

## **Redeeming the State: political crisis and the emergence of German Ordoliberalism from 1919 to 1949**

“Pennies don’t fall from heaven; they have to be earned here on earth”<sup>1</sup>. These were Margaret Thatcher’s words at the Lord Mayor’s Banquet in 1979, at the very beginning of her premiership. Over the next eleven years, Thatcher would relentlessly pursue open markets and low taxation, rejecting the Keynesian economic models of her Labour predecessors that emphasised redistribution and social welfare, and earning her the title (or insult) “neoliberal”. Under Thatcher and Ronald Reagan’s leadership of the UK and the US respectively, neoliberalism swept across the Anglo-American world, bringing with it radically new ideas of entrepreneurialism and privatisation. But as Thatcher’s tenure came to an end in 1990, neoliberalism had barely taken hold across the Channel. The German chancellor at the time, Helmut Kohl, took little interest in reforming the German economy and rejected any suggestions for a more liberal economic approach in Germany. Against pleas from economics minister Otto Graf Lambsdorff and the German Council of Economic Experts<sup>2</sup>, Kohl stuck by the same economic model Germany had followed for the past forty years, ignoring intellectual fashion and the economic u-turns that were taking place across the globe.

In 1998, eight years after Thatcher’s departure from office, Gerhard Schröder was sworn in as German chancellor, Kohl’s successor. Schröder soon became known as Germany’s “most neoliberal chancellor” on account of his 2003 *Agenda 2010*<sup>3</sup> programme to cut taxes and reduce the generosity of the social welfare system. However, Germany was almost two decades behind Britain, and Schröder’s quasi-Thatcherite politics lost him a majority in the 2005 federal election. Since then, neoliberalism has quietly fallen into the background in German politics. For many, the neoliberalism of Thatcher and Reagan is considered a radical success story, but neither German politicians nor the public have ever adopted its reforms enthusiastically.

This is more than just a simple case of apathy. Germany already had its own variety of “neoliberalism”, developed before the Second World War and implemented thereafter, termed “ordoliberalism”. Often referred to as “German neoliberalism” (though this has led to frequent confusion), ordoliberalism, despite its closeness with neoliberalism, differs greatly from the unrestrained tax cuts and privatisation reforms that characterise neoliberalism as it is now generally understood. With a gentler approach towards social welfare, ordoliberalism was designed around the particular experiences of the German population.

In this essay I will examine the origins and nature of this German tradition of economic thought. I will first show how the political circumstances of the Weimar Republic help to explain the reluctance of German liberal economists to trust in unregulated market forces. I will then analyse the impact of the experience of National Socialist rule, before turning, in the final section, to the lessons that were drawn in the post-war period from the experiences of crisis in the previous three decades.

---

<sup>1</sup> M. Thatcher, ‘Speech at Lord Mayor’s Banquet’ (1979) (transcript), Margaret Thatcher Foundation. <https://www.margaretthatcher.org/document/104167>. Accessed on 26<sup>th</sup> July 2023.

<sup>2</sup> U.J. Heuser, ‘Der Anti-Ökonom’, DIE ZEIT [online] Nr. 23, (2017). <https://www.zeit.de/2017/27/helmut-kohl-wirtschaftspolitik-anti-oekonom>. Accessed on 26<sup>th</sup> July 2023.

<sup>3</sup> U. Walwei, ‘Agenda 2010 und Arbeitsmarkt: Eine Bilanz’. Bundeszentrale für Politische Bildung [online], (2017). <https://www.bpb.de/shop/zeitschriften/apuz/250663/agenda-2010-und-arbeitsmarkt-eine-bilanz/>. Accessed on 26<sup>th</sup> July 2023.

