Wilhelm Röpke as a Pragmatic Political Economist and Eclectic Social Philosopher: An Introduction

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Upon the 50th anniversary of the passing of Wilhelm Röpke (1899–1966), an international conference "Wilhelm Röpke: A liberal political economist and social philosopher in times of multiple European crises" was held in Geneva, Switzerland, on April 14–16, 2016. The conference was a special occasion for several reasons. It was hosted by the institution where Röpke spent the last three decades of his life, the Institut des Hautes Études Internationales (today Graduate Institute of International and Development Studies). Four other institutions from Switzerland, Germany, and France co-organized the conference: Liberal Institute (Zurich), Wilhelm Röpke Institute (Erfurt), Aktionsgemeinschaft Soziale Marktwirtschaft (Tübingen), and Centre AGORA at the University of Cergy-Pontoise. Above all, the format was particularly international and interdisciplinary: the presented papers were authored by scholars based in Argentina, Chile, France, Germany, Italy, the Netherlands, Switzerland, Turkey, the United Kingdom, and the United States. These scholars specialize in a variety of fields in the social sciences: economics, history, political science, sociology, cultural studies, and German literature. An additional highlight was the public lecture of Hernando de Soto, former student of Röpke and president of the Institute for Liberty and Democracy in Peru, who discussed Röpke's legacy today. Along with the commitment of the organizing institutions to continue communicating Röpkean messages to the general public, we perceive the conference as a clear indication of a renewed scholarly interest in Röpke's person and ideas.

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This volume includes 16 contributions based on the papers presented at the conference. As is easily discernible, the collection touches upon manifold questions in Röpke's œuvre, among others the various tensions which characterize his thought along several dimensions. Contrary to what one might expect from a volume of such an occasion, the collection is not hagiographical: while respectful to Röpke's person and his scholarly achievements, the aim of the volume is not to present him as an unprecedented hero of his age. This feature is a conscious demarcation from those strands of the literature on (neo-)liberalism which are either hagiographical—mostly produced by authors who are ideologically too close to the discussed authors, or one-sidedly hostile—mostly produced by authors who primarily express aggression or contempt for the discussed authors. In our view, the historical tasks of understanding neoliberalism require much more nuanced and balanced approaches than the ones mostly found in these strands of literature.

And these tasks are serious. While the literature on neoliberalism has become vast and extremely diverse, it suffers from a number of deficiencies. The question of what neoliberalism means—historically as well as for today's politico-economic discourse—has become one of the hot topics in Western democracies over the last decades. In large parts of the literature with a focus on current political developments, this almost mythical term has degenerated into a rather bizarre strawman that can be accused of all evils in global affairs since the "neoliberal revolutions" of the 1970s and 1980s. Other parts of the literature with a focus on the history of economic and political ideas have spent substantial energy in distilling what neoliberalism "really" meant to the generation in the 1930s and 1940s which used it as a self-description of their reformist agenda for twentieth-century liberalism. While this volume belongs rather to the latter type of literature, some qualifications are necessary. As the different contributions clearly show, the authors reach no consensus about the "real" content of historical neoliberalism. They also indicate that Röpke's generation was not enthusiastic about the term and that different scholars used the term with different connotations over the years. Given these impasses, this volume's overall attitude to the term "neoliberalism" can be described as procedural: instead of trying to delineate what neoliberalism meant in substantive terms and to demarcate its (rather vague and above all heterogeneous) boundaries, we suggest that the neoliberalism of the generation of the 1930s and 1940s was above all a sociological process, a discourse of a well-connected network of scholars who experienced the rise of dictatorship as a consequence of the collapse of the global economy, and who for decades on end debated what liberalism could and should mean in the twentieth century. Important to emphasize, this was just one of many neoliberalisms, since the history of liberal political economy consists of numerous generations of scholars who have always attempted to innovate upon the ideas of previous generations. In this interpretation, understanding the breadth and depth of twentieth-century neoliberalism can help also to dehomogenize earlier liberal discourses and above all to provide indications for what a new neoliberalism for the twenty-first century might look like.

1 Wilhelm Röpke: A European Public Economist

Born at the end of the nineteenth century, Wilhelm Röpke might be one of the most complex and paradoxical German liberal intellectuals in the tumultuous twentieth century. Although he never returned to Germany after having been forced to leave in 1933, Röpke is mostly referred to as a special advisor to and political commentator on Ludwig Erhard's Social Market Economy. He also became a political opinion maker in Switzerland, where he lived for almost 30 years from 1937 until his passing in 1966. To this day, scholars identify his liberal-conservative version of a decentralized market economy and society as an archetype of his beloved adopted homeland Switzerland. Not only did Röpke become a political and economic authority in both Switzerland and Germany, he also developed a wide international network in which he emerged as an influential intellectual, in the dual role of a liberal political economist and a conservative social philosopher. Röpke's prominence in several European countries can to some extent be compared to the role of Walter Lippmann in the American context, portrayed in the most recent Lippmann biography by Craufurd D. Goodwin as having been a "public economist."

