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History of Economic Thought

VIII. Socialism

Utopian Socialism to Marx

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1. The Problem of Socialism

General Characteristics of Socialism

- Material equality of all
- Abolition of private property

Socialist Thinking

- “Utopian” socialism vs.
- “Scientific” socialism
- Marxist dichotomy – does it really hold?



The Economic Problem

- Man use scarce means to achieve ends
- Scarcity and teleology basic facts of existence
- Private property – exclusive control – a necessary implication

Socialism and the Economic Problem

- Socialists generally deny the economic problem
- Scarcity will simply disappear
- Or the socialist system will somehow lead to much greater productivity



The Key Questions

- The production and allocation of goods under socialism
- If goods are scarce, there must be some method of allocation
 - To prevent and solve conflicts
- What will guide and coordinate the production of goods?

Hegemonic or Contractual Bonds

- Contractual bonds: cooperation by two-sided agreement
 - Hegemonic bonds: cooperation by command and obedience
 - Not necessarily coercive
 - Agency is centralized in the commanding person
 - Socialism by necessity means cooperation through hegemony
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Who Will Do the Dirty Work?

- When socialists thinkers discuss economic issues, it's mainly in terms of the problem of incentives
- If all are equal and all work is equally rewarded, why do dirty or dangerous jobs?

Utopian Solutions

- Many answers boils down to: man will be different under socialism
- He will work for the pleasure of it, to serve society, for special distinctions...
- Coercion is sometimes admitted – but almost never up front



2. Medieval Socialism

Early Socialism

- Greek Socialism – A Myth
- Early Christian Socialism – A Myth

Medieval Socialism

- Sectarians
- The Anabaptists



Early Christianity

- Gospel passage about the rich young man the key text (Mark 10)
 - “How hard is it for them *that trust in riches* to enter the kingdom of God?”
- Cf. 1 Timothy 6,10: “For the love of money is the root of all evils”

Church Fathers to Aquinas

- The *wrong use of riches*, not property, the problem
- Clement of Alexandria a key early writer: wealth can be used well
- St. Thomas: possession of things is natural
 - “Common use” replaced with charity, alms-giving



Joachim of Fiore (c. 1135-1202)

- Mystical writer, abbot of monastery in Fiore
- Famous in his day, connections to the Sicilian kings and the popes

The Three Ages of History

- The Age of the Father – until the birth of Christ
- The Age of the Son – from the birth of Christ to 1260
- The Age of the Holy Spirit – the coming Utopian age

The Age of the Holy Spirit

- An age of perfect love and joy
- Inequality and private possessions will cease
- Everyone will be completely spiritual, liberated from material bodies
- The “Order of the Just” will rule in place of popes and kings



Joachimite Influences

- Joachim of Fiore died peacefully, not condemned
- His writings inspired a host of mystical writers
- The “Order of the Just” sometimes seen as embodied in the Franciscan Order
 - The spirituals or *Zelanti*
 - Franciscan hostility to private property

The Amaurians

- Amalric (d. 1206) the founder, teacher at University of Paris
- Inspired by Joachim, Amalric taught that his followers were incarnations of the Holy Spirit
- They would lead mankind to the universal incarnation of the spirit



The Eschatological Scheme

- The goal of life is “reabsorption” into God – overcoming alienation
- Existence divided into three stages
 - Original unity with God
 - Separation and alienation from God (history)
 - Return or reabsorption into God (the end of history)

Communism of the Free Spirits

- The eschatological end only open to elite – these are living gods
- All the elect, the brethren, bound to a “living god”
 - Only sin: disobedience to this master
- The unelect had no right to private property
 - Theft is not a crime for the brethren



Hussite Wars 1419-1434

- Religious conflict in modern-day Czechia
- Between the followers of Jan Hus (d. 1415) and Catholics
- Moderate Hussites and Catholics eventually reached peace terms

The Radical Hussites

- Taborites and Adamites
- Preached complete communism of possessions and sexual relations
- Wanted to convert the the world to this doctrine by force
- Especially the cities must be cleansed: they are centres of property and “immorality”



A Reformation Offshoot

- After the Protestant Reformation, sects multiplied
- Baptists numerically a small sect
- Common baptist teachings
 - Adult baptism
 - Predestination of the elect

Two Kinds of Anabaptists

- One group wanted to separate peacefully from society
 - Modern-day Amish, Mennonites
- One militant group: theocratic rule of the elect had to be established by the sword



