theorem about a price increase with sentimental outpourings about the position of those of us of lesser means. The gravest error is, however, to misrepresent the nature of economic theory by divesting it of its half-mathematical character in favor of a more visually appealing doctrine of man,<sup>XXVII</sup> because its dry logic is uncomfortable. The consequence of this error is the loss of a (certainly one-sided, but absolutely indispensable) perspective on economic life, that is, the actual economic perspective. The errors of an uneconomic (which here does not mean: Profligate, but rather [more generally] not derived from the principle of relative scarcity) economic practice can ruin a nation.

One can say, as Max Weber did: My own subject is not economic theory, but economic sociology; one ought not to state, however, as Sombart did: “All economic theory is entirely economic sociology.”

## II. Economic Sociology

The narrow and thus demonstrably fruitful restriction of economic theory to its actual field, that of managing goods which are scarce or at risk of becoming scarce, can only be justified if it is supplemented by its close neighbor, economic sociology. However, it should not be supposed that in this discipline the bounds of modesty will be loosened, and that theory will slip its secure confines and abandon itself to dilettantism. The theory termed sociology should be no less circumscribed and unified in its posing of its fundamental questions, its methodical stringency, and its clarity than are economic theories, even though it has no mathematics or physics to offer.

It is generally correct that that which had to be neglected in economic theory is now brought to the fore to be treated. There, it was a matter of the person-thing relation, that is, a theory of goods; here, it is a matter of the interpersonal relation, that is, an explicitly anthropological perspective. That which was there simplified to the extreme, the image of man, who was counted as the *homo oeconomicus*, now becomes the actual problem. There, the person seemed to be decisively ruled merely by a particular type of rationality; he made use of his mind only to

adapt means to the purpose of overcoming scarcity in accordance with the economic principle; here, one does justice to the reality of human nature by incorporating not only all types of intended purpose and selection of means, but above all feelings and passions in their actual association with sustenance.

So would the field then be free for an all-encompassing economic anthropology which would also contain within itself psychology and physiology through to psychiatry? Does the designation sociology thus mean the same as science of man? And would we then have the opportunity to incorporate everything which in practice stands in direct and immediate connection with the economy, that is, law, politics, technology, biology, demography, etc., as we best see fit?

If this were correct, then those who see sociology as a “conflux science”<sup>XXVIII</sup> or a pseudoscience, offering shelter to any study of man which would otherwise be homeless, would be correct. But it is not correct. Rather, at issue is not simply a study of human matters, but of interpersonal matters; it is not a consideration of man as a whole, but rather man as a fellow human being. The only aspects of his soul and body of relevance here are those which are involved in action or inaction towards other persons or groups of persons. On the other hand, all technology (in the sense of deriving utility from mechanical forces and substances) lies entirely outside the object of study (which goes to show the purely anthropological content of sociology), while law and politics are objects which only follow from sociology and which may not be commingled with it.

Economic sociology would be superfluous if it did not give expression to precisely that observation and knowledge which had to be neglected by the theory of goods within economic theory; that is, that economic activity is actually, in the overwhelming majority of cases (although not in the abstract underlying economic relationship), an expressly social procedure, i.e. a series of processes involving more than one single person. This means, however, that the course taken by the processes and their success is dependent on the effect of person upon person as well as on their group or commercial relationship. The fact around which research and teaching revolves is now not the scarcity of goods, but human proximity or distance.

This being so, however, the precondition of all economic theory, the principle of scarcity, is certainly not simply forgotten and cast aside. If this were the case, then we would not be dealing with economic sociology; no less than the social character of most economic activity is ignored by the other discipline. But in all investigations, the leitmotif is decisive in determining the basic theme. In economic sociology, the principle of scarcity is of interest only insofar as we can learn something of the common life of and effects exerted by persons from the behavior they display in the face of this principle; in economic theory, meanwhile, reference is only made to the frequently asserted social character of sustenance insofar as this peculiarity is a result of the risk of scar-

city. Again, that which is illuminated, underlined, examined more closely, generalized, and submitted to typologies is entirely different in each discipline.

