

even though the gap between theory and practice continued to grow.

Similarly, Gorbachev's glasnost was really supposed to revitalize the Soviet system, not destroy it. Glasnost was to be the sequel to the "secret speech," only geared toward a wider audience. But like most sequels, the audience reaction was very different. Glasnost, unlike de-Stalinization, went further by allowing "ordinary people to learn about virtually everything that was wrong with the system and at the same time to realize that their dissatisfactions were widely shared," which made it less necessary to lead the double life, both among the leaders and the led. Moreover, because of the double life a growing number of Party members had been leading, Gorbachev had no way of accurately gauging the strength of political will among his ostensible supporters.

Hollander provides a stark example of this decline in political will by highlighting the different ways the Soviet and Chinese leadership responded to dissent in the late twentieth century. In June 1989, the "Chinese communist leaders ordered their elite troops to crush (literally, with tanks) the young rebels in Tiananmen Square" and "the commanders of the troops executed their orders without perceptible difficulty." In contrast, in August 1991, "the leaders of the aborted coup against Gorbachev were incapable of taking decisive action against those they wished to oust."

Whatever the case, *Political Will & Personal Belief* is clearly not the last word on this subject, nor is it intended to be. No one can perform an autopsy on a body until it is really dead. Perhaps only after all those former Soviets have passed from the scene, and when the doors of their archives have been opened up a little wider, will we have a clear understanding of just how and why the Soviet Union collapsed. Until then, we are fortunate to have Paul Hollander's informative study.

## ***The Maturing of a Humane Economist***

JOHN ATTARIAN

**Wilhelm Röpke: Swiss Localist, Global Economist**, by John Zmirak,  
*Wilmington: ISI Books, 2001. 241 pp.*

IN GLARING CONTRAST to the mainstream minds of his profession, free-market economist Wilhelm Röpke (1899-1966) viewed man as an embodied soul and not as the reductive utilitarian stick figure of *Homo economicus*. Röpke expounded his ideas in such books as *The Social Crisis of Our Time* (1942), *Civitas Humana* (1944), and *A Humane Economy* (1957), and numerous pieces in periodicals including *Modern Age*. In this compact and deftly written book, screenwriter and free lance journalist John Zmirak, seeking to illuminate "the intimate relationship that binds free markets, social order, and the search for the common good," provides an informative and helpful, if seriously uneven, introduction to Röpke's thought.

Born in Schwarmstadt, Germany, Röpke acquired a classical education and became extraordinarily well read. In his youth he flirted with socialism, but was soon disabused of this by reading the Austrian economist Ludwig von Mises (1881-1972). For the rest of his life, Röpke consistently repudiated socialism, indeed all forms of statism, and consistently and strongly endorsed the free market.

In addition to these consistencies,

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Röpke's thought also displayed a crucial evolution. Zmirak's emphasis on this facet of Röpke is one of his book's greatest virtues. In the early 1930s Röpke was a rationalist classical liberal and a devotee of the Enlightenment and economic determinism, highly critical of pre-Enlightenment "illiberalism," advocating "liberation from old authority." At that point, he saw economic liberalism as a natural consequence of liberal rationalism.

Röpke's intellectual evolution, Zmirak demonstrates, owed much to the political philosopher Alexander Rüstow (1885-1963). *Laissez faire* economists argued that a natural harmony of interests would enable egotistical economic action to serve the common good. Rüstow traced this viewpoint to deism and beyond it to a mystical pre-Socratic Greek belief in a harmonious universe. This belief prevented development of a strong system of social institutions such as the family and the rule of law that actually support free markets. Moreover, Rüstow pointed out, in capitalism's early years there existed an abundance of ethical capital from a previous Christian society that greatly enhanced the beneficial effects of the free market. Having absorbed Rüstow's arguments, Röpke developed a growing respect for religion, traditions, and institutions intermediate between the individual and the state.

