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## Eccentric Circles: Rudolf Goldscheid and the Unrealized Goal of *Menschenökonomie* during the Era of Socialization

Janek Wasserman 

University of Alabama, Tuscaloosa, AL  
E-mail: [wasserman@ua.edu](mailto:wasserman@ua.edu)

### Abstract

This article explores the sudden rise in popularity and limited long-term impact of Rudolf Goldscheid's work around the time of the Great War. Goldscheid is remembered as a founder of central European sociology, a creator of fiscal sociology, and a fin-de-siècle feminist and pacifist. His reputation ranks behind many of his peers in the social sciences, however. A reevaluation of Goldscheid's position within the fin-de-siècle intellectual landscape of Vienna and central Europe reveals why his sudden success—which was really decades in the making—did not endure in the same way as that of Joseph Schumpeter or Otto Neurath, among others. Goldscheid's ideas seemed innovative in the revolutionary years 1918–1920, yet they were frequently misunderstood. His eccentric position in the socio-liberal sphere of fin-de-siècle Vienna seemed to mute his political impact after the war. A better appreciation of Goldscheid's work not only enriches our understanding of his innovative proposals but also illuminates a frenetic, experimental era in central European history.

**Keywords:** Rudolf Goldscheid; fiscal sociology; socialization; *Menschenökonomie*; Joseph Schumpeter; intellectual history

By April 1919, the Viennese social scientist Rudolf Goldscheid was recognized as the world's foremost expert on fiscal sociology. The Austrian socialist press made repeated references to his seminal book *Staatssozialismus oder Staatskapitalismus*, which sold out immediately and went through multiple editions.<sup>1</sup> The *Arbeiter-Zeitung* published Goldscheid on the front page with an article about wealth confiscation (*Vermögensabgabe*), and the Austro-Marxist theoretical monthly *Der Kampf* discussed his *Finanzsoziologie*, a new approach to state finances and tax policy.<sup>2</sup> The leading finance figure in the Viennese municipal government, Hugo Breitner, wrote approvingly of Goldscheid's socialization ideas, and in early April he was asked to join the Austrian Socialization Commission.<sup>3</sup> In *Der Morgen*, *Staatssozialismus* was called “a trend of the time,” and the unnamed socialist author preferred Goldscheid's post-war economic plans to those of the Social Democratic Party (SDAP) leader Otto Bauer and the Austrian Finance Minister Joseph Schumpeter, respectively. Goldscheid was even mentioned as a potential successor to Schumpeter.<sup>4</sup>

<sup>1</sup> *Das Fremden-Blatt*, August 28, 1917, 15.

<sup>2</sup> Rudolf Goldscheid, “Kriegskredite und Vermögensabgabe,” *Arbeiter-Zeitung*, March 16, 1918, 1; Friedrich Wanderer, “Krieg und Finanzsozialismus,” *Der Kampf* 11, no. 4 (1918): 227–42; Friedrich Wanderer, “Die Vermögensabgabe,” *Der Kampf* 11, no. 10 (1918): 691–704.

<sup>3</sup> Hugo Breitner, “Vermögensabgabe und Sozialisierung,” *Arbeiter-Zeitung*, March 21, 1919, 1–2. On his commission appointment, see *Die Zeit*, April 6, 1919, 4.

<sup>4</sup> R. L., “Vermögensabgabe und Sozialisierung,” *Der Morgen*, April 28, 1919, 5–6; *Die Zeit*, June 11, 1919, 4. Goldscheid also drew the ire of conservative publications for the first time—namely *Die Reichspost*—

Despite this acclamation, *Staatssozialismus's* reception frustrated Goldscheid: "Within a few months a new edition of my book became necessary. That should generally be viewed as a success. Nevertheless, this result does not satisfy me *at all*. My book has been widely read and discussed but it has not been used as a basis for work (*Arbeitsgrundlage*). As long as this is the case, I have failed in my most important purpose."<sup>5</sup> Goldscheid's main objection was that his ideas had not had a real-world impact, which was all the more disappointing given the widespread interest in new socialist programs and socialization efforts during and immediately after the Great War. For Goldscheid, his *Finanzsoziologie* was not primarily an academic methodology; it was a tool for transformation in a time of crisis. The Great War laid bare the fiscal limitations on modern states. His new approach charted a middle way between Marxist models of total socialization and the liberal capitalist status quo. It would maintain the free market, shore up the state's budget, and stave off social misery. His program was not just economic or political, it was humanistic: it was designed to create a human economy (*Menschenökonomie*) in a peaceful world.<sup>6</sup> While his audience remained small, many of his peers, such as Schumpeter, Josef Popper-Lynkeus, Karlis Balodis, and Otto Neurath, saw opportunities to serve on commissions or in government capacities. Balodis and Popper had devised plans for agricultural and industrial production and universal basic provisions of food, shelter, and clothing, which were now under consideration in Germany and Austria. Otto Neurath, following in his father Wilhelm's footsteps, introduced the idea of a natural, in-kind economy based on a centralized administrative state that could better meet social demands than a free market system. Goldscheid, while connected to these thinkers through central European circles, enjoyed fewer opportunities, and these all but dried up after 1920.

This article explores the sudden rise in popularity and limited long-term impact of Rudolf Goldscheid's work during and immediately after the Great War. Today, Goldscheid is remembered as a founder of central European sociology societies, a creator of fiscal sociology, a fin-de-siècle feminist and pacifist, and an evolutionary thinker.<sup>7</sup> His reputation ranks behind many of his peers in the social sciences and social reform movements, however, despite his major innovations. A reevaluation of Goldscheid's position within the fin-de-siècle intellectual landscape of Vienna and central Europe reveals why his sudden success—which was really decades in the making—did not endure in the same way as that of Schumpeter or Neurath. If Goldscheid's ideas seemed exciting and new in the heady, revolutionary days of 1918–1920, they were frequently simplified and misunderstood. They also retreated to their original contexts once that moment passed. His eccentric position in the socio-liberal sphere of fin-de-siècle Vienna seemed to mute his political impact after the war and the collapse of the Habsburg Empire. A better appreciation of Goldscheid's work not only enriches our understanding of his innovative proposals but also illuminates a frenetic, experimental era in central European history.<sup>8</sup>

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where he was referred to as "the Jew Goldscheid." *Die Reichspost*, November 15, 1918. Translations are mine unless noted.

<sup>5</sup> Rudolf Goldscheid, *Staatssozialismus oder Staatskapitalismus. Ein finanzsoziologischer Beitrag zur Lösung des Staatsschulden-Problems* (Vienna: Anzengruber, 1917), vii.

<sup>6</sup> Goldscheid, *Staatssozialismus oder Staatskapitalismus*. viii–xviii, 22–23; on *Menschenökonomie*, see page 17.

<sup>7</sup> Much of the most recent Goldscheid scholarship treats his demographic and evolutionary work. See Gudrun Exner, "Rudolf Goldscheid (1870–1931) and the Economy of Human Beings," *Vienna Yearbook of Population Research* 2 (2004): 283–301.

<sup>8</sup> The literature on central Europe in 1918–1920 is expansive, yet an intellectual history is missing. A brief sample: Robert Gerwarth, *November 1918: The German Revolution* (Oxford: Oxford University Press, 2020); Eliza Ablovatski, *Revolution and Political Violence in Central Europe: The Deluge of 1919* (Cambridge: Cambridge University Press, 2021); Heinrich August Winkler, *Von der Revolution zur Stabilisierung: Arbeiter und Arbeiterbewegung in der Weimarer Republik 1918 bis 1924* (Berlin: Dietz, 1984); Allan Mitchell, *Revolution in Bavaria, 1918–1919: The Eisner Regime and the Soviet Republic*, reprint ed. (Princeton, NJ: Princeton University Press, 2015). On socialization, see Jürgen Backhaus, Günther Chaloupek, and Hans A. Frambach, ed., *The First Socialization Debate (1918) and Early Efforts Towards Socialization* (Cham: Springer, 2019). On the socialist calculation debate, see Günther K. Chaloupek, "The Austrian

In addition to reevaluating Goldscheid's intellectual standing, this article also argues for a revision of the dominant model for mapping German-speaking central European intellectual life: the *Kreis* (circle).<sup>9</sup> Scholars have long mapped Viennese circles.<sup>10</sup> These treatments reveal the importance of social-intellectual entanglements and intersections for the acceptance of individuals and their ideas. With a few exceptions,<sup>11</sup> however, the distortive effects of political and economic conditions on the reception of ideas or the popularity of thinkers receive scant attention. The gravitational pull of these forces transformed central European circles into eccentric ones that require more than just an understanding of cultural capital, networks, degrees of interaction, modes of intellectual transmission, and institutions of knowledge production. Drawing on recent work on epistemic communities, thought collectives, and neoliberalism, these eccentric, politico-intellectual circles come into relief.<sup>12</sup> To understand them, we must move beyond a two-dimensional model of the cultural field to a multi-dimensional one that includes political and economic conditions more prominently. To return to Goldscheid, his attempts to enact his fiscal sociology and a larger program of *Menschenökonomie* demonstrate the challenge in taking ideas from particularist milieux to broader ones, especially in changing political and economic circumstances. Goldscheid was a successful scholar and well-connected activist, yet these were not enough to ensure long-term impact. His fiscal sociological ideas did not conform to either Marxist or liberal economic modes, and his holistic, naturalistic vision of *Sozialwissenschaft* placed him outside prevailing discourses. Goldscheid therefore struggled for lasting influence, enjoying popularity only in experimental periods when traditional political and economic forces exercised less pull.<sup>13</sup>

To fully comprehend Goldscheid's decades-in-the-making overnight success and its retreat after the era of socialization, the article will begin with a presentation of Goldscheid's intellectual development and his place within the social scientific community and Viennese cultural circles. It will focus on Goldscheid's unconventional trajectory and his unusual, evolutionary economics, which deployed an idiosyncratic terminology and value system. The uniqueness of his approach produced incomprehension in his interlocutors, as his role in the value judgment debate reveals. Goldscheid was a significant figure in fin-de-siècle Vienna, yet he was also poorly understood outside of his feminist, pacifist, and humanist circles. Despite these early limits on his appeal, Goldscheid gained new

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Debate on Economic Calculation in a Socialist Economy," *History of Political Economy* 22, no. 4 (1990): 659–75; David Ramsay Steele, *From Marx to Mises: Post-Capitalist Society and the Challenge of Economic Calculation* (La Salle: Open Court, 1992).

<sup>9</sup> One could also reexamine the concept of the school, group, or thought collective in a similar fashion. See Lawrence Stone, "Prosopography," *Daedalus* 100, no. 1 (Winter 1971): 46–79; Randall Collins, *The Sociology of Philosophies: A Global Theory of Intellectual Change* (Cambridge, MA: Harvard University Press, 1998); Pierre Bourdieu, "The Field of Cultural Production; or, the Economic World Reversed," *Poetics* 12 (1983): 311–56.

<sup>10</sup> A brief list: Friedrich Stadler, *The Vienna Circle* (Vienna: Springer, 2001); Edward Timms, *Karl Kraus, Apocalyptic Satirist: The Post-war Crisis and the Rise of the Swastika* (New Haven, CT: Yale University Press, 2005), 103–22; Deborah Coen, *Vienna in the Age of Uncertainty: Science, Liberalism, and Private Life* (Chicago, IL: Chicago University Press, 2007); Erwin Dekker, *The Viennese Students of Civilization* (Cambridge: Cambridge University Press, 2016); Janek Wasserman, *The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas* (Ashland, OR: Blackstone Publishing, 2019); Ohad Reiss-Sorokin, "Thinking Outside the Circle: The *Geistkreis* and the Viennese 'Kreis Culture' in America," *Modern Intellectual History* (2021): 1–27.

<sup>11</sup> Wasserman, *The Marginal Revolutionaries*, and Janek Wasserman, *Black Vienna: The Radical Right in the Red City, 1918–1938* (Ithaca, NY: Cornell University Press, 2014) and, to a degree, Stadler, *The Vienna Circle* and Timms, *Karl Kraus, Apocalyptic Satirist*.

<sup>12</sup> On epistemic communities, see the special issue of *International Organization* 46, no. 1 (1992). On thought collectives, see Philip Mirowski and Dieter Plehwe, ed., *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009). See also Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018).

<sup>13</sup> The acceptance of holistic scientific viewpoints was far more common in German-speaking natural sciences. See Anne Harrington, *Reenchanting Science: Holism in German Culture from Wilhelm II to Hitler* (Princeton, NJ: Princeton University Press, 1996).

interest during the Great War, when he initiated a debate on the viability of the modern tax state. This work, which included his invention of fiscal sociology, sparked a controversy with Schumpeter and launched Goldscheid into public policy discussions. While Schumpeter's skillful-yet-evasive disarming of Goldscheid's argument played a significant role in Goldscheid's contemporary marginalization—and his subsequent discounting by scholars—Schumpeter was not alone in overlooking Goldscheid's emancipatory goals for a human economy. Goldscheid's fiscal sociology was reduced to a technical tool of modest appeal. The final section turns to the socialization debates of the postwar era when Goldscheid and some of his fellow reformers struggled to turn their long-gestating ideas into actual programs. The final section will explore why Goldscheid's relevance waned quickly, and his brief success was quickly forgotten.

### **Goldscheid's Unconventional Thought and Career Path**

Rudolf Goldscheid was a respected thinker and public intellectual in fin-de-siècle central Europe, yet he took an unconventional route to prominence. This heterodoxy inflected much of his work and its reception. Goldscheid is best known for his organizational work for the nascent sociological community and for feminist and pacifist societies. He was a cofounder of the Deutsche Gesellschaft für Soziologie (DGS) and the Viennese Soziologische Gesellschaft (SG), the first German sociological societies. He contributed to leading publications on fiscal science, including a chapter in the field's standard reference work.<sup>14</sup> He was a member of the Monist League and the League for Human Rights, placing him squarely within Vienna's "late enlightenment" sociocultural milieu.<sup>15</sup>

Goldscheid's scholarly trajectory was unusual despite those accolades, and it lacked the trappings of conventional academic success. Born in 1870, he left gymnasium in the late 1880s without completing the university entrance examination, the Matura. He never undertook a formal course of university study—he did attend some courses in Vienna—instead writing novels and dramas. He became known as an early feminist for his portrayal of female characters and discussion of the women's question.<sup>16</sup> His early work offered interdisciplinary investigations of philosophy, psychology, and sociology that did not fit neatly into any field. His definition of the social sciences had a holistic bent, which was out of step with most practitioners: "The task of social science is, starting from the basic conditions of human life, to determine objectively the means of human social life.... Its highest task must be adherence to knowledge of the developmental principles of humanity as a totality."<sup>17</sup> His emphasis on humanity as an integrated whole countered popular Social Darwinist, eugenicist, and racist approaches to the human sciences. He also argued for considering ethics as a subfield of social theory because ethics "relates the duties of the individual to his surroundings and ultimately to his fatherland and the totality."<sup>18</sup> Like his Austro-Marxist contemporary Max Adler, Goldscheid perceived a kind of "socialized a priori" that made social knowledge and action possible.<sup>19</sup> Goldscheid's emphasis on living conditions, social

<sup>14</sup> Rudolf Goldscheid, "Staat, öffentlicher Haushalt und Gesellschaft. Wesen und Aufgabe der Finanzwissenschaft vom Standpunkte der Soziologie," in *Handbuch der Finanzwissenschaft*, ed. Wilhelm Gerloff and Franz Meisel, vol. 1 (Tübingen: Mohr, 1926): 146–84.

<sup>15</sup> Friedrich Stadler, "Spätaufklärung und Sozialdemokratie in Wien, 1918–1938," in Franz Kadroska, ed., *Aufbruch und Untergang: Österreichische Kultur zwischen 1918 und 1938* (Vienna: Europaverlag, 1981): 441–73.

<sup>16</sup> Rosa Mayreder, "Rudolf Goldscheids Persönlichkeit und Stellung zur Frauenfrage," *Die Friedens-Warte* 30, no. 7–8 (July/August 1930): 195–96. See also Harriet Anderson, *Utopian Feminism: Women's Movements in Fin-de-Siècle Vienna* (New Haven, CT: Yale University Press, 1992).

<sup>17</sup> Rudolf Goldscheid, *Zur Ethik des Gesamtwillens* (Leipzig: Reiland, 1902), 1.

<sup>18</sup> Goldscheid, *Zur Ethik des Gesamtwillens*.

<sup>19</sup> On Goldscheid, see Arno Bammé, *Rudolf Goldscheid. Eine Einführung* (Marburg: Metropolis, 2020); Max Haller, ed., *Aktuelle Probleme der Finanzsoziologie. Die Fragestellungen von Rudolf Goldscheid heute* (Vienna: Lit, 2018); Jochen Fleischhacker, "Menschen- und Güterökonomie. Anmerkungen zu Rudolf Goldscheids demoökonomischen

solidarity, and the development of the species differentiated his approach. His vision of a “total will” (*Gesamtwillen*) was cosmopolitan and humanistic—the individual could only thrive in conditions where the totality prospered.

Goldscheid turned his attention to economics as a scientific discipline and the capitalist economy as a social structure, and he produced a critique of the status quo in both. His earlier interest in human development led him to incorporate evolutionary biology into his method to counteract the shallowness of economic thinking. Conceptualizing the economy also required a vision of human thriving. He therefore condemned the social dislocations and misery of the industrial age. He decried class and racial struggles as misdirected attempts to deal with biological struggles for survival, and he rejected scientific approaches predicated on notions of antagonistic struggle. A better understanding of social and biological willpower (*Willenskraft*) would unlock human development and prosperity.<sup>20</sup> These insights informed his idea of a *Menschenökonomie*, which aimed to transcend the individualist, capitalist system predicated on exploitation, class struggle, and international strife.

As he developed his theory of a human economy, Goldscheid took on pessimistic social theorists too reliant on Thomas Malthus and Social Darwinism, and he challenged liberal political economists who defended the inequities of the “buying power economy,” that is, the capitalist system. He saw these two intellectual strains as mutually—and negatively—reinforcing. Social Darwinism supported imperialism and chauvinistic nationalism by encouraging the idea that life was a struggle between peoples. This competitive ethos then buttressed free market theorists in their justifications of an amoral, ruinous system. Goldscheid took issue with the capitalist emphasis on profitability and its consequent maldistribution of resources, arguing that the system distorted our understanding of value to the detriment of the species: “Value and productivity of labor depend on our place in nature, on the task of pursuing our higher development. Price and efficiency, on the other hand, are determined almost completely by the distribution and direction of buying power.”<sup>21</sup> Only through a concerted focus on higher development and the equitable distribution of modern abundance could the species eradicate poverty, end labor exploitation (including sexual exploitation and prostitution), restore human dignity, and achieve international peace.

Goldscheid rejected the individualist assumptions of modern economics and the capitalist system, positing instead an intersubjective foundation grounded in sociology and biology. The idea of “homo economicus” mislaid stress on the wants of individuals based on flawed utilitarian principles. Only a socially determined theory of value could provide a basis for a better science and society. Instead of defining goods as objects for which a person was willing to spend a certain amount of money, he wanted to understand them as objects necessary for societal maintenance.<sup>22</sup> These views distinguished him from the “subjective” economists associated with marginal utility theory, but Goldscheid was not an “objective” theorist like a Marxist, either. If liberals overemphasized buying power, Marxists lost sight of individual dignity and international comity. If scientists failed to place individuals into their human context, they could not engender higher development, which was the only possible aim for humanity.<sup>23</sup>

Goldscheid constructed an intricate vocabulary of *Menschenökonomie*, with which he elucidated an evolutionary value theory (*Entwicklungswerttheorie*) and evolutionary economy (*Entwicklungsökonomie*). He grounded his work in the physical sciences (Darwinian theory,

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Gesellschaftsentwurf,” in *Wissenschaft, Politik und Öffentlichkeit. Von der Wiener Moderne bis zur Gegenwart*, ed. Mitchell G. Ash (Vienna: WUV, 2002): 207–29; Wolfgang Fritz and Gertraude Mikl-Horke, *Rudolf Goldscheid—Finanzsoziologie und ethische Sozialwissenschaft* (Vienna: Lit, 2007); Helge Peukert, *Rudolf Goldscheid und die Finanzkrise des Steuerstaates* (Graz: Leykam), 2009. On Max Adler, see Tom Bottomore and Patrick Goode, ed., *Austro-Marxism* (Oxford: Clarendon, 1978).