If it turns out that economic theory – in its restriction to the problem of the equilibrium of supply and demand, and despite the narrowness of its fundamental question – is still capacious enough to accommodate an abundance of subordinate questions, then the overall subject of economic sociology, i.e. the study of interpersonal life on the field of planned sustenance, is overwhelmingly rich in content despite the exclusion of the purely anthropological. It is not the case that, having omitted the theories of the individual person and of the natural environment from our principal object, these are banished to the underworld. A precondition of all economic sociology is the clarification of specific questions of an extra-sociological character. It must be preceded (as it is introduced) by three loans from neighboring disciplines: a) anthropological observations concerning the economically active person in physical and psychical respects (observations with different content to the theory of needs in the introduction to economic theory), b) natural-scientific, particularly geographical expositions (here, non-human nature is treated in its influences on human sustenance), c) biological questions: Racial theory, heredity studies, population studies.<sup>XXIX</sup>

If the main part of the system thereby remains free for the mere representation of the social in human economic life, then in fact justice is done to the other of the two problems of all economic activity within this type of isolation. For in the area of life and research which we term economy and economic science, all other fundamental questions raised by persons or by things are significantly less problematic than simply the facts of scarcity there and socialization<sup>XXX</sup> here. Outside pure economics, the multiplicity of organizational tasks posed is of principal relevance. Associating people into groups, dissolving groups, bringing persons into association with each other through commerce and dissolving other commerce relationships in turn; this is the content of practical economic artistry,<sup>XXXI</sup> insofar as this extends beyond mere calculation and value comparison. By contrast, the purely individual and the merely biological appear devoid of problems or are so tied to the social-scientific element that these must also be woven into the representation.

In fact, one is much more likely to fear that the theory of interpersonal coexistence<sup>XXXII</sup> in the economy still constitutes much too wide a field. If it were presented entirely independently, it would be compelled to contain so many phenomena of human coexistence which are also observable in other spheres that it would not be capable of holding such abundance. Yet economic sociology is not only associated with economic theory via the first component of its name; it is, as the second part of the term expresses, just one of the specialist sociologies which are offshoots of general sociology. That which all spheres of interpersonal coexistence (economy, religion, art, politics, law, language, etc.) have in common, precisely the general-interpersonal, belongs to general sociol-

ogy. The particular social disciplines derive their fundamental concepts, above all, from the general: Distance, social process, social forms<sup>xxxiii</sup> and their sub-forms; they also derive from this their division into theories of process and form, their opposition of association and dissociation, and finally their entire typology of processes and forms.

Yet why are specialist theories of society, including indeed our economic sociology, necessary alongside the general? Does a particular economic socialization take place in addition to human sociability?<sup>xxxiv</sup> Are the general laws or rules of repetition which are found through abstraction not always the same wherever persons live? Do group phenomena, for example, exhibit a different nature in the economy than in politics or in art? Would it not suffice to supplement economic theory with general sociology, in order to thereby adequately reconstruct the entirety of the actual economy?

Sometimes it is actually asserted that the necessity of a general sociology is no longer in doubt; however, a particular economic sociology is superfluous.

Nevertheless, it is always the case that: If one pursues the elaboration of the particular for a while with success, then the need to discover the general becomes apparent as a new task of a different type; if one takes the other course and tracks the connections of the general, then supplementation through specificities becomes necessary. It would be incorrect to assume that the general in the social sciences must be further from reality and that our desire for the concrete and for what is close to life can only find satisfaction in the special offshoots. (This is just as incorrect as the assumption that the representation of the historically unique always offers more realistic insight than systematic extra-temporal conceptualization.) Specialist science within the sociological disciplines is not the result of a desire to escape abstraction; since the experiences of real existence are equally revelations of the general-human and are just as close to this as the pronouncements determined by the particular objectives of social activities.<sup>xxxv</sup> The representation of objects of general sociology can throb with the blood of experienced life just as much as the specialisms.

