

Öffentliche
Volksversammlung.

Dr. R. Steiner

spricht am

Montag den 30. Juni 1919, abends 7/8 Uhr
im alten Theateraal (Harmonie) über

**„Sozialisierung und
Betriebsräte“.**

Alle im Wirtschaftsleben Tätige, insbesondere Arbeiter und Angestellte
erscheint geschlossen und nimmt Stellung zu dieser für unsere Gegenwart und
Zukunft so brennenden Frage.

Saalöffnung 7 Uhr **Freie Aussprache.** Saalgeld 30 Pfg.

Für die Angestellten: Ortskartell der Privatangestellten Heilbronn.

Für die Arbeiter:

Gg. Bartelmäs bei J. Weipert & Söhne
Hermann Gaber bei Carl Verberich
Richard Gimmi bei Maschinenbaugesellschaft
Heilbronn A.-G.
E. Reijter bei P. Bruckmann & Söhne

Karl Roth bei Ernst Waper
Der gesamte Arbeiterausschuss v. Carl Hagen-
bucher & Sohn. J. U. Stegmaier.
Ortsgruppe Freie Vereinigung aller Berufe,
Syndikalisten. J. U. Wader.

Bund für Dreigliederung des sozialen Organismus, Ortsgruppe Heilbronn.

Flyer for The Association for Social Threefolding, 1919

I

THE SOCIAL QUESTION:
HUMANITIES, LAW, AND THE ECONOMY

The social question should not be regarded as a mere party matter or as a problem resulting from the personal demands of a few individuals. It has arisen in the course of social evolution and belongs to the facts of history. One of these facts is the proletarian socialist movement that has been growing steadily for more than half a century.

According to our own views of life or our circumstances, we may regard the conceptions coming to light in this socialist proletarian movement, either critically or approvingly. However, whatever be our attitude toward it, we can only accept it as a historic fact that must be dealt with as such. Moreover, whoever reflects on the terrible years of the so-called World War, even though one may feel compelled to see causes and motives of different kinds for these horrors, must acknowledge that it is the social demands, or social contrasts, that have caused them to a great extent. Especially now that we are at the end—for now at least—of those terrible events, it must be clear to everyone that over a great part of the civilized world the social question has sprung to life as a result of the World War. If the social question has sprung to life as a result of the war, there is little doubt that it was already concealed within it.

Now it will be impossible for anyone to judge this question rightly who regards it from his own narrow, often personal standpoint as is so frequently done today. No one who cannot widen his horizon to take in the events of human life as a whole is able to take an impartial view of the social question, and it is just that widening of our horizon that my book *The Renewal of the Social Organism* aims for.*

We must remember, too, that most people who speak on the social question today quite naturally regard it in the first place as a question of economics; it is even looked upon purely as a question of food, or, at best, as facts plainly demonstrate, as one of labor—a question of food and labor. If we are to regard this question merely in the light of a food and labor question, we must remember that the human being is supplied with bread because it is produced for him by the community at large, and that bread can only be produced by labor. However, the way that labor should and must be carried on depends in every respect upon the manner in which human society or any separate part of it, for instance a country, is organized. And to anyone who has acquired a wider outlook on life it will be clear that there can be no rise or fall in the price of a piece of bread without the occurrence of great, of immense changes in the whole structure of the social organism. To anyone who observes attentively the manner in which the individual worker plays his part in the social organism, it becomes evident that when a man works but a quarter of an hour more or less, this fact is expressed in the way in which the society of any economic region procures bread and money for the individual. You see from this that even if we regard the social question merely as one of bread and labor, we

* Steiner's early essays on the threefold social order, also published as *The Threefold Social Order* and *The Threefold Commonwealth*; vol. 23 in *The Collected Works of Rudolf Steiner (CW)*.

at once enlarge our horizon, and it is of this wider horizon in its most varied aspects that I should like to speak to you in these six lectures. Today, before going further, I should like to make a few introductory remarks.

