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A Berlin (population) statistician as a forerunner of the concept of the „human capital“. Ernst Engel (1821-1896) and his influence on Rudolf Goldscheid’s concept of “Economy of Human Beings” and the “organic capital”¹

1. Preliminary remark

The modern social state how it developed in many Western European countries since the second half of the 19th century has always had to tackle the problem that social measures cost something and that the means for social or public expenses are limited. In connection with this fact the discourse on the “cost value of man” has to be seen, which started in the Western European countries in the 17th century and took quite different forms.² One of the authors who transferred this discourse from Germany to Austria was Rudolf Goldscheid.

Rudolf Goldscheid (1870-1931), born and died in Vienna, with roots in today’s Poland and the Ukraine, but at the time in the crown land Galicia in the former Habsburg monarchy, counts in today’s historical research mostly as “one of the first sociologists”.³ He was that surely, too, if one takes into consideration his efforts in founding and upholding the activities of the “Sociological Society in Vienna” 1907 and the “German Society for Sociology” in Berlin 1909.⁴

¹ Translated by Gudrun Exner and partly by Werner Richter.

² C. Jörg Vögele und Wolfgang Woelk, Der „Wert des Menschen“ in den Bevölkerungswissenschaften bis zum Ende der Weimarer Republik. Ein Werkstattbericht [The „Value of Man“ in Population Sciences up to the End of the Weimar Republic. A Working Report]. In: Rainer Mackensen (ed.), Bevölkerungswissenschaft und Bevölkerungspolitik vor 1933. Arbeitstagung der Deutschen Gesellschaft für Bevölkerungswissenschaft und der Johann Peter Süßmilch-Gesellschaft für Demographie mit Unterstützung des Max Planck-Instituts für demographische Forschung, Rostock [Population Science and Population Policy before 1933. Working Meeting of the German Society of Population Science and of the Johann Peter Süßmilch-Society for Demography with Support of the Max Planck-Institute for Demographic Research, Rostock] (Opladen: Leske + Budrich 2002), pp. 121-133, here p. 121 f.

³ C. Christian Fleck, Rund um “Marienthal”: von den Anfängen der Soziologie in Österreich bis zu ihrer Vertreibung [Around „Marienthal“: from the Beginnings of Sociology in Austria until its Expulsion] (Vienna: Verlag für Gesellschaftskritik 1990; = Österreichische Texte zur Gesellschaftskritik. 51), pp. 12 f.

⁴ C. Katharina Neef, Rudolf Goldscheid – Soziologe oder Sozialpolitiker? Zur wissenschaftshistorischen Exklusion konstitutiver Diskursteilnehmer der frühen deutschsprachigen Soziologie [Rudolf Goldscheid – Sociologist or Social Politician? On the Exclusion of Constituent Participants of the Discourse in Early German Speaking Sociology by History of Science]. In: Ein Netz der Wissenschaften? Wilhelm Ostwalds „Annalen der Naturphilosophie“ und die Durchsetzung wissenschaftlicher Paradigmen. Vorträge des Kolloquiums, veranstaltet von der Sächsischen Akademie der Wissenschaften zu Leipzig und dem Institut für Philosophie der Universität Leipzig im Oktober 2007. [A Net of Sciences? Wilhelm Ostwald’s „Annals of Natural Philosophy“ and the Putting Through of Scientific Paradigms. Lectures of the Colloquy, organized by the Saxonian Academy of Sciences at Leipsic and the Institute for Philosophy of the University at Leipsic in October 2007.] Abhandlungen der Sächsischen Akademie der Wissenschaft zu Leipzig. Philosophisch-historische Klasse. Vol. 81 (2007), issue 4, pp. 23-45, hier S. 30 f., S. 33, S. 41 f.

I would prefer to call him a scientific essayist on the field of social reform. For his books are written more in essayistic than in scientific style, although they present scientific contents on the level of the scientific height of the time. Furthermore, they deal with social reform from the perspective of the different scientific disciplines, or with the practical use of sociological science for every-day-life. Out of his reflections Goldscheid developed his concept of social reform, “Economy of Human Beings”.

Goldscheid’s „Economy of Human Beings“ generally states, that man does not have only an ethic value, but also an economic value if you regard him as a labour force. So already for this reason he must be treated carefully, because only a labour force that is not exploited is most profitable from the perspective of the whole political economic system. With this argument Goldscheid hoped to persuade the entrepreneurs – who in his opinion think materialistic – more easily to treat carefully the “organic capital” than by using the ethic argument which is discounted as sentimental humanitarianism.⁵

An other pulse generator for Goldscheid’s concept of “Economy of Human Beings” was the decline of the birth rate which started also in Austria in 1902. The decline of the birth rate in Austria was observed relatively quickly by the official population statisticians⁶ and was regarded as a problem before World War I because it was feared that the state would suffer from a lack of soldiers and productive labour force. This concern developed into a scenario of menace after the World War I and its losses of population.⁷ Goldscheid pointed out in two books already in 1908⁸ and in 1911⁹, that the quantitative loss of population by the recent decline of the birth rate could be compensated for by an increase of the quality in the “production of men”. Less births, but a better health care, a better (and longer) education and a governmental insurance system would promote the biological substance of labour force and ultimately the political economy as a whole would profit. Among others, Goldscheid’s

⁵ C. Gudrun Exner, Rudolf Goldscheid (1870-1931) and the Economy of Human Beings: a new point of view on the decline of fertility in the time of the first demographic transition, *Vienna Yearbook of Population Research* 2004 (2004), pp. 283-301, here p. 289.

⁶ Like for example Peter Galasso (1867-?) who wrote an essay about the decline of the birth rate in 1913. – Peter Galasso, *Der Geburtenrückgang in Österreich [The Decline of the Birth Rate in Austria]*. In: *Statistische Monatsschrift [Statistical Monthly]*. Ed. by the K.K. Statistischen Zentralkommission. N.F. Jg. 18 (Brno: Irrgang 1913), pp. 393-423.

⁷ C. Gudrun Exner, Josef Kytir und Alexander Pinwinkler, *Bevölkerungswissenschaft in Österreich in der Zwischenkriegszeit (1918-1938): Personen, Institutionen, Diskurse [Population Science in Austria in the Interwar Period (1918-1938): Persons, Institutions, Discourses]* (Vienna-Cologne-Weimar: Böhlau 2004; = *Schriftenreihe des Instituts für Demographie der Österreichischen Akademie der Wissenschaften*. Vol. 18), pp. 268 f.