Supplementation is to be found elsewhere: The simplifying isolation which is a property of general sociology consists in dissociating the interpersonal<sup>xxxvi</sup> from the particular tasks and objectives for the fulfillment of which the respective interpersonal connection is established. Those who believe that the type of association or dissociation is only ever determined by these purposes, and who try to derive the social processes which play out in artistic life or in technology from the essence of art, or, in the case of technology, from the essence of technology alone, will necessarily be obliged to deny the possibility of a general sociology. Those who are, however, aware that (positive and negative) sociability has its own laws, and who are tempted to uncover these laws which lie beneath the detritus of the changing "concerns"<sup>xxxvii</sup> of human striving, will penetrate through to the general theory of society and will recognize its objective

as being to arrive at answers to these three questions: How can the occurrence which we term the social (no matter where it manifests itself) be explained? What is effected by the social in the human world (and indeed in every nook and cranny of this human world)? Within which contexts is the social effective (again: Here and there and everywhere)?

The sociologically trained mind must develop the ability to separate the general interpersonal from that demanded or created by the “concern” in every event. This will of course only succeed to a certain extent and will not be fully possible or at least not provable in some concrete instances; in numerous others, however, it will comprise the essence of the analysis of social processes. (Such as: Two partners run a company with a communality which is apparent even in the common workroom. A strong personal antipathy and tension develops between them; but commercial interest prohibits spatial separation and individual avoidance. The concern of the formation of the group thus stands in contrast to the general-human tendency.) For the observer, the separation of the factual necessity (“concern”) from the subjective constraints (interpersonal distance) is very easy. Sometimes, however, the threads of the two nets are very tightly interwoven; the observer who is not unfamiliar with the sociological perspective differs from someone whose eyes are untrained in this respect in that he reckons with this double tendency in occurrences from the outset and directs his gaze towards this interweaving. The social, therefore, announces itself to us in almost every social process in this duality: As general-interpersonal and as an interpersonal concern. The former is to be explained by human nature and the laws of motion of the social space; the latter also first by human nature and the social space, but also by the specific forces exerted in particular cases by the specific purposes of socialization on the two elements of the interpersonal. The magnetic needle of the social space is attracted from its usual course by the concern.

The formation of an art association, a scientific debating club, a political party, a dance circle, or a sect are different matters. If circumstances permit, however, the same laws of formation and tendencies of development are manifested both here and there; but these “circumstances” are first and foremost the forces at rest within the “concern” (art, science, politics, dance, religion).

Consequently, “general” sociology alone cannot expand economic theory into an economic science. There exists general-interpersonal which hardly has an opportunity to express itself in the economy, and there are other social processes which principally occur within sustenance. Competition, for example, is one relationship which, although by no means only occurring in economic life, is so successful and essential here that there are researchers who have (erroneously) rendered its occurrence a purely economic fact. In contrast, the interpersonal relations which have deeply erotic roots (whose exposure is documented by psychoanalysis) are very rare in economic life. Whilst analysts of male

bonding in politics, for instance, cannot overlook these internal connections, economic sociology need only take account of these in extremely entangled borderline cases.

Economic sociology will as a rule have to regard its task as highlighting the connections between societal elements which flow from the principle of scarcity by means of the real phenomena of economic life in society (market, cooperative, company, etc.). The deviations from the schema of economic theory which are constantly displayed by practical life mostly stem from these influences of the social space. If one were to superimpose the entire chart of social processes from the general sociology onto the canvas of the system of economic theory and leave it to the readers or listeners themselves to discover the extent to which the two networks match up, this would be to lay too great a burden on them. One, the researcher, needs to cut from the entire table of human relations that which by its very nature can usually only be satisfied within the area of economic life. The “concern,” which is precisely excluded in general sociology, is a thread which runs right through specialist sociologies and is never lost from sight. Of course, when observing life, certain adversities and perversities sometimes become apparent. Commercialization occurs in art and religion, and religious and aesthetic motifs occur in the economy. Economic sociology especially must avoid making the mistake of regarding the real person as *homo oeconomicus*; its main object is to demonstrate how practical action deviates from the economic principle. But it must constantly bear in mind the fundamental principles of economic theory and work with these (as, for example, the legal sociologist needs to be aware of and acknowledge the demands imposed by the idea of the law, etc.).

