

Wilhelm Röpke on Liberalism, Culture, and Economic Development



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1 Introduction¹

“It is a manifest truth that our society’s crisis coincides with the crisis of liberalism” (Röpke 1947, p. 8). From today’s perspective, it is difficult to take Wilhelm Röpke’s cultural diagnosis, which was also a diagnosis of the times, at face value. The discontents with modernity and the observed crisis of the contemporary age not only suggested to him the deterioration of one particular social order but also pointed to the decay of occidental culture as a whole and with it of the liberal European social model. The deep-reaching cultural pessimism which marks his writings and becomes ever more apparent in his later work seems strange to readers today, and his call for a “nobilitas naturalis”, the rule of an aristocratic elite, conveys pallid, anti-democratic tones. Yet his careful observation and his comprehensive understanding of societal processes are remarkable and direct the economist’s view to questions of economic action that—as one of his books is titled in the German original—lie beyond supply and demand (*Jenseits von Angebot und Nachfrage*). The close connections Röpke drew between liberalism and culture, between economic development and societal preconditions, seem relevant also today to the discussion of economic processes of transformation and to the difficulties of implementing market institutions in non-Western cultural contexts. The calls for “cultural economics” emanating from different economic subdisciplines are an unmistakable sign of Röpke’s relevance as a pioneer of the “cultural turn” in economics.² Together with Alexander Rüstow, Röpke

¹This paper relies heavily on Goldschmidt (2010). We would like to thank Mark McAdam for the editorial work.

²For the research program of “cultural economics”, see Goldschmidt (2006).

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is a proponent of a variety of neoliberalism which offers more than merely a theory of free and organized markets but also offers a theory of free and organized societies. In part because of the connection he drew between the economic and the ethical order, Röpke has been rediscovered of late, leading to numerous, mostly non-German contributions on various facets of his oeuvre since the turn of the millennium (see Solchany 2015; Fèvre 2015; Lottieri 2014; Schüller 2013; Gregg 2010; Rieter and Zweynert 2010; Mierzejewski 2006; Schüller 2003; Yamawaki 2001). Because of the importance of his thought for our contemporary age, Röpke can rightfully be considered “[a] man for the twenty-first century” (Zmirak 2001), especially in respect to cultural economics, as we will show in this paper.

In the following, we wish to trace and flesh out Röpke’s understanding of culture. To that end, in Sect. 2, the significant importance he attributed to societal structures for economic development is mapped out. In Sect. 3, these thoughts are connected with his ideas of an everlasting liberalism as an occidental cultural ideal. Section 4 demonstrates that in addition to his apologetics for Western culture, he formulated approaches towards a culturally sensitive view of other regions. It is this “different Röpke” that makes him so valuable for a new, present-day cultural economics. Röpke’s worldview was not without problems, however, as shown in his perspective on apartheid in South Africa in Sect. 5.

2 Beyond Supply and Demand

How is a cultural diagnosis à la Röpke to be understood as a societal renewal on the one hand that complies with the ideal of liberalism on the other? It is the mass society that constitutes the central focus of his criticism.³ The “hell of congestion” (Röpke 1998 [1960], p. 41) he bemoans in *A Humane Economy* leads to direct discomfort:

Each of us brings his personal experience to the understanding of the problem under discussion. What the words mass society first call to mind is the visible crowdedness of our existence, which seems to get irresistibly worse every day: sheer oppressive quantity, as such, surrounding us everywhere; masses of people who are all more or less the same—or who are at least assimilated in appearance and behaviour; overwhelming quantities of man-made things everywhere, the traces of people, their organizations, their claims. [...] In the great cities of the United States, it is considered necessary that school children, instead of being taught more important things, should have lessons in “social adjustment”, that is, in the art of queuing patiently, folding one’s newspaper in the subway without being a nuisance to other passengers, and other such tricks of civilization [...] We all know to what extent this American pattern of life has already spread to Europe. We can hardly hope to

³Although Röpke was not alone in using a criticism of “multitudes” as a starting point for the development of a research program, as this extended to other neoliberals as well, the systematic meaning of Röpke in this respect has hardly been examined. Every indication suggests that liberals did not understand “masses” as social stratification but as a (degenerated) intellectual disposition which is juxtaposed against the idea of personality. For a fundamental and convincing exposition, see Dathe (2008).