⁸ Rudolf Goldscheid, *Entwicklungswerttheorie, Entwicklungsökonomie, Menschenökonomie. Eine Programmschrift [Theory of the Evolutionary Value, Evolutionary Economy, Economy of Human Beings. A Program Writing]* (Leipzig: Werner Klinkhardt 1908).

⁹ Rudolf Goldscheid, *Höherentwicklung und Menschenökonomie. Grundlegung der Sozialbiologie [Evolution and Economy of Human Beings. The Foundation of Social Biology]* (Leipzig: Klinkhardt 1911).

social reform concept was directed against contemporary capitalism, and there were many reasons why to oppose this form of capitalism. Today many of Goldscheid's suggestions have become true but at the time they were not self-evident. So the discourse on the "cost value of man" at the time cannot be transferred on today's economic system but nevertheless it is possible to learn from it also for the present.

With a terminology and a style of thinking which mingles terms of social reform and of economic thinking, Goldscheid's concept of "Economy of Humany Beings" is harshly criticized in today's historical, sociological or philosophical discourse¹⁰: From this point of view it is not far to way of thinking which says that anyone who does not have (any more) an economic, material value, is not worth (any more) of receiving material benefits, whether the extreme standpoint of "Vernichtung 'lebensunwerten' Lebens" (euthanasia) like in the NS-time is meant or today's public discussion around the private financing of operations in the pension age.

Goldscheid, however, explicitly said that „Economy of Human Beings" means a future social state where the welfare of men takes precedence over an optimal economic utilization of men. He states this very clearly especially in his posthumous manuscript in 1935 "Das organische Kapital" [The Organic Capital]¹¹. Careful treatment of the "organic capital" must not be understood in the sense of some American plantation and slave owners who calculated that it is too expensive to ruin a slave in half a year, but that a slave's life duration of seven years achieves the maximum of productivity, and that the overseers in these plantations should try to reach this target.

¹⁰ C. Doris Byer, *Rassenhygiene und Wohlfahrtspflege. Zur Entstehung eines sozialdemokratischen Macht-dispositivs in Österreich bis 1934* [Racial Hygienics and Welfare Work. On the Development of a Social Democratic Dispositive of Power in Austria until 1934] (Frankfort on the Main – New York: Campus 1988); Karin Lehner, *Verpönte Eingriffe. Sozialdemokratische Reformbestrebungen zu den Abtreibungsbestimmungen in der Zwischenkriegszeit* [Illegal Operations. Social Democratic Reform Tendencies on the Abortion Law in the Interwar Period] (Vienna: Picus 1989), pp. 58 f.; Ulrich Bröckling, *Menschenökonomie, Humankapital. Eine Kritik der biopolitischen Ökonomie* [Economy of Human Beings, Human Capital. A Critique of Economy of Biopolitics]. In: Ulrich Bröckling, Benjamin Bühler, Marcus Hahn u.a. (Eds.), *Disziplinen des Lebens: zwischen Anthropologie, Literatur und Politik* [Disciplines of Life: between Anthropology, Literature and Politics] (Tübingen: Gunter Narr 2004), pp. 275-295, here p. 281, p. 286 f. Also Katharina Neef counts Goldscheid to the „social technological oriented form of sociology". – C. Neef, *Rudolf Goldscheid* (2007), p. 33. It can only be partly agreed with this opinion, because for Goldscheid also the humanitarian engagement was very important. Jochen Fleischhacker stresses this again and again in his studies on Goldscheid. – C. Jochen Fleischhacker, *Rudolf Goldscheid: Soziologe und Geisteswissenschaftler im 20. Jahrhundert. Eine Porträtskizze* [Rudolf Goldscheid: Sociologist and Scholar in the 20th Century. A Portait Sketch. In: Newsletter. Archiv für die Geschichte der Soziologie in Österreich/ Archive for the History of Sociology in Austria. 20 (2000), pp. 3-13, here p. 11.

¹¹ Rudolf Goldscheid, *Das organische Kapital. Zur soziologischen Kritik der kapitalistischen sowie der sozialistischen Wirtschaftstheorie auf Grundlage der Menschenökonomie. Aus des Verfassers Nachlass herausgegeben von Marie Goldscheid* [The Organic Capital. On the Sociological Critique of the Capitalist as well as the Socialist Theory of Economy on the Foundation of Economy of Human Beings. Edited out of the Author's Left Property by Marie Goldscheid] (Prague: unpublished manuscript 1935). The manuscript of around thousand pages was not available for today's research because it is up to now in private possession.

Goldscheid took this example from a book of the English writer Bernhard Shaw (1856-1950), „Der Weg der intelligenten Frau zum Sozialismus“ [The intelligent Woman’s Guide to Socialism] to point out that the future state of “Economy of Human Beings” should not develop into such a kind.¹² He explicitly warned against such forms of more subtle exploitation of which he had given the above mentioned extreme example:

„It is clear that we must fail in using similar methods in regard of utilization and administration of men in the present, quite apart from the fact that such methods could not be pushed through because of the powerful position to which the organized working class has risen today.”¹³

The aim of “Economy of Human Beings” should be highest welfare and least possible wear of the biological substance of the labour force, even if the wealth of the national economy does not achieve its maximum.

In the manuscript „Das organische Kapital“ Goldscheid stresses that the Berlin statistician Ernst Engel was the author who inspired him with his work „Der Kostenwert des Menschen“ [The Cost Value of Man] to the fundamental thought of “Economy of Human Beings”.¹⁴ Already the introduction of Goldscheid’s book from 1911 can be read like the result of his reflections on Engel’s study about the cost value of man:

„How useless today human beings are ruined, destroyed, crushed underfoot like ants, by avoidable kicks of the fate, crushed by the soulless wheels of the administration mechanism. Where in the present men are sacrificed uselessly, nobody feels even to have done a damage to property, let alone something other, higher – *because man has only a dignity, but no market price*, because he is a free good which no owner protects with his whole authority, with the majesty of the will of possession and because one thinks over and above he is an abundant product, which therefore has no economic value.”¹⁵

Therefore in the following it shall be dealt with Engel.