When we survey the later and very latest history of the evolution of the human race, we soon find confirmation of what has been so impressively stated by discriminating observers of social life; of course, this applies only to discriminating observers. There is a publication of the year 1910 that contains, it may be said, the best that has been written on this subject and which is the outcome of a real insight into social conditions. It is the work of Hartley Withers, *The Meaning of Money*.^{*} The author acknowledges quite frankly that everyone who claims to deal at all with the social question today should bear in mind that the way credit, property, and monetary conditions figure into the social organism is so complicated that it bewilders. If we try to analyze the functions of credit, money, labor, and so on logically, Withers tells us that it is completely impossible to collect the material needed to follow with understanding the things that arise in the social organism. What has been here stated with so much insight is confirmed by the whole of historical thought in modern times on the social problem, especially on the social and economic cooperation of human beings.

What, then, is the actual conclusion we reach? Since the time when the economy of a country ceased, so to speak, to have institutions of an instinctively patriarchal character, ever since the economy began to assume a more complicated form, under the influence of modern technical science and modern capitalism, the need has been felt to consider the economic side of life

* Written with Sir R. H. Inglis Palgrave and others (New York: Dutton, 1909). Steiner quotes from the German translation, *Geld und Kredit in England* (Jena 1911).

scientifically and to formulate the kind of ideas about it that are usually applied in scientific research or study. We have seen how views in modern times have arisen regarding national or so-called political economy, to which the words *mercantilistic* or *physiocratic* have been applied—views such as those of Adam Smith and others, down to Marx, Engels, Blanc, Fourier, Saint-Simon, and on to the present day.

What has come to light through this national-economic thought? Let us look at the school of thought known as the mercantilistic, or at the physiocratic school of national economy, and let us examine what Ricardo, the teacher of Karl Marx, contributed to the study of national economy. We may also examine what many other economists have said and we shall always find that these people turn their attention toward some particular line of thought or other in the phenomena of economics. From this one-sided perspective, they try to arrive at certain laws according to which the economy of a nation can be molded. The result has always shown that the laws discovered in this way, according to scientific methods, can be adapted to some facts of national economy, but that other facts are found to be too far-reaching to comprehend within these laws. It has always been shown that the views of those in the seventeenth century to the beginning of the nineteenth who claimed to have discovered laws for constructing national economies were one-sided. Then something very remarkable happened.

It may be said that national, or political, economy has grown to the status of a science. It has taken its place among the sciences in our universities, and the whole armor of scientific thought has been brought to bear on the investigation of the economic aspect of social life. With what result? What is the answer of Roscher, of Wagner, or others, to this question? They have arrived at a consideration of economic laws in which they do not dare to

formulate maxims or give expression to impulses capable of actually grappling with and forming the economic life. We might say that the role which national economy has taken is that of a contemplative spectator; it has retreated more or less before the activity of social life. It has not discovered laws capable of molding human life within the social organism.

The very same thing is seen in another way. We have seen that people have arisen, large-hearted, benevolent, humanitarian, and with goodwill toward others. We need only mention Fourier and Saint-Simon. There are others like them. Model forms of society have been thought out by these distinguished thinkers, the realization of which, they believe, would bring about desirable social conditions in human life.

Now we know how those today think about such social ideas and who feel the social question to be vitally important. If we ask those who may be said to hold truly modern socialistic views for their opinion of the social ideals of a Fourier, a Louis Blanc, or a Saint-Simon, they would say that these are utopias, pictures of social life through which to appeal to the governing classes. If they were to act according to those images, many miserable social evils would disappear. But all such imaginary "utopias," some say, lack the force needed to inspire the human will; they can never be anything but utopias. However beautiful the theories presented may be, human instincts—say, those of the wealthy classes—will never change enough to put those theories into practice. Other forces are needed to bring that about. In short, an absolute disbelief has arisen in the social ideals born of feeling, sentiment, and modern learning that have been presented to humanity.

This again hangs together with the general course of events in human culture, as seen in the development of modern history. It has often been expressly stated that what we now see as the

social question is connected essentially with the modern capitalistic organization of economic life, and this, again, in its present special form is the outcome of the preponderance of modern technical science and so on. However, there are many points to be considered in this connection, and we can never deal with those unless we consider that, with the capitalist regime and with the modern application of technology, an entirely new mental attitude has arisen among modern civilized humanity. This new concept of the world has produced great, epochal results, especially in the fields of technology and natural science. Nevertheless, there is another side to it, about which something must be said.