<sup>20</sup> Goldscheid, *Zur Ethik des Gesamtwillens*, 145–56.

<sup>21</sup> Rudolf Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie* (Leipzig: Klinkhardt, 1908), xxviii.

<sup>22</sup> Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie*, 1–7.

<sup>23</sup> Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie*, 8–16.



Einsteinian relativity, and the theory of conservation of energy) and economic ideas of ordinal value rankings and use value. He dubbed his economics “epigenetic,” which placed the values of the species on a higher plane than the economy. His value theory sought to calculate the total amount of social labor required to make up the deficit of goods that undeveloped nature produced. This meant ranking needs according to sociological assessments of value rather than individual desire. “Wozu arbeitet die Menschheit?” (“To what end does humanity work?”) became his guiding principle.<sup>24</sup> The pursuit of private property and national wealth stood in the way of a healthier, cooperative economy. Once competition was set aside and the struggle *between* people for existence ended, the struggle *for* humanity could begin.<sup>25</sup> In this evolutionary work, Goldscheid put an idiosyncratic spin on Darwinian theory. He rebutted not only Social Darwinian thought but also some of Darwin’s positions. He rejected the Social Darwinian idea, most clearly articulated by Herbert Spencer, that the survival of the fittest dictated the course of human history. But he also questioned Malthus’s and Darwin’s emphasis on scarcity as a motive force for evolution. Scarcity is a social construction, not a natural law, per Goldscheid. Therefore, production need not create competition, inequality, and struggle. When properly channeled, it could produce widespread prosperity and positive evolution.<sup>26</sup>

Goldscheid advanced *Menschenökonomie* in new directions in the next decade and found interested audiences in the Monist League and the pacifist German Peace Society and the Friedens-Warte. Goldscheid linked women’s rights and the *Menschenökonomie* in his writings for *Die Friedens-Warte*. In his estimation, humankind underutilized women’s potential by limiting their social opportunities. A society could reach its highest attainment only if all members were involved in its development. Moving beyond neo-Malthusian debates about birth rates and the need for women to be mothers first and last, he made an argument based on a universal category of human dignity, which required women as workers in the human economy. If our species could reduce the total energy expended on child-rearing by abolishing benighted gender relations, our species would thrive. Economic and political emancipation must go together. These developments would also facilitate pacifism and international cooperation.<sup>27</sup>

### Future States, Universal Basic Provisions, and Natural Economies: Balodis, Popper, and the Neuraths

If Goldscheid struggled to find sympathetic interlocutors within the academy, his early work bore striking similarities to that of several contemporary social reformers and theorists, who likewise came from unconventional backgrounds. These individuals operated in overlapping circles with somewhat limited reach. In the years before 1914, Josef Popper-Lynkeus, Wilhelm and Otto Neurath, and Karlis Balodis used their outsider positions and their engineering acumen to formulate utopian proposals grounded in modern science. These progressive and socialist authors plotted a course between the conservative liberal status quo and a Marxist revolution. Their ideas grew in soil fertilized by late-nineteenth-century thinkers such as Edward Bellamy and Theodor Hertzka, yet they deployed engineering and accounting techniques to develop rational plans for a more equitable, efficient, and prosperous society.<sup>28</sup> Balodis and Popper established loyal followings in approximately 1900 with their meticulous plans for agricultural and industrial production and programs for universal basic

<sup>24</sup> On epigenetics, Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie*, 42–51, esp. 51.

<sup>25</sup> Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie*, 216–18.

<sup>26</sup> Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie*, xxx–xxxii.

<sup>27</sup> Rudolf Goldscheid, *Frauenfrage und Menschenökonomie* (Vienna: Brüder Suschitzky, 1914). On pacifism, see Rudolf Goldscheid, *Das Verhältnis der äußern Politik zur inneren* (Vienna: Anzengruber, 1914). On the social question, see Holly Case, *The Age of Questions* (Princeton, NJ: Princeton University Press, 2018), esp. chap. 2.

<sup>28</sup> Robert Leucht, *Dynamiken politischer Imagination. Die deutschsprachige Utopie von Stifter bis Döblin in ihren internationalen Kontexten, 1848–1930* (Berlin: De Gruyter, 2016), chaps. 3 and 4.

provisioning of food, shelter, and clothing. Wilhelm Neurath elaborated guild socialism and cooperative associations. His son Otto introduced the idea of a natural, in-kind economy based on a centralized, administrative state that could better meet social demands than a free market system. Like Goldscheid, their time came during the Great War, and they also participated in fin-de-siècle central European circle life.

Outsider status inspired Balodis and Popper to cultivate diverse social and political backing. Balodis,<sup>29</sup> an ethnic Latvian, was born near Riga in 1864. An autodidact, he studied Lutheran theology and became a pastor in Brazil before getting his doctorate at Jena. He eventually attained positions at the Prussian Statistical Office and the German Treasury Office. He specialized in demography and statistics.<sup>30</sup> Balodis published his most famous work, *Der Zukunftsstaat*, in 1898 in which he advocated for a state-directed economy that provided citizens with all basic needs, financed through mandatory civil service. He envisaged a centralized state with statistical and accounting offices that optimized production in industry and agriculture. He criticized capitalism for its inefficient increase of wealth, a system he called “the enrichment of the rich,” because individual wealth and capital always increased faster than aggregate national wealth. Balodis’s proposals were picked up by politicians and socialists alike. It first attracted attention during the revisionism debates in approximately 1900. Karl Kautsky wrote the preface for the first edition, and Eduard Bernstein used Balodis’s data—incorrectly in the latter’s estimation—to argue against dogmatic Marxism. Vladimir Lenin also took copious notes on it. Rejecting the fatalism of orthodox Marxism and its belief in the inevitable collapse of capitalism, Balodis claimed to provide Marx’s theory with its end goal.<sup>31</sup>

Josef Popper devised a program of universal basic provisions similar to Balodis’s, and the two fought for the recognition of priority. Popper and Goldscheid shared significant biographical details, too. Popper was born in the Jewish quarter of Kolin in Bohemia in 1838, yet despite coming from a scholarly family, he attended technical high school instead of a humanistic gymnasium. He worked in the railroad industry and as a private tutor before trying his hand as an engineer and inventor. He invented equipment for steam boilers and kettles, which earned him sufficient income to turn to scientific inquiry. At approximately the age of forty, he shifted to social and philosophical questions, which occupied his energies until his death in 1921.<sup>32</sup>

Popper brought a unique, humanistic perspective to questions of technical progress, humanity, and poverty. He argued that humanity needed to find a moral replacement for religion and metaphysics consonant with scientific consciousness, cosmopolitanism, and humanism. He frequently attacked economists, liberals, and socialists for their inability to explain poverty or its eradication. In *Das Recht zu leben und die Pflicht zu sterben*, he proposed a solution to social ills through the introduction of a universal program for basic life necessities embedded within a free economic system.<sup>33</sup> Popper’s intellectual work culminated in the publication of *Die allgemeine Nährpflicht als Lösung der sozialen Fragen*. The work went through multiple editions and found advocates in Martin Buber, Albert Einstein, Sigmund Freud, Ze’ev Jabotinsky, and Ernst Mach. For him the “social question” was really a “stomach question” (*Magenfrage*) that could be solved through the creation of a provisioning army that would distribute basic necessities to all citizens. This army would allocate essential

<sup>29</sup> He wrote under the name “Carl Ballod.”

<sup>30</sup> On Balodis, see Nicholas Balabkins, “Carl Ballod: His ‘Zukunftsstaat’ and His Place in Independent Latvia,” *Journal of Baltic Studies* 4, no. 2 (1973): 113–26; Leucht, *Dynamiken politischer Imagination*, 280–91; Juan Martinez Alier, “Ecological Economics and Concrete Utopias,” *Utopian Studies* 3, no. 1 (1992): 39–52.

<sup>31</sup> Carl Ballod, *Der Zukunftsstaat*, 4th ed. (Berlin: Laub, 1927), 9–22, 279–96. His “enrichment” idea is not far from Thomas Piketty’s key insight in *Capital in the 21st Century* (Cambridge, MA: Harvard University Press, 2014).

<sup>32</sup> Josef Popper Lynkeus, *Selbstbiographie* (Leipzig: Unesma, 1917). See also Ingrid Belke, *Die sozialreformerischen Ideen von Josef Popper-Lynkeus (1938–1921)* (Tübingen: Mohr, 1978).