2. Short biography of Ernst Engel (1821-1896)

¹² C. Goldscheid, Das organische Kapital (1935), pp. 464-466.

¹³ Goldscheid, Das organische Kapital (1935), p. 466. [The citation in the German original: „Es ist klar, dass wir bei Anwendung ähnlicher Methoden in Bezug auf die Menschenverwertung und Menschenverwaltung in der Gegenwart kläglich Schiffbruch leiden müssten, ganz abgesehen davon, dass heute schon wegen der Machtstellung, zu der die organisierte Arbeiterklasse aufgestiegen ist, solche Methoden sich unmöglich durchsetzen ließen.“]

¹⁴ C. Goldscheid, Das organische Kapital (1935), pp. 17-23, esp. pp. 20 f. – Goldscheid points out this fact already in his work: Goldscheid, Höherentwicklung und Menschenökonomie (1911), p. 496, but much less ample and less stressed. – Fleischhacker, too, says that Engel was one of the authors who inspired Goldscheid (c. Fleischhacker, Rudolf Goldscheid (2000), p. 9.)

¹⁵ Goldscheid, Höherentwicklung und Menschenökonomie (1911), p. XX; italics by G. E. [The citation in the German original: „Wie sinnlos werden heute menschliche Existenzen ruiniert, ja vernichtet, zertreten wie Ameisen, von vermeidbaren Fußritten des Schicksals, zermalmt vom seelenlosen Räderwerk des Verwaltungsmechanismus. Wo man gegenwärtig Menschen nutzlos hinopfert, hat man, von Anderem, Höherem ganz zu schweigen, nicht einmal das Gefühl, sich einer Sachbeschädigung schuldig zu machen – hat doch der Mensch nur eine Würde, aber keinen Marktpreis, ist er doch ein freies Gut, für das kein Eigentümer mit der ganzen Autorität, ja Majestät des Besitzwillens eintritt, und hält man ihn obendrein für ein im Überfluß vorhandenes Produkt, dem man darum auch keinen wirtschaftlichen Wert zuschreibt.“]

Ernst Engel was born on the 26th March 1821 in Dresden as a son of a cellarer of a wine-store¹⁶ and dealt with mining and metallurgical engineering, before he took over the direction of the newly founded Statistical Office of the ministry of the interior of the kingdom Saxonia in 1850. In the “Neue Deutsche Biographie” [New German Biography] it is not mentioned that he completed a university study, but it seems that he has done so, for in some publications he is named with the title of a “doctor”.¹⁷

In 1858 Engel resigned from his function at the Saxonian ministry of the interior and in 1860 he became the successor of Wilhelm Dieterici (1790-1859) as the director of the Prussian Statistical Office until 1882.

Thus Engel is a central personality in the history of the beginnings of statistics as an independent science. Engel himself regarded statistics as such – as an independent science –, but also as a method and as an auxiliary science for other scientific branches. In 1860 he founded the Prussian Statistical Central Commission and in 1862 a seminar for the statistical education of administrative officers. He belonged to one of the founders of the International Statistical Congress and was member of the International Statistical Institute (ISI) which came into being in 1885.

He dealt with questions of economic and social policy from the perspective of the so-called “Kathedersozialismus” [teacher’s desk socialism]. The so-called “Engelsches Gesetz” [Engel’s Law] is named after him. It says that with increasing income of a household the expensions for food decrease relatively.¹⁸

3. Short biography of Rudolf Goldscheid (1870-1931)

¹⁶ For the following section see, if not cited differently: Ernst Maier, Engel, Christian Lorenz Ernst. In: Neue Deutsche Biographie [New German Biography]. Ed. by the Historische Kommission bei der Bayerischen Akademie der Wissenschaften. Vol. 4 (Berlin: Duncker & Humblot 1959), pp. 500 f.

¹⁷ C. Ernst Engel, Der Werth des Menschen. I. Theil: Der Kostenwerth des Menschen [The Value of Man. Part I: The Cost Value of Man] (Berlin: Leonhard Simion 1883; = Volkswirtschaftliche Zeitfragen. Vorträge und Abhandlungen hg. von der Volkswirtschaftlichen Gesellschaft in Berlin. Vol. V. Issue 8), title/heading. – A university study in mining from 1842 to 1845 and its determination in Freiberg i.S. is mentioned in: E. Blenck, Engel. In: Allgemeines Deutsche Biographie [General German Biography]. Vol. 48: Nachträge bis 1899 [Addenda up to 1899]: Döllinger-Friedreich. Ed. by the historische Commission bei der Königlichen Akademie der Wissenschaften (Leipscic: Duncker & Humblot 1904), pp. 363-369, here p. 363.

¹⁸ Engel described this fact in: Ernst Engel, Das Rechnungsbuch der Hausfrau und dessen Bedeutung im Wirtschaftsleben der Nation. Ein Vortrag [The Account-book of the Housewife and its Importance for the Economic Life of the Nation. A Lecture] (Berlin: Leonhard Simion 1882; = Volkswirtschaftliche Zeitfragen. Vorträge und Abhandlungen ed. by the Volkswirtschaftlichen Gesellschaft in Berlin und der ständigen Deputation des Congresses Deutscher Volkswirte. Vol. III, Issue 8), pp. 37-39.

Who was Rudolf Goldscheid? His contemporaries describe him in an obituary notice in the „Neues Wiener Tagblatt“ [New Vienna Daily] as follows:

“Yesterday the renowned sociologist Rudolf Goldscheid has died here [...] Philosophy, Natural Science and Sociology, National Economics and Practical Politics, in all these fields he worked and often developed new ideas. Most popular he became by his work on Economy of Human Beings (‘Höherentwicklung und Menschenökonomie’ [Evolution and Economy of Human Beings], published in 1911); he founded Financial Sociology, [...] the German Monist League elected him Honorary President.”¹⁹

Goldscheid was born on the 12th August 1870 in Vienna as the sixth and youngest child of a wealthy Jewish merchant family. In Vienna he attended the four lower classes of secondary school.²⁰

He started his scientific career at Friedrich-Wilhelm-University in Berlin, where he enrolled in 1891 in order to study philosophy and sociology. Although he was successful in his studies, he left university in 1894 without a degree and merely received a positive leaving certificate.²¹

We do not know why Goldscheid dropped out of university. One reason may be that apparently only visited lower high school and never obtained school leaving certificate. An other reason may be that he wanted to become a writer.