Those of you who are acquainted with my books have probably observed that I am ready to do full justice to, and in no way deny or criticize unfavorably, the discoveries of modern times through scientific methods of research. I fully recognize what has been done for the progress of humanity by the Copernican worldview, by the science of Galileo, the widening of the human horizon by Giordano Bruno, and much besides. However, along with modern technology and modern capitalism, a gradual change has come about in the old worldview. The new view of the world has assumed a decidedly intellectual, above all a scientific, character. It is true that some people find it hard to look facts straight in the face, but we need only recall the fact that the scientific worldview we now regard with pride developed gradually, as we can demonstrate, from old religious, artistic, aesthetic, and moral worldviews. Such views possessed a certain impelling force applicable to life. One truth, especially, was peculiar to them all. They led humanity to an awareness of the spirituality of human nature. Regardless of how we may consider those old views, we must agree that they spoke to spiritual individuals so that they felt within themselves the living spiritual being as a part of the cosmic spiritual being, pulsing throughout the

world and weaving the web of the universe. In the place of this old view, with its impelling social force that gives an impulse to life, another appeared new and more scientific in its direction. This new view was concerned with the more or less abstract laws of nature and facts of the senses, outside human beings themselves—abstract ideas and facts. Without detracting in the smallest degree from the value of natural science, we may ask: What does it bestow on humanity and, especially, what does it bestow on human beings in order to help them solve the mystery of their own existence? Natural science tells us much about the interdependence of natural phenomena; it reveals much about the physical constitution of the human being. However, when it attempts to tell us anything about the innermost human being, science overreaches. It cannot offer an answer to this question and displays self-ignorance when it even attempts an answer.

I do not by any means wish to assert that the common consciousness of humanity already has its source in the teachings of modern science. Nevertheless, it is profoundly true that the scientific mode of thought itself proceeds from a certain definite attitude of the modern human soul. Those who can penetrate below the surface of life know that, since the mid-fifteenth century, something in the attitude of the human soul has changed when we compare it with previous times—and continues increasingly to change. They also know that the worldview we find typically expressed in scientific thinking has been increasingly diffused over the whole of humankind—first over the cities, then all over the land. Thus, it is no mere achievement of the theoretical natural science about which we are speaking, but an inner soul attitude that has gradually taken possession of humanity as a whole since the dawn of the modern era.

It is a significant coincidence that this scientific worldview appeared in conjunction with capitalism and modern technology.

People were called away from their traditional crafts, placed at machines, and crowded together into factories. The machines at which they stand, the factories in which they are crowded together with one another—these are governed only by mechanical laws and have nothing to give people that has any direct relationship to them as human beings. Something flowed to people from their old crafts that answered their questions about human worth and dignity. The dead machines offer no answer. Modern industrialism is a mechanical web spun around human beings, who stand in its midst; it has nothing to offer people that they can joyfully share as they did at work in the old crafts.

Thus, an abyss opened between the industrial working class and the labor employers, between modern capitalist and workers at the factory machines. Workers surrounded by machinery could no longer rise to the old faith, the old worldview with its impulse for life. They had broken away from it because they could not reconcile it with life's realities. Workers held to what—and only to what—had become a part of modern thinking: scientific worldview.

Moreover, this scientific worldview—what was its effect on industrial workers? It increasingly made them feel strongly that what could be presented to them as a true worldview was mere thought, having only the reality of thought. Anyone who has lived among modern working people and knows the direction taken by social feelings in later times also knows the meaning of a word that occurs repeatedly in proletarian socialist circles—the word *ideology*.

Under the influences I have just described, intellectual life has come to be regarded by the modern working classes as *ideology*. They see the natural-scientific worldview as offering food only for thoughts. The old view had not only thoughts to give; it also gave people something that showed them that their own inmost

being was one with the whole spiritual world; it confronted them, spirit with spirit. The modern view had only thoughts to give, and above all it contained no answer to the question about true human nature. It was felt to be ideology. Thus, a division arose between the proletariat and the upper classes, who had retained the ancient tradition of the time-honored worldviews of aesthetic, artistic, religious, and moral beliefs of former times. The upper classes retained all of this to satisfy their whole nature, while with their heads they accepted the scientific explanation of the world.