But another major factor in Röpke's intellectual odyssey, which Zmirak rightly stresses, was his own personal experiences. The German village of his childhood had a rich, intimate, small-scale community life. His military service in World War I left a lasting distaste for regimentation and depersonalization, prompting his rejection of collectivism. Even more decisive was his relocation to Switzerland. Faithful to free markets and democracy despite the unhappy Weimar Republic experience, Röpke fearlessly denounced the new Nazi government in February 1933. Shorn of his tenured pro-

fessorship, his family threatened by the SS, Röpke fled to Amsterdam, then to Turkey. In 1937 he moved to Switzerland, his home for the rest of his life. Here he found a society enjoying the blessings of a free economy, federalist government, and direct democracy. His writings repeatedly pointed to Switzerland as the model of an ideal society.

Zmirak presents Röpke's economics in language as accessible as Röpke's own. Röpke began with the idea of the dignity of the human person—a being who is not an isolated individual but part of a family and community, whose well-being is dependent on theirs. His thought owed much to the Austrian free-market school; like Mises and Friedrich Hayek (1899-1992), he grasped the modern market economy's incredible capacity to synchronize the activities of multitudes of persons and its need for reason, peace, and freedom if it is to operate effectively. Like them, he endorsed free trade and the gold standard.

But unlike the *laissez-faire* Austrians, Röpke conceded that capitalism can be disruptive and inhumane, and that its vaunted efficiency and affluence can exact social and spiritual forfeits. In consequence, he envisioned a more positive and extensive role for the state, as rule-maker, enforcer of competition, and provider of temporary relief from the hardships and dislocations inflicted by a dynamic, competitive economy. He saw competition and a freely-operating price system as the "core" of a free economy; provided state interventions did not disrupt these, Röpke deemed them "compatible" with capitalism. Such interventions included antitrust measures, progressive estate taxes, modest loans for small business and farmers, and temporary transfer payments to displaced workers. In time, however, Röpke became a scathing critic of the welfare state on both economic and ethical grounds.

Rejecting corporate capitalism with

its tendency to a concentration of ownership, Röpke endorsed a “humane-scale” economy of ownership of productive property widely distributed among multitudes of small family farms and businesses. He opposed private monopolies, Zmirak observes, because only economic decentralization could “guarantee a continuation of economic liberty.” Röpke called his version of capitalism the “Third Way,” or “social market economy,” because it combined free markets with a concern for the common good. Aware that socialism’s appeal was its seeming moral superiority over capitalism, he also admitted that capitalism has its faults, such as the corrosive effect of competition on human solidarity.

By the end of World War II, Röpke was a Christian humanist. A classical liberalism drawing upon the rationalist Enlightenment, he now understood, was too fragile to withstand fascism and socialism. Instead, Röpke increasingly emphasized, it must start from Christianity’s respect for the person, the love of reason, and the Teutonic tradition of decentralization. He acquired a Burkean respect for intermediate institutions, since by now he had realized, as Zmirak states, that “*specific, historic institutions for the exercise of political and economic power* [Zmirak’s italics] by local governments or private individuals were the means by which ideals such as individual freedom were able to arise in the first place.”

Röpke’s economics, Zmirak points out, is highly congruent with Catholic social teaching and traditionalist conservatism. Endorsing government intervention into the market to address such problems as the displacement of small farmers, Röpke insisted that intervention start at the local level and ascend to the national government only as necessary. This principle of subsidiarity became official Catholic doctrine in Pius XI’s encyclical *Quadragesimo Anno* (1931). Other similarities with the Church’s teachings include

Röpke’s emphasis on the dignity of the human person and devotion to the common good. “More than any other thinker in the twentieth century,” Zmirak notes, “it would be Röpke who helped to build a bridge between advocates of the free market on the one hand, and Christian humanists and conservatives on the other.”