## *Ordoliberalism in the Weimar Republic: the Great Depression, Hyperinflation and a Weak State, 1919-1933*

The birth of ordoliberalism is in many ways rooted in the reaction to Nazism, but its story begins in the Weimar Republic. Modern interpretation perceives democracy as an inseparable part of liberalism and neoliberalism, but in liberal Weimar economic circles, this was far from being the general consensus. For ordoliberals, concepts of democratic freedom and political representation were, prior to the Third Reich, an object of scepticism<sup>4</sup>. In fact, Walter Eucken, a leading economist within the later Mont Pèlerin Society, was in many respects an unusual advocate of liberalism. Despite being a self-described classical liberal<sup>5</sup> and a strong supporter of the free market economy, he regarded the influence of the masses as “dangerous.”, and opposed democratic freedom for the general population, as did his colleague Wilhelm Röpke, who claimed that totalitarianism was “a child of modern mass democracy”<sup>6</sup>. As German economist Ralf Ptak explains, “the emerging ordoliberal camp was not ready to accept public opinion formation under conditions of parliamentarian democracy, with people freely expressing and mediating diverging interests and economic positions.”<sup>7</sup> In deviating from democratic liberalism, Eucken began to establish his own unique form of liberalism, which would be shaped both by his own convictions and the turbulent political climate in which he found himself. In this way, ordoliberalism was unique to Germany and distinct from later neoliberalism.

Eucken’s criticism of the Weimar Republic was shaped by its political turbulence. While working as an advisor to the government, he observed that interest groups exercised strong influence over the drafting of economic laws.<sup>8</sup> According to him, political freedom was the problem because it allowed these groups to lobby the government and undermine its own economic agenda. Eucken was particularly concerned about private actors’ abilities to use contracts to establish cartels and exclude competitors from certain markets, which had been made possible by an 1897 Supreme Court decision to legalise cartelisation in Germany. Eucken’s observations were not unusual. Economists Alexander Rüstow and Wilhelm Röpke noted similar issues while advising the Weimar government<sup>9</sup>, and Eucken was convinced that there was a grave threat to economic stability from within the political system. For Eucken, Rüstow, and Röpke, the logical response to the issue of interest groups was to strengthen state control. This would allow the state to defend a free market economy against the demands of interest groups while preventing the instability associated with unbridled laissez-faire capitalism.

Eucken’s dislike of Weimar democracy and criticism of its economic policies pushed his political sympathies toward the right. Correspondence between Eucken and his mother throughout 1919 indicates that Eucken wished to strengthen his links with the nationalist DNVP (Deutschnationale Volkspartei, or “German People’s Party”), and in June 1919, he gave a speech on council systems and economic policy at

---

<sup>4</sup> G. Wegner, ‘Reassessing the dependence of capitalism on democracy – the case of Imperial Germany and the Weimar Republic’. *Journal of Institutional Economics*, Vol. 16/3, (2020), pg. 352.

<sup>5</sup> V.J. Vanberg, ‘The Freiburg School: Walter Eucken and Ordoliberalism’, *Freiburger Diskussionspapiere zur Ordnungsökonomik*, No. 04/11, (2004), pg. 9.

<sup>6</sup> W. Röpke, ‘Epochenwende?’ [End of an Era?] (1933) in *Fronten der Freiheit. Wirtschaft—Internationale Ordnung—Politik* [Fronts of Freedom. Economy—International Order—Politics], edited by Hans Otto Wesemann. (Stuttgart: Seewald, 1956), pg. 161.

<sup>7</sup> R. Ptak, ‘Neoliberalism in Germany: Revisiting the Ordoliberal Foundations of the Social Market Economy’, pg. 13, in: *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, edited by Dieter Plehwe and Philip Mirowski. Cambridge, MA: Harvard University Press, (2009).

<sup>8</sup> S. Gregg, ‘Redeeming Capitalism in Post-Nazi Germany’. *Law & Liberty*, (2020). <https://lawliberty.org/redeeming-capitalism-in-post-nazi-germany/>. Accessed 10<sup>th</sup> July 2023.