The masses of the people, however, had no inclination for the old tradition or sympathy for it. To them, the only reasonable worldview was the scientific one, and they accepted this as ideology; it was a mere thought structure to them. To the masses, the economy was the only reality—production, product distribution, consumption, the means of acquiring or bequeathing property, and so on. Everything else in human life—equality, ethics, science, art, religion—is as mist rising in the form of ideology from the only reality—the economy. Thus among the masses, intellectual and spiritual life came to be seen as ideology. This was the case especially because the leading classes, while they watched the development of the modern economy and familiarized themselves with it, did not understand how to bring intellectual and spiritual life into the growing complexity of the economic system. They maintained the ancient tradition of the intellectual and spiritual life of former days. The human masses adopted the new culture, but it offered no comfort or nourishment for hearts and souls.

Objective thoughts may be formed from such a worldview—felt as an ideology that leads to thinking that justice, morality, religion, art, and science form a mere superstructure, or phantom, hovering above the only reality, the conditions of production and the economic order—but it offers no support for life itself. Regardless of how brilliant such a worldview may be for

contemplating nature, it leaves the human soul empty and cold. The fruits of the scientific worldview are revealing themselves in today's events in society.

These social facts cannot be understood if we consider only the content of human consciousness. People may consciously think: Why speak to us of the social question as being of a spiritual nature? The truth is that commodities are unevenly distributed. We want equal distribution. People think like this with the brain. But in the unconscious depths of the soul something very different is stirring. In those depths is stirring what develops unconsciously, because from the consciousness nothing can flow which could fill the soul with a real spiritual content, for from that source can come only what leaves it dead, only what is felt to be ideology. The emptiness of modern intellectual life is the first aspect of the social question that we have to recognize; the social question is in its first aspect a spiritual question.

Since this is true, since an intellectual life has developed that has—for instance, in university economic science courses—reached a merely contemplative stage and does not, of itself, evolve principles of social will; since it is true that the greatest philanthropists (such as Saint-Simon, Louis Blanc, Fourier) have conceived social ideas in which no one believes; since everything without exception that arises from the mind is considered utopian—that is, as mere ideology; since it is a historical fact that a life of thought prevails, which gives the impression of a mere superstructure over the actual economy, which does not really penetrate to the facts and is therefore felt to be ideology—for this reason, the social question must in its first aspect be treated as a spiritual and cultural question. One question, above all, stands before us today in flaming letters: How must the human mind be changed so that it can learn to master the social question?

We have seen that science has applied its best methods to the study of political economy and that the result is mere observation without any power to reach the social will. A type of mind has arisen on the soil of modern intellectual life, powerless to develop national economy as a groundwork for practical social will. How do we constitute a mind from which a kind of national economy can arise, one capable of forming the groundwork of a truly social will?

When people hear of the social ideals of well-meaning philanthropists, we have seen that most of them exclaim “utopia!” However, they cannot believe that human intelligence is strong enough to master social facts. How must a national culture be constituted so that people can learn again to believe that the mind can comprehend ideas able to create social institutions that will remove certain evils of society? We have seen that the scientific worldview is regarded in broader circles as ideology. Nevertheless, ideology alone empties the soul and generates all that we now see in the bewildering chaotic facts of the social problem in its subconscious depths. What new form can we give to cultural life so that it may no longer appear as ideology but fill human souls with strength that enables people to work side by side with one another in a truly social way?

Thus, we see why the social question must be called a cultural question; we see that the modern intellect has not been able to inspire faith in itself, that it has not been able to fill the soul in a satisfying way, but rather that, as ideology, it has desolated human souls. In this introductory, historical treatment of the subject, I would like to show how, out of the circumstances of modern life, the social question must be felt in its three aspects as cultural, legal and political, and economic.

Take, for example, something said not long ago and often repeated by a person actively concerned in the political life, in

the diplomacy of our day, himself a product of the intellectual life of the present day.

With a deep feeling for the social conditions of America in their development after the Civil War of the 1860s, Woodrow Wilson perceived the relationship between the political and legal conditions and those of the economy. With a considerable amount of unbiased judgment, he watched how the great accumulations of capital have grown as a consequence of the complication of the modern economy. He saw the formation of trusts and the great financial companies. He saw how, even in a democratic state, the principle of democracy has tended increasingly to disappear before the secret operations of the companies whose interests were served by secrecy, the companies that with their massed capital acquired great power and obtained influence over enormous numbers of people.

