

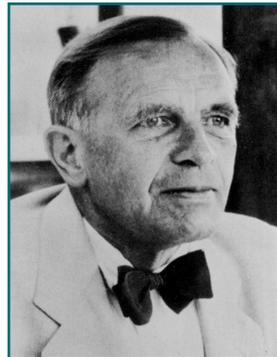
Who is ...

Wilhelm Röpke

BY SHAWN RITENOUR

Wilhelm Röpke devoted his scholarly career to combating collectivism in economic, social, and political theory. As a student and proponent of the Austrian School, he contributed to its theoretical structure and political vision, warning of the dangers of political consolidation and underscoring the connection between culture and economic systems. More than any other Austrian of his time, he explored the ethical foundations of a market-based social order.

He defended the free market from socialist cultural critics by pointing out that social crises and cultural decline are not the product of the free society; one needs to look to state control, political centralization, welfare, and inflation as a primary source of social decay. Röpke influenced the direction of postwar German economic reform, became a leading intellectual force in shaping the post-war American conservative movement, particularly its “fusionist” branch, and has been compared with Mises as an archetype of the individualist thinker.



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Röpke was born on October 10, 1899, at Schwarmstedt in Hannover, Germany. He was the son of a physician who brought him up in the classical and Protestant Christian tradition. Serving in the German army during World War I, he was shocked by the sheer brutality of war, and it had a profound effect on his life. He became, in his words, "a fervent hater of war, of brutal and stupid national pride, of the greed for domination and of every collective outrage against ethics."

Consistent with intellectual trends, Röpke initially blamed war on capitalist imperialism and was drawn toward socialism as its only alternative. But he had a change of mind after reading Ludwig von Mises's *Nation, State, and Economy*, published in 1919. That work was, "in many ways the redeeming answer to the many questions tormenting a young man who had just come back from the trenches."

A socialist economy was, necessarily, an internationally planned economy. Such a regime would seriously hinder international trade, which generates cooperation between nations and decreases the likelihood of war. The only form of socialism compatible with international trade, he concluded, is the national variety, which Röpke could not abide. He then recognized socialism for what it is: collectivism through empowerment of the state.

His first academic position was at Jena in 1924. Two years later, at the Vienna Convention of the German Association for Sociology, he met Ludwig von Mises. Röpke moved to Graz in 1928, and became a full professor at his *alma mater* in Marburg in 1929. Following the political victories of the Nazis in 1932, his uncompromising opposition to fascism earned him the honor of being one of the first professors to be forced out of his job. Röpke left Marburg for Frankfurt, and in early 1933, soon after giving a public address highly critical of the Nazis, he and his family left his homeland. Röpke then accepted an offer to become professor of economics at the University of Istanbul.

Röpke taught at Istanbul from 1933 to 1937, when he accepted a position at the Institute of International Studies in Geneva, Switzerland. There he joined Ludwig von Mises, who had been a part of the Institute's faculty since 1934. Although Mises left Geneva for the United States in 1940 following the beginning of World War II, Röpke chose to stay, and remained at the Institute until his death in 1966. To restore the broadest possible understanding of freedom, Röpke, along with Mises and F.A. Hayek, called an international meeting of historians, philosophers, economists, and journalists who shared his concern over the steady erosion of liberty, and in 1947 this group formed the Mont Pèlerin Society. Through the Society, Röpke was able to meet with and influence the thinking of Ludwig Erhard, who reformed Germany's economy after World War II.

Röpke's early work outlined themes that would reoccur throughout his career: the curse of collectivism and scientism, and the central importance of moral and social institutions that sustain the free society.

Much was written in the early 1930s regarding the depression, its causes, and remedies, and in 1936 Röpke gave the English-speaking world his own contribution, *Crises and Cycles*. He noted that "modern trade-cycle theory is indeed unanimous concerning the fundamental principle that the alternation of boom and depression is first and foremost an alteration in the volume of long-term investments and thus in the activity in the industries producing capital goods." In his textbook, *The Economics of a Free Society*, first published in German in 1937, he further clarified his point.

In a 1952, Röpke warned that if governments keep interest rates perpetually low, as the "new economics" recommended, chronic inflation is the necessary consequence. Röpke foresaw that a fully implemented "full-employment" policy would result in "stagflation" which the United States experienced in the 1970s.

Additionally, chronic inflation creates political pressure for repressed inflation. Having lived through Germany's hyperinflation, Röpke feared the consequences of an unrestrained monetary authority. He developed a theory of repressed inflation based on interventionism and the Austrian theory of economic calculation.

In a critique of Keynes, included in the final 1963 edition of his revised text *The Economics of a Free Society*, Röpke pinpointed one of Keynes's most dangerous ideas. Keynes and his followers saw the economic system as part of a mathematical-mechanical universe, with economic activity being the product of quantifiable aggregates, such as consumption and investment, instead of a result of actions by individuals. Keynes took the human out of "human action" and reduced the economic system to a machine.

During and following World War II, Röpke broadened his research interests beyond economic and political theory and into cultural and even religiously based analytics. All market activity, international or otherwise, presupposes a moral, social, and institutional framework, and Röpke identified religious convictions and natural hierarchy as institutions that have historically served as effective bulwarks against state power.

From his earliest years, Wilhelm Röpke fought collectivist and statist power in every way an intellectual could. His tools included not only economic theory but also a vision of moral goodness. Röpke's advances in both Austrian economics and his vision of the good society deserve close attention. ■



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