<sup>9</sup> S. Gregg, *Wilhelm Röpke’s Political Economy*. (Cheltenham: Edward Elgar Publishing, 2010), pg. 37.

a members' meeting of the DNVP Youth Group in Jena.<sup>10</sup> Despite Eucken leaving the party in 1920 due to its increasing promotion of economic planning, anti-liberalism, and cartel-friendly policy, he remained a DNVP sympathiser until 1925. It is important to note that Eucken did not leave the party due to their nationalist, anti-democratic rhetoric, but rather due to their economic ideas. Eucken remained staunchly anti-democratic, and economists Ekkehard A. Köhler and Daniel Nientiedt observe that “the fact that the Weimar State surrenders its authority to interest groups is in Eucken’s view directly connected to the process of democratisation.”<sup>11</sup> This is one of the first notable differences between neoliberalism and ordoliberalism. While Walter Eucken and other early ordoliberal economists shy away from democracy, proponents of neoliberalism define it as a key tenet of the ideology itself. Friedrich von Hayek describes democracy as “the only effective method which we have yet discovered of making peaceful change possible.”<sup>12</sup>

By the early 1920s, Eucken was beginning to draw conclusions based on the problems he had observed but was still far from forming a concrete ordoliberal ideology. Alongside his opposition to interest groups, Eucken strongly emphasised the importance of committing to a stable anti-inflationary monetary system, protecting private property, open markets, freedom of contract, and most importantly consistency in economic policy to minimise uncertainty. It was the instability of the Weimar economic system that created the ideal environment for lobbying from interest groups. Thus, we can begin to see that even from the Weimar period, Eucken’s economic philosophy foreshadows not only principles of the ordoliberalism that would emerge, but also of neoliberalism and libertarianism, in particular freedom of contract. We can see how ordoliberal and neoliberal ideas emerge, in many ways, from the same source. However, in the realm of social and political freedom it remains separate from the neoliberalism we know today, as it rejects the concept of democracy that lies at the heart of neoliberal thought. It is also clear that Eucken already feared the political consequences of a disorganised economic system.

From 1921, Germany was struck by hyperinflation, and Eucken began to correspond more frequently with his fellow liberal economists Rüstow and Röpke. These three economists were united by their belief that the market economy should be re-established with new regulations in place that would ensure its efficiency and prevent the problems the Weimar Republic was experiencing.<sup>13</sup> It was in response to hyperinflation that Eucken published *Kritische Betrachtungen zum Deutschen Geldproblem* (Critical Perspectives on the German Money Problem) in 1923.<sup>14</sup> Despite publishing little more during this period, it is clear hyperinflation confirmed to Eucken and his colleagues the incompetence of the Weimar government.

In addition to their commitment to economic stability, these economists also believed in some measure of wealth distribution. Thus, in February 1929, during a conference held by the Friedrich List Society, Röpke contradicted the common idea that unequal wealth distribution was helpful for capital formation. Unlike neoliberals who tend to take a more relaxed approach towards tax rates, and libertarians who may even advocate for a flat tax, ordoliberals strongly believed in redistribution and equitable taxation. Eucken

---

<sup>10</sup> U. Dathe, ‘Walter Euckens Weg zum Liberalismus (1918-1934)/Walter Eucken’s way to liberalism (1918-1934)’. *ORDO*, Vol. 60/1, (2009), pg. 6.

<sup>11</sup> E.A. Köhler, D. Nientiedt, ‘Was Walter Eucken a proponent of authoritarian liberalism?’. *Public Choice*, Vol. 195, (2023), pg. 370.

<sup>12</sup> F. von Hayek, *Law, Legislation and Liberty*, (Chicago: University of Chicago Press, 1979), pg. 112.

<sup>13</sup> P. Commun, ‘Alexander Rüstow (1885-1963). Du socialisme libéral au libéralisme social’, *Revue d’histoire de la pensée économique*, Vol. 3/1, (2017), pg. 244.

<sup>14</sup> O. Issing, ‘Walter Eucken: vom Primat der Währungspolitik’ (lecture), European Central Bank, (2000).

himself favoured a progressive income tax.<sup>15</sup> This approach to taxation would become important for the later success of ordoliberalism. Redistribution would provide support for those struggling after the war and prevent any economic insecurity that could lead to a resurgence of radical ideas after the Third Reich.

