Was Wilhelm Röpke Really a Proto-Keynesian?

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1 Introduction

Together with Wilhelm Lautenbach, Hans Neisser, and others, the "young" Wilhelm Röpke has been considered one of Keynes' German anticipators (Backhaus 1985, 1997; Hudson 1985; Klausinger 1999). This judgment is warranted by analytical and especially economic policy proximities—for instance, countercyclical stimulus policies like the credit-finance government investment program, in some respects anticipating Keynes' solutions in his *General Theory*.[1] Such a reading of Röpke is built on the evidence of some economic policy recommendations from the Brauns Commission ("Brauns-Kommission") he belonged to, which would ultimately be implemented by the National Socialist government in 1933 (Garvy 1975, p. 403; Tooze 2001, p. 170), as well as on evidence from his theoretical work, especially *Krise und Konjunktur* (Röpke 1932), later published in expanded form in English under the title *Crises and Cycles* (Röpke 1936a).[2]

However, (the "second") Röpke has been also recognized as a virulent anti-Keynesian, linking full-employment policies with high inflation and economic

[1]Within a broader perspective, the study directed by Peter E. Hall (1989) on *The Political Power of Economic Ideas: Keynesianism Across Nations* showed how Western countries' countercyclical fiscal policies combatting unemployment were developed primarily without any reference to Keynes. Franklin D. Roosevelt's New Deal is an obvious example, but other examples can be found in Sweden, France, and Italy (see also Bateman, 2006, pp. 283–286).

[2]Between 1932 and 1936, a series of publications—Röpke (1933, 1934, 1935a, 1936c, 1936d)—can be traced where he specified certain aspects of his business cycle theory.

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planning (Röpke 1942, pp. 171–173). As early as the outbreak of WWII, Röpke became increasingly critical of Keynes, even to the extent of finding similarities between National Socialist economic policies and Keynes' proposals. How can this apparent paradox be explained? The conventional reading suggests a "shift" from *proto*- to *anti*-Keynesianism. Lionel Robbins may have been the first to popularize this reading: "I find myself in the reverse position to Professor Roepke, who was Keynesian, and is so no longer. There was a time when I thought Keynesian stabilisation schemes utterly reprehensible, but I have gradually been forced to believe that these ideas were not so wrong" (Robbins quoted in Howson 2011, p. 663).[3] The present paper proposes another narrative, contending that Röpke's positioning was in fact less the story of a shift than of an intensification of some guiding principles he followed throughout his entire work.

Having left Germany after Hitler's election in 1933, Röpke published *Crises and Cycles* (1936a). In this book, "the author's ambitions went towards a well-reasoned synthesis rather than towards bold originality" (Röpke 1936, p. vi). It is nevertheless a thorough study in economic analysis, combining history of economic thought, business cycle theory, and economic policy advice. What interest can this book hold for us apart from its novelty? This paper shows how in this book Röpke remained in dialogue with contemporary economic studies, including Keynes' and Hayek's. Here we are less interested in the validity of the analytical apparatus employed or in giving a complete and comprehensive presentation of Röpke's analysis (Magliulo 2016; Olsen 2015) than in gathering insights necessary to evaluate Röpke's conceptual relation to Keynes. Moreover, Röpke's broad conception of capitalism and of the social crisis also clarifies his conception of liberalism and helps appreciate his positioning vis-à-vis Keynes.

The argument is structured as follows: first, some space is devoted to explaining Röpke's conception of the model of the business cycle which he coined as a monetary over-investment theory (Sect. 2). Having briefly shown how this conception derives from a synthesis of Austrian (Hayek) and Keynesian models, the policy conclusions Röpke advocated are presented (Sect. 3). Finally, it is emphasized that some of Röpke's sociological stances, preeminent in his later work, are connected to his reflections on the business cycle and as such can be found in the very same writings (Sect. 4). Finally, in the concluding remarks the article discusses in what respects Röpke can be legitimately characterized as a Keynesian.

2 Röpke's Explanation of the Business Cycle

Röpke devoted the first three chapters of his *Crises and Cycles* to introductory remarks on the general purpose of the book (Chap. 1), conceptual definitions of the trade cycle (Chap. 2), and finally a brief history of earlier theories (Chap. 3).

[3]For a recent account, see Hagemann (2013, pp. 45–47).

He initiated a discussion about contemporary approaches to the Great Depression of 1929 in Chap. 4, entitled "The Causes of Crises and Cycles" (Röpke 1936a, pp. 61–137), followed by the final Chap. 5 on the matter of trade cycle policy (Röpke 1936a, pp. 138–220).

Having discussed and partly rejected the overproduction and underconsumption approaches, Röpke spent some time discussing psychological factors: while "mass feelings and opinions" are key to grasping the trend of the business cycle, in his view they nevertheless should not be overvalued (Röpke 1936a, p. 93).[4] Röpke's real contribution – "the theoretical heart of the book, the pages (97–119)" (Robertson 1936, p. 477) – focused on the saving-investment link, which plays a major part in the explanation both of the boom and the crisis.

Röpke's strategy was to build his theory on "a common core of knowledge" (Röpke 1936a, p. 97). In this way "it should be possible to effect a reconciliation which would be something more than a weak compromise" and "the most satisfactory solution of the whole problem will be found in a judicious combination of all that is essentially sound on both sides" (Röpke 1933, p. 438). As such, Röpke's monetary over-investment theory is built upon an intricate mixture of the "principle of acceleration" or "mechanism of intensification,"[5] together with Austrian and Keynesian lines.

In a nutshell, Röpke's reading can be summarized by describing Hayek's theory, in the form presented in Hayek (1931),[6] as better suited to account for the driving force of the boom period, but of little help in understanding (contemporary) depressions, while the exact opposite is true of Keynes' theory. Following this line, Magliulo explained that "Röpke attempted a synthesis, positing that a recession due to over-investment can degenerate, as in 1929, into a depression caused by over-saving," or in other words "a normal (Hayekian) [. . .] can degenerate [...] into an abnormal (Keynesian) depression" (Magliulo 2016, pp. 32, 36). This is only partly true because Röpke attempted this synthesis from the very beginning of his explanation and also merged Hayek and Keynes for his explanation of the primary recession, as I will endeavor to explain.

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[4] If Röpke "cannot help feeling deep sympathy with the general trend of ideas of the psychological school" of which Arthur C. Pigou is the main exponent (Röpke 1936a, p. 97), he rejected it as a proper explanation of the business cycle on the basis of two interrelated arguments. First, psychological factors do not concern the ultimate causes of the ups and downs of the cycle but constitute mere adjunction to oscillations. Second, the ultimate causes are to be found in fluctuations in "real facts of economic life" (such as the value of money, costs or prices, income structure, etc.) and the "real task consists in showing how these psychological events connect up as a whole" (Röpke 1936a, p. 96).

[5] Röpke (1936c, p. 325) gave credit especially to John M. Clark (1917) for having developed this concept.

[6] For the controversy between Hayek, Sraffa, and Keynes following the publication of *Prices and Production*, see Kurz (2000).

Responding to Howard S. Ellis' critique in his review of *Crises and Cycles* (Ellis 1936), Röpke gave the main arguments of his theory:

> I lay stress on the fact that, mainly according to the acceleration principle, every sudden and voluminous change of the stream of production in favour of the production of capital goods will and must be a disturbing factor of the first magnitude, no matter how this change is brought about. *Monetary*, because our economic system is so constructed that, owing to the relative stability of voluntary savings, an abrupt and voluminous rise of investments, which surpasses the adaptive power of the economic system (over-investment), is hardly conceivable without the additional financing facilities provided by periodic credit expansion. (Röpke 1937, p. 108, emphasis in the original)

In order to explain Röpke's theory, let us start from an equilibrium situation which he defines thus:

> If the proportions between the production of capital goods and the production of consumers' goods correspond to the proportions in which the public saves and spends its income respectively, then the economic system is in a state of equilibrium. (Röpke 1936a, p. 101)

Following to some extent the Austrian Business Cycle Theory (Hayek himself referring to Mises and Böhm-Bawerk), Röpke explained the boom period by pointing to "the rise in the supply of capital [. . .] via increased savings and, above all, via additional credits" (Röpke 1936a, p. 101). As long as capital investment is growing at a uniform rate, the boom continues driven by its own momentum (the acceleration principle mentioned above):

> The increase in investment then goes on rising by its own force, since the expansion of capital investment brings more and more new orders to the capital-goods industries. The scale of investment grows, and so long as the rate at which it grows remains constant, or even increases, the boom has the power to last. Eventually, however, the moment must come when investment is not suddenly broken off [altogether], but ceases to grow at the previous rate. [. . .] At this point the boom must come to an end since shrinkage of the capital-goods industries is unavoidable. (Röpke 1936a, p. 102)

For Hayek, the boom ends with an increasing shortage of capital that cannot keep up with capital demand, financed by credit expansion. However, for Röpke, crisis (downturn of the cycle) is related to disappointed expectations regarding anticipated sales because income and consumption fail to follow the increase at the same rate, and not to misguided investment à la Hayek, where the interest rate is the critical concept: "To be more explicit, we must say that, in Dr. v. Hayek's view, the real source of trouble is not too much investment, but too little voluntary saving" (Röpke 1936a, p. 110). For both of them, the higher the level of investment is driven, the greater the crisis.

Regarding the acceleration principle as a "crucial cyclical mechanism" (Klausinger 1999, p. 382), Röpke stresses that by encouraging and making new investments profitable, a sudden excess in real investment occurs with "a disproportionate growth both of fixed capital and of working capital" (Röpke 1936c, p. 326). The problem lies in the stagnant level of income and consumption (demand), which does not increase along with capital. In that sense, "it is the steep rise of the absolute amount of investments which matters, not the fact that our economic system must rely on credit expansion to make this rise possible" (Röpke 1936a, p. 110). The break with the Hayekian analysis is obvious, but what about the Keynesian side?

In the Keynesian analysis, depression is caused by a relative disproportion between the rate of investment and the rate of saving. As shown above, Röpke's analysis focuses mainly on the "absolute rise of investments no matter whether financed by voluntary or forced savings" (Röpke 1936a, p. 109). In Röpke's interpretation, Keynes (like Hayek) fails to take into account the acceleration principle, and by doing so he "is evidently inclined to deny the necessity of a painful process of readjustment brought about by the crisis": this appears as "the weakest point" of Keynes' theory from Röpke's perspective, while "the cumulative process of depression [. . .] can indeed be no better stated" (Röpke 1936a, p. 109).

But Röpke's explanation of the cycle does not stop here. Indeed, the special case of the 1930s, with prolonged unemployment, calls for an answer: beyond the Austrian understanding of classical, or primary, depression, there is room for a "special theory of the depression" (Röpke 1936a, p. 135), which Röpke called "secondary depression." This is the subject of the following section.

3 Secondary Depression and Its Solutions: Röpke's Praise for Liberal Interventionism

Röpke was by no means the only exponent of the secondary depression theory, which gained much ground during Lionel Robbins' LSE seminars (Olsen 2015, p. 218), but he developed perhaps "the most concise analysis" (Hudson 1985, pp. 45–47). For instance, Schumpeter made a similar distinction (between normal vs. abnormal depression). But in contrast to Röpke, his distrust of governmental expertise led him to praise "political stoicism" (Olsen 2015, p. 219) as the best solution either way. From Röpke's point of view, a passive political attitude can also be found in Hayek or Mises:

> Its members do not deny that the crisis is characterised by a terrific process of contraction, very complicated in nature, and they may even go reluctantly so far as to apply the term "deflation" to this process. But they warn us that the phenomenon of deflation owes its origin to random and independent causes and they do not regard it as the unavoidable manifestation of liquidation and readjustment. They beg us to rely on the well-founded hope that even this crisis will at the proper time give way, more or less spontaneously, to a new period of recovery, and that this will occur when the situation is ripe, i.e. when the crisis has fulfilled its purgatory mission and universal confidence has once again been restored. (Röpke 1933, p. 429)

From a conventional perspective, Röpke did not deny the soundness of such an approach. In order to reach a new equilibrium position, every depression has to readjust through liquidation. But at some point, the depression can enter a new phase, disconnected from its former causes which lie in the intensity of the boom period:

> Up to this point the theory of the first school is valid. But the deflation connected with the secondary crisis is quite different in nature. Its raison d'être lies no longer in the impossible situation created by the preceding boom. It results from a set of causes, which only came into being as a result, and during the course, of the secondary crisis. (Röpke 1933, p. 435)

On entering a new kind of depression in which the deflationary intensity is far in excess of the previous level of the previous overcapitalization boom period, the principal consequence is a deflationary spiral of prices (Haberler 1943, p. 65). Once identified that the contemporary world crisis was a matter of a secondary depression, the passive Hayek-Schumpeter approach proved ineffective and even dangerous. At this point, "there is no reason, however, why the governments could not reverse their economic policy so as to lend support to the natural gravitation towards competition instead of working against it" (Röpke 1936a, p. 9). Röpke concludes that "a Keynesian situation of oversaving is created, which calls for and legitimises expansionist policies" (Magliulo 2016, p. 37).

Robertson (1936, p. 476) did not get Röpke's central message wrong when he wrote that "he remains an uncompromising Liberal," both regarding business cycle principles and at the policy level:

> The essence of the *technique of the policy of expansion* conceived in a manner explained in the last paragraph consists in offsetting deflation with re-expansion in a way which anxiously avoids interfering with the process of the market economy. No uniform prescription can be given to achieve this end. The technique of expansion must be adapted to the special circumstances of each country, without any dogmatic views on the invariable merits of this or that method. (Röpke 1936a, p. 198, emphasis in the original)

But Röpke did specify his thought and promoted a method that he coined as initial ignition ("Initialzündung"). This kind of policy technique later came to be considered the policy of "pump priming" (Hudson 1985, p. 50), by which the state should act "as a pioneer" in order to make up for the (lost) confidence of the private sector, and especially the critical level of investment which, even with almost zero interest rates, are not maintained by entrepreneurs. Again the role of psychological and behavioral factors surfaces here (Haberler 1943, p. 162), such as confidence during cyclical fluctuations:

> If private initiative does not respond sufficiently to the incentives offered to it, so that the effect of "ignition" fails to appear, there is no other way than to complement this policy by public initiative in enlarging the volume of credit and demand. If the private entrepreneurs do not make use of the new credit facilities, in other words, if private borrowers are not to be found in a sufficiently large number, then the State must step in as an extensive borrower in order to make credit expansion really effective and thus to help drag the market economy out of its present deadlock. Or to use expressions employed earlier in this book: the public sector of the national economy has to be enlarged to make up for the contraction of the private sector and to start a process leading to the re-expansion of the latter. (Röpke 1936a, p. 199)

Röpke indicated two ways of making this initial ignition: first, with "a regular budget deficit, by the abolition or lowering of taxes or by raising expenditure or by both," and, second, "to finance public works." The former strategy was used in 1932 with Chancellor von Papen's tax remission policy ("Steuergutscheine"),[7] while the latter was used by the Roosevelt Administration. The government must in any case take steps toward recovery, and Röpke recalled his own experience on the Brauns Commission in the early 1930s:

> They [the members of the Brauns Commission] were fairly conservative in their general attitude, but starting from considerations very much akin to those worked out by Mr. Keynes in England at about the same time, they became more and more dissatisfied with the restrictionist theory, and more and more convinced that the crisis had reached a phase where something could be cautiously done to shorten the road to recovery, without generating a relapse for the worse and without jeopardising the stability of the mark. The Committee clearly realised that, in accordance with all experience and with all theoretical reasoning, recovery must necessarily take the course of credit expansion, which for preference would be utilised for financing new investments. The national economy was pictured as lying in a kind of torpor, from which it might well be aroused by some initial impulse administered by the State, the famous "Initialzündung" (initial ignition), a term for which the present writer must reluctantly confess his paternity. (Röpke 1933, p. 430)

At that time, Hayek himself wrote an article aiming to dissuade Röpke from starting credit expansion, "not yet at least," as the Brauns Commission report recommended doing. This article was not (and still has not been) published but only sent to Röpke. Hayek insisted: "if the political situation is so serious that continuing unemployment would lead to a political revolution, please, do not publish my article." Röpke decided not to publish Hayek's article (this episode is related in Magliulo (2016, p. 42)).

Building on the last two sections, how can we qualify Röpke's thought on business cycle theory and policy vis-à-vis Keynes'?

Röpke incorporated Keynes' analysis on both the theoretical and the policy levels. Consistent with this statement is Röpke's "extremely sympathetic review of Keynes' Treatise" (Hudson 1985, p. 41, fn. 31). Keynes continued to express his approval of stimulation of investment (with a low interest rate, public works, public investment, etc.) throughout the 1930s, and as early as his *The Great Slump of 1930* (see Magliulo 2016, p. 33). But the Keynes of the *Treatise on Money* (1930) did not exactly coincide with the Keynes of the "somewhat comprehensive socialization of investment" (Keynes 1936, p. 378) claimed in the *General Theory*, and this divergence should not be underestimated, as Röpke showed staunch rejection of

[7]Röpke gave a good explanation of that plan in his "Trends in German Business Cycle Policy": "What in effect the plan amounted to was that the most burdensome taxes (business taxes, turnover tax, etc.), while not actually abolished, were transformed into liquid assets. The whole system was rather complicated, but its meaning can be summed up by saying that in the place of certain taxes, a forced loan was instituted, the titles to which, thanks to the collaboration of the banking system, could be sold or employed as collateral. In other words, a certain amount of taxes were virtually abolished, but the financial burden of this abolition was temporarily shifted from the state to the banking system, which would expand credit to the corresponding extent. This assumed that business men would employ their *Steuergutscheine*, not for paying off or consolidating old debts—improving their own liquidity, as it were—but for making new investments in working or in fixed capital" (Röpke 1933, p. 432, emphasis in the original).

the latter. As a matter of fact, Röpke's distrust of Keynes' views began in the mid-1930s: ample evidence of this change of opinion can be retrieved from Röpke's private correspondence with Lionel Robbins, in which expressions such as "to denounce the spirit of irresponsibility which Keynes' article betrays" and the "last book of Keynes seems to me little short of satanic" (Röpke 1935b, 1936b) surface. The final section will help to clarify the meaning of Röpke's harsh statements.

4 From *Krise* to *Gesellschaftskrisis*

At the end of the introduction to *Crises and Cycles*, Röpke insisted on what would be his main program as early as the outbreak of WWII:

> The world is today living from a moral (and intellectual) capital accumulated during the Liberal epoch, and is consuming it rapidly, but the increasing difficulties of the new methods in international economic policies give a foretaste of that to which the world is rapidly coming. So a planned world economy is no real alternative at all, the only alternatives being the return to a Liberal world economy or complete chaos. (Röpke 1936a, p. 12)

Two years before Hayek's *The Road to Serfdom* (Hayek 1944), the publication of *Die Gesellschaftskrisis der Gegenwart* (Röpke 1942) seemed to mark a real "turning point" in Röpke's career (Solchany 2015, pp. 508–509). The program presented there extends beyond the scope of pure economics and embraces political and social philosophy, as well as sociology. More precisely, his program can be qualified as a dynamic socioeconomic philosophy (Commun 2014; Fèvre 2015), in which he intended to identify the spiritual and moral foundations needed for a properly functioning market economy. However, at the same time he was interested in the (mainly harmful) effects of this economic system (rationalization, bureaucratization, centralization, mechanization, intensive division of labor, etc.) on the day-to-day life of individuals and communities.