### **III. The Relationship of Economic Sociology to the Remaining Neighboring Sciences (Except Economic Theory)**

This is certainly a clear enough statement of all that belongs under the heading of economic sociology, and of all which does not belong here. The aim is to arrive at answers to these questions: What does the social bring about in the sphere of the human economy? Within which contexts is the social effective in this field? In other words: At issue are interpersonal connections in the field of the satisfaction of needs. In the service of the study of society,<sup>xxxviii</sup> the aim is to make a contribution to the clarification of that which is termed the social; in the service of economic science, economic theory is to be brought into greater proximity to reality through the consideration of the interpersonal.

Biological, psychological, and physiological considerations, and on the other hand the ethical, the political, and aesthetics thereby come to the fore, because the contexts within which the social appears (question II) must be clarified.

However, what is the nature of the relationship to history and philosophy? Since an independent economic history exists, possessed of an entirely different character to all systematic sociology in that its defining principle is emphasis of temporal succession, all confusion of history and sociology ought to be excluded. Insofar as philosophy is a doctrine of that which goes beyond experience, insofar as it is based in speculation, free interpretation, exposition, and insight into of essence, it has its own access to the field of the economy (precisely as economic philosophy), as it has to every other sphere of social life. However, it should not be confused with sociology which focuses on empirical matters; philosophy (in the sense just outlined) lies outside any science (in the narrower sense of the term) and thereby also beyond economic sociology. Insofar as philosophy is epistemology, logic, and methodology, it is self-evidently the scientific basis for all other sciences, including economic sociology; philosophy holds up every system, and its perspective is thereby also that of sociology. The two types of philosophy must, however, be kept clearly distinct from each other.

Meanwhile, the relationship to the philosophy of history, that is, to the attempt to interpret the meaning and essence of historical epochs, requires a clearer determination. The primary and most immediate task of economic sociology ought always to be the presentation of a logical-systematic intellectual structure of the greatest possible general applicability and thereby contribute to relative timelessness. However, it is the case even for general sociology that only the most general categories (distance, association, dissociation, mass, group, etc.) apply for all periods and places in which persons live; that, however, as one gradually descends from the category of fundamental processes via the main processes to the individual processes, that is, as one more closely approaches the casuistry of individual cases, a bond obviously exists to particular periods and particular spaces on Earth. Historical classification thereby asserts an increasing claim. In systematic general sociology, however, which aims of course to elevate the general-interpersonal precisely above the multitude of changing processes, the tendency to escape the historical bonds of the social will predominate. The task (in contrast to that of all historical science) is precisely to show the less-transient, the lasting, or the constantly-repeating.

But in the case of research into economic life, the allegedly eternal occupies an even more restricted space than it does in the case of the general study of society. The inclination to join together with other persons or to separate from those felt to be unequal to oneself is present in all eras. By contrast, the planned avoidance of the scarcity constraints<sup>xxxix</sup> and the creation of an organization appropriate to this task is a cultural achievement whose necessity is only gradually understood and which is then only sustained to a variable degree in the development of culture.

General sociology distinguishes the fundamental processes of bonding and debonding in interpersonal coexistence; economic theory considers fundamental processes of this type to be communal-economic<sup>xl</sup> (processes of stronger

bonding) and market-economic (processes of weaker bonding, linked with elements of debonding). Even in the case of this fundamental dichotomy, a historical circumstance must be taken into account: Commerce (i.e. processes of exchange) is a product of culture and therefore of history.