Woodrow Wilson always used his eloquence on the side of freedom in the face of the power growing from economic conditions. He knew from a sense of true humanity—this must be said—how every single human being has an influence on the facts of society, how the social life of the community depends on the way each individual matures for society's duties. He showed how important it is for the health of the social body that a freedom-loving heart should beat within the breast of every human being. He pointed out repeatedly that politics must become democratic, that power and the means of power must be taken from the various trusts, that the individual capacities and powers of every human being who possesses such must have free access to the economic, social, and political life as a whole. He emphatically declared that his own government, which he evidently regarded as the most advanced, was suffering from the prevailing conditions. Why was this? Because the economic conditions were there—great accumulations of capital, development of economic

power surpassing everything that had ever existed in this realm, even in recent times. Completely new forms of human society had been brought about by economic changes. A completely new form of economy had suddenly been brought into being.

These views are not the outcome of any bias toward my own theory; they are the words of this political leader, one may say “of this world leader.” Woodrow Wilson has declared that the fundamental evil of modern development lies in the fact that, notwithstanding the progress in economic matters, the economy has been controlled by the secret machinations of certain persons, while the idea of political justice of the community has not kept pace with economic progress but has lagged behind at an earlier stage. Wilson has clearly stated, “We carry on business under new conditions. We think and legislate for the economy of the nation from a perspective long out of date—an obsolete standpoint. Nothing new has been developed in our politics and laws. They have stood still. We live in an entirely new economic order while retaining obsolete legal and political ideas.” These are the words (or nearly so) spoken by Woodrow Wilson himself. In earnest words, he demands that individuals should work for the benefit of the community, not for their own. He points out that, as long as the incongruity between politics and the economy continues, the needs of human evolution in the present epoch of history cannot be satisfied, and he subjects the society around him to a severe criticism.

I have taken great pains to examine Woodrow Wilson’s criticism of modern social conditions, especially those he has in view—Americans—and to compare it to other criticisms. I am going to say something very odd but, to do justice to the realities of our day, current conditions often urgently demand a paradox. Regarding both the outer form and the inner impulses, I have tried first to compare Woodrow Wilson’s criticism of society

with that exercised by advanced thinkers and those holding radical opinions of social democracy. Indeed, one may even extend this comparison to the opinions of the most extreme radicals of the Socialist Party in thought and action.

If we go no further than the opinions of such individuals, it may be said that Woodrow Wilson's criticism of the present social order agrees almost word for word with the sentiments expressed even by Lenin and Trotsky, the grave diggers of modern civilization, of whom it may be said that, if their rule continues too long, even in a few places, it will signify the death of modern civilization and must necessarily lead to the destruction of all the attainments of modern civilization. In spite of this we must express the paradox: Woodrow Wilson, who certainly imagined a very different reconstruction of social conditions from that of these destroyers of society, directs almost literally the same criticism against the present order as those others, and he comes to the same conclusion—that legal and political concepts in their present form are obsolete and no longer suited to deal with the economic system. Moreover, it is strange that, when we try to find something positive and try to test what Woodrow Wilson has produced to build a new social organism, we find hardly any answer, but only a few measures here and there that have even been proposed elsewhere by someone far less scathing in criticism. However, he offers no answer to the question related to the necessary changes in legal matters, in political concepts and impulses, so that they may control the demands of the modern economy and make it possible for them to intervene in its activities.

Here we find that the second aspect of the social question emerges from modern life itself—that of law and equality. A foundation must first be sought for the necessary legal and political conditions for the state that must exist to grapple with and

dominate modern economic organizations. We ask: How can we attain a state of rights and political impulses that can meet the great demands of the problem? This is the second aspect of the social question.

If we contemplate life itself, we find that human society is threefold. Three aspects are clearly distinguished when we consider the individual as a member of human society. To contribute one's share, as a person certainly must, to the wellbeing of the social order in modern society, if one is to add to the welfare of the community through cooperation in the production of values and commodities, a person must first possess individual capacity, talent, and ability. Second, one must be able to live at peace with one's neighbors and work harmoniously with them. Third, individuals must be able to find the proper place from which to further the interests of the community through one's work, activity, and achievements.