The First Leader of the Militant Anabaptists

- From Stolberg, Thuringia, student at Frankfurt and Leipzig
- Highly learned in scriptures, classics, theology, German mystics
- A follower of Martin Luther from 1520

Müntzer's Radical Turn

- Pastor in Zwickau, influenced by Niklas Storch
- Adopted the old Taborite doctrine:
 - Continuing mystical revelation
 - Theocratic communism must be established through force
 - Prohibition of marriage
 - Promiscuity preached



Preaching Revolution

- Müntzer made more radical claims
 - The “living Christ” had entered his soul
 - Müntzer was “becoming God”
- Müntzer preached war of extermination against all sinners

Practicing Revolution

- Expelled from Zwickau 1521, wandered Germany for years
- Müntzer and his followers took over Mühlhausen in Thuringia February 1525
 - Instituted violent regime of communism
- Peasants' War: final defeat 15 May, Müntzer captured and executed



Continuing Unrest

- Müntzer's followers scattered across Germany
- Münster, Westfalia, a hotspot of sectarian activities from 1533

The Münster Revolution

- Anabaptist seized control early 1534, under Jan van Leiden
- The New Jerusalem – the only place to be saved in coming apocalypse
- City purged, all property confiscated, administered by council
 - Given to poor based on need
- Private ownership of money outlawed, centralized in government
 - For dealing with outside world



Total Egalitarianism

- Community of housing prescribed, enforced
- Communal dining halls, food confiscated and rationed
- Total egalitarian communism the goal. Reign of terror
- Jan van Leiden proclaimed himself king, instituted polygamy

The End

- Under siege by troops of bishop of Münster
- City liberated 24 June 1535
- The anabaptists summarily executed
- The leaders, including Jan van Leiden, captured, tried, and executed in January 1536



3. Enlightenment Socialism

The Utopians

- Thomas More, Campanella, Hobbes
- Early, “rationalistic” socialism

French Socialists

- Jean-Jacques Rousseau
- Gabriel Bonnot de Mably and Etienne-Gabriel Morelly
- Francois Noël Babeuf and the Conspiracy of Equals



Thomas More and *Utopia* (1516)

- Fictitious travelogue from newly discovered land, Utopia
- Utopia characterized by absence of private property, equality, and short working hours
- Partly criticism of current conditions, partly a satire (?)

Tommaso Campanella and *The City of the Sun* (1602)

- Description of the ideal society supposed to exist on the sun
- Working hours short, all occupations of equal dignity
- Communism in goods, women and children
 - Private possessions lead to self-love
- Theocratic (non-Christian) society, honouring God and science



Francis Bacon and the *New Atlantis* (1626)

- Describes the island of Bensalem in the Pacific
- Governed by Salomon's House, a scientific college
- Expressly communist society

Common Features

- Rational utopias – not anti-Christian, however
- Communism considered the ideal, most reasonable form of society
- Everything strictly regulated
- Platonic inspiration



The Man

- From Switzerland, made his living as a writer
- On many topics, from politics to education
- For our purposes, the *Discourse on the Origin of Inequality among Men* (1754) the key work

Hatred of Inequality

- Purely fictive historical account, saturated with his hatred of inequality
- History “as it is to be found in Nature, which never lies”
- Rousseau’s natural man is alone – sociability not part of his Nature



Rousseau on the Origins of Property

The first man who, having enclosed a piece of land, took it into his head to say: ‘This belongs to me,’ and found people simple enough to believe him, was the true founder of civil society. What crimes, wars, murders, what miseries and horrors would have been spared the human race by him who, snatching out the stakes or filling in the ditch, should have cried to his fellows: ‘Beware of listening to this impostor; you are lost if you forget that the fruits belong to all and that the earth belongs to none.’

So long as they confined themselves to works which one alone could do, and to arts which did not need the assistance of several hands, they lived free, healthy, good and happy...; but from the moment when one man had need of the assistance of another, from the moment when it was perceived that it was useful for one man to have provisions for two, equality disappeared, property was introduced, labour became necessary, and vast forests were changed into smiling fields which it was necessary to water with human sweat, and in which slavery and misery were soon seen to germinate and increase with the harvests.