By that point, Hitler's seizure of power was imminent, but Röpke, Eucken and Rüstow's support of open markets, redistribution and targeted taxation to support a dynamic economy would be implemented in 1949 and thereafter. From 1929, however, the Great Depression ushered in a difficult period for liberal economists. Ordoliberals struggled to gain support for their reform proposals. As economist Leonhard Miksch later commented in Walter Eucken's obituary, "classical economic theory of Anglo-Saxon origin was only half-heartedly accepted in Germany. It was derided as being ideologically flabby and lacking a historical understanding".<sup>16</sup> The aftermath of the Wall Street Crash had left Germany sceptical of capitalism and closed off to the perceived laissez-faire solutions to the problems at hand. For this reason, ordoliberal ideas were regarded as irrelevant. This association of ordoliberalism with the excesses of capitalism is, however, unfounded. In spite of the perceived laissez-faire roots of ordoliberal ideology, the Wall Street Crash had confirmed the ordoliberal assertion that capitalism could not be left to its own devices. Political scientist Werner Bonefeld describes ordoliberalism as a "third way"; an alternative to capitalism and collectivism.<sup>17</sup> Ordoliberal economists had seen the chaos and damage caused by unfettered capitalism, but also recognised the dangers of collectivism, and thus saw the crisis at hand as an opportunity to champion ordoliberalism. As historian A.J Nicholls writes, "Eucken and his sympathisers were determined to change this unfavourable intellectual climate, even though they were swimming against a powerful collectivist tide".<sup>18</sup> While the early neoliberals at the time (Friedrich von Hayek, Ludwig von Mises) gathered to discuss the ways in which they could redeem liberal ideology, ordoliberal economists were deeply critical of their ideas. Although Rüstow was a member of this "neoliberal" group, disputes arose when he suggested that stronger state supervision of the economy was the best way to redeem capitalism. Rüstow viewed Hayek and Mises as "relics of the same liberalism that had caused the crash"<sup>19</sup>, and while Hayek and Mises continued on the path of liberalism they had advocated before the Great Depression, ordoliberalism continued to adapt as a result of these events.

#### *The Third Reich, 1933-1945: the Triumph of Collectivism*

By the time Hitler came to power in January 1933 the German economy was, in the words of Nicholls, "entirely bleak from the liberal viewpoint". The country soon became heavily protectionist and pursued a policy of autarky. Not only was this the polar opposite of the suggestions made by ordoliberals, but political suppression meant the very existence of an ordoliberal ideology was becoming increasingly threatened. Many economists such as Rüstow and Röpke fled the country and liberal economists became fewer and fewer, though Walter Eucken and his colleagues at Freiburg University remained in Germany. Eucken also began to expose himself to the regime. In October 1933, he published an article titled "Denken – Warum?" or "What is the Point of Thought?", where he criticised the irrational thinking and economic policy adopted by the Nazis, saying in 1934:

---

<sup>15</sup> U. Suntum, T. Böhm, J. Oelgemöller, C. Ilgmann, 'Walter Eucken's principles of economic policy today', *CAWM Discussion Paper*, No. 49, (2011), pg. 8.

<sup>16</sup> A.J. Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. (Oxford: Clarendon Press, 1994), pg. 61.

<sup>17</sup> W. Bonefeld, 'Freedom and the Strong State: On German Ordoliberalism'. *New Political Economy*, (2012), pg. 2.

<sup>18</sup> A.J. Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. (Oxford: Clarendon Press, 1994), pg. 61.

<sup>19</sup> O.M. Hartwich, R. Sally, *Neoliberalism: The Genesis of a Political Swearword*, (St Leonards, NSW: Centre for Independent Studies, 2009), pp. 19-20.

However stridently and belligerently their opponents might behave, and however much they might predominate in numbers, they were ultimately forgotten, because their methods did not work. It will be just as impossible for the anti-rational trend of today to root out the rationally based school of economics. It is to this school that the future belongs, because it can solve the problems presented by the real world of economic life.<sup>20</sup>

For Eucken and other liberal economists, the issue with German protectionism was clear. Manufacturing all goods at incredibly high prices within the country when cheaper alternatives could be imported was at best, unproductive, and at worst, deeply damaging to the German economy. This only served as a confirmation of free market ordoliberal values.