The first section of the current volume offers new biographical insights and portrays Röpke as a truly multifaceted figure: one of the prominent German liberal economists in the 1920s, he gradually evolved in a hub of international influences, and in the course of the 1930s transformed into a social philosopher. The driving force behind this transformation was Röpke's realization that the toolbox of economics was not sufficient to explain the collapse of the Western civilization. This resulted in an anxiety to examine the social, ethical, and political preconditions and prerequisites of the free market economy.

As reconstructed by Antonio Masala and Özge Kama in their contribution *Between Two Continents: Wilhelm Röpke's Years in Istanbul*, Röpke was heavily involved in reflecting upon and influencing the economic and academic modernization of Turkey, the country which welcomed him when he fled the National Socialist dictatorship in 1933. Masala's and Kama's contribution explores several publications of Röpke in Turkish which have never been translated into other languages. This exile lasted for 4 years, during which he shared the lot of an émigré with numerous German scientists, among them the ordoliberal sociologist Alexander Rüstow. The Istanbul period and the intensification of the relationship to Rüstow certainly played a seminal role in Röpke's project of renewing liberalism.

Owing to the efforts of William Rappard, the cofounder of the Institut des Hautes Études Internationales (Graduate Institute of International Studies), Röpke could move to Geneva in 1937, a decisive moment for his reconnecting to Central Europe and for his further intellectual development. He "spent the greater part of his academically active life in Geneva, using the example of Switzerland as a blueprint for his social philosophy," as Andrea Franc formulates in her contribution *Wilhelm Röpke's Utopia and Swiss Reality: From Neoliberalism to Neoconservatism.* In the 1940s, Röpke played an important role in shaping a national exceptionalism in the course of the so-called Swiss spiritual defense, and ever since he has become a

political icon for liberal-conservative Swiss intellectuals and politicians, but his heritage has also been misinterpreted or even abused by some of his followers, as Franc's account indicates.

Through his intensive intellectual friendship with the eminent Italian liberal economist Luigi Einaudi, who became the second president of the Italian Republic from 1948 to 1955, Röpke came into contact with the debates within Italian liberalism and Italian politics. As delineated by Alberto Giordano in his contribution *The Making of the "Third Way": Wilhelm Röpke, Luigi Einaudi, and the Identity of Neoliberalism*, this friendship played a key role for the emergence of a European neoliberal identity. Both aimed at restoring a functioning free market economy embedded in an ethical-legal framework and at implementing the program of the "Third Way" between laissez-faire and collectivism, not only on the national level but also in the incipient process of European integration.

Defining a new liberalism was Röpke's main concern on the eve of WWII, as it was for all European neoliberals—even though within the group, subgroups were pejoratively called "paleoliberal," implying a limited willingness to criticize nineteenth-century liberalism. Reconstructing the colorful intellectual relationship of Röpke and Walter Eucken to the allegedly "paleoliberal" Ludwig von Mises from the 1920s to the 1960s, as presented by Stefan Kolev in his contribution *Paleo- and Neoliberals: Ludwig von Mises and the "Ordo-Interventionists"*, enables a deeper understanding of Röpke's and Eucken's complex relationship to the Austrian School. While presenting the decades of strained discussions within the Mises-Eucken-Röpke triangle, Kolev emphasizes the key importance of conceptual clarity and rhetorical sensitivity in politico-economic debates for today and tomorrow.

2 Röpke as a Pragmatic Political Economist

The second section of the volume focuses on Röpke's analysis of the Great Depression and the policy responses to it. His reflections were embedded not only in the contemporaneous debates on business cycle theory, but also in the context of policy consulting where he proposed pragmatic interventionist measures, also justifying them by using sociological considerations. Most commonly Röpke referred to Keynes and the Austrians, and his own positioning can be described as a tension between these two theoretical systems, but he was clearly also aware of other positions in the feverish debates of the time.

The first contribution, *The Moral Foundations of Society and Technological Progress of the Economy in the Work of Wilhelm Röpke* by Marcelo Resico and Stefano Solari, explores the still highly topical problem of "metastability" of markets and society as developed by Röpke. Röpke's critique of rationalization and massification can be seen as a general reflection upon the metastability of market society, as its order is permanently questioned and challenged by modern technology, division of labor, and economic development. Technology might be of benefit to the market as an enabling tool for the individual, but it has social and

political consequences that have to be managed. Morality might therefore play a key role vis-à-vis the problem of metastability.