escape the same hell of congestion. In Europe, too, the traffic columns are becoming denser, and even the queues at ski lifts are getting longer [...] the very mountain peaks, which Providence seems to have preserved as a last refuge of solitude, are drawn into mass civilization by chairlifts. In Europe, too, the power shovels of the world of steel and concrete are advancing steadily. (Röpke 1998 [1960], pp. 39–41)

It is a paradoxical development of modernity that Röpke derives from his analysis: the possibilities that enabled industrialization and economic growth for broad layers of society are simultaneously the catalysts of the forthcoming societal and economic crisis. Economy and society are a “pyramid standing on its point” (Röpke 1998 [1960], p. 45): “The welfare and existence of millions of people depend upon the orderly functioning of this huge mechanism, but with their mass passions, mass claims, and mass opinions, these same people are undermining the conditions of order, certainty, and sober reason, without which the greatest technical and organizational progress is of no avail” (Röpke 1998 [1960], p. 45). The societal system which relies on the uniting reason of some is threatened by the power of the masses.⁴ Simultaneously, for Röpke it is those with social responsibility who accelerate the collapse of modern society by having “to buy [the masses’] good graces [those of the masses, NG/JD] by continually yielding to economically irrational demands by the continuous expansion of the welfare state which stifles responsibility, incentives, and initiative” (Röpke 1998 [1960], p. 46).

Aside from the power of the masses and those with social responsibility giving into the masses, there is a second characteristic for Röpke which can explain the societal crisis of modernity and is constituted by the discrepancy between individual and society:

The equilibrium between individual and society, their relation of constant tension and genuine antinomy, is disturbed in favor of society. This equilibrium—there can be no doubt whatever about it—is the norm of individual and social health. We do not hesitate, therefore, to call the serious imbalance a disease, a crisis, with which we cannot live for long. [...] To the extent of this shift of the center of gravity, the essential element which the individual needs in order to be a complete human being and spiritual and moral personality seems to us to be missing. (Röpke 1998 [1960], pp. 52–53)

The consequence of the shift from individual to society is a double crisis: intellectually and morally, as well as socially. The former is primarily a crisis of education:

What we have in mind is the way thought is becoming shallow, uniform, derivative, herdlike, and tritely mediocre; the growing predominance of the semi-educated; the destruction of the necessary intellectual hierarchy of achievement and function; the crumbling away of the edifice of civilization; and the presumption with which the homo insipiens gregarius sets himself up as the norm and chokes everything that is finer or deeper. (Röpke 1998 [1960], p. 54)⁵

⁴The power of the masses leads to the destruction of finely tuned societal structures, as Röpke describes in *The Social Crisis of our Time (Die Gesellschaftskrisis der Gegenwart)*: “The disease which has been holding Western society in an ever firmer grip [...] is characterized by a process of social decomposition and agglomeration” (Röpke 1950, p. 10).

⁵Röpke adopts the character of the “homo insipiens gregarius” from José Ortega y Gasset (Röpke 1979 [1942], p. 11).

Far more momentous for Röpke, however, is the social crisis triggered by mass society and understood as the “disintegration of the social structure” (Röpke 1998 [1960], p. 55). Herein he sees a process of depersonalization in which “true communities are broken up” (Röpke 1998 [1960], p. 55) and “the area of individual action, decision, and responsibility shrinks in favour of collective planning and decision” (Röpke 1998 [1960], p. 56). This is the breeding ground for all forms of totalitarianism, “to fill the emptiness of their souls” (Röpke 1998 [1960], p. 57). According to Röpke, this decomposition of society takes on its own dynamic:

It is hard to disagree with pessimists [...] who maintain that our civilization is becoming subject to a sort of Gresham’s Law. Just as, according to Gresham’s Law, bad money drives out good money, so, too, does modern mass culture make it increasingly difficult for anything better to hold its own. (Röpke 1998 [1960], p. 58)

Consequently, the crisis of society is an all-encompassing crisis, leading to the dissolution of the foundations of the entire occidental tradition:

But why, we may ask, is the loss or even the dilution of this Christian and humanistic cultural tradition more than a change of scene in the history of thought? Why is it a cultural catastrophe, which is of the essence of our present cultural crisis? Because this tradition is a European tradition and because it makes us Europeans in the widest sense of the word. What this means can easily be appreciated by anyone who merely tries to imagine what the world, a world in which every continent is built upon Europe and its traditions, would be like without this pillar. We cannot even seriously conceive of the idea that after three thousand years we should have to begin again at the beginning in fashioning our minds and that we could possibly replace our spiritual heritage by educational matter of the kind which may roughly be indicated by the range and style of popular magazines. (Röpke 1998 [1960], p. 62)