In response to the *Kristallnacht* of 1938, Eucken and his colleagues at the Freiburg University formed a *Freiburger Konzil* (Freiburg Council) to discuss Nazi tyranny and methods of resistance, and in 1940, Eucken published *Grundlagen der Nationalökonomie* (Foundations of Economics). Eucken's criticisms of Nazism were shrouded in complex economic language, so much so that his work went unnoticed by Hitler.<sup>21</sup>

Throughout the war, Eucken continued to discuss liberal economic ideas within the Freiburg Council and in 1943, the *Konzil* and two other groups, the *Bonhoeffer Kreis*, and the *Arbeitsgemeinschaft Erwin von Beckenrath* merged to form a new liberal resistance group, the *Freiburger Kreise* (Freiburg Circles)<sup>22</sup>. The aim of the group was to gather liberal academics and economists to design a post-war economic system that would allow for Germany to rebuild and strengthen after the Third Reich. Alongside Eucken were his colleagues Constantin von Dietze, Adolf Lampe, and Clemens Bauer, as well as other academics from the University of Berlin, Cologne University, and the University of Jena. Here, built on the foundations of Röpke's early ordoliberal suggestions, the post-war German economic system was born: the Social Market Economy.

A key proposal of the group was that of *mittelbare Wirtschaftssteuerung* (Indirect Economic Control), whereby market forces were able to function without interference, but the government still had a certain level of control that prevented an unregulated free market. The Social Market Economy was, in essence, a manifestation of the ordoliberal ideas that emerged from the Weimar Republic, a viable system that could put the "third way" into practice. Eucken himself emphasised currency stabilisation and reform, and the reestablishment of world trade and international exchange agreements in contrast with Nazi protectionism.<sup>23</sup> Here it is clear again that ordoliberalism directly sought to find solutions to the problems of its time. Unlike the laissez-faire principles of neoliberalism, the principles of ordoliberalism were constantly shifting and expanding to accommodate the needs of the German people and economy.

Eucken's economic ideas had attracted the suspicions of the Nazi government. Following the plot to assassinate Hitler on July 20<sup>th</sup>, 1944, Eucken was arrested alongside many of his colleagues on suspicion of forming an economic system that would be put in place after Hitler's assassination. Although Eucken

---

<sup>20</sup> A.J. Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. (Oxford: Clarendon Press, 1994), pg. 65.

<sup>21</sup> W. Eucken, *Die Grundlagen der Nationalökonomie*, (Jena: Gustav Fischer, 1940).

<sup>22</sup> N. Goldschmidt, 'Die Entstehung der Freiburger Kreise', Konrad Adenauer Stiftung, (1997), pg. 16.

<sup>23</sup> A.J. Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. (Oxford: Clarendon Press, 1994), pg. 114.

was released, Constantin von Dietze and Adolf Lampe were tortured by the Gestapo<sup>24</sup>, and other colleagues were sent to concentration camps.

Meetings of the Freiburg Circles were able to continue after Eucken's release, but disagreements among members were common. Policies on labour laws and strikes were, for example, highly disputed. Adolf Lampe wanted a blanket ban on strikes, while von Dietze argued that workers should be allowed to strike but should be prevented from "meddling" with wage policy.<sup>25</sup> In spite of these disagreements, though, it was clear that a classical laissez-faire economy would not be accepted as a post-war solution for Germany. A strong political system coupled with a certain amount of economic freedom would be the ideal solution for post-war Germany, whatever the finer details may look like.

### *Post-War: Ordoliberalism versus the Mont Pèlerin Society*

The immediate end of the war in 1945 did little to settle the disputes between the members of the Freiburg Circles, and the future of ordoliberalism and the Social Market Economy was unclear.

During this time, another liberal economic forum had begun to take shape, the Mont Pèlerin Society. Founded in April 1947 by Friedrich von Hayek and Milton Friedman, Hayek proclaimed that the aim of the society was to discuss "the fate of modern liberalism", and placed emphasis on the fact that it would not align with any political party. In fact, when FDP politician Hans Ilau was considered as a member of the society, Eucken, one of the members, firmly objected, saying he would be "too tied to party interests".<sup>26</sup> Despite the success of ordoliberalism and the Social Market Economy among German economists, a divergence of ideas was detectable within the Mont Pèlerin Society, and various strands of economic thought clashed with each other. For American and British economists within the society, the key to modern liberalism was clear: individual freedom would guarantee competition, and as little interference as possible should be advised. However, Eucken and other German contributors to the society firmly rejected this notion. While Milton Friedman's economic thought had been solely shaped by the economic climate in the United States during the Second World War, which despite its planned nature, was not comparable to the Nazis' management of the economy, Eucken and other German economists' ideas were heavily impacted by Nazism and its effects. According to Eucken, individual freedom in itself did not guarantee competition and one could not rely on the freedom of the individual to secure a free, competitive society. Nazism had proven that freedom was not secure and that systems needed to be put in place to protect these individual freedoms. According to economist Stefan Kolev,