The next three contributions, by Raphaël Fèvre, Patricia Commun, and Lachezar Grudev, respectively, focus on the theories and activities of Röpke as public economist during and after the Great Depression, especially on his business cycle theory and his pragmatic proposals to handle the problems of the severe crisis. Röpke's early work has often been classified as proto-Keynesian, which, according to Fèvre, is inappropriate. Fèvre describes in his contribution *Was Wilhelm Röpke Really a Proto-Keynesian?* how Röpke's attitude to Keynes evolved during the 1930s and 1940s and how the pronounced shift from proto-Keynesian positions to a sharply anti-Keynesian stance can be explained. Röpke's report on the debates within the famous Brauns Commission whose member he became in 1931, as analyzed by Commun, shows to what extent he was above all a pragmatic liberal. He therefore conceived a pragmatic business cycle policy to provide an adequate response to the dramatic crisis starting in 1930. Contrary to scholars who have claimed that Röpke did not develop a particular business cycle theory but only synthesized existent theories, Grudev shows in his contribution how Röpke did develop a rather specific theory of his own. Although he struggled to precisely demarcate primary and secondary depressions, Röpke's achievement is to have traced back the roots of the secondary depression to the primary depression, which in turn depends on the evolving boom period that has preceded it.

3 Röpke as an Eclectic Social Philosopher

The rise of dictatorship in Germany, and more generally the severe disruptions in European democracies, appalled Röpke to the utmost extent. He interpreted these events in similar ways as neoliberals such as Eucken and Hayek, not only linking them in various ways to the Great Depression but also going beyond this link. This is the reason why in the late 1930s, Röpke left the field of theoretical economics behind and, from the 1940s onward, focused primarily on the ethical and sociological preconditions and prerequisites of a stable society based on a free market economy. But was it really a new turn toward radical conservatism?

No, it was not. Jean Solchany, the author of the most recent Röpke biography, claims in his contribution *Wilhelm Röpke: Why He Was a Conservative* that Röpke did not develop into a conservative but that he always was and remained a genuine conservative. While Röpke was certainly shaped by the tragedies in German history and was embedded in the German "Zeitgeist," Solchany shows how he always distanced himself from German conservatism, especially from the ideas of the so-called Conservative Revolution. It was only in his period as émigré that he connected to international conservative networks and met with prominent American neoconservatives with whom he shared a number of political and economic positions.

And he was more than "just" a conservative. Alan S. Kahan argues in his contribution *From Basel to Brooklyn: Liberal Cultural Pessimism in Burckhardt, Röpke, and the American Neoconservatives* that Röpke shared with Burckhardt what Kahan calls an "anti-modernist liberal cultural pessimism." In that respect he was rather different from key American neoconservatives like Irving Kristol, whose conservatism according to Kahan can be more aptly described as "modernist liberal cultural pessimism." Kahan concludes that "optimism is not a requirement for liberalism," and thus for him Burckhardt, Röpke, and Kristol can all be considered liberal despite their common cultural pessimism.

As portrayed by Tim Petersen, Röpke's general relationship to conservatism—German and American—was a very complex one. Even though he developed a close friendship with a prominent Austrian-born "fusionist," William S. Schlamm, Röpke was not a proponent of the current within American conservativism called "fusionism." In Petersen's assessment, he was rather a proponent of traditionalist American conservatism, as embodied in the work of Russell Kirk to whom he developed an increasingly close relationship during the last decade of his life. At the same time, Röpke always emphasized his incompatibility with the German strand of ideas associated with the so-called Conservative Revolution.

Last but not least, Röpke was embedded in a German and European tradition of cultural pessimism, as reconstructed by Frans Willem Lantink in his contribution *Cultural Pessimism and Liberal Regeneration? Wilhelm Röpke as an Ideological In-Between in German Social Philosophy*. To Lantink, Röpke's war trilogy can be classified as a "rhapsodic" version of the "contemporary intellectual novel," as first cultivated by Oswald Spengler and Johan Huizinga. Röpke was a very eclectic, "active cultural pessimist" rather than "simply" a liberal conservative, as Lantink interprets him and embeds him in a network of contexts amid Hayek, Thomas Mann, as well as Theodor W. Adorno and Max Horkheimer.

4 To What Extent Can Röpke Still Be Considered a Liberal?

In a contribution entitled *Wilhelm Röpke on Liberalism, Culture, and Economic Development*, Nils Goldschmidt and Julian Dörr characterize Röpke's liberalism as humanist, anti-authoritarian, and universalist, and they also interpret his curious distinction between "fleeting" and "lasting" liberalism. Röpke appears as having been particularly sensitive to issues of culture, in the sense in which today's transition economics treats informal institutions, and as a precursor of today's cultural economics. At the same time, a tension becomes visible between his universalism and his pronounced skepticism toward non-Western cultures, as presented in the case study of his problematic attitude toward South African apartheid.