The diagnosed crisis of and threat to culture based on the power of mass society only first became possible through the economic development of modernity, but it would, according to Röpke, be mistaken to infer a general failure of the market economy from this. The opposite is the case for Röpke, also leading to a first clue for a way out of the crisis:

On the contrary, the market economy, with its variety, its stress on individual action and responsibility, and its elementary freedoms, is still the source of powerful forces counteracting the boredom of mass society and industrial life, which are common to both capitalism and socialism. (Röpke 1998 [1960], p. 87)

In the thought of a “market economy within limits”, one finds the core of Röpke’s ordo-political, cultural, and societal thinking. The limits of the market economy *in a narrower sense* are made up of the political framework governing the market economy (“the rules of the game”), which represents the creed of all ordoliberalists. In Röpke’s words from *Civitas Humana*:

A real, fair and well-functioning competitive order cannot exist without a well-thought out juridical-moral framework and without a constant monitoring of the conditions under which competition based on merit must occur. (Röpke 1979 [1944], p. 76)

Yet this positive determination of the limits of the market economy, primarily focused on political and juridical facets, is eclipsed in *A Humane Economy*, not least because of his concern “whether, in a mass democracy, with its many kinds of

perversions, it is at all possible for policy to serve the common interest” (Röpke 1998 [1960], p. 142). Rather, the limits of the market economy are worth noting and of increasing importance *in a broader sense*. They are constituted by the limits of the societal competences of the market economy:

Society as a whole cannot be ruled by the laws of supply and demand [. . .] Individuals who compete on the market and there pursue their own advantage stand all the more in need of the social and moral bonds of community, without which competition degenerates most grievously. As we have said before, the market economy is not everything. It must find its place in a higher order of things which is not ruled by supply and demand, free prices, and competition. (Röpke 1998, [1960], p. 91)

Determining this “higher context” is Röpke’s positive response to the diagnosed cultural decay of his age. The market economy is a form of economic order corresponding to a “particular philosophy of life and to a particular social and moral world” (Röpke 1998 [1960], p. 98). Without the “very conditions of man’s spiritual and moral existence” (Röpke 1998 [1960], p. 103), a market economy serving society is not possible: “Extra-economic, moral, and social integration is always a prerequisite of economic integration” (Röpke 1998 [1960], p. 124). How can this “higher context” be determined as a cultural ideal?

3 The Cultural Ideal of Liberalism

The “higher context”—the cultural ideal—which is to be established anew for Röpke is liberalism. Only a truly liberal society can be a society in which a market economy can flourish and which provides the necessary societal-moral preconditions. In *Das Kulturideal des Liberalismus* (Röpke 1947),⁶ one finds two variations of liberalism which must be distinguished carefully: “vergänglichlich” and “unvergänglichlich” (“fleeting liberalism” and “lasting liberalism”).

Fleeting liberalism entails political and social movements which originated in the nineteenth century and which, according to Röpke, are in a state of error and confusion. To blame for the crisis of fleeting liberalism, which is “part of an overall crisis of modern society” (Röpke 1947, p. 21), are the three distortions of rationalism, individualism, and economic liberalism. *Rationalism* entails a belief in reason which “no longer accepts objective rules, which questions everything in free and arbitrary thought”, leading to a kind of relativism in which “all norms and values dissolve in the acid of its own reason” (Röpke 1947, p. 22). *Individualism* neglects the necessary integration of each individual into society, making up “something different than merely the sum of its parts” (Röpke 1947, p. 24). The erroneous assumption that human reason suffices to steer society and economy “according to a conscious master plan” coincides with the mistaken belief that society “is a simple association of individuals” (Röpke 1947, p. 24). Paradoxically, a mistaken view of individualism thus paves the way to collectivism and socialism. Modern economic

⁶Röpke later integrated it as the first chapter in the collection *Maß und Mitte* (Röpke 1979 [1950]).

liberalism misconstrues “that the ideal of so-called economic liberalism—specifically the free market economy—belongs to the primary goals of intellectual-political liberalism” (Röpke 1947, p. 25). The market economy can be compatible with the preservation of the ideals of an intellectual-political liberalism, but it is not a necessary condition: “One can imagine a liberal society very well which is made up of modest farmers and does not entail stock exchanges or banks or currency, and perhaps this would be the best of all” (Röpke 1947, p. 5).⁷

In contrast, *lasting liberalism* entails a Western culture consisting of “a wealth of ideas beyond the despotism of man, and accepting the inviolability of natural orders prior to and beyond state power as a guiding light” (Röpke 1947, p. 12). Even in his early writing “Epochenwende?” (Röpke 1933), he sees a “cultural tour de force [in lasting liberalism], which has been active in all periods of flourishing in Western culture and comprises the ideas of the best of all time, irrespective of the deep illiteracy of our time” (Röpke 1962 [1933], p. 110).

This liberalism, anchored in the “*anima naturaliter Christianae*” (Röpke 1947, p. 12) instead of the “*esprit pharaonique*” (Röpke 1947, p. 13), is marked by five characteristics:

What is liberalism? It is *humanist*: that means it assumes a human nature that is capable of achieving good and is only fulfilled in community. It understands its purpose beyond material existence and offers the respect that each deserves in his uniqueness and which forbids debasing him as a mere means to an end. It is therefore individualist or, if one prefers stating it this way, *personalized*: according to the Christian doctrine [...] the single human person is the ultimate real [...] Liberalism is [...] *anti-authoritarian*: [it guards] wisely against the romanticism of community, which state organization makes [...] the object of a mystic cult. Liberalism is thus *universal*: in being humanist, personalized, anti-authoritarian, and respecting mankind in itself, it—warning against the deification of the state—resists the extension of patriotism to nationalism, and thereby Machiavellianism and imperialism. With all that, it is finally *rationalist* in a non-hypercritical sense, namely that the liberal as a humanist ascribes all persons according reason [...]. (Röpke 1947, p. 15; emphasis in the original)⁸

This liberalism is identical to a “bourgeois philosophy” which “taught us that there is nothing shameful in the self-reliance and self-assertion of the individual taking care of himself and his family, and it led us to assign their due place to the corresponding virtues” (Röpke 1998 [1960], p. 119). In this sense, society is liberal for Röpke or it is—to put it provocatively—not at all.

⁷What must appear today as a bizarre “village or garden plot romanticism” (Röpke (1979 [1944], pp. 283–291) can be explained by Röpke’s belief in the reconnection of society to the experiences within a community. In his view, structures of civil society are tied to the actual experiences of daily life which require freedoms outside of the market.

⁸What Röpke describes here is typically what one would identify with the Enlightenment. In this manner, Röpke entraps himself in a contradiction: in spite of the Christian roots he emphasizes, the lasting liberalism he posits first became possible as a fruit of the Enlightenment and political liberalism of the eighteenth century. Röpke, on the other hand, separates political and intellectual liberalism, thereby retrospectively elevating an apparently lasting liberalism.

Therefore, for Röpke, there is a simple acknowledgement: Western, bourgeois philosophy is simultaneously the philosophy which coincides with certain individual virtues, a defined value system, and a formative principle of our entire cultural system. The “societal soil” for this value system is the “aristocrats of public spirit” (Röpke 1998 [1960], p. 131)—the “nobilitas naturalis”:

The conviction is rightly gaining ground that the important thing is that every society should have a small but influential group of leaders *who feel themselves to be the whole community's guardians of inviolable norms and values* and who strictly live up to this guardianship. What we need is true *nobilitas naturalis*. No era can do without it, least of all ours, when so much is shaking and crumbling away. We need a natural nobility whose authority is, fortunately, readily accepted by all men, an elite deriving its title solely from supreme performance and peerless moral example and invested with the moral dignity of such a life. (Röpke 1998 [1960], p. 130, emphasis in the original)

Now it becomes understandable that the crisis of economic liberalism is intertwined with the present day cultural crisis and offers no escape. The market economy must be embedded in the “true” system of Western society which takes as its starting point “the natural order of things”:

Whether we now speak of a rape of mankind and nature by our modern industrial and metropolis civilizations or from the calamity of a collectivist economic order [...]—is it not here and there an artificiality against which we are fighting in both cases? And is it not here and there the natural order of things which is important to us, in the double sense of a natural, socio-biological correct embedding of mankind and the “ordre naturel” of a well-ordered and enclosed market (Röpke 1948, p. 232)

Röpke’s pessimistic cultural diagnosis, which finds its economic response in his call for the “containment” of the market economy, leaves an ambivalent impression from the perspective of today’s cultural economics. On the one hand, Röpke’s diagnosis appears premodern. The distinction between “Gemeinschaft” and “Gesellschaft” (community and society) popularized by Ferdinand Tönnies does not find any expression in Röpke’s analysis. Röpke does not consider *system dependences*, the result deduced from Tönnies’ distinction that modern open industrialized societies rely on and further develop especially in economic and political matters, as they rely only to an exceedingly small degree on “face-to-face” interactions within small communities. On the contrary, Röpke, in an unwavering manner, normatively and judgmentally presumes that a “betterment” of society must succeed by the individual efforts of elites—and he is repeatedly disappointed.⁹ He gets lost in a “culturally pessimistic maelstrom” lacking the escape of a positive message, a shortcoming that Golo Mann appropriately lists in his review of Röpke’s *Maß und Mitte*:

He overshoots his mark. Against the direction of the world nearly in its entirety—against metropolises, multi-storey buildings, unions, nationalism, Sartre, jazz, abstract art, war,

⁹In a certain sense, Röpke seems to negate the distinction between individual ethics (“virtues”) and social ethics (“just structures”). He does not seem to entertain the criticism that “an open society” cannot be based on the “morality of a small crowd” (Hayek 1996 [1988], pp. 7–26; Hayek 2004 [1979], pp. 54–57; Hayek 2003 [1973–1979], esp. pp. 239–242).

world government and so on. A prophet may direct his scorn towards all this, a professor ought not to. Because when a professor writes against something, he does so—or purports to do so—that things could be changed if one listened to him? [...] A free market economy—but no crises [...]. An economy guided wisely by the state—but nothing that could even approximate preparing collectivism. A strong display of power against communism—but no big business or big government. All the conveniences and benefits of technology—but none of its dark sides. No, that is not the way the world is. (Mann 1952, pp. 92, 94)

Röpke conceals in his cultural pessimism an insight that is important for the economic message of neoliberalism: The *wealth of nations* does not result automatically from an “invisible hand” of market forces but through “the visible hand of law” (Mestmäcker 1978). The enforcement of general and just—in other words, fair—rules of the game should be valid not only for the creation of the economic system but also for the creation of political and societal levels. Here, too, *legal structures* must be demanded that are conducive to coexistence in society, instead of maintaining Röpke’s hope for morally “better players” (Buchanan 2008).¹⁰

On the other hand—and here one can see Röpke as a pioneer of cultural economics—he succeeds in justifying a “cultural turn” in economics in a threefold approach: first, cultural factors are not “external factors” but rather integral building blocks in explaining economic development; in his mind, the societal and economic orders are interdependent. Second, cultural embeddedness does not only apply to the economic “system” in general, as he considers the embeddedness of every individual within the cultural context.¹¹ Röpke’s references to the societal context’s imprinting of and influence on individuals connect his ideas to what is termed “enculturation” in modern sociological theory (Dux 2014). Third, Röpke proposes a dynamic concept of cultural development.¹² The societal order is not a plannable hermetic system but rather the result of historical path dependency. Even liberalism is subject to a force with “which it seeks to aspire beyond itself” (Röpke 1947, p. 13).

¹⁰The quest for the creation of rules for society as a whole based on the well-being of its citizens is the central concern of modern “Ordnungsökonomik” and Constitutional Political Economy, respectively. For an overview, see Vanberg (1994) and Vanberg (2008).

¹¹In light of the necessary moral requirements of the market, Röpke writes in *A Humane Economy*: “It is also necessary that people should grow up in conditions which favor such moral convictions, conditions of a natural order, conditions promoting co-operation, respecting traditions, and giving moral support to the individual” (Röpke 1998 [1960], p. 125). He emphasizes—advocating the idea of “informal institutions”—the importance of historical cultural regions as necessary societal contexts for individuals. In demarcating his views from a “rationalist” perspective, he writes polemically: “It will be no easy task for us to convey our rationalist friend and to dissuade him from glossing over such minutiae as space and history in constructing a free-floating and arbitrarily associating individual” (Röpke 1979 [1944], p. 110).

¹²This developmental process holds for Röpke as much as for society in general (for his reference to Hayek, see, e.g. Röpke (1947), p. 24) as well as for the economy in particular (Röpke 1979 [1944], pp. 57–60).