<sup>33</sup> Josef Popper, *Das Recht zu leben und die Pflicht zu sterben*, 3rd ed. (Dresden: Reissner, 1903). See also Belke, *Die sozialreformerischen Ideen von Josef Popper-Lynkeus (1938–1921)*, chap. 4.

goods—food, clothing, housing—in *natura* (in kind) from stockpiles created by state-run institutions. Citizens would also receive public health care, childcare, and education. To finance this operation, citizens would serve for a certain period in the provisioning army (*Nährarmee*) that produced and distributed these items. Instead of a utilitarian “the greatest happiness for the greatest number,” he advocated “the greatest possible life necessities for everyone.” If even one member of society hungered, the entire society did not merit the adjective “civilized.” Popper believed he had found a way to civilization.<sup>34</sup>

Popper reserved praise for only a few individuals in this critique: the Fabians and their scientific, reformist ways; Wilhelm Neurath, whose natural economic theory served as a basis for an in-kind economy; Gustav Schmoller and Peter Kropotkin for likewise avoiding erroneous Darwinian importations; and Goldscheid for his holistic, humanistic vision.<sup>35</sup> His program resembled Balodis’s in some ways, which Popper praised for its realism, even if he also raised objections.<sup>36</sup> Nevertheless, the two worked together to realize their shared project.<sup>37</sup>

The men who did the most to publicize Balodis and Popper were the Neuraths: Wilhelm and his son Otto. The latter was a central node in central European progressive circles. Otto attended a Balodis seminar in Berlin in 1903 and traveled in similar Viennese circles with Popper and Goldscheid. Heterodox economic thought ran in the Neurath family: his father, Wilhelm, had devised a series of socioeconomic institutions that he believed would put an end to the periodic cycles of unemployment and overproduction that plagued modern capitalist societies. Wilhelm’s corporatist model involved workers’ and consumers’ unions, capitalist corporate bodies, and a state arbitration commission, which determined prices and wages through rational calculation and democratic discussion. Wilhelm criticized modern economics for its inability to address social problems, drawing on his friend Popper’s work.<sup>38</sup>

The younger Neurath picked up his father’s interests, distinguishing himself in social science and creating an array of reformist associations. Neurath *filed* established his academic credentials as an economist. In approximately 1910 he turned to war economics, becoming one of the first people to anticipate that “in the not-too-distant future war economy as a whole will become the subject of proper systematic study.”<sup>39</sup> If in antiquity war supplemented an economy through the acquisition of wealth and property, in modern times it accomplished other purposes such as rationalization and efficiency. Neurath arrived at a positive impression of state-led war economics. In examining war economies, Neurath fixated on acquisitions in kind, becoming convinced of the superior efficiency of *Naturalwirtschaft*, or *in natura* exchange. He proposed the creation of statistical and accounting offices to wean the economy off money and credit calculations.<sup>40</sup> Neurath advocated for the application of these lessons for the peacetime economy, whose increased productivity

<sup>34</sup> Josef Popper-Lynkeus, *Die allgemeine Nährpflicht als Lösung der sozialen Frage* (Dresden: Reissner, 1912), 1–13.

<sup>35</sup> Popper-Lynkeus, *Die allgemeine Nährpflicht als Lösung der sozialen*, 74–79. Goldscheid was a fan of Popper’s, helping to finance a commemorative Popper statue in the 1920s.

<sup>36</sup> Popper-Lynkeus, *Die allgemeine Nährpflicht als Lösung der sozialen*, 499–508. See also Belke, *Die sozialreformerischen Ideen von Josef Popper-Lynkeus (1938–1921)* 190–96. Popper nevertheless reasserted the priority of his program. He also disliked Balodis’s reliance on state involvement, socialization, and expropriation over the private economy.

<sup>37</sup> Karl Ballod, “Einiges aus der Utopienliteratur der letzten Jahre,” *Archiv für die Geschichte des Sozialismus und der Arbeiterbewegung*, vol. 6 (Leipzig: Hirschfeld, 1916), 114–28, esp. 120–28; Josef Popper-Lynkeus, “Einiges über modern Utopien. Eine Erwiderung,” *Archiv für die Geschichte des Sozialismus und der Arbeiterbewegung*, vol. 6, 309–13.

<sup>38</sup> Wilhelm Neurath, *Elemente der Volkswirtschaftslehre*, 3rd ed. (Leipzig: Glockner, 1896), 36–38. See also Thomas Uebel, “Otto Neurath’s Idealist Inheritance: The Social and Economic Thought of Wilhelm Neurath,” *Synthese* 103, no. 1 (April 1995): 87–121.

<sup>39</sup> Otto Neurath, “War Economy,” in *Economic Writings, Selections 1904–1945*, ed. Thomas E. Uebel and Robert S. Cohen (New York: Kluwer, 2004), 153.

<sup>40</sup> Neurath, “War Economy.” See also Neurath, “The Economic Order of the Future and the Economic Sciences,” 243; “Economics in Kind, Calculation in Kind and Their Relation to War Economics,” 302–03; “Total Socialization,” 371–74; “Economic Plan and Calculation in Kind,” 441–42, 445–46; and “Socialist Utility Calculation and Capitalist Profit Calculation,” 468–69—all in *Economic Writings, Selections 1904–1945*.



could deter future conflict and reduce antagonism between classes and nations. Like Goldscheid, international comity and pacifism was at the heart of Neurath's project, which dovetailed with their shared commitments to monism, pacifism, and feminism.

This brief investigation of Balodis, Popper, and the Neurath indicates a small yet significant space for outsider intellectuals in fin-de-siècle central Europe. These men not only had overlapping interests but wrote in the same publications and attended the same meetings and organizations. They also engaged in similar efforts to expand their impact by founding associations and cultivating allegiances in related cultural circles. Wilhelm Neurath and Popper were good friends and members of the Austrian Fabian Society. Otto Neurath, Popper, and Goldscheid were members of the Austrian Monist League. Balodis, Neurath, and Goldscheid played central roles in the divisive 1909 Verein für Socialpolitik meeting in Vienna, to which this article will turn in the next section. Their interactions with the academic and political mainstream at the Verein session revealed the limits of their influence and the reach of their circles in prewar political and economic circumstances.

### **Productivity, Sociology, and the Werturteilsstreit**

Although Rudolf Goldscheid (and his compeers) did not possess academic positions or mainstream appeal, and few scholars embraced his idea of *Menschenökonomie*, he nevertheless engaged with limited success in central European debates about the social sciences. He participated in the split of the Verein für Socialpolitik and the establishment of the first sociological societies. At the 1909 Vienna Verein meeting, Goldscheid played a prominent role in the debate about value judgments. Despite his sympathy with methodologically inclined scholars Max Weber, Werner Sombart, and the Austrian School of Economics, Goldscheid rejected their insistence on a value-free science. To him, the imbrication of social values in all areas of knowledge and policy rendered value-free science impossible—and dangerous. Despite his active intercession, Goldscheid's positions on productivity and the *Menschenökonomie* were discounted by the old and new guard—the former rejecting the content of his value judgments, the latter his insistence on value-laden science. This conclusion signaled the limits on influence for heterodox individuals in the academic and policy realms before the war.<sup>41</sup>

From its 1873 founding, the Verein für Socialpolitik was a site for debates between social scientists over methods, policies, and philosophies. In its early years, members of the German Historical School of economics exercised considerable power through Gustav von Schmoller, Adolf Wagner, and Lujo Brentano. The Verein steered a course between British liberal political economy and the socialisms of Karl Marx or Ferdinand Lassalle. As the society's name indicates, the founders viewed their mission as more than scientific; they wished to shape public discourse, too. Known as *Kathedersozialisten*, or socialists of the lectern, they advocated social programs designed to answer the social question, strengthen the state, and ensure political order. Their ideas found a home in Wilhelmine Germany; Otto von Bismarck implemented Verein-sanctioned welfare policies, and the government appointed Verein scholars to professorships and bureaucratic posts.<sup>42</sup>

Not all members approved of the Verein's empirical orientation, nor did they endorse its conservative state socialist policy prescriptions. An early debate, called the Methodenstreit, pitted theoretically inclined economists—associated with Carl Menger and the Austrian School of Economics—against the Historical School. After the controversy fizzled in the

<sup>41</sup> On the *Werturteilsstreit*, see Johannes Glaeser, *Der Werturteilsstreit in der deutschen Nationalökonomie* (Marburg: Metropolis, 2014); Robert Proctor, *Value-Free Science? Purity and Power in Modern Knowledge* (Cambridge, MA: Harvard University Press), 85–98; and Bruce Caldwell, *Hayek's Challenge* (Chicago, IL: University of Chicago Press, 2004), 83–99. See also Wasserman, *The Marginal Revolutionaries*, 66–70.

<sup>42</sup> On the Verein, see Franz Boese, *Geschichte des Verein für Socialpolitik, 1872–1932* (Berlin: Duncker & Humblot, 1939), and Dieter Lindenlaub, *Richtungskämpfe im Verein für Socialpolitik* (Stuttgart: Franz Steiner, 1967).

mid-1880s, a younger generation, including Joseph Schumpeter, Max Weber, and Werner Sombart, took theoretical concerns more seriously yet maintained an interest in historical economic work.<sup>43</sup> By the early 1900s, Weber and Sombart found the Verein's—and especially Schmoller's—views untenable. Schmoller asserted that ethical and political judgments were inherently connected to scientific inquiry. These judgments retained their objectivity if they followed logically from scholarly research and produced salutary social consequences. His opponents argued that it was naive to believe that any policy could harmonize competing interests within society and guarantee positive results. Sombart's *Modern Capitalism* (1902) and Weber's 1904 essay on objectivity refuted Schmoller's contentions. In particular, Weber chose to separate the contexts of values, science, and policy, and he stressed that scientists qua scientists could only offer a menu of policy options from which politicians could select. They could not prescribe any policy direction. Denying a distinction between science and policy, as Schmoller did, undermined the credibility of science.<sup>44</sup>

By the mid-1900s German-speaking social scientists recognized a need for a sociological society distinct from the Verein that would develop the values and methods of a new human science. Rudolf Goldscheid featured in both the new Austrian and German organizations and was the only Austrian to play such a role, yet his long-term impact remained limited. The Viennese SG, founded by Goldscheid in 1907, assembled several dozen scholars—few with full-time academic appointments and many affiliated with progressive, Jewish circles—to promote sociology. In his opening speech, Goldscheid called for the establishment of an institute, a lecture series, and scholarly publications. The SG, which survived until 1934, saw its period of greatest activity before 1914, with nearly ninety lectures. The lack of participation from liberal economists and Catholic conservatives—each group had its own social scientific organization—limited the impact of the SG, and it never became the primary social scientific organization in the empire.<sup>45</sup>

