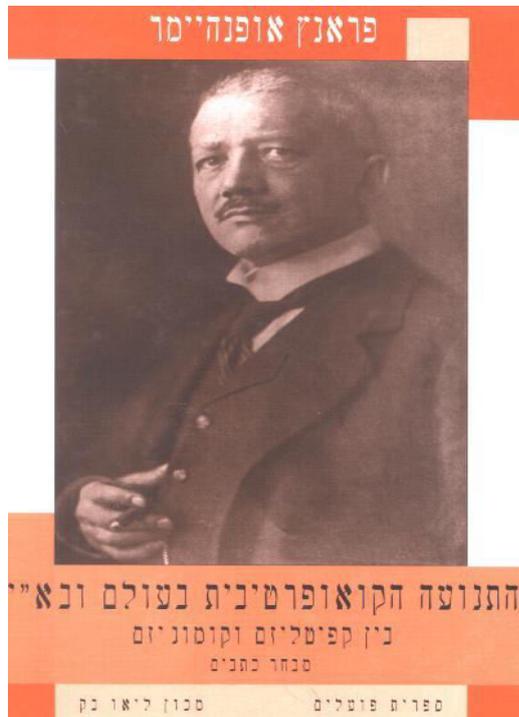


## Oppenheimer's Circumspection

*From colony, over capital formation, to cooperative economics.*



### Abstract

Oppenheimer's transformation law and its workable formulization is viewed as the key application tool of cooperative economics. However, participatory or emancipatory economics can only be derived from the time-tested calculation models of private property economics, because social systems evolution (and its selection procedures/patterns) cannot be outsmarted via small-scale communal settlements as the case of the Israeli Kibbutz movement and economy have shown. The macro social dynamics and deep crisis of the global capitalist market economy seems now to allow for new Israeli models of eco-logical democracy where cooperative communities re-emerge as an alternative lifestyle to mass consumerist monetary debtism, re-inventing the classical parameters of ancient Israelite ecology as recorded in the Hebrew Bible, that is classical wisdom in modern application.

### Key words

Ecology, Zionism, economics, transformation, calculation, cooperative communities, systems evolution.

JEL

B41

Stephen I. Ternyik

Social science economist (-1985)

Researcher/Entrepreneur (Techno-Logos, Inc.)

[StephenJehucal@web.de](mailto:StephenJehucal@web.de)

[www.sociostudies.org/authors/ternyik\\_stephen\\_i/](http://www.sociostudies.org/authors/ternyik_stephen_i/)

Skype: stern.y0691

Around the years of 1900, Franz Oppenheimer (1864-1943) developed a significant empirical and historical influence on Theodor Herzl (1860-1904) who immediately realized the immense **scientific input** for Zionist practice; Oppenheimer used all available public Zionist channels, private enterprises like the ‘Jüdische Orient-Kolonisationsgesellschaft/Shaare Zion’ (Jewish Society for the Colonization of the Orient) and profound inter-personal communications with Zionist leaders to further his **cooperative ideas** about communal settlements to alleviate poverty and misery. Oppenheimer viewed communal settlements and working cooperatives as an effective tool to better the living conditions for a mass of people, under the economic conditions of earning wages in the capitalist monetary system. Applying his scientific knowledge to the special case of the Jewish people, he preferred to test his approach on the German countryside (in Prussia) or Galicia (Austria) via a pilot model community for later dissemination in the land of Israel. Our research interest will be this vital inter-section of science and human praxis, i.e. the cooperative study is directed towards ‘natural/physical laws’ or ‘objective patterns’ of human economic activity.

Franz Oppenheimer was the first full professor of sociology (1919-1929, Frankfurt University) in Germany, but his research interest into ‘social laws’ was awakened as practicing physician (1884-1895) in the poverty ridden zones of the German capital; his first publication on communal settlements (Leipzig, 1896) for **poverty alleviation** formed the foundation of his socio-logical ambition which is marked by the methodical application of natural science, i.e.

the circumspection or caution of a careful physician. The nucleus of this study project contains Oppenheimer's transformation law for cooperative human communities, most probably based on the Prussian colonial experiments with village-like settlements in the Eastern territories which worked well for centuries, until the dawn of industrial capitalism. The Kishinev massacre (1903) converted Franz Oppenheimer into a **full Zionist** who wanted to help his fellow Jews (in Eastern Europe) out of misery and persecution; the son of a rabbi and a teacher, he was once again somebody who transformed religious wisdom into secular practice.

Oppenheimer's transformation law can be read as the **paradox** of cooperative economics and it refers to macro-social dynamics: the beginning of a cooperative group endeavor will end up in a capitalist calculation enterprise or cease to exist as long as the macro-social conditions are based on capitalist monetization and accounting. Knowledge is about predictability and wisdom is about outcome: the later Kibbutzim were from the Oppenheimer viewpoint a survival mechanism which will be inevitably followed by economic means of privatization. This is what exactly happened in Israel where the 8,2 million inhabitants today live under the socio-economic conditions of industrial capitalism and where about 200000 people live in now privatized communal settlements; in addition, there is no empirical example of a country in history where a speedily growing population can be economically sustained without industrialization and capitalization, because land is limited physically and labor physiologically. Communal settlements have to walk the way of **industrial capitalization** by private calculation means or they have to perish from the landscape of productivity.