Indeed, between 1888 and 1899 he published a book almost every other year under the pseudonym “Rudolf Golm“. In his books he dealt with the issues of love and marriage, but often from social-critical perspective. Summing up his literary production it can be said that Goldscheid had some talent as writer but never reached a top level. But his books are interesting for the historian for they give some autobiographical informations.

In 1898, Goldscheid married Marie Rudolph (1875-1938), the daughter of the late Berlin worker Hermann Rudolph and of Pauline Rudolph, whose maiden name was Malzahn, in

¹⁹ Neues Wiener Tagblatt [New Vienna Daily], No. 276 from October 7th, 1931, p. 7. [The citation in the German original: „Gestern ist hier der bekannte Soziologe Rudolf Goldscheid gestorben. [...] Philosophie, Naturwissenschaft und Soziologie, Nationalökonomie und praktische Politik, auf all diesen Gebieten arbeitete er und brachte vielfach neue Ideen hervor. Am bekanntesten wurde er durch sein Werk über Menschenökonomie (‘Höherentwicklung und Menschenökonomie’, im Jahre 1911 erschienen); er begründete die Finanzsoziologie, [...] der Deutsche Monistenbund wählte ihn zu seinem Ehrenvorsitzenden.“]

²⁰ C. Österreichisches Staatsarchiv [Austrian State Archives]/ Kriegsarchiv [War Archives]/ Grundbuchblätter Wien [Land Register Vienna], 1870, Kt. 246, Unterabtheilungs-Grundbuchblatt Rudolf Goldscheid [Entry in the Land Register Rudolf Goldscheid].

²¹ C. Archiv der Humboldt-Universität zu Berlin [Archives of the Humboldt-University at Berlin]/ Acta der königl. Friedrich-Wilhelms-Universität zu Berlin [Documents of the royal Friedrich-Wilhelms-University at Berlin], Abgangszeugnisse 1. Dezember 1894-5. März 1895 [Leaving certificates 1st December 1894-5th March 1895], Abgangszeugnis Nr. 47, Rudolf Goldscheid, vom 11. Jänner 1895 [Leaving certificate No. 47, Rudolf Goldscheid, 11th January 1895].

Leipzig.²² He returned to Vienna and here led the life of a private scholar which showed ample scientific productivity and active participation in scientific associations. His career in the scientific world began about the year 1906 when he inherited a fortune of half a million crowns from his uncle, the rich banker Sigmund Reitzes (1835-1906).²³

But he had got already before, in the years 1895 and 1897, considerable smaller inheritages.²⁴ Thus it does not hold good, to explain Goldscheid's increasing successfulness in the scientific community only by financial reasons.

In 1908 Goldscheid was among the founding members of the "Österreichischer Monistenbund" [Austrian Monist League]. Though he was a Monist – i.e., he rejected traditional religions and believed in one basic principle such as energy – he did not leave the Jewish Community in Vienna until 1921. In 1909 he was also one of the founding members of the "Deutsche Gesellschaft für Soziologie" [German Society for Sociology]. He was a member of the "Soziologische Gesellschaft" [Sociological Society] in Vienna and again among the founders (as vice-president) of the "Österreichische Gesellschaft für Menschenrechte" [Austrian Society for Human Rights]. He also became editor of the "Friedenswarte" [Peace Observatory]²⁵. In 1917, Viennese scientists and politicians who were interested in the future development of the Austrian population founded the

²² C. Standesamt der Stadt Leipzig, Heiratsurkunde Nr. 383 B. vom 10. Mai 1898, Heiratsbuch Leipzig II, jetzt Leipzig [Registry office of the town Leipzig, marriage certificate No. 383 B., 10th May 1898, book of marriages Leipzig II, now Leipzig]. – Thus the entry in the „Neue Deutsche Biographie“ [New German Biography] is wrong, according to which the maiden name of Marie Rudolph's mother was Bertha von Maltzahn. – C. August M. Knoll, Goldscheid, Rudolf. In: Neue Deutsche Biographie [New German Biography]. Ed. by the Historische Kommission bei der Bayerischen Akademie der Wissenschaften. Vol. 6 (Berlin: Duncker & Humblot 1964), pp. 607 f., here p. 607. This mistake has, however, been adopted by the contemporary research literature on Goldscheid, also in my own writings, as I have to admit.

²³ C. Wiener Stadt- und Landesarchiv [Vienna Town and Land Archives]/ Handelsgericht [Commercial Court]/ Verlassenschaftsabhandlung Sigmund Reitzes [Documents concerning the property left of Sidmund Reitzes], + 4. September 1906 (Wien 1010). – The value of half a million crown shall be shown by the comparison with the annual wage of an average government official which came to about 2,500 crowns or a little more. – The information about the kinship with Reitzes was taken from: Wolfgang Fritz, Rudolf Goldscheid, der Erfinder der Finanzsoziologie, sein Leben und seine Zeit [Rudolf Goldscheid, the Inventor of Financial Sociology, his Life and his Time]. In: Wolfgang Fritz and Gertraude Mikl-Horke, Rudolf Goldscheid – Finanzsoziologie und ethische Sozialwissenschaft [Rudolf Goldscheid – Financial Sociology and Ethical Social Science] (Münster a. o.: LitVerlag 2007), pp. 6–85, here p. 22.

²⁴ C. Wiener Stadt- und Landesarchiv [Vienna Town and Land Archives]/ Bezirksgericht Innere Stadt (I) [Local Court City (I)], Verlassenschaftsabhandlung Siegfried Goldscheid, gestorben am 20. Oktober 1895 [Documents concerning the property left of Siegfried Goldscheid, died 20th October 1895]; Verlassenschaftsabhandlung Moses Hirsch Goldscheid, gestorben am 2. August 1897 [Documents concerning the property left of Moses Hirsch Goldscheid, died 2nd August 1897].

²⁵ C. Fleischhacker, Rudolf Goldscheid (2000), pp. 3-5; c. Jochen Fleischhacker, Change of generative models of behavior in the 20th century. An examination of the theoretical demographic discourses of the sociologist Rudolf Goldscheid (unpublished manuscript for a public lecture 1997), pp. 7 f.

