

6. An “All too Human” Question: Nietzsche, *Die Soziale Frage*, and the German Historical School of Economics

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Abstract

Although Friedrich Nietzsche seldom is considered for his economic thought, he in fact addressed many of the same problems as the German Historical School in the period, and at times discussed them explicitly. By studying Nietzsche’s political writings in the context of the ongoing debates about Marxism, *laissez-faire*, and the ‘Social Question’ in Germany and Italy, we hope to shed light on the broad spectrum of resistance against the extremes of communism and liberalism in late-19th century Europe.

Keywords:

The Social Question, Friedrich Nietzsche, German Historical School, the Third Way

JEL classification:

B1, B3, D6, N4

1. INTRODUCTION: NIETZSCHE AND THE LATE 19TH-CENTURY ECONOMIC AGENDA

From the viewpoint of modern mainstream economics, Nietzsche would hardly be considered as having made any contributions, directly or indirectly, to the science. His writings did, however, struggle with the fundamental questions of human coexistence that once used to interest economists, and even the odd criticism of *laissez-faire* made its way into his works. For heuristic as well as more practical purposes it thus seems profitable to explore Nietzsche’s writings on the state and on economic matters as they relate to those of his contemporaries. How, for example, does his thought relate to the problems of poverty, of Marxism, and of revolution so evident in his lifetime? A new way of looking at the economy and at society developed among German economists after 1848 – particularly strongly in the early 1870’s – as the so-called *Soziale Frage* or Social Question took hold of public opinion, and new

ways were sought to avoid the problems that appeared as capitalism incessantly forged ahead. At its kernel, the Social Question asked why, in spite of all political promises, unfettered liberalism was tearing the social fabric apart, why the rich got richer and the poor at best remained so. This same period, the 1870's, saw Nietzsche penning some of his most 'practical' works. Through comparing and contrasting his criticisms of contemporary social problems in this decade with those of the new emerging mainstream of his time, we hope to shed light on the spectrum of reactions directly addressing the Social Question in the period.

The foundation of the German Verein für Socialpolitik, literally 'The Association for Social Policy', in October 1872 had established an alternative agenda seeking a compromise between economic liberalism, where the market is seen as producing automatic harmony, and communism. Barely a year earlier, Bismarck had forged the German state, and it was the joint efforts of Bismarck and members of the Verein – one could say the political arm of the German Historical School of Economics – that, although the term was not used at the time, built the welfare state as a viable alternative to liberalism and communism. 'The ruling groups who put up the social insurance system in imperial Germany in the late 19th century despised laissez-faire economics as much as they did socialism' says Anthony Giddens in his *The Third Way* (Giddens 1998:111).

Scholars have previously made innumerable judgments as to Nietzsche's position on this polarized political axis of 'left' and 'right', but these verdicts often fail to take his contemporary political context into account. The main movement in Germany at the time was away from the extremes of liberalism and communism, and indeed explicitly seeking a functioning compromise between them. However, the Verein itself provided a great deal of internal diversity of opinion, in fact so much that one marvels at how well the group managed to stay together and be productive and influential over a period of sixty years, from 1872 until its dissolution in 1932. Nietzsche too found little kinship with the two political extremes. He wrote his *Human, all too Human*, a somewhat uncharacteristic work due to its worldly emphasis, in Italy and Switzerland in the shadow of this intense academic and political debate on liberalism, communism, and the third way, where the main protagonists were the members of the German Historical School of Economics. We therefore feel that it is appropriate to evaluate *Human, all too Human* in the light of this tradition and this debate.

Methodologically, however, any inquiry into the possible political connotations of Nietzsche's philosophy must be accompanied by a certain restraint. His writings are notoriously confusing, and his vision leaves his readers with an incredible freedom in reinterpretation: