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Wilhelm Röpke – Morals and the Market

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”Economically ignorant moralism is as objectionable as morally callous economism. Ethics and economics are two equally difficult subjects, and while the former needs discerning and expert reason, the latter can not do without humane values.”

W. Röpke, *A Humane Economy*, p. 104.

1. Introduction

This year two if not *the* two founding fathers of this Society, two former presidents of this Society and two dominating figures of the Society for many years would have turned 100. It’s a great honour for me to talk to you shortly about one of them, Prof. Wilhelm Röpke (1899–1966), who was a man of outstanding personality and of enormous influence. The honour might have fallen to me out of various reasons:

1. Röpke was a great admirer of Switzerland and its political and social institutions, not the least because he found a home there and finally spent by far the longest part of his active life in Geneva;

2. Röpke wrote at the end probably more newspaper articles – mainly in the *Neue Zürcher Zeitung*¹ and later also in the *Frankfurter Allgemeine Zeitung* – than research papers;

3. Röpke became, although he had started his career as an economist, more and more a political and philosophical thinker than a pure theoretical economist.

This all fits quite well with my own activities and developments. I know, however, also that the honour could be somehow a mixed blessing. We all know about the sad events surrounding Röpke in the MPS, the so-called Hunold affair, which led Röpke in 1961 to resign both from the presidency of the society and from the society as a whole.² So, there still might exist among some of our members some mixed feelings about this great and courageous freedom fighter. However, not only should we adhere to the old roman principle «De mortuis nihil nisi bene», but also is the intellectual power and influence of Röpke way above every doubt. At 24 he had become the then youngest full professor in Germany, at 34 he became the first professor in the country to elect exile rather than to compromise with the Nazis. To Ludwig Erhard, the father of the German economic miracle which we all know was not a miracle, to this Ludwig Erhard reading black market copies of Röpkes famous trilogy «The social crisis of our time» (1942), «Civitas humana» (1944) and «International Order» (1945) «was like drinking «fertile water» in the desert».³ And according to Hans-Peter Schwarz, a famous political scientist, Röpke can be considered as something like the ideological father of Germany after World War II, but also as one who has influenced greatly the foreign policy orientation of Germany with its integration into the western alliance and the division of the country in East and West.⁴ In 1945, shortly before the war ended, he has published a book «Die deutsche Frage» (The German Question), which has been translated into many languages and which is a perfect outline of what later became the German Foreign Policy.

2. Main messages

Out of Röpke's rich work – he wrote 13 books and around 800 articles –, out of his many ideas and partly still valid messages, out of his many intellectual achievements, let me just recall a few.

2.1 A moral basis

There is, first of all, his life-long work on the moral basis of a free society. Röpke has never been a technocrat of the market, and although freedom meant a lot to him, he maintained and stressed, that other values, namely traditional values like truth, dignity, friendship, grace, love, justice, sympathy, responsibility for the whole and other ultimate values⁵ were important. «Communism prospers more on empty souls than on empty stomachs»⁶, he wrote, and he regretted the decay of the spiritual patrimony of western societies. Although he defended the intrinsic morality of the market, he took at the same time the position that markets, competition and the game of supply and demand produce not all the moral resources on which they have to draw.⁷ In his view they even use them up and they therefore have to get them to a certain extent from the domains «beyond supply and demand», as one of his books is entitled. Röpke is convinced that the market has to be tamed, has to be moderated – not by the state, but by the moral of those who are acting in this market. He even believes that a free society can not be sustained without a class of clerics, as he calls them, a class of «nobilitatis naturalis»,⁸ a «natural aristocracy of virtues and talents» (John Adams), who feels responsible for the «intouchable» values and live up to them.

2.2 An efficient way of producing happiness

Strongly connected with his defence of the moral basis of the society is his fight against utilitarianism, materialism, standard-of-life-ism – he uses the English term in German –, and what he calls «economism», a critique we hear nowadays all too often from an apparently moderate left, which criticises us – politically quite successfully – for thinking too much in economic terms. Röpke, who strongly rejects these intellectual views with their hatred of the business world – or at least their not-understanding of what is going on in the economy – Röpke objects strongly to a pure efficiency analysis of this world. This is best put forward by his famous saying that the fact that a lot

of people are gardening on the weekends in their little suburban gardens might be a very inefficient way of producing vegetables, but a very efficient way of producing happiness.⁹ Röpke always points to the price we have to pay for a possible gain in efficiency, a price difficult to measure, even in times where we try to express almost everything in monetary terms. Industrial giants, for example, might be efficient, but they bring about – in Röpkes terms – a loss in freedom, diversity and justice. In the same way he is arguing against centralization in the political field – even if it would bring some economies of scale – or in agriculture. For Röpke «Small is beautiful» – long before Schumacher.

2.3 Centrism and Decentrism

Therefore, and this is the third point, Röpke was a fierce critique of the European Integration. He publicly criticized the Common Market with its tendencies of centralization and he lost some of his influence on German policy because of that. Decentrism as he calls it, is for him not only synonymous with freedom, but also «of the essence of the spirit of Europe».¹⁰ Reading what Röpke wrote on Europe in 1958 is like reading Ralph Harris and Roland Vaubel today – so strongly he rejects the methods of European economic integration not only as centrist and illiberal, but also as un-European.¹¹ Therefore, he makes clear that his advocacy of free trade instead of integration is not backwards oriented and is certainly not motivated by nationalistic feelings, but reflects his defense of the freedom of the individual and the family against an ever more powerful supranational state. «Few are clear-sighted enough to detect the reality behind the semblance of high ideals, and fewer still are courageous enough to speak out – and if they do, they must face a veritable conspiracy of all the bien-pensants».¹²

2.4 Against the welfare state

Of similar timeliness, of similar relevance for our time is Röpkes fight against the welfare state who is for him an outflow of collectivist thinkings. He is afraid of the creeping inflation of ever higher standards of social security, of the destruction of the middle class, of the loss of independence by permanently growing taxes, of the loss of «the anchor of private property».¹³ But his critique is also in this field more fundamental, more philosophical¹⁴.

He is convinced that the social policy of our time destroys those natural communities which were in the old days the logical pillars of social security – the families. Together with this goes the loss of balance between the state and the private. The state loses therefore his moral basis, something Röpke regrets as well as he regrets the loss of confidence in the state, in the rule of law, in the justice of a moderate taxation. This is not a contradiction to his protest against the unlimited powers of the state. Röpke is an old fashioned moralist and he would like the institutions he considers indispensable – and the state is one of them – to be as moral as possible.

3. Conclusions

Röpke might look sometimes a little bit outdated, almost reactionary – at least that was the reaction of my students when I had them read Röpke last year -, due to his pathetic, though impressively powerful language, due to his moralism, due to his defense of traditional values – e.g. he considers comics as a decay of our civilisation –, due to his romanticism on one hand and his sometimes really extraordinary pessimism. If I stay in spite of all these shortcomings an admirer of him, so mainly due to four reasons.

3.1 The search for values

Röpke has asked a basic question, a central question which we should – also in this Society – try to answer. Are there self-destroying mechanisms in a free society and if so, what can we do about them? And even: Could it be necessary to use some restrictive measures to save the free society in the long run? Peter Bernholz once dealt with that question and came to the conclusion that we should be tolerant vis-à-vis all groups of the society except those who want to destroy the free society.¹⁵ If one could destroy the free society by undermining the moral basis of this free society, by destroying the underlying values, then all the moral relativists of these world would at the same time be enemies of the free society. That is at least a subject for consideration.

3.2 Beyond economics

«Röpke's strength was», as Ed Feulner wrote more than ten years ago, «his ability to transcend the limitations of his own field and to recognize that cal-

culations and equations can never yield the sum of all things».¹⁶ Sometimes our liberal gospel is a little bit anemic, without blood. Röpke's anthropological concept, his perception of man as whole, as a spiritual and moral being longing for more than bread alone, helped him to reach and influence the masses. He touched not only the brains of his readers, but also their souls. In this achievement lies a challenge and a warning.

3.3 Influencing public opinion

Röpke was fighting for freedom in all battle fields, not only in the intellectual one, but also in politics and in the media. He tried (sucessfully) to influence public opinion. Although I believe in the division of labour I do believe also that those who are able to perform in the public arena should do so. Milton Friedman is an outstanding example for that. The fight for freedom is certainly also an intellectual endeavour. But this fight might nowadays even more be won or lost in the public arena.

3.4 Outstanding courage

Röpke was a man of outstanding courage. This certainly characterises him more than academic brilliance – although e.g. his critique of Keynesianism sometimes is unduly underrated. And courage we need always to defend our cause. We certainly need less courage today than in totalitarian times, but political correctness and peer pressure make it also nowadays sometimes not easy to stand up and stay to your convictions. So this is perhaps the most important message Röpke can give us: Have courage – it is still needed – and it is worthwhile.

- 1 His first article in the *Neue Zürcher Zeitung* appeared on November 5, 1942, his last one on February 13, 1966, one day after his death, but before his death had been made public.
- 2 Hartwell gives an excellent and very balanced account of the affair. R. M. Hartwell, *A History of the Mont Pèlerin Society*, Indianapolis 1995, p. 100 ff.
- 3 E. Feulner, Foreword to W. Röpke, *The Economic Necessity of Freedom*, Heritage Foundation 1988, p. 2.
- 4 Cf. H.-P. Schwarz, *Vom Reich zur Bundesrepublik. Deutschland im Widerstreit der aussenpolitischen Konzeptionen in den Jahren der Besatzungsherrschaft 1945–1949* (2nd. ed.), Stuttgart 1980, p. 393 f. Cf. also R. Hahn, W. Röpke, *Reihe «Denker der Freiheit»*, Vol. 2, St. Augustin 1997, p. 45 ff.
- 5 Cf. e. g. W. Röpke, *A Humane Economy. The Social Framework of the Free Market*, Indianapolis 1971, p. 111.
- 6 He used this citation in various forms. The one I am referring to is: W. Röpke, *A Humane Economy . . .*, p. 111. Cf. also W. Röpke, *Wort und Wirkung. 16 Reden aus den Jahren 1947–1964*, ed. by W. Hoch, Ludwigsburg 1964, p. 79.
- 7 "Markt, Wettbewerb und das Spiel von Angebot und Nachfrage erzeugen jene sittlichen Reserven nicht. Sie setzen sie voraus und verbrauchen sie. Sie müssen sie von den Bereichen jenseits des Marktes beziehen, und kein Lehrbuch der Nationalökonomie kann sie ersetzen . . ." W. Röpke, *Jenseits von Angebot und Nachfrage*, Erlenbach/Zürich 1958, p. 169.
- 8 Cf. W. Röpke, *Jenseits . . .*, p. 175 ff.
- 9 Cf. W. Röpke, *Jenseits . . .*, p. 132.
- 10 W. Röpke, *A Humane Economy . . .*, p. 244.
- 11 W. Röpke, *A Humane Economy . . .*, p. 245.
- 12 W. Röpke, *A Humane Economy . . .*, p. 242.
- 13 Cf. W. Röpke, *Civitas humana. Grundfragen der Gesellschafts- und Wirtschaftsform*, 3rd ed., Erlenbach/Zürich 1949, p. 258.
- 14 Cf. W. Röpke, *Die Gesellschaftskrisis der Gegenwart*, 4th ed., Erlenbach/Zürich 1942, p. 265 ff. Cf. also R. Hahn, *ibid.*, p. 28 ff.

15 Cf. P. Bernholz, Notwendige Bedingungen für Totalitarismus: Höchste Werte, Macht und persönliche Interessen, in: G. Radnitzky/H. Bouillon (ed.), Ordnungstheorie und Ordnungspolitik, Berlin/Heidelberg 1991, p. 241 ff.

16 E. Feulner, Foreword . . . , p. 6.