Historical thought is therefore accorded more space in economic sociology than in general sociology. However, this does not turn the former into history or historical interpretation. Its task does not consist, insofar as its first half is a systematic science, in following in the footsteps of time or in packaging series of temporal processes into epochs of development,<sup>XLI</sup> but rather in establishing intellectually comprehensible, logically ordered connections from actualities of economic life, which as such are self-evidently historical facts, whilst disregarding their temporally-bound nature.

It will certainly be desirable to supplement this systematic and thereby relatively extra-historical section with a second, which treats historically-changing economic styles. This historical economic sociology is separated from economic history by the same thing which distinguishes history from sociology overall. The unique is not the object of the study of society, but rather repetition and type. Summarization into periods dispenses with the precision in the temporal delimitation of individual “data;” it simplifies the manifold nature of history by sifting what appears essential to it, and by discarding that which appears of no relevance according to its fundamental question. The emphasis is placed so strongly upon according prominence to the idea, the sense, the values, the lasting effect that there is little by way of agreement between the narratives and the actual circumstances – that is, by way of that for which the “pure” historian strives above all – by comparison with absorption in demonstrating the epochal idea.

The origins of precisely this idea and this historical “sense” thereby become decisive. These are generally employed due to a historical speculation or an ethical or political demand. In this case, this historical economic “sociology” would not be sociology at all either; it would belong to the first part of the (aforementioned) philosophy (of history). To link a speculative historical part with a preceding systematic part would be an absolutely objectionable commingling of two essentially alien modes of thought; that which should be kept apart from sociology would gain re-admittance.

However, historical economic styles may also be treated strictly sociologically;<sup>2</sup> especially if one restricts oneself to a descriptive history of ideas which draws its material from literature and the acts of the state. Selection is decisive here. The determining perspectives are drawn from general sociology and economic theory; it is asked: Which concepts of human economic coexistence pre-

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<sup>2</sup> Spiethoff clearly shows how they are to be treated scientifically, in “Die allgemeine Volkswirtschaftslehre als geschichtliche Theorie. Die Wirtschaftsstile,” Commemoration for Werner Sombart, *Schmollers Jahrbuch* 56 (6): 896 ff.

dominate in that era? How do these relate to the ideas of other epochs? How are they expressed in practice? The classification categories for this material are the same as those in the systematic part.

The suppositions which set out to find within economic sociology a position of prescriptive (not descriptive) and prevailing moral evaluation in respect to the “ideas” governing the economy (liberalism, socialism, Bolshevism, fascism, etc.) are excessively narrow, and sometimes outright erroneous. I repeat that I consider it to be inappropriate to dispense entirely with value judgments by the author concerning the great economic styles; however, evaluation as a main object of a system belongs within economic politics or ethics, thus to the sphere of the sciences of what ought to be, not the sciences of what is.

On the other hand, economic sociology is more than a mere theory of structure and organization. Research into economic bodies (collectives) belongs to the theory of economic forms, thus to the second half of its systematic section. The theory of organization has a technical component which is unsociological, and a sociological component which contains the rules of application of economic study of society.

The idea that economic sociology is nothing but a theory of estates and classes is even narrower, hence even more gravely erroneous. These are chapters of the theory of forms.

#### **IV. A Line of Thought for an Economic Sociology: Money and Credit as Examples**

Out of the character of our discipline thus recorded, a corresponding line of thought is also generated for the structure of the system of economic sociology. Here follow a few issues which should not be overlooked.

Since the systematic half is nothing other than an “offshoot” of general sociology, it should correspond to this to as great an extent as possible, and should treat first the social processes of economic life and then its forms.