4 The Other Röpke? Different Cultural Spaces and a Culturally Sensitive Cultural Pessimism

Equating liberalism and the occidental cultural ideal allowed Röpke to become a careful observer of cultural processes. His diagnosis in respect to his own culture may be exceedingly pessimistic, yet cultural assessment of economic development is unavoidable and necessary for him. This placement of economic action in its cultural context may explain why he understands some of the difficulties involved in transferring liberalism, a characteristically occidental cultural ideal which he embraces, to other regions. In this sense, “the other Röpke” argues not for cultural hegemony but for a culturally sensitive transfer of institutions. With respect to the “bourgeois philosophy” he values so highly, he writes:

In order to appreciate just how important this “bourgeois” spirit is for our world, let us consider the difficulty of implanting modern economic forms in the underdeveloped countries, which often lack the spiritual and moral conditions here under discussion. We in the West take them for granted and are therefore hardly aware of them, but the spokesmen of the underdeveloped countries frequently see only the outward economic success of Western nations and not the spiritual and moral foundations upon which it rests. A sort of human humus must be there, or at least be expected to form, if Western industry is to be successfully transplanted. (Röpke 1998 [1960], p. 119)

Röpke’s clear message is that without considering “informal institutions”, a successful replication of Western economic institutions cannot occur. Economic change and the build-up of modern economic structures are bound to traditions within civil society (Zweynert and Goldschmidt 2006). But this does not imply that he endorses a “Westernization” of non-Western cultural regions—on the contrary, he views in these processes of Westernization one of the intrinsic causes of the problems of development in non-developed countries. Thus, he writes:

Behind the slogan of the “development of undeveloped countries” lies nothing less than that something is happening before our eyes which has not happened in all of human history: the apparent unstoppable expansion of a world-dominating cultural form, i.e. the occidental, at the expense of the merciless subversion and decomposition of other forms. Whether an uninterrupted occidentalisation of the world will result is doubtful. Only the negative is clear: the upheaval, illness, subversion and final destruction of non-Western cultural, life and societal forms, the tension and fermentation that results from the most distant peoples’ and tribes’ ever-closer and clasping contact with the Western, modern world. (Röpke 1961, pp. 20–21)

Undoubtedly, Röpke’s plea for the “preservation of traditional cultural and societal systems” (Röpke 1961, p. 29), as discussed in the next section, is not always devoid of paternalism,¹³ yet his admonition that the “*economic spirit and all its bourgeois virtues and institutions* are necessary for the success of an economic program of development” is as fundamental for economics as it is

¹³Thus, for Röpke, “specialists of the West are essential, not only as temporary advisers, but as permanent and leading persons” (Röpke 1961, pp. 31–32).

seldom heard.¹⁴ Considering present global changes, it is high time to make Röpke's message a key issue in economic policy matters. What is required is a gradual approach in political economy instead of "shock therapies", as well as seriously including "other" cultures and incorporating knowledge of those: "Any development programme will prove to be more surely on the right and sensible lines the less it does violence to natural conditions and to the circumstances already existing" (Röpke 1959, p. 236).

5 Röpke's "Dark Side"?

Röpke's apologetics of the Western cultural ideal is ambiguous, however. He does not stop with the mere positive analysis of lasting liberalism but goes further by arguing that any "cultural space" that does not have roots in Western philosophy is inferior. This is paradoxical since the universalism he posits—a force directed against imperialism and nationalism—is a necessary feature of liberalism. Especially in light of the Cold War tensions, this facet of Röpke's thinking should not go unmentioned. He views the retention of Western values as necessary for the survival in the struggle against the socialist system, and he emerges as a paragon of the "transnational character of neoliberal anti-communism" (Solchany 2014, p. 219).

Röpke, who devoted the majority of his writings in the 1950s to questions of international relations, also dealt with South Africa, which was being governed by a White minority in an authoritarian manner. He recognized the danger arising as a result of misguided policies of decolonization and development, thereby laying the groundwork, economically and morally, for communism. He commented on the situation in a short column for *Frankfurter Allgemeine Zeitung* (Röpke 1963a)¹⁵ and later authored a more extensive piece in *Schweizer Monatshefte* drawing on the arguments and formulations from previous newspaper articles (Röpke 1964). The article "Südafrika: Versuch einer Würdigung" ("South Africa: An Attempt at a Positive Appraisal") was well-received—especially apartheid proponents thankfully accepted his line of argument. His piece was translated into three languages and distributed in wide circulation (Solchany 2015, pp. 220–231). Röpke reiterated his position on June 29, 1964, in a lecture series organized by the Swiss Institute of International Studies on Africa (Röpke 1965). Röpke thus became a renowned proponent of the isolated South African government (Slobodian 2014, p. 82).

He assumes that South Africa has a stable economy with a market-oriented government. Röpke is impressed by the country's economic performance and the

¹⁴Röpke's explanation as to why this insight has hardly become widely recognized is convincing as well: "The reason for it is that these preconditions seem obvious and given to a person in the West, thus hardly being aware of them, while the leaders in undeveloped countries only see the economic success of the West, without knowing or suspecting the intellectual-sociological preconditions for it" (Röpke 1961, p. 30).