Private property is the ultimate source of all evil

- Life in society lead to vices
- Non-appropriation, not communal ownership, the implied ideal
- Law is simply a device for protecting the possessors
 - It is an instrument for maintaining inequality
 - It (and the state) is an instrument of the governing class

Rousseau's Influence

- Passionate about the contrast between rich and poor
 - Preaching a violent class war, implicitly or explicitly
- Pervasive egalitarian atmosphere from Rousseau's and similar writings



The Man

- Aristocrat, the elder brother of Condillac the economist
- Extremely popular author on history and politics in his day
- “The extreme example of the evils of an undiluted classical education” – Alexander Gray

Mably’s Communism

- All men are created completely equal, that’s the natural condition
- All men in fact created uniform – there are no differences
- Private property an imposition, the source of all evils
- Laziness, cupidity led to fall from original communism
- To overcome laziness, reward workers with prizes, distinctions

Mably extremely important influence in spreading the idea of absolute equality



- The man unknown except as the author of *The Code of Nature* (1755)
- An example of ubiquitous 18th-century natural-law thinking
- Man fundamentally good, but human nature corrupted by social institutions
- Key among corrupting institutions is private property
- Key to the perfect society: abolition of private property

Morelly's Vision

- Nature intended the human species as an intelligent whole
 - Self-arranging by the simple mechanism “benevolent affection”
 - The desire to possess, avarice, only vice: the legislator must correct it
 - Abolish property, and with it all avarice and crime disappear
 - Distribution and production no problem: these are simply questions of enumerating people and things
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Francois Noël (Gaius Gracchus) Babeuf (1764-97)

- Mably and Morelly put into action
- Babeuf planned conspiracy to take over the French government
- Miserable failure: Babeuf arrested May 1796, conspiracy broken up

The Goal of the Conspiracy

- Complete communism, an end to all inequality
- A total upheaval must complete the work of the French Revolution

The Historical Importance

- Memory of Babeuf kept alive by Buonarroti, Italian aristocrat
- *Conspiracy for Equality of Babeuf* (1828) key text for revolutionaries
- Stressed the need for a revolutionary elite to lead the people



4. Utopian Socialists

The Marxist Slur

- Utopian socialism: a term coined by Marx
- To contrast with his own “scientific” socialism
- The Utopians not only criticized the present: they gave detailed prophecies of the socialist world to come
- That is a key distinction to Marx



The Man

- Born in Besancon, son of a linen-draper
- Travelled for various firms, set up business in Lyon
- Lyons bombarded 1793, Fourier lost everything
- Fourier from then on a low-ranked clerk while writing books

The Hannibal Oath

- At age 5, Fourier punished for revealing a retail trick to a customer
- The young Fourier concluded that commerce was built on dishonesty, swore like Hannibal that he would destroy the great enemy
- Later, working in Marseille, Fourier assisted in discharging into the harbour at night a cargo of rice that had spoiled
 - Rice withheld from market, speculating on a price rise
 - Fourier renewed his Hannibal Oath at this alleged dishonesty



The World's Fundamental Ills

- Human civilization as such is condemned – not just a question of problems here or there
- Every relationship is warped by deceit
- Virtue is less lucrative than vice; swindling is the way to success
- Marriage is against human nature, engenders hypocrisy

The Conflict of All against All

- Civilisation rests on the mutual enmity of man – we make a living by the neighbour's misfortunes
- Most are parasites, Fourier catalogues 12 classes of parasites
- Commerce is a “sewer of infamy”



The Key to Salvation

- Believe in God; abolish morality
- God has made mankind good: he governs not by force, but by the law of attraction
 - God has implanted the passions in man's heart
 - Man must simply follow his natural attractions and inclination
- Fourier the “Newton of the spiritual and moral world”

The Environment Must Change

- In order to give free and proper reign to the passions
- In Harmony, the passions, God's law of attraction, rule
- People urged in constantly changing direction, no monotony



La Papillonne

- The butterfly, the need for diversity
- Man not made for monotony, monogamy, or mono-anything

La Cabaliste

- Men's love of intrigue and emulation
- A favourite passion of women – which in Fourier's eyes make them pre-eminently fit for the coming social order

La Composite

- The “most beautiful of the passions”
- Incompatible with civilised labour, the combination of a pleasure of sense and a pleasure of the soul



Fourier's Dream of Harmony

- The phalanx or *phalanstère*: a unit of 1,620 people the building block
 - Eventually, 2,985,984 phalanxes will cover the globe
- A self-contained workers' cooperative
- Set in idyllic surroundings: river, woodlands, fertile plains
- Communal buildings, large dining-halls and dancing-halls
- Free love: there are no marriages, women at a certain age decide their degree of “infidelity”, enroll in the appropriate *corporation amoureuse*
 - They can make a new selection any time, there can be truces in binding unions
 - Completely free love only in the third generation of Harmony, only with unanimous consent of all (as on the planet Herschel, Fourier insists)

