A Fighter for Freedom: Wilhelm Roepke's Legacy

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WITH THE untimely death of Wilhelm Röpke in Geneva earlier this year (February 12) of a heart attack, the community of scholars lost one of its most gifted and productive members and the free society one of its doughtiest champions. Preeminently an economist, but also sociologist, political scientist, cultural historian, moral philosopher, and man of letters, Röpke was in all of these capacities the untiring and eloquent advocate of a great tradition grown increasingly fragile in the twentieth century: the liberal humanism of Graeco-Roman, Judaeo-Christian civilization.

In a veritable flood of books and articles —his bibliography at the time of his death comprised over 900 items—Röpke ranged over the gamut of human concerns: deflation, inflation, the welfare state, the nature of totalitarianism, problems of education, European integration, the underdeveloped countries, the social encyclicals of the popes, the German question, South Africa, Japan, communism, economic planning, old age, international law, the balance of payments —the list could be extended almost indefinitely. This universalism and this astounding productivity were joined in the service of an intellect of great power and acuity and of a heart passionately devoted to the causes of human dignity and human freedom. Withal Röpke was a man who favored proportion in all things and abhorred the extremism and ideological exclusiveness that nourishes fanaticism (one of his books is entitled, characteristically, *Mass und Mitte*, "Measure and Moderation").

To his other gifts Röpke added a wizardry with words. Vivid imagery, a wealth of literary and historical allusion, compelling logic, and lucidity were the hallmarks of his immediately recognizable German prose (which, in translation, won him Italy's Cremisini Prize for Literature). These qualities, fused to Röpke's unshakeable self-assurance and obdurate refusal to compromise with what he believed to be error, constituted his own personal charisma and help explain his quite exceptional impact on his time.

Born at Schwarmstedt near Hanover in 1899, the son of a country doctor and the descendant of Lutheran pastors, Röpke took his doctorate in political science at the University of Marburg in 1921. Subsequently, he taught economics at the Uni-

versities of Jena and Graz, and at the age of 29 became full professor at Marburg. A fighter and contender, Röpke involved himself from the beginning in the economic and political controversies of his time. Simultaneously with his entry upon a teaching career, he became an adviser to the Weimar Republic on reparations. The galloping inflation which beset the Republic in 1921-23 left an indelible impression on the young economist and provoked him to the battle with inflation which was to continue all his life. In 1930-31, nevertheless, in a gesture characteristic of his realism and balance, Röpke vigorously opposed the deflationary policies of the Bruening government to which he attributed the rising unemployment in Germany.

With his hatred of totalitarianism, Röpke was bound to come into conflict with the masters of the Third Reich. Following a series of courageous speeches and articles critical of the regime, Röpke was dismissed from his professorship at Marburg in 1933 and fled with his family first to Holland and Switzerland and later in the same year to Turkey. The Kemal Ataturk government entrusted him with the reorganization of the department of economics of Istanbul University and he remained at that institution as professor until 1937. In that year, he accepted an invitation to join the faculty of the Graduate Institute of International Studies, a part of the University of Geneva, where he taught with éclat and growing renown until his death.

Röpke was a brilliant lecturer with a finely honed sense of humor that delighted his students. Ruggedly handsome, with uncompromising blue eyes under craggy brows, gallant and immensely learned, he held a singular fascination for those (including the writer) privileged to sit in his classroom. Though Röpke wrote in German, he chose English as the vehicle of communication with his students who came from all parts of the world, using this language with elegance and sensitivity (in addition, he either spoke or read fluently all of the principal European languages). The core of each lecture was an economic issue, but inevitably the discussion ranged far into other areas, and backward into the history and literature of the West. He was fond of quoting Goethe's verse:

> He who of three thousand years
> Knows not account to give
> Unknowing through the darkness peers,
> from day to day to live.

During three decades in Geneva, Röpke (who retained his German nationality to the end) elaborated in his books and essays—the greater part of which were translated into the principal languages of the world—the economic and social philosophy of neo-liberalism indissolubly linked to his name (and to the names of his friends, Walter Eucken and Alexander Rüstow, the other members of the neo-liberal triumvirate). In his basic economics text *Economics of the Free Society*, 1963 (the first German edition of which appeared in 1937 and the tenth in 1965), in his great trilogy *The Social Crisis of Our Time*, 1950 (in German, 1942), *Civitas Humana*, 1949 (in German, 1944), and *International Order*, 1959 (in German, 1945), Röpke argued for the rejection of socialism and the reconstitution of the market economy as the only economic system compatible with human freedom. The market economy for which he pleaded, however, differed fundamentally from the system which, under the vague and emotion-charged label of "capitalism," had persisted in Europe until the 1930's and then perished of its own degeneracies. In one of his most fruitful conceptions, that of the "third road," Röpke showed how the old antitheses of *laissez-faire* and planned economy could be

transcended in a new synthesis of the "humane economy."

A viable market economy, Röpke contended, requires an effective and energetic government capable of establishing and maintaining a stable monetary and fiscal system as well as securing competition and restraining monopoly, whether of capital or labor. The state itself he saw as but a part of a larger framework of institutions —legal, cultural, moral, and religious— needed to correct the asymmetry of the market (i.e., its tendency to promote the interests of the organized producers over those of the unorganized consumers and to unduly emphasize the material over the non-material needs of society) and in general to care for the things beyond supply and demand. The market economy is viewed, in short, as but a means—a crucially important means—for achieving the whole complex of meta-economic ends which free men set for themselves. The difficult problem of determining when and where government regulation of the economy should begin and end, Röpke solved in his famous distinction between "conformable" and "non-conformable" interventions. Conformable interventions are those which do not interfere with the allocative and informational functions of the price system; nonconformable interventions are those which vitiate the supply-demand mechanism and lead to its replacement by a planned (collectivist) economic order.

Röpke was keenly aware of the serious problems which the market economy, in both its asymmetry and its competitiveness, poses to the young, the aged, and the physically and intellectually handicapped. He believed every effort should be made to secure to those unequipped to play the market game a minimum standard of material welfare without, however, jeopardizing the voluntary arrangements made by individuals to provide security for themselves and their families against the contingencies of age and sickness. The quest for security through "welfarism," in which the state is looked upon as a kind of "fourth dimension" able to satisfy the demands of any class for help, Röpke held to be an illusion. The "welfare state," where it places impossible demands on the market economy, threatens the real welfare of all the people. Further, the efforts to preserve the market from non-conformable interventions will be of little use if the area within which the market principle is permitted to operate is increasingly circumscribed, or the fruits of market endeavor are so heavily taxed as to destroy incentive. Though the market system in these cases may not be interfered with in a formal sense, it will in Röpke's view succumb to "fiscal socialism."

In *A Humane Economy*, 1960 (in German, 1958) which may be regarded as his most representative book, Röpke described the many other things to be found in an economy "made to the measure of man": decentralization of industry, wide extension of property rights, population control, a strengthened peasant class, the securing of the remnants of a rural way of life against urban erosion, and the revitalization of the 3,000 year-old culture of the West threatened with extinction by "mass culture" and "quantitative civilization." He excoriated the delusions of an "economism" in which human society was led relentlessly toward a soulless mechanization and standardization and pleaded incessantly for the adoption of measures aimed at reducing the crowdedness and the hothouse atmosphere of modern life.

Practically, Röpke's struggle against the enmassment ("Vermassung") of human society amounted to an effort to reestablish economics as an ethical discipline. It was primarily as a moral philosopher in the tradition of his great predecessor, Adam

Smith, that he entered the lists against what he deemed to be the most corrosive evils of his generation: scientism, progressivism, and moral indifferentism. His favorite quotation was Rabelais' dictum in *Pantagruel*: "Science sans conscience n'est que ruine de l'âme."

The concern with the moral and spiritual was decisive in Röpke's choice of issues. It lay behind his hostility to lattar-day Keynesianism which he regarded as an especially insidious engine of inflation, both of the "imported" and "repressed" varieties (Röpke coinages), and of international economic disequilibrium. It motivated his unending jousts with the overblown welfare state with its tendencies to continuously narrow the area within which men could make choices for themselves, that is, be "moral" in the most fundamental sense of the word, and it was, by the same token, the ground for his granitic opposition to all forms of collectivism.

In many ways, Röpke and Keynes symbolized in the antagonisms of their two philosophies the fundamental moral and intellectual conflict of the age. To Keynes' signal contributions to economic theory and to his brilliant innovative spirit, Röpke several times paid tribute. But he questioned the value of a "new economics" which, in an inflationary age, looked upon any and all problems as ultimately soluble by an increase in the level of effective demand. To the assertion that the American boom of the 1960's was the proof of the correctness of Keynesian policies, Röpke would reply, as he did in an article which he wrote in the last week of his life, that if Keynesianism were apparently successful in the United States, it was because Europe was paying for the experiment in the form of the chronic and cumulative balance of payments deficits of the United States and the massive export of U. S. inflation to European economies to which these deficits were equivalent. The American policy of attempting to hold back price increases by suasion or force (instead of restraining the overdemand responsible for the price rises) he castigated as a return to the methods of "repressed inflation"; and he saw in the coercive reduction of the outflow of private U.S. capital an ominous retreat from the liberalization of the world economy so insistently advocated by the U. S. itself, and so painfully achieved in the years after the war.

But Röpke's objections to Keynes and to Keynesianism were tied to more basic issues than those of economic technique. In Keynes he saw the cult of scientism, the geometric-quantitative spirit, the pursuit of intellectualism for intellectualism's sake, a virtuosity in changing positions, and a moral insouciance which were endangering the very order of liberal democracy to which Keynes claimed to give his innermost allegiance. In Keynes, Röpke once complained, "we find a man who has forgotten those mysterious powers of the human soul and of human society which cannot be expressed in mathematical equations, nor confined within an assemblage of statistics or the rubrics of economic planning."

Röpke's uncompromising advocacy of these views and his impatience with cant and ambiguity inevitably earned him legions of opponents. In recent years, a particularly large measure of unpopularity was his lot for his stand on the Common Market. While favoring economic integration for all of Europe on a loose federative basis, Röpke strenously opposed the Common Market as an institution whose supercentralization, economic exclusiveness, and political ambitions menaced the unity and prosperity of greater Europe while simultaneously placing neutral non-members such as Switzerland and Austria before insoluble dilemmas.

Röpke's greatest accomplishment, in a

life full of *accomplishment*, was doubtless his decisive role in the rehabilitation, in a collectivist-minded age, of the once discredited market economy. His contribution to West German economic revival was acknowledged more than once by his friend, Chancellor Ludwig Erhard, who as Minister of Economics of the Federal Republic had translated the neo-liberal conception into the reality of the "social market economy." In the early 1950's, Röpke's arguments were decisive in persuading the Bonn government to reject the Keynesian solutions for the then substantial German unemployment profered by influential British and American economists. He demonstrated that the unemployment in question was due not to a lack of overall demand but to a shortage of capital and of housing for the instreaming refugees from the East. In these circumstances, a "Keynesian" program of simple monetary expansion would have left the unemployment untouched while simultaneously pushing the young German market economy to its doom over the cliffs of inflation.

Röpke lived to experience, nevertheless, the acute irony of the situation in which a tardy vogue of Keynesianism and welfarism in Germany was threatening to inflict on that nation the same combination of inflationism, balance of payments tensions, and diminished economic growth characteristic of the performance of the Anglo-American economies in the decade and a half after World War II. Long before these tendencies were overtly manifested in Germany, however, Röpke had warned of the emphemeral nature of the forces on which genuine economic prosperity depend. "Nothing is certain [in Germany]," he wrote in 1962, "nothing can be relied upon indefinitely when the original formulae for success in the realm of economic policy are not daily remembered and reapplied."

Whatever the lapses in Germany and elsewhere from Röpke's ideal conception of the economy and of society, the overwhelming victory of the market idea in postwar Europe is incontestable. Röpke was the spiritual father not only of the German "economic miracle," but of all the other miracles which proceeded from that one. A lifelong friendship with Luigi Einaudi, the first president of postwar Italy, helped spread his ideas in that country. In Belgium, Holland, Switzerland, and Austria his disciples were numerous and influential. His major works found enthusiastic audiences even as far away as Japan. In this respect and to the extent that the success of the market economy has even impressed economists in the Soviet Union and eastern Europe and provided support for the movement toward a species of market system in the Communist world, Röpke may have influenced the economic direction of his generation more than any other individual. This result is all the more astounding since Röpke was in the most significant phases of his life an unyielding opponent of the *Zeitgeist*. It is a measure of the power of his teaching and the force of his personality that he was able, together with a few like-minded friends, to turn the tide for a measurable interval in the direction of the "humane economy."

Professor Röpke was the recipient of innumerable honors and decorations, among them the doctorate *honoris causa* from Columbia University, the University of Geneva, and the Technical University of Munich, and the Grand Cross of Merit with Star of the Federal Republic of Germany. The citation which accompanied the presentation to him of the Pirkheimer Medal in 1962 expresses tersely but accurately the essential orientation of his whole system of thought: "The measure of the economy is man. The measure of man is his relation to God."