Zmirak also excels in explaining Röpke’s role in West Germany’s postwar recovery. The Western Allies occupying West Germany retained Hitler’s rationing, wage and price controls, and massive printing of paper money. With few businessmen willing to accept worthless currency, however, production collapsed, shortages became widespread, and black-market barter transactions were common. By 1947 West Germany was starving. Röpke’s *The Solution to the German Problem* (1947) explained the folly of this policy and recommended abolishing controls and replacing the reichsmark with a sound, trustworthy currency. He won a disciple in Ludwig Erhard (1897-1977), who had secretly educated himself in free-market economics during the war by reading Röpke’s prohibited books, and who now became director of economic administration of the area jointly occupied by America and Britain. On June 21, 1948, the new deutsche mark appeared, and presently most wage-price controls ended. Unemployment rose, spawning political discontent, but Erhard persevered, stoutly supported by Röpke’s newspaper writings, and soon Germany was prospering. This, Zmirak rightly observes, “was a great personal vindication for Röpke.” Even more, Röpke and his allies had “made West Germany immune to communism.”

Unfortunately, Zmirak’s numerous substantive endnotes clarifying Röpke’s positions on such key social problems as population growth and sexual morality really belong in the text. But the worst problem here is a serious misallocation

of space. Zmirak's discussion of Rüstow and the historian David Gress devours about ten percent of the text. It should have been much shorter so as to allow more space for Röpke's thought. Among Röpke's own works, the articles and speeches of the 1930s receive the bulk of the space.

These misallocations deprive the mature Röpke of the exposure he merits. This dereliction is especially grave regarding *A Humane Economy*, Röpke's last and most reflective and nuanced book, the product of a lifetime of observation and thought, in which Röpke's Christian humanism reaches its fullest expression. Zmirak's presentation, only a few pages long, is cursory and inadequate, merely touching on *A Humane Economy's* criticisms of the welfare state and its acknowledgement of man's spiritual nature and the importance of the family. Clearly, this particular book has far more to say than Zmirak lets on.

Because *A Humane Economy* is so important not only in Röpke's *oeuvre* but also in illuminating modern man's predicament—it is, indeed, one of the greatest works of political economy of the twentieth century—permit me to remedy this deficiency by underlining some of its wise insights. Röpke pointed out that “the ultimate moral support of the market economy lies outside the market. Market and competition are far from generating their moral prerequisites autonomously.” The market and consumption “constantly strain them, draw upon them, and consume them.” Chronic competitive pressure, he further warned, could abrade ethical standards. He especially deplored the commercialization of all aspects of existence. For capitalism to generate favorable outcomes, one must have honorable character, self-discipline, public spirit, moderation, and high ethical standards before one becomes an economic agent. Like Russell Kirk, Röpke was keenly aware of the menace of boredom, “the

true curse of our age,” and traced it to mass society and its stress on material gratification. His endorsement of democracy was highly qualified; democracy comports with liberty in the long run only if most voters agree that “certain supreme norms and principles of public life and economic order must remain outside the sphere of democratic decisions.” History has vindicated Röpke on these matters and more.

Oddly, while observing that Röpke enriched conservatism's critique of modernity with “a comprehensive understanding of classical liberal economics,” and that “Röpke's work has found new resonance” in America through the Ludwig von Mises Institute, Zmirak omits the yeomanly efforts of conservative Christian economist Ralph Ancil to keep the flame of Röpke's wisdom burning. Such an omission demands correction. With Kirk, economist William Campbell, Robert Knight of the Family Research Council, and educator Tom Landess, Dr. Ancil founded the Wilhelm Roepke Institute in 1993. It published the quarterly *Wilhelm Roepke Review* from 1993 through 2000, when insufficient funding forced suspension of operations.<sup>1</sup> In the *Review* and in essays such as “The Romanticism of Wilhelm Roepke” (*Modern Age*, Summer 1999), Ancil presented, elaborated and applied Röpke's ideas.

Despite its shortcomings, *Wilhelm Röpke* is a valuable work. It presents most of the essentials of Röpke's thought, illustrates the development of his mind, and, as any good introductory intellectual biography should, whets the reader's appetite for his writings. If this book stimulates a revival of interest in Röpke, then it will have made a lasting contribution to restoring sense and humanity to an impious world.

1. Author's telephone conversation with Dr. Ralph Ancil, August 28, 2002.