„Österreichische Gesellschaft für Bevölkerungspolitik“ [Austrian Society for Population Policy], with Goldscheid among the founding members as well.²⁶

Goldscheid became acquainted with some important scientists in these societies. Thus he made friends with the physicist Wilhelm Ostwald (1853-1932) and the sociologist Max Adler (1873-1937) and edited a festschrift for each of them. Goldscheid also worked as a journalist and since 1914 published about 15 articles in the most important Austrian social-democratic newspaper, the “Arbeiter-Zeitung“. Most of his articles dealt with the consequences of the First World War.²⁷ He was a committed pacifist and social democrat and ideologically he supported the scientific-philosophical idea of Monism. He was president of the Austrian Monist League from 1912 to 1917. He was member of the Socialist Party.²⁸

As a scientist he was mostly interested in sociology. Most of his studies were published: he composed about 20 scientific studies – in most cases books that dealt with sociological, social and economic issues.²⁹

Goldscheid died on 6 October, 1931, quite unexpectedly and much too early for his friends. A few days later, his urn was buried in the crematorium on the Vienna central cemetery. Leading social democrats of Vienna like mayor Karl Seitz (1869-1950) and municipal councillors Julius Tandler (1869-1936) and Hugo Breitner (1873-1946) took part in the burial ceremony, as well as representatives of the organisations for which Goldscheid had worked.³⁰ About two weeks later, the Vienna municipal council decided that in appreciation of Goldscheid’s scientific achievements his urn should get a special place at the inner part of the left-hand arcades of the crematorium. Furthermore, the municipal council decided in its meeting of 4 May, 1932, that a street in the 17th city district should be named after Goldscheid.³¹ All this shall be mentioned here because it indicates that Goldscheid must have been a very important person in “Red Vienna”.

In 1938, when his wife died, his urn was removed from its place of honour in the arcades (it is not quite clear whether the reason was Goldscheid’s being Jewish) and put outside into

²⁶ C. Gudrun Exner, Die „Österreichische Gesellschaft für Bevölkerungspolitik (und Fürsorgewesen)“ (1917-1938) – eine Vereinigung mit sozialpolitischen Zielsetzungen im Wien der 20er und 30er Jahre [The „Austrian Society for Population Policy (and Welfare Work)“ (1917-1938) – an Association with Social Political Targets in the 1920ies and 1930ies in Vienna]. In: Demographische Informationen [Demographical Informations] 2001, pp. 93-107, here p. 104.

²⁷ C. Wienbibliothek im Rathaus [Vienna Library in the Town Hall] / Tagblattarchiv [Archives of the “Tagblatt”], Mappe „Rudolf Goldscheid“ [File “Rudolf Goldscheid”].

²⁸ C. Rudolf Goldscheid. Zu seinem sechzigsten Geburtstag [Rudolf Goldscheid. On his 60th Birthday]. In: Arbeiter-Zeitung Nr. 165 vom 15. Juni 1930 [Workers Newspaper No. 165, 15th June 1930], p. 3.

²⁹ Vgl. Fleischhacker, Rudolf Goldscheid (2000), S. 12 f.

³⁰ C. Hans Wehberg, Persönliches. Rudolf Goldscheid † [Personal Matters. Rudolf Goldscheid †]. In: Die Friedens-Warte [The Peace Observatory] Vol. 31 (1931), p. 343.

³¹ C. Amtsblatt der Stadt Wien, Nr. 92 vom 18. November 1931 [Official Gazette of the Town Vienna, No. 92, 18th November 1931], p. 988; c. *ibid.*, Nr. 44 vom 1. Juni 1932 [No. 44, 1st June 1932], p. 429.

department VI of the crematorium next to his wife's urn where the already slightly damaged gravestone can be found even today.³²

A look at the material goods Goldscheid left behind shows that he had died just in time, as it were. Besides some clothes and furniture he only had about 50,000 Austrian shillings in the bank. He could have lived from that only for a few years. He left no children. When his wife died from cancer in 1938, the debts were as high as the remaining money.³³

4. The Cost Value of Man

“Der Kostenwerth des Menschen” [The Cost Value of Man] reads the title of the investigation by Ernst Engel which inspired Goldscheid to develop the basic thought of Economy of Human Beings. This study, a treatise of approximately 80 pages, was the result of Engel's lecture in the Society of Political Economy in Berlin in November 1882 on the topic “Der Wert des Lebens” [The Value of Life].³⁴

Engel says, to speak about the cost value of man is regarded as impropriety at his time. But it is legitimate, because there exists a trade of men and a market price of men in practical life, for example in the slavery at the time still in Africa or South America, or in cases of adoption of children even today in the midst of Germany. There were forerunners in research, too, who dealt with the topic. For example in 1834 the Belgian statistician and founder of social statistics Adolphe Quetelet (1796-1874) published the work “On Man and the Development of his Abilities”, where he did not investigate the economic value of man, but regarded him like a material good from “materilistic” perspective.³⁵

Engel also tackled the definition of this “value” or “cost value”: it can be defined as the production costs within a political economy, the sum of cost of acquisition and cost of manufacture.³⁶

Furthermore Engel described some vivid examples of the slave trade in the United States in the 19th century. He cited an example of the time of the War of Secession between the Northern and the Southern States of the USA, when the slaves had to be released and some slave owners demanded indemnifications by the government. Thus it is said in a newspaper

³² C. Exner, Rudolf Goldscheid (2004), pp. 287 f.

³³ C. Wiener Stadt- und Landesarchiv [Vienna Town and Land Archives], Bezirksgericht Margarethen [Local Court Margarethen], Verlassenschaftsabhandlung Rudolf Goldscheid, gestorben am 6. Oktober 1931 [Documents concerning the property left of Rudolf Goldscheid, died 6th October 1931]; Verlassenschaftsabhandlung Marie Goldscheid, gestorben am 9. November 1938 [Documents concerning the property left of Marie Goldscheid, died 9th November 1938].

³⁴ C. Engel, Werth des Menschen (1883), Vorwort [Preface].

³⁵ C. Engel, Werth des Menschen (1883), pp. 1 f.