At the 1909 Verein meeting, which precipitated the establishment of the DGS, the Viennese economist Eugen von Philippovich set off the decisive debate with an anodyne keynote on economic productivity. Philippovich attempted to mediate between various camps: between theoreticians and empiricists, between “value-free” scientists and the policy camp. Nevertheless, he maintained that the true aim of economic science must be the wealth of the people (*Volkswohlstand*). The state was the sole institution capable of transcending special interests and individualist desires, and it must use economic science to achieve that end. This placed him closer to the Schmoller camp.<sup>46</sup> Subsequent commentators, including Balodis, explored productivity in agriculture, monetary policy, and technological advancement before the assembly opened for debate. Sombart, ever the enfant terrible, leveled a broadside at the lack of theoretical sophistication in the Verein: “Today's session is a decisive day in the history of the Verein für Socialpolitik. It's the first time that theoretical questions have been considered, and it may show, whether we are adequately equipped for it. I would like to share the impression that the answer is no.”<sup>47</sup> Sombart condemned the lack of

<sup>43</sup> On the Methodenstreit, Joseph Schumpeter, *The History of Economic Analysis*, rev. ed. (Oxford: Oxford University Press, 1996), 775–83; Caldwell, *Hayek's Challenge*, 64–82; Jürgen Backhaus, “Der Methodenstreit in der Nationalökonomie,” *Journal for the General Philosophy of Science* 31, no. 2 (2000): 307–36; Wasserman, *The Marginal Revolutionaries*, 31–37.

<sup>44</sup> Max Weber, “Objectivity in Social Science,” in *Max Weber on the Methodology of the Social Sciences*, ed. Edward Shils and Henry Finch (Glencoe, IL: Free Press, 1949), 49–112.

<sup>45</sup> “Die Gründung der Soziologischen Gesellschaft,” *Arbeiter-Zeitung*, April 25, 1907, 6–7. Gudrun Exner, *Die Soziologische Gesellschaft in Wien (1907–1934) und die Bedeutung Rudolf Goldscheids für ihre Vereinstätigkeit* (Vienna: New Academic Press, 2013) provides a comprehensive account of the society's activities and Goldscheid's role. Christian Fleck, *Rund um “Marienthal”* (Vienna: Verlag für Gesellschaftskritik, 1990), 34–55, provides an overview of the early history of Austrian sociology.

<sup>46</sup> Eugen von Philippovich, “Das Wesen der volkswirtschaftlichen Productivität und die Möglichkeit ihrer Messung,” in *Verhandlungen des Vereins für Socialpolitik in Wien, 1909* (Leipzig: Duncker and Humblot, 1910), 329–30, 357–70.

<sup>47</sup> von Philippovich, *Verhandlungen des Vereins für Socialpolitik in Wien, 1909*, 563.

conceptual clarity in the discussion of productivity and pointed to all the ways that normative assumptions seeped into supposedly objective work. His polemic led to cries, hisses, and whistles from the audience. Max Weber, taking Sombart's side, elaborated his concept of objectivity. He accused the Verein of a problematic muddling of science and values: "The insertion of normativity in scientific questions is a thing of the devil, with which the Verein für Socialpolitik has really too often concerned itself."<sup>48</sup> While he acknowledged the important contributions of the elder generation, he asserted it was time to replace a naive approach that conflated science and values with an objective commitment to truth and science.

Goldscheid entered the dispute as the debate concluded, offering a confusing response that gained no traction. Drawing from his earlier development theory of value, he argued that Sombart and Weber posed the question of value falsely. Science is not aesthetics, grounded in judgment, but a quantitative, empirical method for the observation of the world. One *can* define *productivity* or *economics* using concepts like output and production because they are empirically real. Weber and Sombart were nevertheless correct that "the science of economic being and the investigation of economic norms should not be confounded." Both causal-descriptive and normative economics had their places, contra Sombart and Weber, because science's fundamental purpose was the advancement of the species through its application.<sup>49</sup> The failure of the value-free position consisted in its denial of the very value of normativity in economics and science. These liberal scholars failed to ask vital questions about productivity for the higher development of the species.<sup>50</sup>

Despite his clear passion and forceful argument, Goldscheid's plea fell on deaf ears. No one even answered Goldscheid's appeal, and the notoriously bumptious audience did not even bother to shout or heckle him. In other words, Goldscheid remained an interloper and marginal figure. He was a non-academic from Vienna with little reputation in economics. His terminology and approach stood apart. His search for a "normative economics" did not attract a following, and the social scientific community moved toward a Weberian, value-free position. Goldscheid labored in relative obscurity until the Great War opened opportunities for untimely proposals and ideas like his reimagining of the modern state.

### The Crisis of the Tax State

Goldscheid found the intellectual, political, and economic conditions in the early twentieth century unpropitious for his views, as did other social reformers, but the Great War transformed that landscape, creating space for eccentric thinkers. Building on wartime innovations in organization and planning, people such as Goldscheid, Walther Rathenau, Otto Neurath, and Karlis Balodis imagined a new economy directed by a centralized state that could eradicate poverty, ensure living standards, and stimulate national prosperity. Reorienting the prewar capitalist economy toward social purposes stood at the center of these endeavors. Goldscheid's *Staatssozialismus oder Staatskapitalismus* and the exchange with Joseph Schumpeter about the tax state represented his foray into these discussions. Schumpeter's ability to shift the terms of debate onto less radical terrain reflected the acceptance of Schumpeter's scientific approach and his diagnosis of postwar conditions in central Europe, which shifted from the revolutionary elan of 1918–1919 to the conservative, counterrevolutionary spirit of the 1920s. Over time Goldscheid grew frustrated by the underutilization of his work. Fiscal sociology, which he envisaged as a path toward *Menschenökonomie*, was reinterpreted as a mere technical tool.

The Great War, with its massive logistical and financial challenges, served as a catalyst for many new experiments in economic and political organization, especially in central Europe.

<sup>48</sup> von Philippovich, *Verhandlungen des Vereins für Socialpolitik in Wien, 1909*, 582.

<sup>49</sup> von Philippovich, *Verhandlungen des Vereins für Socialpolitik in Wien, 1909*, 595.

<sup>50</sup> von Philippovich, *Verhandlungen des Vereins für Socialpolitik in Wien, 1909*, 597–99.

The Austrian state had undergone significant changes in the direction of centralization and bureaucratization. The Military High Command arrogated extensive powers, creating a military dictatorship freed from civilian oversight. It took over core industries for war production.

By 1917, the wartime situation in Austria-Hungary had deteriorated, however, leading many to question the state's continued viability. Dissension and confusion reigned on the home front. Food production dropped, imports evaporated, and rationing failed. Denunciations, riots, and black marketeering characterized the era. After the November 1916 death of Emperor Francis Joseph, who symbolized the stability of the empire, many doubted the war effort.<sup>51</sup>

Emperor Charles reinstated constitutional rule and initiated peace talks with the entente, yet the state seemed increasingly unviable. Habsburg imperial finances were alarming. Before the war, the state struggled to balance its budgets, and its banks were barely solvent. In 1914, the state introduced capital controls, suspended gold convertibility, and lowered coverage requirements for banks to provide money for the war effort. The state also increased taxes, borrowed increasing sums of money through loans, and issued war bonds. While citizens subscribed to eight Austrian and seventeen Hungarian bond issuances, most war funding came from financial institutions and industrial concerns, suggesting an increased indebtedness of the state to business interests. As inflation rose, the state could not repay its debts nor stabilize its economy.<sup>52</sup>

Goldscheid recognized these troubling developments, and he intervened. He called attention to the impending fiscal disaster and proposed an end to the subjugation of the state and its people to capitalists. In *Staatssozialismus oder Staatskapitalismus*, he scoffed at the notion that an indebted state could be rebuilt on its former foundation. Gradual reform would only restore a state susceptible to bankruptcy and exploitation. It would also remain in the thrall of its creditors, the wealthy bond holders. Instead of seeing the war as a temporary period of massive indebtedness and public spending, he expected that the postwar state would need to transform from a free-trading, "capitalist power state" (*kapitalistischer Machtstaat*) into a "powerful capital state" (*machtvoller Kapitalstaat*). The latter entailed a large social welfare apparatus and public investment and ownership of key industries. To achieve this, the state needed to discover new revenue sources to break the state's dependency on tax income from the affluent and bond purchases by financial elites. Goldscheid proposed a complete transformation of state finances: the state would reappropriate private wealth into public coffers and take partial ownership stakes in the nation's largest firms through a one-time state buy-in (called either a "reappropriation" or "recapitalization.") The only thing to discuss was what percentage of control the state should reappropriate. Goldscheid enjoined socialists and radicals no longer to leave tax policy to the wealthy or the ruling classes. Otherwise, the representatives of the people would be caught flatfooted in the transition to a peace economy. A sensible fiscal policy was the sole hope for a lasting peace and an economy dedicated to human thriving.<sup>53</sup>

Goldscheid introduced the idea of *Finanzsoziologie* to shift questions about the state, its budget, and finances from the realms of jurisprudence and economics to sociology. He argued that contemporary state sciences (*Staatswissenschaften*) focused too much on the political and juristic dimensions of state institutions and lacked a clear understanding of

<sup>51</sup> On World War I Austria-Hungary, see Pieter Judson, *The Habsburg Empire: A New History* (Cambridge, MA: Harvard University Press, 2016), chap. 8; Alexander Watson, *Ring of Steel: Germany and Austria-Hungary in WWI* (New York: Basic Books, 2014), chaps. 8 and 11; Maureen Healy, *Vienna and the Fall of the Habsburg Empire: Total War and Everyday Life in World War I* (Cambridge: Cambridge University Press, 2004); John Deak, "The Great War and the Forgotten Realm: The Habsburg Monarchy and the First World War," *Journal of Modern History* 86 (June 2014); Manfred Rauchensteiner, *Der erste Weltkrieg und das Ende der Habsburgermonarchie* (Vienna: Böhlau, 2013), especially chaps. 12, 17, 21.