As far as the representation of social processes is concerned, it should clearly establish the double connection (discussed above) with economic theory and with the theory of general interpersonal coexistence. In one of the three chapters of this main systematic section, it should therefore evaluate first of all the social character of the main processes of the economy, how they differ from economic theory, and how they can be classified according to their perspectives: That is, production, consumption, trade and, their sub-processes; and subsequently discuss the fundamental economic concepts in appropriate fashion, that is: Price, value, money, credit. It seems to me to be above all fruitful to analyze these terms and their problematics initially purely in terms of economic theory, and then exhaustively in terms of sociology. Is it not the case that con-

sideration in such close juxtaposition and yet with such contrasting and clearly distinguished methodologies must necessarily clarify phenomena to an extent otherwise impossible? How much dispute, misunderstanding, and muddle is done away with at one stroke!

In this chapter, therefore, we will remain on the path of economics, whilst also diverting within each paragraph into the field of sociology to show how the economic phenomenon looks from there. The previously rigid and excessively stylized outlines of each individual image will be imbued with the life of their social context, of course thereby stripped of strict economic regularity, as indicated above.

In the next chapter, we turn to the processes depicted by general sociology and we ask whether and to what extent these occur in economic life, and what particularities they demonstrate due to the inclusion of this “concern,” that is, how they take on certain processual patterns<sup>XLII</sup> when subjected to the principle of scarcity. Now we are on the sociological path; however, we are disregarding everything which cannot be frequently shown within economic life. The excessively brightly-colored brushstrokes of each interpersonal image are simplified by the washing-away of all extra-economic processes, for example in the case of dominating and serving, exploitation, socialization, etc.

In the theory of forms,<sup>XLIII</sup> the division into framework and organized forms proves to be the most productive. Thus the world economy is a framework which shows tendencies towards organization, whilst the national economy displays a much more highly-unified character as a result of organization.

The second part, historical sociology, has finally to trace the course taken by and the changes seen in the ideas of economic policy and ethics, which become consolidated into standard systems.

Giving consideration to these (and other) perspectives, the following schema is generated for the train of thought of an economic sociology.

### *Table 1*

#### **Economic Sociology**

Introduction: I: Relationship of Economic Theory and Economic Sociology

II: Relationship of General Sociology and Economic Sociology

#### **Systematic Part**

##### **A. The Social Processes of Economic Life**

Chapter I: The Economic-Social Overall Process

§ 1: Systematic Classification of General Social Processes

- § 2: The Fundamental Categories of Economic Activity
- § 3: Economic Activity as a Series of Economic-Social Processes
- § 4: Analysis of General Economic-Social Processes
- § 5: Needs and Values

#### Chapter II: Main Processes of the Economy

- § 1: Production and Consumption
- § 2: Trade
- § 3: Value, Price, Money, and Credit
- § 4: In Particular: The Relationship of Value and Price
- § 5: Money:
  - a) As an Economic Means
  - b) As a Social Institution
- § 6: Credit:
  - a) As an Economic Means
  - b) As a Social Institution

#### Chapter III: The Main Social Processes of Economic Life

- § 1: Person-Thing Processes of Economic Life Which Are, however, Mostly Indirect Interpersonal Processes (e.g. Storing, Hoarding, Saving, Investing).
- § 2: General Social Processes Which Often Occur in Economic Life (e.g. Leading and Following, Dominating and Serving, Exploiting, Socializing, Participating, Uniting, etc.)
- § 3: In Particular: Competing
- § 4: In Particular: Organizing and Centralizing
- § 5: Type-Specific Social Processes of Economic Life:
  - a) Socialist Economic Processes
  - b) Market Economic Processes

### **B. The Social Forms of Economic Life**

#### Chapter I: Structure: Markets

#### Chapter II: Organized Forms

- § 1: Of Private Nature:
  - a) Consuming Households
  - b) Private Factories
  - c) Private Enterprises
  - d) Cooperatives
  - e) Associations of Enterprises
- § 2: Of Public Nature:
  - a) State Economies
  - b) National Economies
  - c) Economic Forms of Associated National Economies
- § 3: The World Economy as an Intermediate Form of Structure and Organized Form