³⁶ C. Engel, Werth des Menschen (1883), p. 5.

from Port Hudson in Louisiana: “Joseph, 55 years old, one-eyed and he has a limp; 1860 his price was 500 dollars, [I; G. E.] demand only 230 from the authority”; or: “Sarah, house servant, nice and clever ... 500”, or: “Toni, a big boy, weight 190 pounds, 29 years old, works without overseer ... 2200.”³⁷

Not only men were sold on the slave market, but Engel stated that animals were often sold more expensive than men, especially pedigree dogs and racehorses, because for example with the help of the latter the owners could gain fortunes at horse races. The highest money value, however, man is conceded by hostages takers who demand the highest prices for their prisoners.³⁸

Engel also pointed out that in practice at the time not only man as a whole but also some of his limbs are compensated for with money, for example by pension funds and insurance services.³⁹ This must of course been understood as an ironic reversal of the causal connections, because these limbs are not bought from the “owner”, but he gets an indemnification for its loss or better for the loss of fitness for work which he suffers by the loss of extremities.

Thus Engel resumed as following:

„From the preceding, absolutely trustworthy remarks it can be seen that on the men market of the Old and the New World sex, age, figure, muscles, physical beauty, sharpness of senses, constitution, temper, intelligence, cleverness, faithfulness a.s.o. are real bases for the fixing of men-prices.”⁴⁰

The earliest essay to define the material “value” of man from the perspective of political economy could have made William Petty (1623-1687) who estimated the number of the inhabitants of England, and their annual income which he regarded as the value of their lives in political economic regard, with 42 millions pounds Sterling.⁴¹

Adam Smith (1723-1790), too, stated that man could be seen as an expensive machine, which must „amortize“ the „invested“ rearing and education costs by his working power.⁴²

³⁷ Engel, *Werth des Menschen* (1883), p. 8.

³⁸ C. Engel, *Werth des Menschen* (1883), pp. 10 f.

³⁹ C. Engel, *Werth des Menschen* (1883), p. 13.

⁴⁰ Engel, *Werth des Menschen* (1883), p. 13. – [The citation in the German original: „Aus vorstehenden, durchaus zuverlässigen Notizen ersieht man, daß auf dem Menschenmarkte der alten und neuen Welt Geschlecht, Alter, Wuchs, Musculatur, physische Schönheit, Schärfe der Sinne, Constitution, Temperament, Intelligenz, Gelehrigkeit, Treue u.s.w. ganz reale Menschenpreis-Bestimmungsgründe sind.“] – Therefore, Engel did not believe that slaves were generally treated so cruelly like it was for example described in “Uncle Tom’s Cabin” by Harriet Beecher Stowe (1811-1896), which besides was published before the beginning of the Wars of Secession (c. pp. 13 f.); but compare this remark of Engel with the above mentioned calculations on life duration and rentability of slaves according to Bernhard Shaw.

⁴¹ C. Engel, *Werth des Menschen* (1883), pp. 14 f.

⁴² C. Engel, *Werth des Menschen* (1883), p. 21.

Engel also mentioned a younger and German predecessor, professor Dr. Theodor Wittstein (1816-1894), an excellent mathematician and actuary. Wittstein calculated the capital value of man in a study in 1893 and Dr. R. Lüdgtge calculated the money value and the value insured of man also in 1873.⁴³

Engel described these calculations in detail, but they are not in the focus of interest in this article. What I wanted to point is that rearing and education costs as well as the latter productivity and the duration of the productive periode of the men are the bases of the calculation of his value.⁴⁴ The capital which is “invested” into man by rearing and education must be payed off in the same amount, that means must “amortize” or even achieve a surplus.

5. The influence of Engel’s study on “The Cost Value of Man” on Goldscheid’s Economy of Human Beings

Goldscheid took up Engel’s thought that man also requires rearing and education costs which he must pay off by his working power, but turned them into an other direction. He stated that a “more qualified organic capital” which is treated carefully, achieves a longer duration of life and the maximum of productivity.⁴⁵ This productivity from which the whole political economy profits makes possible further (governmental) investments into the “organic capital”, and for society as a whole a positive circulation is set in motion which leads in the direction of a social-cultural evolution, but also, as Goldscheid hoped, in the direction of an evolution in the biological-eugenic sense.

With „investments into the organic capital“ Goldscheid meant especially a better education, a better health care also for pregnant and mothers, for the children should not suffer from pre-birth damages, a decrease of infant and child mortality, protection by accident and health insurances and pension funds.⁴⁶ To us nowadays, such reflections seem quite self-evident, but at the time they were not. With these reflections, however, Goldscheid lined out some basic preconditions of the modern Austrian social and welfare state. In his posthumous manuscript Goldscheid presents himself even more clearly as a (still undiscovered) father of the modern Austrian social state. Here he anticipates institutions which became concrete after 1945 like the so-called “Sozialpartnerschaft” (social partnership), a constructive cooperation between

⁴³ C. Engel, *Werth des Menschen* (1883), p. 28.

⁴⁴ C. Engel, *Werth des Menschen* (1883), p. 30.

⁴⁵ C. Exner, *Rudolf Goldscheid* (2004), p. 289.

⁴⁶ C. Exner, *Rudolf Goldscheid* (2004), p. 289.

the employees' and employers' associations.⁴⁷ He also describes the foundations of that what is in today's demography called "inter-generational contract"⁴⁸ and many other modern developments.

6. Further origins of „Economy of Human Beings“ – the discourse on the decline of the birth rate

A further connection between Goldscheid's "Economy of Human Beings" and Population Science shall be mentioned also. Not only Engel's reflections on the "Cost Value of Man" influenced Goldscheid's social utopia, but also the contemporary demographic development and topic of public discourse at the time, the decline of the birth rate. This was already shortly mentioned in the preliminary remark but shall here be investigated more amply.