<sup>52</sup> Rauchensteiner, *Der erste Weltkrieg und das Ende der Habsburgermonarchie*, chap. 18.

<sup>53</sup> Goldscheid, *Staatssozialismus oder Staatskapitalismus*, vii–xviii, esp. xv.

social context. Traditionally, state finances were not considered sociologically, which meant that the social costs of fiscal decisions did not factor into policy determinations. Fiscal science therefore was not equipped to address the mounting socioeconomic problems of low-tax modern states. The war laid bare that wealth (or “positive capital”) had concentrated in a few private hands while debts (“negative capital”) had accrued to the state and its poorer taxpayers. To get out of this situation, Goldscheid recapitulated his demand for a *Menschenökonomie*. Instead of states captured by the propertied classes, Goldscheid proposed a reversal wherein the state repurposed wealth for social use.<sup>54</sup> Contrary to socialists such as Rudolf Hilferding, Otto Bauer, or Otto Neurath, Goldscheid denied that “state socialism” could evolve out of “war socialism.” The state must implement a policy collectivizing wealth to counteract the collectivization of debt. “Fiscal socialism” and wealth reappropriation were answers to turn the debtor state into a creditor, thereby transforming the state into the most powerful capitalist in the nation. Thus “state capitalism,” not “state socialism,” would pave the way to Goldscheid’s *Menschenökonomie*. State socialism—which socialized industries yet left the state’s fiscal structure intact—could not empower the new state as a motor for economic growth. Socialists had to reimagine the relationships among state, society, and finance to harness capitalism and advance the species.<sup>55</sup>

*Staatssozialismus* met with a mixed reception from critics across the political and intellectual spectra. Reviewers welcomed his sociological intervention and theoretical innovations, yet few believed in his plan’s feasibility.<sup>56</sup> The Austro-Marxist monthly *Der Kampf* published a favorable review of Goldscheid’s *Staatssozialismus*, applauding it for putting state finances at the center of the proletarian struggle. Julius Deutsch placed the work in conversation with Josef Popper’s idea of universal basic provisions, suggesting both reformers offered insight into the expanded services of a postwar state. Whereas Deutsch suggested that Popper’s tax plan fit well with a future socialist society, he raised concerns about the feasibility of a Goldscheid’s “horiztontal” expropriation of wealth from all producers rather than a “vertical” socialization of larger sectors.<sup>57</sup>

Joseph Schumpeter’s critique from the right was more damaging and had long-term consequences for Goldscheid, *Menschenökonomie*, and the field of fiscal sociology. Schumpeter’s misreading of Goldscheid’s diagnoses and his reinterpretation of fiscal sociology blunted Goldscheid’s impact in the postwar era and helped redefine his science away from humanistic goals. Schumpeter lauded Goldscheid for drawing attention to the integral role of sociology and financial history in assessing the modern state.<sup>58</sup> However, Schumpeter disagreed there was a need for structural changes. In an ironic, Schumpeterian fashion, he evaluated Goldscheid’s crisis claim only to reject it: “A continuous failure of the tax state could never be the fortuitous result of any disturbance, however big—as if, for example, an otherwise perfectly healthy tax state had suddenly become impossible owing to the world war and its aftermath.... At most, it could have been the occasion which laid bare the structural weaknesses of our society and thus precipitated a collapse which was inevitable for deeper reasons.”<sup>59</sup> Schumpeter did not perceive any “structural weaknesses” in the modern state. He dismissed the need for any radical considerations about whether the state “would itself change its nature; the economy would have to be driven by new motors along new paths; the social structure could not remain what it is; the approach to life and its cultural

<sup>54</sup> Goldscheid, *Staatssozialismus oder Staatskapitalismus*, 1–20.

<sup>55</sup> Goldscheid, *Staatssozialismus oder Staatskapitalismus*, 21–33.

<sup>56</sup> See Emanuel Vogel, “Review of Rudolf Goldscheid, *Staatssozialismus oder Staatskapitalismus*,” *Weltwirtschaftliches Archiv* 13 (1918): 496–500, and Robert Lazarsfeld, “Review of Rudolf Goldscheid, *Staatssozialismus oder Staatskapitalismus*,” *Archiv für Rechts- und Wirtschaftsphilosophie* 11, no. 2 (1917–1918): 255–59.

<sup>57</sup> Julius Deutsch, “Von der Kriegssteuer zum Finanzsozialismus,” *Der Kampf* 10 (1917): 146–53. See also Julius Braunthal, “Staatsschuldenproblem und Arbeiterklasse,” *Der Kampf* 10 (1917): 214–22, for a less positive appraisal.

<sup>58</sup> Joseph Schumpeter, *Die Krise des Steuerstaats* (Graz: Leuschner & Lubensky, 1918), 6–8.

<sup>59</sup> Joseph Schumpeter, “The Crisis of the Tax State,” trans. Wolfgang F. Stolper and Richard A. Musgrave, in *International Economic Papers* 4 (1954): 5–6.



contents, the spiritual outlook of individuals—everything would have to change.”<sup>60</sup> Schumpeter artfully extracted Goldscheid’s analytic insight—sociology matters for state and budgetary questions—but abandoned his project.<sup>61</sup> What was left of Goldscheid’s approach after these deletions was a technical method for looking at state finances, not a reform project.

Schumpeter posited a different historical picture of the tax state. It emerged in the fourteenth and fifteenth centuries out of a financial crisis in feudal states. Power was decentralized, and some princes accrued power. Waging wars provided the primary impetus for the consolidation of power and the elaboration of tax structures and more stable revenues. A modern tax state emerged only when those forces combined with a new individualized economic order. Like Goldscheid, Schumpeter emphasized that the modern state was an outgrowth of changed social, political, and economic conditions but states did not collapse because of crises:

Every fiscal system can occasionally break down. But this by no means signifies the collapse of its *principle*. So long as the cause is accidental, i.e., so long as it does not follow from the inner logic of the system and so long as remedies can be found within the system (in this case more efficient management), so long the collapse may be of interest perhaps to the historian, but not to the sociologist.... This is important for a precise definition of what we mean by “crisis”—also when applied to the tax state.<sup>62</sup>

Schumpeter downplayed the structural significance of crises, which were mere historical epiphenomena. He instead considered different forms of taxation that could reestablish states on stable footing. He condemned indirect taxes (consumption, value-added, excise taxes) for their distortive effects on prices and exchange. He also preferred some kinds of direct taxes over others. He argued against taxes on entrepreneurial profits and capital gains because they stifled innovation. He instead supported large taxes on monopoly profits and land since these revenues were not generative of growth. He even conceded that Goldscheid’s idea of “recapitalization”—when the state bought into existing industries—could be accepted as a kind of income tax. However, Schumpeter viewed this proposal from a conservative viewpoint—it could be used to shore up the existing system, not as the basis for a new order.<sup>63</sup>

Goldscheid and Schumpeter’s respective essays received a fair amount of public attention, yet, despite Schumpeter’s greater reputation, Goldscheid received recognition for his original contribution to fiscal sociology and his broader ambitions.<sup>64</sup> This belies standard accounts of the discipline. The conventional narrative highlights Goldscheid and Schumpeter’s shared analytical approach, yet it left aside Goldscheid’s *Menschenökonomie*.<sup>65</sup> Later scholars also credited Goldscheid and Schumpeter as cocreators despite Goldscheid’s

<sup>60</sup> Schumpeter, “The Crisis of the Tax State,” 5.

<sup>61</sup> On “the tax state,” see also Thomas McCraw, *The Prophet of Innovation* (Cambridge, MA: Harvard University Press, 2007), 94–96.

<sup>62</sup> Schumpeter, “The Crisis of the Tax State.”

<sup>63</sup> Schumpeter, “The Crisis of the Tax State.”

<sup>64</sup> See “Die Vermögensabgabe vor der Tür,” *Der neue Tag*, March 30, 1919, 12; R. L., “Vermögensabgabe”; *Die Zeit*, June 11, 1919, 4; “Politischer Abstieg” and “Schumpeter,” *Arbeiterwille*, October 10, 1919; “Können wir dem Bankerott entgegen,” *Der neue Tag*, October 23, 1919, 9.

<sup>65</sup> A partial sampling: R. A. Musgrave, “Schumpeter’s Crisis of the Tax State: An Essay in Fiscal Sociology,” *Journal of Evolutionary Economics* 2 (1992): 89–113; Jürgen Backhaus, “Fiscal Sociology: What for?” *American Journal of Economics and Sociology* 61, no. 1 (January 2002): 55–77; Jürgen Backhaus, ed., *Essays on Fiscal Sociology* (Frankfurt/Main: Lang, 2005); Richard Sturn, “Public Credit, Capital and State Agency: Fiscal Responsibility in German-Language Finanzwissenschaft,” *Graz Schumpeter Centre Discussion Paper Series*, no. 19 (2019): 1–37; Enrico Schöbel, “Finanzsoziologie und Steuerpsychologie. Wiederentdeckungen einer sozio-ökonomischen Finanzwissenschaft,” *Ordo* 69 (2018): 442–52; Lutz Köllner, “Bemerkungen zur Finanzsoziologie heute,” *Jahrbücher für Nationalökonomie und Statistik* 203, no. 1 (January 1987): 26–42.

clear innovation. Contemporaries all recognized Goldscheid's priority, and his proposals attracted more support.<sup>66</sup> Nevertheless, in a historical irony, Schumpeter's political engagement during the first postwar years did more to narrow fiscal sociology to a scientific methodology than his rhetorical arguments did. Through his involvement with the Austrian Finance Ministry and German Socialization Commissions, he was able to turn back more radical reform programs like Goldscheid's. By the time Goldscheid became involved, his ideas had lost currency. Scientifically inclined Austro-Marxists like Hilferding, Bauer, and Deutsch agreed with Schumpeter and questioned the seriousness of Goldscheid's real-world proposals. As we have seen, the Goldscheid-Schumpeter contretemps was not an isolated debate; they were participants in a larger conversation about the relationship between the state and economy. Their debate and its aftermath revealed the distortive effects that larger political and economic events play on the uptake of ideas and influence of innovative thinkers, even in a climate more amenable to new approaches.

