

Review of Samuel Gregg's *Wilhelm Röpke's political economy*. Cheltenham (UK): Edward Elgar, 2010, 224 pp.

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The article “German economic miracle” in the *Concise encyclopedia of economics* on the Library of Economics and Liberty website states that Wilhelm Röpke was a leading advocate of currency reform as a way of bringing to an end post-war stagnation and suppressed inflation. His name is coupled there with that of Ludwig Erhard, carrying therefore the strong implication that Röpke was an important contributor to post-war German economic policy. But at the least this is an exaggeration. As regards currency reform, there were hundreds of such proposals in Germany after the war—Hans Möller lists 217 such plans together with a further 24 drafts or references to plans in Appendix II of his *Zur Vorgeschichte der Deutschen Mark* (1961). As regards the idea that Röpke advanced specific or novel arguments about a currency reform as a means of dealing with suppressed inflation, this “purchasing power overhang” had been discussed in German academic journals during the war, ceasing in 1944 only because a shortage of paper brought an end to the publication of virtually all academic periodicals.

Moreover, the German currency reform was unusual solely by virtue of being the last of many European currency reforms, and also because it was imposed by the occupying allied powers rather than a sovereign government, as with the Belgian, Dutch, Danish, and so forth, currency reforms. While the reform in June 1948 did mark a point after which West German economic recovery gathered pace, in many respects it “succeeded” economically in spite of its terms, rather than because of them. Its prime significance is rather as the formal initiation of the Cold War: its imposition in the three Western zones triggered a parallel reform in the Soviet zone announced the Wednesday following the Friday on which the reform had been promulgated, the Berlin Blockade started the same day, and the formal division of Germany between West and East by the creation of separate civil governments followed shortly thereafter.

The question is not therefore whether Röpke had particular views on free markets and economic policy, but whether there was anything distinctive or significant about such views. Gregg thoroughly summarises Röpke's work and writings, and very usefully provides a comprehensive bibliography. Whether there was anything especially original about Röpke's writings is another matter, but not a question to which Gregg gives much attention. Time and again conventional elementary ideas, not to say platitudes, about free markets, welfare and government activity are presented as if through simple repetition these might become more meaningful. Opening the book at random (on p. 68), we find a discussion of Röpke's view that "mathematics" cannot take proper account of real human behaviour. Gregg's analysis overrates the hold of mathematical reasoning on the discipline of economics in the 1950s, attributes this mathematical approach to "Keynesian economists", and fails to note that, with respect to social and economic statistics, the arguments attributed to Röpke here were very dated by the last third of the nineteenth century. That is three mistaken ideas on one page; ideas which have indeed been repeated down the decades, but which by sheer repetition have gained nothing in veracity.

Another random opening (at p. 79) illustrates a different problem. Here it is suggested that Röpke was not the kind of liberal who thought a market economy to be all that was needed to optimise the human condition. On the contrary, he emphasised that "free economies depend upon an extra-economic framework of moral, legal, political and institutional conditions". The problem is that while this is a perfectly reasonable stance, Röpke never advanced beyond very general statements of this idea. Compare his writing to another contemporary "economic liberal", Ronald Coase, whose arguments were advanced in, for example, detailed studies of broadcasting technologies and legal cases regarding property rights and compensation.

This absence of critical appraisal on the part of Gregg starts right at the beginning of the acknowledgements, with an epigraph from Ludwig Erhard (admittedly not the most reliable of sources when it comes to post-war history) taken from his contribution to a memorial volume to Röpke published in 1967. Here Erhard suggests that "during the most tragic phase of German history" he had "illegally obtained" Röpke's books "which I absorbed as the desert drinks life-giving water" (p. vi). Leaving aside the purple prose, we might first ask: which books were these then? Why might they be "illegal"? Röpke's books were chiefly

synthesised from previous publications, flattening any sense of novelty. From the later 1930s he chiefly published in newspapers. His principal academic work *Crises and cycles* appeared in 1936 and was reviewed the same year in the *Economic Journal* by James Meade, who described it as an introductory synthesis that lacked conceptual precision. More telling is the publisher of *Crises and cycles*: during this period William Hodge published a number of economic texts by European liberal economists, many of them suggested to the publisher by Friedrich Hayek. Röpke's 1942 text *International economic disintegration* was also published by Hodge, as was his later 1944 *Civitas humana*, which was mainly a compendium of his journalistic writings. While Erhard was probably referring to Swiss publications of Röpke in German, the provenance of these "books" was more politically suspect than the contents. By contrast, James Meade could be classed as an "economic liberal", but if we compare Röpke's writings with Meade's 1948 *Planning and the price mechanism* we see at once that Meade's liberalism was underpinned by substantial and distinctive economic argument, unlike anything we find in Röpke, or, perhaps also noteworthy, among the overwhelming majority of contemporary German liberal economists.

Röpke was certainly an opponent of National Socialism, and his outspokenness in this led to his inclusion on the list of academics dismissed in 1933 primarily because of their Jewish descent and/or allegiance to the Social Democrats. Röpke was neither Jewish nor a social democrat, but he contrived to get himself dismissed all the same by doing little more than adopting an intransigent stance. Indeed, after the war he took the same kind of stance in stating that he would only return to his former post at Marburg if he were invited to do so. He was not so invited. To be fair, this is as much a reflection on the condition of German economics since the 1920s as anything else: when the new, predominantly Jewish and/or socialist, generation of economists emigrated in 1933 they left behind a rump of an economics profession that could be most kindly described as intellectually undistinguished. This has all been documented by the work of Harald Hagemann and Claus-Dieter Krohn, particularly in their *Biographisches Handbuch der deutschsprachigen wirtschaftswissenschaftlichen Emigration nach 1933* (1999); Adam Tooze's account of interwar economics, *Statistics and the German state 1900-1945* (2001) also demonstrates the degree to which the incumbent German economics professoriate lost the dynamism and

originality for which they had been internationally renowned in the mid-nineteenth century.

Röpke became a refugee, but went East, not West. In the autumn of 1933 he was in Turkey, one of several German émigrés recruited to assist in the modernisation of the university system. Few of the émigrés remained longer than a few years, and in 1937 Röpke moved to the Institute of International Studies in Geneva, where he worked for the remainder of his life. He found both the Institute and Switzerland congenial, spending much of his time developing broad critiques of creeping collectivism and modern economics. In 1953 Erich Schneider published a devastating critique of Röpke's treatment of "Keynesianism" which argued that he was out of touch with the relevant literature and had an inadequate first-hand knowledge of Keynes's writings. Gerhard Mauch's balanced assessment of Röpke in Hagemann and Krohn's *Handbuch Bd. 2* suggests that his position was best understood as "liberal-conservative", although more suggestive is the fact that he was president of the Mont Pèlerin Society in 1960-1962.

Samuel Gregg plainly finds Röpke an interesting figure, but despite the care with which he has trawled Röpke's writings he fails to convey to anyone not already convinced of Röpke's significance quite what might be of any especial interest here. Furthermore, although the bibliography to the book is extensive, it refers to no recent critical reassessments of Ordoliberalism. My own contributions to the genre apart, neither Dieter Haselbach's ground-breaking *Autoritärer Liberalismus und Soziale Marktwirtschaft. Gesellschaft und Politik im Ordoliberalismus*, (Nomos Verlag, Baden Baden, 1991), nor Ralf Ptak's definitive demolition of the myths of the social market economy, *Vom Ordoliberalismus zur Sozialen Marktwirtschaft. Stationen des Neoliberalismus in Deutschland* (Leske + Budrich, Opladen, 2004) are included. Nor indeed are any of the other works to which I have referred in this review.

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