With respect to the first of these, individuals are dependent on human society for the development of their capacities and talents and the training of the intellect so that the educated intelligence in them may become the guide in their physical work.

With the second, individuals are dependent on the existence of a social edifice in which they can live in peace and harmony with others. The first has to do with the cultural side of life. In the following lectures, we will see the dependence of the intellectual life on the first aspect. The second leads us into the area of equality, and this can develop only in accordance with its own nature when a social structure has been established that enables people to work together peacefully and labor for one another. Moreover, the economic aspect—this modern economic organization—is, as I have shown, compared by Woodrow Wilson to people who have outgrown their clothes so that their limbs protrude on all sides. To Wilson, these outgrown garments represent

the old legal and political concepts that the economic body has long outgrown. The growth of the economic structure beyond the old cultural and political organizations was always strongly felt by socialist thinkers, and we need only look at one thing to find the forces at work there.

As we know (we will go into all these matters more minutely afterward), the modern proletariat is completely under the influence of so-called Marxism. Marxism—the Marxist doctrine of converting private ownership of production capacity into public ownership—has been much modified by followers and opponents of Karl Marx, but Marxism has, nevertheless, a strong influence on the minds and views of life of great masses of people today. This shows itself distinctly in the chaotic social events of our time. If we take up the undoubtedly remarkable and interesting little book *Socialism: Utopian and Scientific* by Friedrich Engels, a friend and collaborator of Karl Marx, and if we familiarize ourselves with its whole train of thought, we see how a socialist thinker sees economics in relation to the political and cultural life of modern times. We must fully understand one sentence, for instance, that occurs in a summary of Engels's little book: "In the future, there must be no more governments over the people, over individuals, but only leadership through the branches of the economy and control of production." These are weighty words. They mean that those who hold such views wish that something in the economy would end—something that, following the modern evolutionary impulses, has become a part of the economy.

To a great extent, the economic aspect of life has over-spread everything, because it has outgrown both politics and culture and has acted as a suggestion on human thoughts, feelings, and passions. Thus, it becomes increasingly evident that the way that a nation's business is conducted, in reality, determines the culture and politics of the people. It becomes increasingly clear

that the commercial and industrial magnates, by their position alone, have monopolized culture. The economically weak remain uneducated. A certain connection has become apparent between the economic and the cultural, and between the cultural and the political organization. The cultural life has become increasingly one that does not evolve from its own inner needs and does not follow its own impulses, but that, especially when it is under public administration, as in schools and educational institutions, receives the form most useful to those in political authority. Human beings can no longer be judged according to their capacities; they can no longer be developed as their innate talents demand. Nonetheless, the question arises: What does the state want? What talents are needed for business? How many people are wanted with certain skills? Teaching, schools, and examinations are all directed toward this end. Culture cannot follow its own laws of development; rather, it is adapted to politics and the economy.

The immediate effect of this tendency, which we have seen especially of late, has been to make the economic system dependent on the political system. Individuals such as Marx and Engels saw this union of economics, politics, and culture; they saw that the new economy was no longer compatible with the old political form or with the old form of culture. They concluded that the life of rights, the old legal system, and culture must be excluded from the economy. However, they were led into a singular error in judgment, about which we shall have much to say in these lectures. They viewed the economy, which they could see with their own eyes, as the sole reality. They saw the cultural life and the life of justice as ideology, and they believed that the economy could produce from itself the new political and cultural conditions. So the belief arose—the most fatal of errors—that the economic system must be conducted in a definitely ordered

way. If this were done, they thought, then from that economic system the cultural life, laws, state life, and politics must come of themselves.

How was it possible for this error in judgment to arise? It was simply because the real structure of human economy, actual labor in the economic system, was concealed behind so-called finance. The financial system appeared in Europe in company with certain events. When we look more deeply into history, we see that around the time when the Reformation and the Renaissance brought a new spirit into European civilization, treasures of gold and silver were opened up in America, leading to an influx of gold and silver into Europe, especially from Central and South America. What had been an exchange of natural products was gradually replaced by the financial system. The natural system of economics could be directed to what the soil yielded—that is, to actuality. Under this system, the capacity of individuals with their productive powers could be taken into account. In other words, the value of a worker and that of the actual substance of the commodity could be seen in proper relationship. We will see in these lectures how, with the circulation of money, the importance attached to the essential elements in economics gradually disappeared; with the substitution of finance for the system of natural economy, a veil has, so to speak, been drawn over the whole economic life; its actual requirements could no longer be perceived.