It is also important to note that, whereas authors like Hayek or US-based scholars like Mises live in relatively "normal" countries when it comes to the political and economic situation, the ordoliberals around Eucken and his associates live and work in a period of immense political and economic urgency, especially after 1945 when an entirely new order is to be conceived and constitutionalized... thus, their economic policy proposals are not driven by abstract philosophical notions but also by the very concrete necessities in their devastated country.

As Kolev explains, "Eucken's ordoliberal approach explains his understanding of freedom, i.e., the central issue to Eucken is the one about the order that is to be realized, in such a way that this order must

---

<sup>24</sup> S. Kolev, N. Goldschmidt, J.O. Hesse, 'Walter Eucken's role in the early history of the Mont Pèlerin Society', *Freiburger Diskussionspapiere zur Ordnungsökonomik*, No. 14/02, (2014), pg. 3.

<sup>25</sup> A.J. Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. (Oxford: Clarendon Press, 1994), pg. 115.

<sup>26</sup> S. Kolev, N. Goldschmidt, J.O. Hesse, 'Walter Eucken's role in the early history of the Mont Pèlerin Society', *Freiburger Diskussionspapiere zur Ordnungsökonomik*, No. 14/02, (2014), pg. 6.

guarantee freedom.”<sup>27</sup> This position on freedom also helped to redefine what democracy meant to German ordoliberals. Eucken in particular abandoned his anti-democratic views after the experience of Nazism. After his death in 1950, an obituary stated that “Eucken’s work became, over time, increasingly a struggle for freedom”.<sup>28</sup>

In a complete shift from his days in the Weimar Republic, where he proclaimed that the task of liberalism was “to win the freedom of the person and to defend it against the tyranny of the masses”<sup>29</sup>, Eucken understood the fragility of freedom and the speed at which a country could fall prey to a dictatorship. Eucken’s new aim was to protect democratic and economic freedoms, while putting measures in place to prevent a situation similar to the Wall Street Crash from occurring. This is a key example of the way in which ordoliberalism adapted to fit its environment, and part of the reason why it has been so persistent in German economic policymaking. Ordoliberal policy, more specifically the Social Market Economy, would later be implemented by the first German chancellor Konrad Adenauer’s economics minister, Ludwig Erhard, who closely worked with Eucken and ordoliberals Alfred Müller-Armack and Leonhard Miksch. What had begun as responses from academics to the Weimar Republic had, over twenty-seven years of political turmoil and dictatorship, transformed into Germany’s post-war Social Market Economy that would see the country through the *Wirtschaftswunder*, stagflation, and the Eurozone crisis. While neoliberalism was on the fringes of economic policymaking until the 1970s, ordoliberalism remained central to the politics of the Federal Republic of Germany from its inception in 1949.

### Conclusion

Today, neoliberalism and ordoliberalism are objects of both criticism and praise but have undeniably shaped the way the German economy functions and our perceptions of liberty and freedom. From Noam Chomsky to Gary Gerstle, neoliberalism has been a central focus in academic writing and debate, and its legacy remains highly contested. In Germany, neoliberalism continues to be an unpopular alternative among politicians to the country’s relatively tame mixed economy. Government expenditure as a share of GDP continues to be higher than in the US and the UK.<sup>30</sup> Among some parts of the public, however, neoliberalism (or a particular interpretation of it) has become something of a trend. For example, the German Instagram page *Neoliberale Aktion* (Neoliberal Action), continues to assert that “*mehr Kapitalismus führt aus der Krise*”, (“more capitalism leads us out of crisis”). Under the guise of neoliberalism comes criticism of migration and attacks on Vice-Chancellor and Minister for Economic Affairs and Climate Action Robert Habeck over his controversial *Heizungsgesetz* (heating law). Disapproval of the ordoliberal Social Market Economy is a common theme, the page’s rhetoric faintly echoing that of Mises as he proclaimed in 1930 that ordoliberalism meant “ordo-interventionsim”<sup>31</sup> and that it was no better than socialism. Ordoliberalism has, despite its popularity among German politicians, also had its fair share of criticism internationally. Widespread is the argument that ordoliberalism and its