The starting point of „Economy of Human Beings“ is also a question in the field of contemporary population policy which was raised by the actual decline of the birth rate which started in Austria in 1902 and which read as such: How can national security and (national) wealth be upheld with low birth rates? This question was discussed in the public scientific discourse among others by population statisticians and demographers.⁴⁹

Goldscheid suggested the following solution: The now less quantitative "organic capital" must be utilized as best as possible, in the interest of the community as well as of the individual. Less, but better provided and better educated children shall be brought up. "Missing quantity" shall be replaced by „higher quality“. These reflections lead like those on Engel's

⁴⁷ C. Goldscheid, *Das organische Kapital* (1935), p. 214. – Goldscheid writes: „Either one thinks that there must be found a balance between the load capacity of the working masses and the load capacity of economy, than it is the inevitable task of the employers' associations to confer with the employees' associations how the productivity of economy can be raised without causing damage to the organic substance of the employees [...]“. – [Citation in the German original „Entweder man ist der Meinung, dass zwischen der Tragfähigkeit der arbeitenden Massen und der Tragfähigkeit der Wirtschaft ein Ausgleich gefunden werden müsse, dann ist es unabweisbare Aufgabe der Unternehmerverbände, gemeinsam mit den Arbeiterorganisationen darüber zu beraten, wie die Ertragsfähigkeit der Wirtschaft gehoben werden kann, ohne die Arbeitenden in ihrer organischen Substanz zu schädigen [...]“]

⁴⁸ C. Goldscheid, *Das organische Kapital* (1935), p. 452. – Here Goldscheid explains the fundamental thought: "Economy of Human Beings postulates that the life of men has three periods, that means that a man must achieve in his period of productivity so much surplus value that it makes good the unproductive period of rearing and education as well as the last period of old age in which he only consumes [...]. In practice in the individualistically organized economy this proceeds as such that the parents advance the children the necessary capital for their unproductive period of rearing and education." [Citation in the German original „Die Menschenökonomie geht von der Dreiphasigkeit des Menschenlebens aus, dass heißt von der Tatsache, dass der Mensch in seiner eigentlichen Produktivitätsperiode so viel an Mehrwert erzielen muss, dass dadurch die noch nicht objektiv produktive Aufzuchs- und Berufsvorbereitungsperiode wie die größtenteils konsumptive Altersperiode [...] voll gedeckt wird. Das vollzieht sich in der individualistisch gegliederten Wirtschaft in Wirklichkeit so, dass die Eltern den Kindern während deren unproduktiver Aufzuchs- und Berufsvorbereitungsperiode das hierfür erforderliche Kapital vorstrecken.“]

⁴⁹ C. Exner, Kytir, Pinwinkler, *Bevölkerungswissenschaft in Österreich in der Zwischenkriegszeit* (2004), pp. 248-269.

thoughts on the “cost value” of man to the necessity of building up a governmental health, social and insurance system.

7. The eugenic component of „Economy of Human Beings”

The concept of „Economy of Human Beings“ also contained a eugenic component which remained within the scope of the eugenic discourse at the time.⁵⁰ As already mentioned Goldscheid hoped that a better care for the “organic capital”, the broad working masses, would not have only a short-term positive influence on the whole political economy, but also a long-term influence on the biological substance of the broad masses in such a state. This was meant with his concept of “evolution”.

Goldscheid rejected the measures of negative eugenics and for example never pleaded for a sterilization law. But he recommended a “preventive selection” – which seems to have meant a voluntary renunciation of procreation – for hereditarily severely handicapped persons, persons suffering from tuberculosis, alcoholics and drug addicts.⁵¹ Goldscheid was an adherent of lamarckist eugenics, for which the milieu is responsible for bad hereditary dispositions and which wants to achieve an evolution of men by amelioration of the milieu. Despite his general lamarckist attitude Goldscheid assumed that there must exist a genetical predisposition for the development of the individual which then reveals itself by the influence of the milieu as going into the one or into the other direction.⁵²

8. Completion: The position of Engel and Goldscheid in the scientific discourse concerning the “value of man”

Engel’s reflections on the “cost value of man” in 1883 and Goldscheid’s concept of the “organic capital” in 1911/1935 can be counted to a broader discourse on “human capital” which started before their publications. In 1966, B. F. Kiker gave a summary of this discourse since William Petty in the 17th century.⁵³ But he concentrated on English, French or German

⁵⁰ For example: Gerhard Baader, *Eugenische Programme in der sozialistischen Parteienlandschaft in Deutschland und Österreich im Vergleich [Eugenic Programs in the Socialist Party Landscape in Germany and in Austria in Comparison]*. In: Gerhard Baader, Veronika Hofer and Thomas Mayer (Eds.), *Eugenik in Österreich. Biopolitische Strukturen von 1900 bis 1945 [Eugenics in Austria. Structures of Biopolitics from 1900 to 1945]* (Vienna: Czernin 2007), pp. 66-139, esp. pp. 96-101.

⁵¹ C. Goldscheid, *Höherentwicklung und Menschenökonomie* (1911), p. 448.

⁵² C. esp. chapter IX, *Das Reproduktionsproblem [The Problem of Reproduction]*. In: Goldscheid, *Höherentwicklung* (1911), pp. 353-486.

⁵³ C. B. F. Kiker, *The Historical Roots of the Concept of Human Capital*. In: *The Journal of Political Economy*. Vol. 74 (1966), pp. 481-499.

writings and did not take into consideration more eastern authors like from the Habsburg monarchy or Austria, or also Russia. So the German statistician Engel is mentioned in Kiker's article, but not Goldscheid.

Kiker's overview shows that Engel and Goldscheid had forerunners and predecessor. Even before Goldscheid's *Economy of Human Beings* there were authors who suggested to regard man from the perspective of the cost-of-production and the capitalized-earning procedures, not only because of economic reasons, but also because of humanitarian ones – exactly like Goldscheid did.⁵⁴

Furthermore Kiker's overview also shows that the thought of "quality production" of man that can also be found in Goldscheid's writings does not have its origin in the eugenic discourse. Long before the eugenic discourse on the quality of men arose, the thought was present in economic thinking. For example the German economist Friedrich List (1789-1846) expressed the opinion, that acquired abilities of human beings and skills increase a nation's human capital.⁵⁵

Unfortunately Kiker's study only tackles the contents of the discourse on "human capital" (which is of course already a very helpful amount of laborious work), but not with the origin of this term. It is not made clear whether the term "human capital" was already used in the 17th century or which author used it first and how it was translated into other languages.