¹⁵And later, in almost identical wording, in *Rheinischer Merkur* (Röpke 1963b).

dynamism of its economy, attributing its vigor to “the extraordinary qualities of its White population” (Röpke 1964, p. 99) whom he views as “the rightful owners and rulers” as they broke fresh ground “in practically uninhabited territory” (Röpke 1964, p. 104). In this sense, the Whites there became Africans in the same manner “as other Europeans who crossed the Atlantic westward became Americans” (Röpke 1964, p. 104). He views South Africa’s successes as endangered by an “ethnic problem” that “overshadows everything” (Röpke 1964, p. 103). The White proportion of the population is becoming an ever-smaller minority due to immigration into the country resulting from its economic prosperity. This “majority of an extremely different race” is “penetrating deeply into the settlement area of Whites” (Röpke 1964, p. 103). The solution to the migratory patterns should not be the formation of a joint nation with equal rights for all citizens:

Only obsessed ideologues like the so-called “liberals” in South Africa and their counterparts abroad can earnestly recommend offering Blacks complete political equality within the unified South African state, and thereby in reality leaving them the responsibility for rule over South Africa. It is nothing other than a call for national suicide. (Röpke 1964, p. 109)

This measure would not work as the ethnicities are too different. In order to understand this, Röpke asserts, one must merely acknowledge that Black Africans:

are not merely people of a completely different race, but they belong to a completely different civilisation at a completely different level. One of the most disturbing signs of mental confusion of our time is that one hardly ever asks whether it is possible to build a nation worthy of the name out of completely different ethnic-cultural groups which can be organised as a democracy. (Röpke 1964, p. 104)

Instead, Röpke proposes a different approach. Relief from the “heavy [...] burden of its ethnic heterogeneity” could only be achieved by segregating the different parts of the population (Röpke 1964, p. 99). Apartheid, consequently, is a legitimate attempt by the South African government to solve the “Negro question” or, at the very least, “to make it bearable” (Röpke 1964, p. 105). Röpke is staunchly in favor of clear segregation (“macro-apartheid”), not of discriminating against Blacks in joint settlements (“micro-apartheid”):

This [micro-apartheid, NG/JD] is the—oftentimes humiliating, pedantic and incensing—placement and special status of Blacks within White settlement areas, in other words that “segregation” which one knows in particular from the American South, but also—on a not insignificant scale—from the Northern States. (Röpke 1964, p. 108)

Röpke advocates a de facto “two-state solution”, one in which the Whites live and one called “Bantustans home to the Bantu” (Röpke 1964, p. 108). In this manner, “development opportunities can be provided corresponding to each group” (Röpke 1964, p. 106).

The South Africa article clearly reveals Röpke’s elitist and paternalistic vision, for example, when writing of improving the educational attainment of Blacks and “teaching them the methods of modern agriculture” (Röpke 1964, p. 106). His naïveté regarding the everyday reality of Blacks is also outlandish. In his three-week travels through South Africa in September 1963, he describes “the happily waving children of the Negro villages” and the:

humorous farmer from the Northern Transvaal sitting in our Johannesburg hotel who had gotten a job for a few months as an elevator operator in order to utilize the earned money to purchase an additional cow [...] with the acquiescence of Whites and with the drastic and refreshingly dismissive caricature of their White superiors. (Röpke 1964, p. 108)

Röpke profoundly laments the double standard of the world community. Even though racial segregation also exists elsewhere—for example, in Israel—only South Africa is viewed as a pariah state:

That does not hinder those participating in condemning South Africa in the strongest terms, even though the country attempts a more conciliatory and more just application of the tacitly acknowledged principle. (Röpke, 1964, p. 106)

Instead he demands a just evaluation of the South African policy of segregation which assumes “it to be a serious response to a serious problem” (Röpke 1964, p. 106). He understands the case of South Africa within the context of the Cold War, citing it as a place where a proxy war is being fought:

Should the Communist-non-occidental majority within the United Nations succeed along with those propagating occidental masochism to transform South Africa into a type of Congo or Indonesia, that would be geo-political and economic landslide that could only be compared to the loss of Latin America to Communism. (Röpke 1964, p. 110)

He thus determines apartheid, which he calls anything but “dumb or malicious” (Röpke 1964, p. 107), as the right tactic to uphold the occident and to prevent communists from “staking a claim in all of Africa” (Röpke 1964, p. 111). The country thereby assumes the role of a “white stronghold in Röpke’s racialized world” (Slobodian 2014, p. 61). Western countries “should therefore finally muster the courage to view the problem of South Africa in its gravity and complexity” (Röpke 1963a).