What does the economic system provide for us? It provides commodities for our consumption. We need not pause today to distinguish between mental and physical commodities, for the former may also be included in the economic system and used for human consumption. The economic system, then, provides commodities, and these commodities are valued because individuals need them, because they desire them. Individuals must

attach a certain value to a commodity; thus, the latter acquires an objective value within the social body, and this value is closely connected with the subjective valuation resulting from the individual's private judgment. Nevertheless, how is the value of commodities expressed in a way that may be said to represent the importance of these commodities in society and the economy? It is expressed by the price.

We will have more to say later about value and price, but today I will say only that in economic intercourse, indeed, in social intercourse generally, in so far as the buying and selling of products is concerned, the value of the products for the consumer is expressed by the price. It is a great error to confound the value of commodities with the money price, and people will find out by degrees, not by theoretical deliberations, but in practice, that the value of commodities produced by the economic body and what is the result of human, subjective judgment, or of certain social and political conditions, is very different from all that is expressed in the price and in the conditions created by money. However, the value of commodities has been concealed in recent times by the conditions governing prices.*

This lies at the basis of modern social conditions as the third aspect of the social question. People will learn to recognize the social question as an economic question, when they again begin to give due weight to what fixes the actual value of commodities, as compared with all that finds expression in the mere prices. Price

* It should be noted that, following World War I, a new regime emerged from the German Revolution in November 1918. In 1919, a national assembly was convened in Weimar, where a new constitution for the German Reich was written and then adopted August 11, 1919, roughly two month before these lectures took place. During the war, Germany was unprepared for a lengthy conflict and depended on imports of food and raw materials, which were stopped by the British blockade. Food prices were first limited before rationing was introduced. —ED.

standards cannot be maintained, especially in moments of crisis, except when the state (the domain of law) guarantees the value of money—that is, the value of a single commodity. Without going into a theoretical consideration of the result of misunderstanding the difference between price and value, we can cite something that has actually taken place recently. We read in the literature of political economy that the old system of natural economy was in use in Central Europe until the end of the Middle Ages. This was built on the mere exchange of commodities, and its place was taken by the financial system, in which current coin represents commodities and in which only the commodity value is actually exchanged for money.

However, something new is appearing in society that seems likely to replace the financial system. This new element is at work everywhere, but it still goes unnoticed. Those who can see through the mere figures in their cash books and ledgers and can read the language of those figures will find that they do not represent merely the value of commodities, but that the figures often express what we may call the conditions of credit in the newest sense of the word. Strange as it may seem, what individuals can do because someone believes they are capable of it and what can awaken confidence in an individual's capacity begins to appear with increasing frequency in our dull, dry, business life. Look into business books and you will find that, in contrast to mere money values, mutual confidence, belief in human capacity, is becoming evident. In modern business books, when we know how to read them, a great change is expressed, a social metamorphosis. When it is said that the old natural economy has given place to the financial system, it must now be added that, in the third place, finance is giving way to credit.

With this change, the place of an old institution has again been taken by something new. Thus, a new element appears in

society—the value of the human being. The economic body itself, insofar as the production of values is concerned, is on the verge of a transformation. It is faced by a problem. This is the third aspect of the social question.

In these lectures we will have to learn to look at the social question as, first, a question of culture; second, a question of law, the state, or politics; and third, a question of economics.

The spirit must answer the following: How can people be made strong and capable, so that a social structure may arise without the present evils, which are unjustifiable? The second question is: Under the advanced conditions of the present economic life, what is the political system or system of justice that can lead people to live in peace again? The third is: What social structure will enable individuals to find the place from which they can work for the human community and its welfare insofar as their own nature, talents, and capacities permit?

We will be led to the answer by this question: What credit can be attached to the personal value of a human being? Here we see the transformation of the economy from new conditions.

A cultural problem, political problem, and economic problem are all contained in the social question, and we shall see that the smallest detail of that question cannot appear in its true light unless we look at it as a whole—fundamentally, in these three aspects: cultural, legal and political, and economic.