Like in many other cases, Goldscheid was found also here at the margins of the mainstream of the contemporary discourse. Kiker also works out six motives for regarding human beings as a capital and valuing them in money terms:

"(1) to demonstrate the power of a nation; (2) to determine the economic effects of education, health investment and migration; (3) to propose tax schemes believed to be more equitable than existing ones; (4) to determine the total cost of war; (5) to awaken the public to the need for life and health conservation and the significance of the economic life of an individual to his family and country; (6) to aid courts and compensation boards in making fair decisions in cases dealing with compensation for personal injury and death."⁵⁶

Goldscheid's contribution to this discourse can be counted to point (5) – to underline the need for careful treatment of the labour force –, but it must be added that Goldscheid used the argument also to promote his concept of the future utopian state of "Economy of Human Beings". Like Midas, who made everything to gold what he touched, Goldscheid transferred every part of the contemporary scientific discourses in the different branches of science into a component of "Economy of Human Beings", as it was shown here by the example of the discourse on the value of the human capital.

⁵⁴ C. Kiker, *The Historical Roots* (1966), p. 487.

⁵⁵ C. Kiker, *The Historical Roots* (1966), p. 486.

⁵⁶ Kiker, *The Historical Roots* (1966), p. 486.

9. Outlook: Practical Realization of „Economy of Human Beings“

Many of Goldscheid's ideas were not only reflected and investigated by himself, but were part of the public discourse of the time – to which Goldscheid of course contributed himself by his active membership in at least four international social reform associations who belonged to the avantgarde of the time – and many of these ideas were put into practice after 1945 like the above mentioned social partnership or the inter-generational contract as the basis of the modern social state. Other ideas which Goldscheid anticipated have led to disastrous failures, like the eugenic ideas or some anticipated components of the planned central states. These ideas are, however, part of Goldscheid social utopia as well, though he seems partly to have learned by the actual development at the time. For example, in the last version of his “Economy of Human Beings” in 1935 Goldscheid has after all become already very cautious towards the eugenic component of his future social state.

If he indeed has provided a realistic concept for the modern Austrian social state or parts of such a concept, historical research has the task to prove his influence on relevant politicians.

In research literature there are informations on the fact that Goldscheid had contacts to politicians of “Red Vienna” and shall have influenced especially the municipal counsilor of Vienna in the interwar-period Julius Tandler (1869-1936) and his establishing of the social and welfare system of “Red Vienna”.⁵⁷ In today's research Tandler also counts as a (Lamarckist) eugenicist who aimed in practice to ameliorate the milieu – despite his verbal attacks against the “unfit” which are a topic of discussion in today's historical research. For example Tandler succeeded in decreasing the mortality of tuberculosis by his social housing program – in a time when tuberculosis was partly regarded as an inherited disease.⁵⁸

Goldscheid explicitly mentions this housing program of the town Vienna in „Das organische Kapital“.⁵⁹ Also Tandler uses the term „Menschenökonomie“ [Economy of Human Beings] several times in his writings.⁶⁰

⁵⁷ C. for example: Gerhard Melinz, Von der „Wohltäterei“ zur Wohlfahrt. Aspekte kommunaler Sozialpolitik 1918-1934 [From „Charity“ to Welfare. Aspects of Municipal Social Policy 1918-1934]. In: Das Rote Wien 1918-1934. Sonderausstellung des Historischen Museums der Stadt Wien vom 17. Juni bis 5. September [Red Vienna. Special Exhibition of the Historical Museum of the Town Vienna from 17th June to 5th September]. Ed. by Walter Öhlinger (Vienna: Eigenverlag der Museen der Stadt Wien 1993), pp. 104-120.

⁵⁸ C. Gudrun Exner, Eugenisches Gedankengut im bevölkerungswissenschaftlichen und bevölkerungspolitischen Diskurs in Österreich in der Zwischenkriegszeit [Eugenic Thinking in the Demographic Discourse and in the Discourse relating to Population Policy in the Interwar-period]. In: Baader, Hofer, Mayer (Eds.), Eugenik in Österreich. (2007), pp. 184-207, here p. 193, p. 203 f.

⁵⁹ C. Goldscheid, Das organische Kapital (1935), p. 350.

⁶⁰ C. Julius Tandler, Krieg und Bevölkerung [War and Population]. In: Wiener klinische Wochenschrift [Vienna Clinical Weekly]. Vol. 29 (1916), No. 15, p. 451; c. Julius Tandler, Volksgesundheit und

The sources show us, that „Economy of Human Beings“ – which was so well known at the time that it even, as well as its author, got an entry in the encyclopedia „Großer Brockhaus“ in 1930/1932 –,⁶¹ was forgotten after 1933/1938. The main reason for this may have been that Goldscheid had no function at the university and therefore no pupils which could have handed down his ideas.

But there have already been found correspondences of Goldscheid to other scientists which were interested in social reform. Such and similar sources could give informations how Goldscheid’s “Economy of Human Beings” was received by the contemporaries. This may be a very laborious but perhaps rewarding aim of historical research.

Volkswohlfahrt [Public Health and Public Welfare]. In: Arbeiter-Zeitung [Workers’ Newspaper]. No. 152, 5th June 1917, p. 1.

⁶¹ C. Der Große Brockhaus [The Great Brockhaus]. 15th edition. Vol. 7 (Leipscic: F. A. Brockhaus 1930), p. 476 under „Goldscheid, Rudolf; c. Der Große Brockhaus [The Great Brockhaus]. 15th edition. Vol. 12 (Leipscic: F. A. Brockhaus 1932), p. 401 under „Menschenökonomie“. – Here it said about „Menschenökonomie“: „Economy of Human Beings, in economic philosophy the term for all tendencies to utilize the human working powers as well as human beings as a whole economically and to wear them out more savingly. Goldscheid, who has created this term, means that „Economy of Human Beings“ is a new branch of science. The contents of this term has been also imporant for Kant, Marx and especially Nietzsche.“ [The citation in the German Original: „Menschenökonomie, in der Wirtschaftsphilosophie Bezeichnung für alle Bestrebungen, die menschl.[ichen] Arbeitskräfte wie die Menschenleben überhaupt wirtschaftlich auszunutzen und sparsamer abzunutzen. Goldscheid, der den Begriff geprägt hat, sieht in der M.[enschenökonomie] eine neue Wissenschaft. Der Inhalt des Begriffs ist auch Kant, Marx und bes.[onders] Nietzsche wichtig erschienen.“]