But even Röpke’s contemporaries evaluated apartheid in a far more nuanced fashion, as contrasted to his view. The General Assembly of the United Nations recommended the suspension of diplomatic and economic relations to the apartheid regime in 1962 (Solchany 2015, pp. 226–231). From today’s perspective as well, Röpke’s taking of sides and his worldview seem oddly racist. Nevertheless, the endorsement of segregation must be viewed in its historical context. Röpke was in part instrumentalized by the New Right in the United States and played an important role in the Mont Pèlerin Society (Mirowski and Plehwe 2009; Plickert 2008; Plehwe and Walpen 2004). From 1961 to 1962, Röpke formed its leadership together with Albert Hunold, whose opinions he shared not only on this matter.¹⁶ During this time, the contrast between Continental and Anglo-Saxon liberals emerged on their respective theoretical foundations, and Röpke was a pugnacious spirit in search of discussions and argument. He enjoyed viewing himself in the role of someone arguing against the dominant opinion of the time, as the title of his

¹⁶Röpke used the occasion of a collected volume of a lecture series “to thank Hunold for the great service he had rendered through his courage irrespective of the zeitgeist or the inevitable harsh criticism that was certain to set in, and that instead of the frequently heard and unusually distorted one-sidedness the topic of ‘Africa’ was receiving due justice” (Röpke 1965, p. 125).

autobiography—*Gegen die Brandung (Against the Tide)*—reveals. Concerning the suspicion of having displayed racist tendencies, one must recall that he not only fled National Socialist Germany but also fought against its ideology resolutely. The National Socialist authorities in power accused Röpke of having displayed an “extremely cosmopolitan attitude” and cast him as someone who rejected “every form of National Socialism” (cited in Aly 2015, p. 110). Thus, on the whole, Röpke is difficult to capture in his many facets.

Röpke’s dark side, which has mostly been overlooked and has hardly been discussed (see, e.g. Hennecke 2005; Solchany 2015 is an exception), nevertheless demonstrates that, for Röpke, culture is an important factor to understand economic processes—even if one may not share his political conclusions.

6 Conclusion

For some time now, the voices of those who are calling for a “cultural turn” in economics are getting louder. Already 10 years ago, in 2007, Guido Tabellini, in his presidential lecture of the European Economic Association, spoke out clearly:

[The] theoretical literature is still in its infancy, and much more remains to be done, both at the core theoretical level (*how to model cultural transmission and how to integrate values in a model of rational choice*), and with regard to specific applications. But it would be wrong to view this new line of research as antithetical to ongoing work on political economics. On the contrary, integrating this new perspective in the research agenda of political economics is a first order priority, that can yield fundamental new insights in the economic analysis of political institutions. (Tabellini 2008, p. 291, emphasis added)

Since then, the consideration of cultural patterns of explanation has gained traction in economics.¹⁷ The importance of culture in the transplant effect for developing countries in Africa is emphasized, describing that “imported law lacks effectiveness unless there is an initial level of familiarity or the imported law is successfully adapted to local legal norms” (Seidler 2014, p. 371). For successful institutional transfer, cultural factors must be considered. Awareness of the concept of culture within economics is increasing (Grube and Storr 2015; Sum and Jessop 2013; Beugelsdijk and Maseland 2011; Platteau and Peccoud 2011; Harrison and Huntington 2000). Even if it is excessive to speak of a fundamental paradigm shift, it is worth noting that it is currently “fashionable for economists to invoke Anthropology and to cite Gramsci, Weber and Durkheim” (Zein-Elabdin 2016, p. 1).

As was shown in this paper, this approach was foreseen by Röpke. It was obvious to him that with the transplantation of Western, market, and structurally

¹⁷For Alberto Alesina, for example, taking into account of a “cultural dimension” is constitutive for a contemporary modern political economy: “Where do institutions come from? What is the origin of certain political institutions? How quickly do institutions change? What is the role of culture in explaining economic outcomes and developments? How does culture evolve? What is the role of ethnic identity in explaining economic conflict, success and failures?” (Alesina 2007, p. 3).

differentiated institutions, the interaction with already existing informal structures must be considered. His genuine ordoliberal message still applies to “cultural economists” today: economic freedom, societal order, and cultural embeddedness are interdependent.

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