### Socialization, Socialist Republics, and Socialist Calculation

"We will erect a state that is more objective, organic, just, free, and productive than any other, that adapts to new economic forms and develops all the powers of German labor. That is the new state. We will create an economy that is clear and transparent like glass, that ensures the autonomy of all participants, that permits no hidden, unjust advantages, that achieves the highest effects of labor. That is the new economy."<sup>67</sup> Walther Rathenau, the prominent Jewish industrialist and intellectual, brought central European reformist ideas to a broader audience during and after the Great War, suggesting a shift in attitudes toward the state and economy. He advocated for centralized administration of raw material and industrial production in the interest of efficiency and prosperity. He led the War Raw Materials Office, which organized the kind of war economy that Neurath believed would lead to new economic forms. Toward the end of the war, Rathenau wrote about the German future in works such as *On Things to Come*, *The New State*, and *The New Society*. His accessible tone and superficial proposals popularized the more robust ideas of people such as Neurath, Popper, Balodis, and Goldscheid. Rathenau rode a wave of left-leaning and utopian thinking, which migrated from intellectual circles into political ones following the war.<sup>68</sup> As Neurath observed, "Utopian ideas have become socially accepted. It will not be long before economic theory will start to systematically examine possible economic orders on their economic efficiency."<sup>69</sup> In German and Austrian socialization commissions, in short-lived socialist republics, and public economic debates, reformers such as Rathenau, Balodis, Popper, and Neurath and non-dogmatic Marxists such as Otto Bauer, Rudolf Hilferding, and Karl Kautsky received opportunities to shape policy for the first time. Government institutions and legislators seemed open to major economic reform. Even Joseph Schumpeter entered these debates, espousing ideas anathema to prewar liberal thought. Rudolf Goldscheid, too, received his long-awaited chance at influence albeit short-lived. Looking at the way these years of socialization unfolded for Goldscheid and his fellow utopian reformers indicates the limits that political conditions impose on eccentric figures and their programs.

<sup>66</sup> R. L., "Vermögensabgabe und Sozialisierung"; *Die Zeit*, June 11, 1919, 4.

<sup>67</sup> Walther Rathenau, *Der neue Staat* (Berlin: Fischer, 1919), 71.

<sup>68</sup> On Rathenau, see Shulamit Volkov, *Walther Rathenau: The Life of Weimar's Fallen Statesman* (New Haven, CT: Yale University Press, 2012); Peter Berglar, *Walther Rathenau. Ein Leben zwischen Philosophie und Politik* (Vienna: Styria, 1987); Wolfgang Brenner, *Walter Rathenau. Deutscher und Jude* (Munich: Piper, 2005); Jörg Hentzschel-Fröhling, *Walther Rathenau als Politiker der Weimarer Republik* (Matthiesen: Husum, 2007).

<sup>69</sup> Neurath, "The Economic Order of the Future and the Economic Sciences," 244. On Marxist utopianism, see Kenneth Calkins, "The Uses of Utopianism: The Millenarian Dream in Central European Social Democracy before 1914," *Central European History* 15, no. 2 (June 1982): 124–48.

In November 1918, the German Revolution unfolded with astonishing speed. Participants demanded economic transformations to accompany the new republic. In December the provisional government established a socialization commission. Industry and labor representatives, politicians, and economic experts participated.<sup>70</sup> The first socialization commission brought together an eclectic array of thinkers, and the prominence of leftist leaders signified something new. Karl Kautsky, the most significant living Marxist theoretician, chaired the commission, where he was joined by the Austro-Marxist Rudolf Hilferding and economists Robert Wilbrandt, Eduard Heimann, Emil Lederer, Schumpeter, and Balodis. The commission's task was to create reports and proposals for socializing coal mining, fishing, insurance, and the railways, and the municipalization of public services and goods.<sup>71</sup> Conservatives like Schumpeter disparaged these initiatives, wryly commenting on the first commission, "If a man wants to commit suicide, it is a good thing to have a doctor present."<sup>72</sup> Nevertheless, Schumpeter was quite constructive and offered several proposals during the proceedings.<sup>73</sup> Although those who favored socialization did not realize their visions, decades of organizing and activism paid off as reformers seized a fleeting opportunity to effect change.<sup>74</sup>

The German commission reached a consensus that current economic conditions were not appropriate for total socialization. Despite the adamancy of Hilferding, Kautsky, and Balodis, the reformers could not sway representatives of industry to consider nationalization of coal or mineral resources. Lederer and Schumpeter joined the more radical members in an appeal for the complete socialization of coal mining under an autonomous cooperative, the *Deutsche Kohlengemeinschaft*, to no avail. The Undersecretary in the Ministry of Economics, a moderate, anti-socialization Social Democrat named August Müller, undermined the commission by reducing its resources and creating bureaucratic obstacles. The commission tendered its resignation in early 1919. Only after the Kapp Putsch in March 1920 did the Weimar government reestablish a socialization commission. However, this organ was hamstrung from its inception. The second commission was dissolved in 1923.<sup>75</sup> Balodis reflected acerbically on the lack of commitment to socialization from the government and within the commission:

The Socialization Commission, established at the behest of "independent social democrats," was struck dead after the victory of the majority social democrats in the national election in 1919 ... The Socialization Commission was again called into existence [in 1920] but its power was broken, socialist experts were excluded, and the inclusion of antisocialist members turned it gradually into a "Commission against Socialization." The many volumes we published became not building blocks for socialization but rubble and waste.<sup>76</sup>

After overseeing the demise of the German Socialization Commission, Schumpeter had the opportunity to test out his own fiscal sociology, meeting with similar disappointing results.

<sup>70</sup> The Republic of German-Austria established a similar commission with a similar remit, headed by socialist leader Otto Bauer. Goldscheid served on that body.

<sup>71</sup> A similar timeline unfolded in Austria. See Otto Bauer: *Die Österreichische Revolution* (Vienna: Wiener Volksbuchhandlung, 1923).

<sup>72</sup> Gottfried Haberler, "Joseph Alois Schumpeter, 1883–1950," *Quarterly Journal of Economics* 64 (1950): 345.

<sup>73</sup> McCraw, *The Prophet of Innovation*, 543.

<sup>74</sup> On the socialization debates, see Jürgen Backhaus, Chaloupek, and Frambach, *The First Socialization Debate (1918) and Early Efforts Towards Socialization*; Neurath, *Economic Writings*, 39–46. On the revolutionary years, see Winkler, *Von der Revolution zur Stabilisierung*; Mitchell, *Revolution in Bavaria, 1918–1919*; Gerwarth, *November 1918*.

<sup>75</sup> Hans A. Frambach, "The First Socialization Debate of 1918: Was the Socialization Commission Doomed to Failure Right from the Start," in *The First Socialization Debate (1918) and Early Efforts Towards Socialization*, 1–16. The Austrian Socialization Commission has not received similar attention. Reading newspaper coverage and Otto Bauer's writings, it appears that there was no real interest in total socialization at any point in Austria.

<sup>76</sup> Ballod, *Der Zukunftsstaat*, iii–iv.

While serving on the commission, his friend Otto Bauer became foreign minister in German-Austria. Rudolf Hilferding put forward Schumpeter's name for finance minister. Schumpeter devised an economic recovery plan predicated on opening Austria to foreign investment, expanding free trade, increasing credit operations, and incentivizing entrepreneurship. His idea of a massive capital levy—as close as Schumpeter would come to Goldscheid's own *Vermögensabgabe*—was wildly unpopular. His commitment to selling stakes in Austrian firms abroad also was seen as unpatriotic, and his commitment to full debt repayment alienated the socialist leadership. After seven months, Schumpeter lost the only political office he ever held.<sup>77</sup>

Like Schumpeter, Neurath got an opportunity to shape policy in Austria and Germany, yet he was thwarted, frustrated, and even imprisoned. He served during the war in the Austrian War Ministry, tackling logistical issues. After the German Revolution, he devised socialization plans for Saxony and presented them to the head of the provisional Bavarian state, Kurt Eisner, in early 1919. He became the socialization commissioner in Munich as an “unpolitical official” during the two Bavarian socialist republics. Neurath rejected the moderate proposals he saw coming from the German Socialization Commission, and he castigated Kautsky and Bauer for failing to pursue total socialization. He wanted more than just state-controlled industries; he wanted a comprehensive economic plan built on in-kind calculation. Neurath maintained in a letter to Josef Popper that he was advancing their shared cause.<sup>78</sup> When the Bavarian Soviet Republic collapsed in April 1919, the German authorities arrested Neurath for high treason. He was freed and expelled to Austria a few months later. He continued to advance economic proposals in Austro-Marxist publications and venues, yet he remained outside the Austrian socialist mainstream.<sup>79</sup>

Even if their endeavors met with varying degrees of failure, the involvement of the aforementioned figures in political activities indicated the possibility for direct engagement after the war for social reformers. Within the public sphere, an even larger debate raged. A wave of monographs on socialization flooded the market between 1919 and 1922. Leading Marxists such as Kautsky and Bauer published on socialization, socialism, and democracy. Every leading member of the German Socialization Commission—Lederer, Wilbrandt, Müller, Rathenau, Alfred Weber—produced books. Balodis saw his *Zukunftsstaat* go through two editions and sell 10,000 copies. Economists tackled the subject of socialization and the need for new economic thinking, including Karl Bücher and Alfred Amonn. Liberal critics also joined the fray, with Ludwig von Mises's essay on socialism and socialist calculation initiating a backlash against radical ideas.<sup>80</sup>

Rudolf Goldscheid reached his largest audience in these discussions. He published a short book on socialization and garnered a wide readership in the liberal and socialist press between 1918 and 1920. He tried to cultivate ties to political leaders in the hope of finding patronage. He maintained that Otto Bauer's path to socialism involved a similar reappropriation program and could be reconciled with his. This “reappropriated economic state” would then be capable of achieving universal basic provisioning, à la Popper and Balodis.