## Chapter III: Relationship of Public and Private Forms with:

§ 1: The State and Law

§ 2: Technology

§ 3: Professions, Estates, and Classes

§ 4: Family, Nation, and Race

**Historical-Systematic Part****The Historical Systems of Norms in Economic Life<sup>3</sup>**

## Chapter I: Fundamental Features of Systems of Norms

## Chapter II: Capitalism

## Chapter III: Socialism

## Chapter IV: Communism

The paragraph titles especially of the first chapter of systematic section A will of course not mean much to the reader, since the significance of the different designations: 1. general-social, 2. economic-social, and 3. economic, only becomes clearly apparent as the program is executed. However, mutual understanding between reader and author may be assisted if I conclude by attempting to sketch out what is to be worked out here, using the example of money and credit (§ 5 and § 6, section A, chapter II).

The double perspective emphasized above – first, basic purely economic-theoretical sketching, and then diving deeper into economic-sociological considerations – and the distinction thereby established between the two perspectives is especially fruitful in the case of money and credit. The question there (sub-paragraph § 5 a: Money or credit as an economic means) is its function in the service of overcoming scarcity; here (sub-section § 5 b: Money or credit as a social means), these two tools of the economy appear as the instruments of binding or separation in interpersonal trade.

It will be readily understood that an economic-theoretical sketch on the subject of money which, as a mere introduction to a sociological treatment cannot go into the complexity of individual questions, will foreground its economic task, that of being a general means of exchange and a general measure of value. It will set aside the perspective of jurisprudence, which sees it as a general means of payment, as well as the perspective of any technical economic questions. It seems to me that discussion will successively treat: The properties of money, the contrast between direct and indirect exchange, and the advantage of

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<sup>3</sup> I am only presenting the contents sketch of this section in shortened form since it is more distanced from the discussed context.

the latter, the connection between money and market, the relationship between metallism and chartalism, of any type of money to capital, and finally its principal economic deficiency, that of being insufficiently stable as a measure of value. The investigation into the relationship between money and assets, initially conducted entirely from the perspective of overcoming scarcity, then leads into the sociological section: This is governed by the idea that a general instrument of trade is able to become the purpose of the economy precisely as a result of its generality, and that a tool of exchange of this nature must simultaneously be an essential instrument of human association and dissociation. The question thereby arises: What type of interpersonal relations are created by money and the monetary economy? Further, as a contribution to the theory of forms: What role is played by the state as the body which first enables money to fulfill its task in the economy?

The first of these two questions treats the problem of the nexus of personal relationships to relationships to things or objects, which is also extremely important in general sociology; money, more than almost anything else, executes the social task of objectifying<sup>XLIV</sup> interpersonal relations. The unavoidable extension of monetary trading to contexts which are by their very nature not accessible to objectification endows this exposition with a tone verging on the tragic. Above and beyond this, the finale to the sub-section is obviously the complex of questions implied by the terms wealth of power and power of wealth,<sup>XLV</sup> aristocracy and plutocracy, mobile and immobile assets, possession (or lack) of money and wealth (or poverty), symbol and symbolized object. The investigation of the monetary monopoly of the state, especially of the limits of this power, is of a different nature. The presentation of this flows into the general opposition: The relationship of the state to the economy and, even more generally, the relationship of politics to sustenance.

The case of credit demonstrates even more clearly the necessity of drawing a distinction between economic-theoretical and economic-sociological consideration. The former discusses the question of how new possibilities of overcoming scarcity may be created through the temporal separation of giving and taking (to describe it briefly and imprecisely). The sociological concept of credit, which relates to the interpersonal relationship thereby founded, should be deployed, it seems to me, in the case of deeper exploration of the nature of trust as a social relation. It should further be shown, however, that the trust designated as credit represents an objectified form which mostly has little in common with trust of a personal hue. In this case it is very apparent how the “concern” (denoting a specialized sociology), that is here the scientific species of the trust, transforms the general character of the interpersonal relation.