Of course, he did not abruptly arrive at the fundamentals of his program when he faced exile and WWII. They had constituted for him a constant object of inquiry, and led Röpke to a severe condemnation of capitalism, but he was equally anxious to stress that socialism was in no way a workable alternative: "the ultimate origin of the economic disturbances of the present system lies in facts which distinguish capitalism from precapitalism, not capitalism from socialism" (Röpke 1936c, p. 324). More than economic stability in itself, Röpke was concerned with the overall social order, in line with business cycle theorists like Lowe, Hayek, and Eucken (Blümle and Goldschmidt 2006).

From 1932 (*Krise und Konjunktur*) up to 1936 (*Crises and Cycles*), Röpke developed his lines of criticism on a number of fronts: against neo-Marxist and imperialist economic theory (Röpke 1933, 1934), against Fascist corporatist tendencies (Röpke 1935a), and against romantic or rationalist socialism (Röpke 1936c, 1936d). He was putting forward the same argument in various different ways: the end of the economic crisis lies in the way we build new moral and spiritual foundations in order to "morally reconcile the masses" (Röpke 1936d, p. 1307) with a liberal market economy:

> We must make up our minds either to join the enemy and to make his cause our own or to resist him by investigating all the moral and intellectual forces that are still left. We must recognize that the case of Liberalism and Capitalism is lost strategically even where it is still undefeated tactically. (Röpke 1935a, p. 85)

Did Röpke consider Keynes part of this "We"? This is a complicated question. At the time, Keynes was not mentioned as a direct threat to liberal principles. One thing is certain: Röpke intended to make it perfectly clear that his liberal interventionism was to be radically differentiated from any other kind of interventionism in the market process.

Two main aspects constitute a dividing line between Keynes and Röpke: first, the vision of a national economy vis-à-vis internal trade and, second, the conception of an international monetary order.

Röpke fought for free trade against what he called "neo-mercantilist," "autarkistic and heavily interventionist" policies (Röpke 1936a, p. 207). Particularly striking was the way he underlined a link between levels of political intervention in the economic sphere and the integration of national economies into international trade. This was precisely what he was worried about, promoting active public policies of "initial ignition" did not mean embracing interventionism in general but only as an indispensable temporary measure:

> The whole philosophy of expansion is based on the assumption that a country embarking on such a policy does not at the same time try to transform its economic system on autarkistic or socialistic lines. These would completely destroy the framework of economic reactions on which the philosophy of expansion is based. (Röpke 1933, p. 441)

Röpke and Keynes shared a fundamental concern for the international monetary order: both saw the stability of money as something fundamental for the overall economic process. But they nevertheless mapped out drastically divergent ways to reach this objective. In a nutshell, Keynes was trying to get rid of the "auri sacra fames," considering gold as a "barbarian relic" (Dostaler and Maris 2009). In contrast, Röpke, like the ordoliberals Walter Eucken and Friedrich A. Lutz, fully supported a return to the gold standard system, which he deemed vital for political stability and what he called the morality of exchanges. In this respect, Roosevelt received severe criticism:

> Besides confusing re-expansion with reflation, the Roosevelt Administration made the second mistake of pursuing this wrong goal by an equally wrong means, i.e., by abandoning the Gold Standard and depreciating the dollar, without going far, at first, in real expansion. (Röpke 1936a, p. 205)

Finally, *Crises and Cycles* also constituted the last of Röpke's studies in which he endeavored to combine specific economic knowledge with a more general discourse, including philosophical and sociological considerations. Röpke's Turkish period (1933–1937) functioned as a transitional phase during which the young German economist took on the figure of the general liberal intellectual, completed with the publication of *Die Gesellschaftskrisis der Gegenwart* (1942). Nevertheless, between his *Krise* of 1932 and his *Gesellschaftskrisis* of 1942, some points of continuity remained. However, beyond the merely economic argumentation of *Crises and Cycles*, sociological considerations were associated with the economic analysis of the crisis.