Oppenheimer's circumspection is inspired by the caution of the careful physician and the transformative law of communal settlements does not exclude dynamic efficiency, i.e. the successful integration of short-and long-term **economic sustainability**. Of course, many other social scientists have grappled with transformative questions like Bukharin, Mises, Polanyi, Schumpeter, and Lange; however, F. Oppenheimer clearly formulated the prospect that as long as the macro-economic accounting system is governed by private capital

calculation, no communal settlement can survive without adapting this economic model. Oppenheimer's circumspection is confirmed by the **material history of capitalism**, an economic system that brought immense progress for the masses of people on this globe. All of our economic accounting systems derive from the 5000 years old Sumer-Babylonian calculation model to expand privatized property via monetary exchange, credit and interest; industrial capitalization, since about 500 years, extended technically the ancient feudal limitations of natural land and human labor, but our economic formulae are socially still based on property relations and transactions, measured in monetary units. It is also interesting to note that Franz Oppenheimer viewed the institution of a state as a means to protect the economic interests of the dominant property owners (rentiers), i.e. as a social reflection of the ownership structure on a given territory.

One other important decisive impact of Oppenheimer's scientific approach is the social market economy in Germany which was modelled by Ludwig Erhard (1897-1977) who was a doctoral student of Franz Oppenheimer and who pragmatically transformed the deep insights of his teacher into political practice; such is the interplay of social science and human praxis. The eminent intellectual influence of Theodor Hertzka (1845-1924) and Henry George (1837-1897) on Oppenheimer, concerning the decisive role of land rent and monetary interest on economic production, must be mentioned here, to remember the **central reform ideas** of free land (free from rent) and free money (free from debt) before the turn of the century. Oppenheimer's circumspection, however, enabled him to look around the corner of macro social dynamics and to envision a **free market society**; cooperative economics is a tool for universal human emancipation and he was aware of the fact that such social transformations do come in gradual instalments, i.e. social systems evolution cannot be forced, but has to be studied profoundly and human action has to be cautious, to avoid non-voluntary side effects.

Solving a socio-logical problem is not at the same methodical level than solving a social problem; life is full of paradoxes and the paradox of cooperative economics can be balanced by improving the accounting methods of human exchange; land (natural resources), money (measurement unit for calculations/payments/exchange) and economic valuation (price formation) are vital factors of human living chances that depend on the basic principle of **resource allocation efficiency**. The cooperative idea of communal settlements as an alternative lifestyle has a definite future for a critical mass of people,

especially under the participatory agenda of **eco-logical democracy** for land, labor and money, but we should indeed try to formulize the transformative laws as cautious working tools and memorize Oppenheimer's circumspection for prospective enterprises.

### Key literature/links

Barkai H.1999.Franz Oppenheimer's transformation law and the recent trend towards privatization in the Kibbutz. In: Wirtschaft und Gesellschaft (Schoeps JH. et al). Berlin: Philo.

Getz S (et al). 2015.Renewal of the Kibbutz. NJ: Rutgers University Press.

Hillel D. 2006.Natural History of the Bible. NY: Columbia UP.

Oppenheimer F. 1896.Die Siedlungsgenossenschaft. Leipzig: Duncker/Humblot.

Palgi M/Reinharz S (ed). 2014.One Hundred Years of Kibbutz Life. NJ: Transaction.

Polanyi M. 1945.Origins of our Time. London: V.Gollancz.

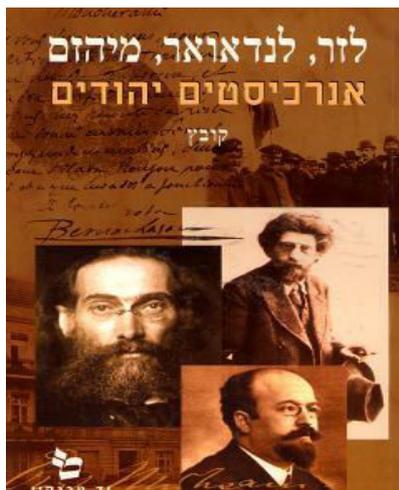
[www.franz-oppenheimer.de](http://www.franz-oppenheimer.de)

[www.or-zse.hu/hacofe/vol9/ternyik.pdf](http://www.or-zse.hu/hacofe/vol9/ternyik.pdf)

[www.zionistarchives.org.il](http://www.zionistarchives.org.il)

[www.p2pfoundation.net/Economic\\_Calculation\\_Problem](http://www.p2pfoundation.net/Economic_Calculation_Problem)

[www.aytzim.org](http://www.aytzim.org)



Chaim Seligmann (1912-2009) of Yad Tabenkin made the important research observation that the origins of the Kibbutz movement were also driven by libertarian and non-violent anarchistic inputs.