---

<sup>27</sup> S. Kolev, N. Goldschmidt, J.O. Hesse, ‘Walter Eucken's role in the early history of the Mont Pèlerin Society’, *Freiburger Diskussionspapiere zur Ordnungsökonomik*, No. 14/02, (2014), pg. 11.

<sup>28</sup> D. Nientiedt, E.A. Köhler, ‘Liberalism and democracy — a comparative reading of Eucken and Hayek’. *Cambridge Journal of Economics*, Vol. 40/6, (2016), pg. 1745.

<sup>29</sup> D. Nientiedt, E.A. Köhler, ‘Liberalism and democracy — a comparative reading of Eucken and Hayek’. *Cambridge Journal of Economics*, Vol. 40/6, (2016), pg. 1745.

<sup>30</sup> See: <https://www.imf.org/external/datamapper/exp@FPP/USA/FRA/JPN/GBR/SWE/ESP/ITA/ZAF/IND> (accessed on 28<sup>th</sup> July 2023).

<sup>31</sup> O.M. Hartwich, R. Sally, *Neoliberalism: The Genesis of a Political Swearword*. (St Leonards, NSW: Centre for Independent Studies, 2009) pp. 19-20

strong dislike of debt are to blame for Germany's harsh response to the Eurozone crisis. Regardless of whether this statement holds any truth, ordoliberalism is unquestionably individual in the approach it takes towards economic freedom and is perhaps more thoughtfully developed than its neoliberal counterpart. Ordoliberal thought can so clearly be distinguished from neoliberal thought because it is defined by the mishaps of the Weimar Republic and the tyranny of the Third Reich. While the rise of neoliberalism in Britain can, in part, be attributed to Keynesian theory and socialist-leaning Labour governments that dominated post-war Britain, its principles did not develop as a tailored response to specific events in British or US history. The revival of a "new" liberalism after the Great Depression was an attempt by liberal economists to redeem the status of economic liberalism amid scepticism and mistrust, but its basic principles hark back to laissez-faire economics. Ordoliberalism is a direct reaction to the Weimar government and the Third Reich, and the very principles it is built on are direct solutions to the problems within these respective governments. In this way, ordoliberalism becomes almost a "plaster" for Germany protecting the German economy from every kind of mistake the country has made in the past. Germany has taken such little interest in neoliberalism because it does not take into account the country's history. Neoliberalism does not directly counter the mistakes of the Weimar Republic, and it does not consider the danger of letting people fall into economic hardship, which in Germany led directly to the rise of the Nazis. Thus, the reputation of the ordoliberal Social Market Economy may have been damaged, but its influence is remarkably persistent.