The problems of interest, which are closely tied to the objective facts of credit, which have been discussed almost to excess by economic theory, lead to a question of no lesser sociological importance: Is the added value of the product,

from which the interest is created, a result of interpersonal processes or a category of the person-thing-relationship? The fundamental methodological question which we foregrounded earlier returns here as a problem of fact. I shall leave this question unanswered here and shall content myself with indicating that the exposition passes into investigations concerning the connection of the bank and the (material value-creating) business, furthermore of capital and labor. Ultimately, what remains to be discussed is once again the role of the state, in particular its attitude to the “slavery to interest.”<sup>XLVI</sup>

However, this essay must be interrupted here, since it is concerned only with the elucidation of a program and not with its execution.

### Annotations

- I “bloße Summe von Mitteln im Dienste von übergeordneten Zwecken”.
- II “Außerzeitlichkeit”.
- III “in der Dimension des Zeitablaufs zu denken”.
- IV “das vergänglich Gegenwärtige ins Unendliche”.
- V “Argumente als Waffen im Daseinskampfe”.
- VI “Zusammenhang von Gruppenbelangen und der Artung des Einzelmenschen”.
- VII “Vorrat und Bedarf”.
- VIII “verwickelt, ungeordnet, sprunghaft und unverstehbar”.
- IX “in einer verstandesmäßig verstehbaren Ordnung”.
- X “Kräfte des Nacherlebens”.
- XI “Erlebniszusammenhänge”.
- XII “daß erst jetzt Ordnungen und Begreifbarkeiten im Weltbilde spürbar werden”.
- XIII “einer Totalerkenntnis des Lebens möglichst nahe kommen”.
- XIV “verstehende Schau”.
- XV “Wissenschaft von der gesellschaftlichen Wirtschaft”.
- XVI “Unterhaltsfürsorge”.
- XVII “sie sind dreieinig und doch in einem bestimmten Sinne unvermischbar”.
- XVIII “Erhitzungsprozeß”.
- XIX “Ökonomik (‘reiner’ Ökonomik) und Sozial-Ökonomik”.
- XX “(als Mitmenschen)”.
- XXI “eine ganz bestimmte Lebensnotwendigkeit”.
- XXII “Hineintragung wesensfremder Gesichtspunkte”.
- XXIII “wie sich das rechnerisch-physikalisch vollzieht”.
- XXIV “Organisationslehre”.
- XXV “der vollendeten Gemeinwirtschaft”.
- XXVI “Formen der unvollständigen Mono- und Polypole”.
- XXVII “zugunsten einer mehr anschaulichen Lehre vom Menschen”.
- XXVIII “Konfluxwissenschaft”.
- XXIX “c) biologische Fragen: Rassenlehre, Erblehre, Bevölkerungswesen”.
- XXX “Vergesellschaftetheit”.
- XXXI “Inhalt praktischer Wirtschaftskunst”.
- XXXII “Lehre vom zwischenmenschlichen Leben”.
- XXXIII “soziale Gebilde”.
- XXXIV “Gibt es neben der Gesellung des Menschen schlechtweg noch eine besondere ökonomische Vergesellschaftung?”.
- XXXV “von besonderen Zwecksetzungen sozialer Betätigungen bestimmt”.

- XXXVI “Lösung der Zwischenmenschlichkeit”.
- XXXVII “Betreffe”.
- XXXVIII “Gesellschaftslehre”.
- XXXIX “Abwendung der Knappheitsnöte”.
- XL “gemeinwirtschaftlich”.
- XLI “zeitliche Prozeßreihen zu Entwicklungsepochen”.
- XLII “Ablaufsformen”.
- XLIII “Gebildelehre”.
- XLIV “Versachlichung”.
- XLV “Machtreichtum und Reichtumsmacht”.
- XLVI “Zinsknechtschaft”.