According to Henrique Schneider in his contribution *Skepticism about Markets and Optimism about Culture*, Röpke did not trust the market to be solid enough as a foundation of society, while he was (perhaps too) optimistic about the integrative properties of culture: even if he certainly advocated a free market economy, he trusted bourgeois culture more to prevent society from disintegrating. But what precisely is this bourgeois culture? Schneider provides a systematic exploration of what culture means in Röpke's works, with a special emphasis on Röpke's take on virtue ethics, making this concept of culture operational for further research.

Röpke's emphasis on the essential properties of constitutional and moral frameworks for economics and the social sciences, as well as his early formulations of self-interest as a key characteristic of politicians and bureaucrats especially in the context of the expansion of the welfare state, or of the rent-seeking behavior exercised by pressure groups in democratic societies, locates him in a certain proximity to James Buchanan's vision of politics. Gabriele Ciampini analyzes this proximity in his contribution *Democracy, Liberalism, and Moral Order in Wilhelm Röpke: A Comparison with James M. Buchanan*.

Last but not least, in his contribution *Wilhelm Röpke's Relevance in a Post-Totalitarian World*, Richard Ebeling portrays Röpke as a courageous liberal intellectual who decided to fight the totalitarian collectivisms of the twentieth century, phenomena that had become deadly threats to the liberal civilization of the West. Despite the breakdown of National Socialism and of communism, Röpke's warnings against inflation, centralization, and the continuous growth of the welfare state, as well as his warning against the dangers from religious fanaticism, are perceived by Ebeling as particularly topical dangers to freedom and stability of Western societies in the twenty-first century.

5 Röpke's Challenges

It would be presumptuous to present a synthesis of the highly detailed contributions in the volume. Instead, in the end of this introduction, we would like to delineate a list of challenges which are inherent in Röpke's legacy. He certainly raised many provocative questions about economy, society as well as their intricate interrelationships, and to some of these questions he could provide satisfactory answers. Clearly, Röpke underwent a significant evolution in the course of his career, which is hardly surprising given the tectonic movements that on several occasions shook the very foundations of the West during his lifetime. Before, during, and after the Great Depression, he advocated liberal therapies, although of his own making: even if "pure theory" might have suggested otherwise based on an analysis of the economic order, his politico-economic analysis let action appear as urgent and mandatory to stabilize the collapsing political order in Germany and beyond. In later decades, he moved away from studying the economic order, increasingly focusing on other societal orders which in his diagnosis were at least as crucial for attaining a "humane economy." In other words, a free economy in his view is certainly a necessary, but by

far not a sufficient condition for a free society— instead, other framework layers, especially bourgeois culture defined in terms of virtue ethics, are indispensable for the stability of a free society. What precisely these values are and how they can be sustained under the pluralistic conditions of modern societies poses a gigantic challenge to which Röpke could only partially provide answers.

Many of the contributions present Röpke as an eclectic thinker, one who on several occasions aimed at synthesizing different patterns of thought. Scholarly judgments vary about the success of these syntheses. His business cycle theory attempted to combine "the best of all worlds" in the theoretical systems of the time, above all of Keynes and the Austrians. Röpke's social philosophy attempted to combine liberal milestones like individualism and a focus on free markets with conservative ingredients like cultural pessimism and anti-modernism about society's evolution, resulting in a mélange which is called in the volume a "retro-utopia." He advocated a broader reform agenda for economy and society than most of his fellow neoliberals, but at the same time, he was less focused on the state as the primary promotor of necessary interventions, instead emphasizing more than others the crucial role of civil society for sustainably implementing the reform agenda. Röpke's terminology was often ahead of others, for example, in his usage of the term "spontaneous order" much earlier than Hayek, but at the same time, quite often he was much less precise and less coherent than the terminology of his fellow neoliberals. In contrast to these neoliberals, however, Röpke did not shy away from spending plenty of time and energy in his role as public intellectual, being in correspondence not only with the great minds of the day but also with normal citizens asking for his advice. He did not shun normativity, but his omnipresent usage of value judgments gives a very specific taste to his social philosophy, one that might—correctly or not—strike today's students of the social sciences as somewhat antiquated. And unlike some of his fellow neoliberals, Röpke did not stay purely abstract but was heavily involved in policy consulting and recurrently commented on issues of international political economy, for example, in applying his economics and social philosophy to the incipient process of European integration. Yet another challenging task would be to study today's fragile European Union, or the very recent stagnation in the process of globalization, from a Röpkean perspective.

Today Röpke commonly remains in the shadow of his fellow neoliberals, most notably Hayek, Mises, and Friedman. We hope that this collection of Röpke scholarship will provide some illuminating and provocative new insights for the historiography of the curious phenomenon "neoliberalism."