**Word count (excluding title, footnotes and bibliography): 3817**

## Bibliography

- Bonefeld, W. (2020), 'Freedom and the Strong State: On German Ordo-liberalism', *New Political Economy*, Vol. 17/5, pp. 633-656.
- Commun, P. (2017), 'Alexander Rüstow (1885-1963). Du socialisme libéral au libéralisme social', *Revue d'histoire de la pensée économique*, Vol. 3/1, pp. 241-264.
- Dathe, U. (2009), 'Walter Eucken's Weg zum Liberalismus (1918-1934)/Walter Eucken's way to liberalism (1918-1934)', *ORDO*, Vol. 60/1, pp. 53-86.
- Eucken, W. (1940), *Die Grundlagen der Nationalökonomie*. 1st edn. Jena: Gustav Fischer.
- Goldschmidt, N. (1997), 'Die Entstehung der Freiburger Kreise'. Bonn: Konrad Adenauer Stiftung.
- Gregg, S. (2010), *Wilhelm Röpke's Political Economy*. Cheltenham: Edward Elgar Publishing.
- Gregg, S. (2020), 'Redeeming Capitalism in Post-Nazi Germany', *Law & Liberty*.  
<https://lawliberty.org/redeeming-capitalism-in-post-nazi-germany/>. Accessed on 10<sup>th</sup> July 2023.
- Hartwich, O.M., Sally, R., (2009) *Neoliberalism: The Genesis of a Political Swearword*. St Leonards, NSW: Centre for Independent Studies.
- Hayek, F. (1979), *Law, Legislation and Liberty*. Chicago: University of Chicago Press.
- Heuser, U.J. (2017), 'Der Anti-Ökonom', *DIE ZEIT* Nr. 23, Zeit Online.  
<https://www.zeit.de/2017/27/helmut-kohl-wirtschaftspolitik-anti-oekonom>. Accessed on 26<sup>th</sup> July 2023.
- International Monetary Fund, 'Public Finances in Modern History – Government expenditure, percent of GDP'.  
<https://www.imf.org/external/datamapper/exp@FPP/USA/FRA/JPN/GBR/SWE/ESP/ITA/ZAF/IND>. Accessed on 28<sup>th</sup> July 2023.
- Issing, O. (2000), 'Walter Eucken: vom Primat der Währungspolitik' (transcribed lecture), European Central Bank. [https://www.ecb.europa.eu/press/key/date/2000/html/sp000317\\_2.de.html](https://www.ecb.europa.eu/press/key/date/2000/html/sp000317_2.de.html). Accessed on 23<sup>rd</sup> July 2023.
- Kolev, S., Goldschmidt, N., Hesse, J.O. (2014), 'Walter Eucken's role in the early history of the Mont Pèlerin Society', *Freiburger Diskussionspapiere zur Ordnungsökonomik*, Vol. 14/02, pp. 3-11.
- Köhler, E.A., Nientiedt, D. (2023), 'Was Walter Eucken a proponent of authoritarian liberalism?', *Public Choice*, Vol. 195, pp. 363–376.
- Nicholls, A.J. (1994), *Freedom with Responsibility: The Social Market Economy in Germany, 1918-1963*. Cambridge: Cambridge University Press.
- Nientiedt, D., Köhler, E.A., (2016), 'Liberalism and democracy — a comparative reading of Eucken and Hayek', *Cambridge Journal of Economics*, Vol. 40/6, pp. 1743–1760.
- Ptak, R. (2009), 'Neoliberalism in Germany: Revisiting the Ordoliberal Foundations of the Social Market Economy', in: *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, edited by Dieter Plehwe and Philip Mirowski. Cambridge, MA: Harvard University Press, pp. 98-138.

Röpke, W. (1933), 'Epochenwende?' in *Fronten der Freiheit. Wirtschaft—Internationale Ordnung—Politik* (1965), edited by Hans Otto Wesemann. Stuttgart: Seewald.

Suntum, U., Böhm, T., Oelgemöller, J., Ilgmann, C. (2011), 'Walter Eucken's principles of economic policy today', *CAWM Discussion Paper*, No. 49.

<https://econpapers.repec.org/paper/mucwpaper/201175.htm>. Accessed on 26<sup>th</sup> July 2023.

Thatcher, M. (1979), Speech at Lord Mayor's Banquet (transcript), Margaret Thatcher Foundation.

<https://www.margaretthatcher.org/document/104167>. Accessed on 26<sup>th</sup> July 2023.

Vanberg, V.J. (2004), 'The Freiburg School: Walter Eucken and Ordoliberalism', *Freiburger Diskussionspapiere zur Ordnungsökonomik*, No. 04/11. <https://www.econstor.eu/handle/10419/4343>.

Accessed on 18<sup>th</sup> June 2023.

Walwei, U. (2017), 'Agenda 2010 und Arbeitsmarkt: Eine Bilanz', [online] *Bundeszentrale für Politische Bildung*. <https://www.bpb.de/shop/zeitschriften/apuz/250663/agenda-2010-und-arbeitsmarkt-eine-bilanz/>.

Accessed on 26<sup>th</sup> July 2023.

Wegner, G. (2020), 'Reassessing the dependence of capitalism on democracy – the case of Imperial Germany and the Weimar Republic'. *Journal of Institutional Economics*, Vol. 16/3, pp. 337-354.