Anti-Egalitarian

- Anyone who chooses and pays extra can have larger rooms, at least three tariffs – but even the cheap rate provides an abundance
- Fourier consciously anti-egalitarian, does not attack property as such – contrasts are needed in Harmony!
- Inequality is per se good



Industrial Organization

- Extreme inequality what makes Harmony work
- Work will become attractive through the passions, due regard to the *papillonne* and the *cabaliste*
- People will work at what attracts them, never more than 1,5 hours
- Workers compete in groups, are rewarded with dividends, not salaries
- Each worker can join as many groups as he wants to, in whatever direction his taste lies
- Dirty work will be done by children – since children naturally enjoy being dirty

Setting Up the Phalanx

- Attract voluntary investors, capitalists
 - Reward capitalists with hereditary titles
 - High returns on investment in Harmony
- 5/12 of surplus to capital
- Harmony will be extremely productive, everyone will be a capitalist
- Thus, complete harmony of interests in Harmony
 - All the conflicts between capital and labour will be resolved in each man's breast



God and Creation

- God is good, has done everything well
- All God's creation is good – including human passions
- God governs by attraction, by pleasure, not by constraint
- God has created billions of worlds before this one – he has experience

The World

- The world will exist 80,000 years
 - 40,000 of ascending vibrations, 40,000 descending
 - 8,000 years on the top of complete happiness
- 32 periods in all, we are at present in the fifth
- Ahead of us lies the age of *garantisme*, where the rights of man will be guaranteed to us
- After the first 5,000 years, we will find ourselves in Harmony – ever-higher grades of Harmony

Age of Harmony

- A Northern Crown will appear, shedding aromatic dew on the earth
- The sea will become lemonade
- New races of animals will appear: a docile and serviceable anti-lion
- We can accelerate the process! The anti-bug may appear as early as 1829, as well as the anti-rat
- Man will live for 144 years – and will be successively reincarnated



Capitalist Socialist

- Welsh manufacturer, capitalist
- Promoted the idea of voluntary socialist communities

His Work

- New Lanark Mill an ideal worker community
 - Paternalistic management
- Author of the “eight-hour day” slogan
- Spent his life advocating for and sponsoring voluntary socialist communities
- They never worked in practice: e.g., New Harmony, Indiana



The Main Socialists

- Owen and especially Fourier were the most popular socialist writers
 - A whole host of contemporary socialist writers and agitators
- Socialism meant these Utopian dreams
- Free love (like Fourier) an important ingredient in socialist writings and propaganda

Practical Importance

- For the cooperative movement
 - Especially Fourier in France
- For the trade unions movement
 - Especially Owen in Great Britain



5. Positivism

French Enlightenment Roots

- D'Alembert, Turgot, and Condorcet
- *Ecole polytechnique*

The Religion of the Engineers

- Saint-Simon
- Comte and Positivism



Condorcet, 1783

- Social and physical phenomena would appear the same to a stranger of the human race
- Scholars should introduce into the moral sciences the method of the natural sciences

Collectivist View of History

- *A Historical Picture of the Progress of the Human Mind*: natural laws of historical development possible
- But history must shift from individual facts to “systematic observation”
- Stages of history – in intellectual life, in social life



Revolutionary Change

- French Revolution did away with all system of secondary and higher education
- New *Ecoles centrales*, *écoles normales* set up – exemplary is the *Ecole polytechnique*
- Classical education out, mathematics, geometry, natural science the curriculum

Results

Thus a whole generation grew up to whom that great storehouse of social wisdom, the only form indeed in which an understanding of the social processes achieved by the greatest minds is transmitted, the great literature of all ages, was a closed book. (Hayek 1952)

- New type appears: technical specialist without knowledge of society and its problems and values
- Focus is on practical application



Early Life

- Aristocrat, with Lafayette in America, adventurer
- Foreswore his title in the Revolution, *citoyen Bonhomme*
- Speculated in sale of Church lands, profiteer of the inflation
- Financial career ended when his partner withdrew his funds 1798

Intellectual Turn

- Moved to vicinity of *Ecole polytechnique*, became “student” for 3 years. Then onto *Ecole de Médecine*
- Move to Switzerland, first to propose to Madame de Staël
- First publication 1803: *Lettres d’un habitant de Genève* revived the “cult of Newton”
- Council of Newton to replace the Church, temples of Newton...