5 Conclusion

As a theorist, Röpke never completed a comprehensive theory of the business cycle (Peukert 1992, pp. 684–687), and his contribution appeared modest in comparison to the works of Keynes, Hayek, and others. This opinion emerges from contemporary reviews of Röpke's *Crises and Cycles*. For instance, James Meade in the Economic Journal offered a somewhat ambivalent appraisal of Röpke's work, speaking of "a first survey for the student of the history of cycles" with "serious defects" (Meade 1936, p. 694) including, in particular, a lack of conceptual clarity, as Keith Tribe (1995, pp. 205–206) underlined. Dennis H. Robertson (1936, p. 478) appeared more favorable in Economica, presenting *Crises and Cycles* as "not only a compact and useful survey of a wide field, but a sincere and courageous contribution to constructive thought." In any case, Röpke's book was soon eclipsed by Haberler's massive survey of business cycle theories *Prosperity and Depression* (1943) under the auspices of the League of Nations (which also commissioned Röpke's own opus).[8] It is true that "Röpke's eloquence is not altogether without cost; it springs from a certainty which often borders upon dogmatism" (Ellis 1936, p. 764),[9] but one cannot fail to perceive that "he gained his unique insights by choosing not an eclectic but a synthetic approach to the business cycle" (Olsen 2015, p. 222).

To sum up Röpke's economic policy retrospectively, it can be qualified as synthetic in following a countercyclical line: in the boom or (first) depression period, authorities should maintain high interest rates and wait for the equilibrium to be restored. But as soon as crisis reaches certain intensity, recognized by the symptom of a "prolonged high rate of unemployment," authorities have the responsibility to take over in the private sector and to encourage recovery with public investment as "pump priming." In this respect, Röpke does not appear so far from the "conventional wisdom" of contemporary central banks. This article endeavored to qualify the classical narrative that described Röpke's political and analytical economic conceptions as following a shift from proto-Keynesianism to

[8]For the search for consensus in the business cycle theory in the 1930s, see Boianovsky and Trautwein (2006).

[9]See also Ellis (1938).

ordoliberalism, i.e., a shift from a discretionary policy to a rule-based policy (Kolev 2010, p. 15). In sum, the following arguments have been developed here:

1. With regard to his theoretical work, Röpke can be qualified as closer to the Keynes of the *Treatise* (1930) than to the Keynes of the *General Theory* (1936). Thus, the prefix "proto-" is not appropriate.
2. Röpke's general conception of business cycle theory is built on a broad synthesis, so why emphasize the Keynesian aspects rather than, for instance, the Hayekian traits? Röpke's position is all the more difficult to pin down because he himself is often unclear in his exposition.
3. Röpke's analyses of secondary depression lead him to consider it a special case that calls for an expansionary policy but only as an "initial ignition." Is this a distinctly Keynesian idea? Is this not a fallback on Friedman's well-known later observation that "in one sense, we are all Keynesians now; in another, nobody is any longer a Keynesian"?
4. Röpke's position on the moral foundation of liberalism, as well as his political appreciation of international trade and monetary order, are in stark conflict with Keynes' standards.

Beyond the search for appropriate epithets, research on Röpke's thought and on ordoliberalism might greatly benefit from a more systematic, analytical comparison with Keynesianism (and especially Keynes' own ideas). In the interwar and post-WWII context, such a link can shed new light on the intellectual history of economic policy, without necessarily ending up telling stories about archenemies—the kind of antagonism to which Röpke himself, probably too eagerly, actively contributed.

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