<sup>77</sup> Eduard März, *Joseph Schumpeter: Scholar, Teacher, and Politician* (New Haven, CT: Yale University Press, 1991) chap. 9; Wolfgang Stolper, *Joseph Alois Schumpeter: The Public Life of a Private Man* (Princeton, NJ: Princeton University Press, 1994), part 4.

<sup>78</sup> Belke, *Die sozialreformerischen Ideen von Josef Popper-Lynkeus (1938–1921)*, 214–16. See also Neurath, *Economic Writings*, 39–45. Popper, already older than eighty by the end of World War I, did not have direct involvement in postwar activities.

<sup>79</sup> On Neurath's ambivalent relationship with Austro-Marxism, see Wasserman, *Black Vienna*, chaps. 4 and 6.

<sup>80</sup> A brief sampling: Karl Kautsky, *Die Sozialisierung der Landwirtschaft* (Berlin: Cassirer, 1919); Otto Bauer, *Der Weg zum Sozialismus* (Vienna: Brand, 1919); Otto Neurath, *Wesen und Weg der Sozialisierung* (Munich: Callwey, 1919); Emil Lederer, *Deutschlands Wiederaufbau und weltwirtschaftliche Neueingliederung durch Sozialisierung* (Tübingen: Mohr, 1920); Robert Wilbrandt, *Sozialismus* (Jena: Diederichs, 1919); August Müller, *Sozialisierung oder Sozialismus?* (Berlin: Ullstein, 1919); Karl Bücher, *Die Sozialisierung* (Tübingen: Laupp, 1919); Alfred Amonn, *Die Hauptprobleme der Sozialisierung* (Leipzig: Quelle & Meyer, 1920). See also Ludwig von Mises, *Die Gemeinwirtschaft* (Jena: Fischer, 1922).

Goldscheid responded to earlier socialist critiques of his proposals with additional economic data and legislative ideas. Notably, he sidelined his *Menschenökonomie* terminology, talking instead about budgetary issues, monetary policy, tax provisions, and, of course, socialization. Ironically, he adopted a more Schumpeterian approach to fiscal sociology in his pursuit of relevance, even as Schumpeter moved in the opposite direction.<sup>81</sup>

Goldscheid's restatement of his program, despite its notable improvements, fell on deaf ears as the socialization wave ebbed. Goldscheid's involvement on the Austrian Socialization Commission came to naught. Schumpeter's liberal successor as finance minister, Richard Reisch, put forward a wealth confiscation tax plan that was dead on arrival, unpopular with all Austrian political camps. The tax rates were too low, and the plan under-calculated agricultural wealth.<sup>82</sup> By offering a diluted and more dishonest version of Goldscheid's *Vermögensabgabe*, Schumpeter and Reisch had effectively killed his core policy innovation and, with it, his broader dreams of a human economy.

Meanwhile in the socialist camp, only Helene Bauer gave him the time of day, and she saw little positive in his proposals.<sup>83</sup> Bauer understood the intricate details of his program and celebrated his *Menschenökonomie* as a common goal for all socialists, but she exposed myriad problems: difficulties in assessing *in natura* transfers from businesses; accounting challenges in the housing and agricultural sectors; the need for a massive administrative apparatus in the state. Her most fundamental critique concerned Goldscheid's unwillingness to overthrow the capitalist state through total socialization. His *Vermögensabgabe* was only a detour on the way to socialization, not a credible, full program. Her negative verdict read thusly: "The goal that Goldscheid wishes to achieve gradually and non-violently by the socialization of sufficient means of production to avoid state bankruptcy is not realizable on the path he indicated."<sup>84</sup> For Bauer, the most charitable of the Austro-Marxists toward Goldscheid in 1920, Goldscheid's vision was too unrealistic and insufficient. This signaled the end of Goldscheid's hope for policy relevance, a denouement that he experienced simultaneously with Neurath, Balodis, and others.

The debates about socialization, fiscal sociology, and in-kind calculation continued into the 1920s, even after socialists lost the upper hand in economic reform discussions, but there was little room for policy implementation under increasingly conservative state governments in Austria and Germany. A summary of the socialist calculation debate<sup>85</sup> would take this discussion far afield, yet its contours reveal the changed intellectual landscape. Mises ignited the debate in 1920 when he argued the "impossibility" of rational economic calculation in a fully socialized, state-run economy. In particular, he had in mind Neurath's in-kind economic system or the socialization plans of Otto Bauer. Over the next decade, economists and intellectuals waged a fierce struggle over the feasibility of a socialist system. By the time he published the second edition of Mises's *Gemeinwirtschaft* in 1932, Mises had written close to 600 pages of analysis, critique, and rejoinders. His addressed his major adversaries at length—Neurath, Polanyi, Heimann, and Kautsky—but the tone of the debate had shifted. Socialization was no longer an imminent political and economic threat. It was now primarily a theoretical or ideological program to dismantle. Goldscheid and others had been moved back to the periphery.<sup>86</sup>

<sup>81</sup> Rudolf Goldscheid, *Sozialisierung der Wirtschaft oder Staatsbankrott. Ein Sanierungsprogramm* (Vienna: Anzengruber, 1919), esp. 1–26.

<sup>82</sup> "Der Kampf um die Vermögensabgabe," *Arbeiter-Zeitung*, January 25, 1920, 3–4.

<sup>83</sup> Her husband, Otto, ignored Goldscheid completely in *Der Weg zum Sozialismus und Die österreichische Revolution*.

<sup>84</sup> Helene Bauer, "Rudolf Goldscheids 'Naturalabgabe,'" *Der Kampf* 12 (1919): 270–73.

<sup>85</sup> The best summary is Chaloupek, "The Austrian Debate on Economic Calculation in a Socialist Economy," 659–75. From an Austrian School perspective, see Don Lavoie, "Mises, the Calculation Debate, and Market Socialism," *Wirtschaftspolitische Blätter* 24, no. 4 (1981): 58–65, and Don Lavoie, *Rivalry and Central Planning* (Cambridge: Cambridge University Press, 1985). See also Steele, *From Marx to Mises*.

<sup>86</sup> Mises has a lone, dismissive reference to Goldscheid's work. See Ludwig von Mises, *Socialism* (New Haven, CT: Yale University Press, 1950), 490.



## Conclusions

Despite the disappointments of the era of socialization, Goldscheid stuck to his program of *Menschenökonomie* and fiscal sociology to the end of his life. After 1920, he dedicated most of his energies to pacifism and human rights. He edited the Austrian pacifist journal *Die Friedens-Warte*, writing articles about the League of Nations, international diplomacy, and the peace movement. He participated in meetings of the *Fédération internationale des ligues des droit de l'Homme*, serving on the board of the German *Liga für Menschenrechte* and founding the Austrian version. He also received long-overdue academic recognition for his work on *Finanzsoziologie* when he was asked to write an article for the first volume of the *Handbuch der Finanzwissenschaft*.<sup>87</sup> Goldscheid reprised his arguments about the centrality of fiscal sociology to understanding the state and society. He reiterated that fiscal sociology provided the means to create solvent states, prosperous human economies, and higher species development. He identified recent fiscal sociological experiments, proclaiming that the successes of the Viennese city government confirmed his approach. He applauded Red Viennese leaders such as Hugo Breitner for directing increased tax resources to the construction of public goods and involving the state in the growth of the economy. However, there was a tension between the Viennese case study and his fiscal sociology: his preferred revenue technique—*in natura* wealth transfers—disappeared from the equation. The Viennese city government did not adhere to his principles; only Breitner and Julius Tandler even partially embraced his views.<sup>88</sup>

This appreciation of Rudolf Goldscheid's long struggle for a short-lived acceptance has permitted an elaboration of one of the dominant modes for understanding central European intellectual history: the intellectual *Kreis* (circle). Goldscheid's attempts to bring *Menschenökonomie* and *Finanzsoziologie* mainstream demonstrate the challenges in taking ideas from a narrower context to a broader one in changing historical times. We see that the entanglement of intellectual and cultural groups within larger political and economic fields exercised considerable forces on Goldscheid's circles, warping their ideas and blunting their influence. Although Goldscheid was a successful scholar and a well-connected actor in central European circles, as were Balodis, Neurath, and Popper, their ideas struggled to take off, even in more propitious moments. Often, their proposals met with incomprehension, misconstruction, and outright hostility. Goldscheid's interaction with Schumpeter and the subsequent academic presentation of it show impacts that power—whether political, economic, or scientific—have on ideas, as well as their histories and legacies. Goldscheid's eccentric position in the broader central European intellectual field made it harder to achieve lasting influence in his contemporary world and has partially occluded his humanistic project to this day.

**Janek Wasserman** is Professor of Modern Central European and German History at the University of Alabama. He specializes in European intellectual history, central European history, and the history of economic thought. He has published two books: *Black Vienna: The Radical Right in the Red City, 1918–1938* (Cornell University Press, 2014) and *The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas* (Yale University Press, 2019). He is currently working on a project that explores critiques of capitalism and modern economics in central Europe between 1873 and 1945.

<sup>87</sup> Wilhelm Gerloff and Franz Meisel, ed., *Handbuch der Finanzwissenschaft*, 3 vols. (Tübingen: Mohr, 1926/1927/1929).

<sup>88</sup> Goldscheid, "Staat, öffentlicher Haushalt und Gesellschaft 1: 146–84. On Tandler, see Britta I. McEwen, "Welfare and Eugenics: Julius Tandler's *Rassenhygienische* Vision for Interwar Vienna," *Austrian History Yearbook* 41 (2010): 181–83.

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