Regeneration through Science

- Social world reorganized on lines of physical science – Council of Newton to oversee this
- Proprietors and propertyless also addressed, Saint-Simon's plan necessary to prevent class conflict

All men will work; they will regard themselves as laborers attached to one workshop whose efforts will be directed to guide human intelligence according to my divine foresight. The supreme Council of Newton will direct their works... Anybody who does not obey the orders will be treated by the others as a quadruped.

Second Stage

- Saint-Simon impoverished, eventually a former valet takes care of him (1806-1810)
- Before science can organize society, it must itself become organized
- Council of Newton to edit a new Encyclopedia along the lines of “physicism”
- Physicism a new religion – the next stage of development after polytheism and deism
- Napoleon called upon to organize science, he is “the scientific chief of humanity”



Saint-Simon Makes Friends

- Young collaborators, make his writings readable
- First, the young Augustin Thierry, to become famous historian
- Then, among the rising generation of bankers and industrialists
- Lafitte, governor of the Banque de France, secured for Saint-Simon 10,000 francs per month to edit and publish a journal, *L'Industrie*

Liberal Beginnings, but...

- Saint-Simon wants to base all politics on economic considerations
- To him, that means really on technological considerations

The production of useful things is the only reasonable and positive end which politics can set itself and the principle *respect for production and the producers* is infinitely more fruitful than the principle respect for property and the proprietors... As the whole of mankind has a common purpose and common interests each man ought to regard himself in his social relations as engaged in a company of workers... Politics, therefore, to sum up in two words, is the science of production, that is, the science which has for its object the order of things most favorable to all sorts of production.



Return of the Engineers

- Saint-Simon's liberal friends desert him
- Summer of 1817, first of his engineer friends join him: Auguste Comte (1798-1857), from the *Ecole polytechnique*
- Next 8 years really a collaborative effort of the two

L'Organisateur 1819

- Reorganization of society, the “industrialists” should be put in charge
- Law of property must be reconstituted, so it is most favourable to production
- The new system will be recognized as more favourable, and it is the necessary outcome of the last 700 years of history
- It is the result of a scientific treatment of history
- Engineers will take centre-stage, they will direct society to act upon nature
- There will no longer be government but merely administration



- Positivism: social affairs should be managed on a scientific basis

Stages of History

- Theological stage, metaphysical stage, positive (or scientific) stage
- Every branch of knowledge must pass through each stage

Scientific Politics

- Politics will be elevated to a branch of natural science
- Social physics: study of the collective development of the human race
- Social physics can discover the laws of progress of civilization
- There can be no liberty of conscience once social physics has been established
- Indeed, liberty of conscience is the great obstacle to establishing the new system



A School is Born

- Final pupils of Saint-Simon Rodrigues and Prosper Enfantin return to *Ecole polytechnique*
- Set up lectures on Saint-Simon's system, attract many students
- The state will become owner of all property, it will become an association of workers
 - The propertied like the earlier feudal class will disappear
- The central body that will bring transformation about, govern: banking

The Mystical Turn

- Enfantin eventually founded a religious community, some of whom set out on a search for the “female messiah” in the east
- Wanting to unite the “masculine occident” with the “feminine orient”
- Enfantin himself a key promoter of the Suez Canal, later of railways



Monstrous Doctrine of the Economists

- It is a strange phenomenon that the doctrine of spontaneous organization of society could have arisen
- “everything that develops spontaneously is necessarily legitimate during a certain period”, so too the “critical doctrine”
- But a perfect social order requires conscious, explicit direction
- **Saint-Simonians’ and Positivists’ Program**
- Focus on economic and material progress
- Scientific investigation on mainly inductive lines



Social Physics → Sociology

- In later works, Comte elaborated his views
- Sociology is the science of the collective human organism
- It too must become a positive science, free of anthropomorphism

Hierarchy of Sciences

- There is a hierarchy of science – physics and the law of gravitation is the most fundamental
- Then chemistry, then biology, then sociology
- “Unified science” had been Saint-Simon’s idea – Comte abandoned it
- Sociology depends on the more fundamental sciences
- But positive sociology will be able to predict future progress, including of the human mind, so it will become the most fundamental science



Major movement in France and elsewhere

- Saint-Simonism the rage in the 1830s
- In Great Britain through Carlyle, in Germany through socialists
- Positivism of great influence especially under the Second Empire
- Positivism became the official creed of some American countries
 - To this day the positivist motto “order and progress” inscribed on the Brazilian flag

Scientific Influence Great

- Science must be inductive and quantitative
- Any science should therefore be reconstructed on positivist lines
- Law of developments, of progress – later is always better, more “scientific”



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