

# Max Weber and Ordoliberalism: How Weber’s *Kulturkritik* Contributed to the Foundation of Ordoliberal Socio-Economic Thought\*

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## Abstract

This study aims to uncover Max Weber as a direct and indirect influence on Alexander Rüstow and Wilhelm Röpke and the emergence of ordoliberal socio-economic thought in the 1930s and 40s. Weber contributed to the German *Kulturkritik* of the early 20<sup>th</sup> century that shaped the academic and socio-political climate in which the ordoliberals formed their own ideas. Weber also identified key societal issues to which the ordoliberals found concrete solutions, specifically their “Third Way” between *laissez-faire* capitalism and central planning as well as *Vitalpolitik*. This study finds that despite Weber’s relative neglect in epistemological studies of economics, his insights were incorporated into ordoliberal thought and beyond.

*Keywords: Ordoliberalism, Max Weber, Wilhelm Röpke, Alexander Rüstow, Economic Sociology*

*JEL Codes: A13, B20, B30, Z13*

## 1. Introduction

Ordoliberalism has increasingly become a catchphrase for Germany’s handling of European problems, especially since the sovereign debt crisis that unfolded in late 2009. However, this term has only recently become popularized in Anglo-Saxon literature, and hence there is still some confusion surrounding the origins and definition of this variant of economic liberalism. Political and economic commentators have utilized the term to refer to Germany and the European Union’s competition laws, regulation, and adherence to price stability, while historians have referred to it as an early variant of neoliberalism. Scholarship has explored how ordoliberalism paved

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the way for the neoliberal thought collective, with some even conflating the two divergent theories.<sup>1</sup> However, ordoliberal concepts are distinct from their neoliberal counterparts and shaped by the unique inter- and post-war environments in Germany, as well as the German academic climate of the early 20<sup>th</sup> century.

The intellectual seeds of ordoliberalism were sown at the University of Freiburg during the 1930s and 40s where economists and lawyers, drawing heavily from the fields of politics, sociology, and religion, came together to develop a new and more contextually informed economic liberalism. The Freiburg School went against, what was left of, the established tradition of Gustav Schmoller's Historical School in Germany to envision a state-led competitive order embedded in a legal framework (Böhm, Eucken and Grossmann-Doerth 1989; Vanberg 1998; 2004; 2013; Goldschmidt 2005; Goldschmidt and Wohlgenuth 2008). Alongside the Freiburg School, Alexander Rüstow (1885–1963) and Wilhelm Röpke (1899–1966), also known as the “sociological ordoliberals,” established the foundations of ordoliberalism.<sup>2</sup> Rüstow and Röpke were mainly concerned with formulating a distinct socio-economic policy that sought to secure equality on the market. They operated in an environment of heightened cultural criticism, or *Kulturkritik*, where established social and economic norms were increasingly coming under fire. Max Weber (1864–1920) was one of these cultural critics, and his commentary on both modern capitalism and central planning influenced discussions on political economy throughout the 20<sup>th</sup> century. This article aims to uncover the significant influence of Weber's work in shaping the intellectual climate in which ordoliberalism emerged in the 1930s and 40s.

Michel Foucault (1926–1984) took great interest in ordoliberalism and was one of the first academics to introduce this variant of economic liberalism into popular academic debate.<sup>3</sup> He explored the epistemological basis for ordoliberal thought, finding a line of continuity between Max Weber and the ordoliberals. This study takes as its starting point Foucault's following recognition:

Max Weber was a starting point for both schools [Freiburg and Frankfurt] [...] Max Weber's problem, and the problem he introduced into German sociological, economic, and political reflection at the same time [...] is the problem of the irrational rationality of capitalist society. I think, again very schematically, that what characterizes Max Weber's problem is this movement from capital to capitalism, from the logic of contradiction to the division between

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<sup>1</sup> On early neoliberalism and its development, see Mirowski and Plehwe (2009); Burgin (2012); Slobodian (2018). On ordoliberalism's influence on early neoliberalism, see Kolev, Goldschmidt and Hesse (2020). All German sources have been translated by the author.

<sup>2</sup> Rüstow was an economist and sociologist affiliated with the University of Heidelberg in the post-war period, and the University of Istanbul during National Socialism. Meier-Rust (1993) offers an overview of his life and work. Röpke was an economist who after 1937 spent most of his career at the Graduate Institute of International Studies in Geneva. Like Rüstow, he fled to the University of Istanbul in 1933. See Commun and Kolev (2018) for an in-depth overview of his life and work.

<sup>3</sup> On Foucault's analysis of ordoliberalism, see McNay (2009); Biebricher (2011); Goldschmidt and Rauchenschwandtner (2018); Audier (2019).

the rational and irrational. And we can say roughly that the Frankfurt School as well as the Freiburg School, Horkheimer as well as Eucken, have simply taken up this problem in two different senses, in two different directions (Foucault 2008, 105).

Despite this bold statement and a rapidly increasing scholarship on ordoliberalism and the Freiburg School (Rieter and Schmolz 1993; Bonefeld 2012; 2013; Brunnermeier, James and Landau 2016; Biebricher and Vogelmann 2017; Hien and Joerges 2017; Dold and Krieger 2020), there have been few comprehensive analyses of the parallels between Weber and ordoliberal thought. Most notable is Stefan Kolev's (2018a) article on the intellectual relationship between Weber and Friedrich Hayek, Walter Eucken and Wilhelm Röpke. Kolev points to the similarities between Weber's economic sociology and neoliberal political economy, concentrating on why explicit references to Weber's work were scarce. In focusing on Hayek and Ludwig von Mises, as well as Eucken and Röpke, his analysis pertains to the overarching neoliberal paradigm rather than the emergence of ordoliberalism in the 1930s and 40s; yet Kolev's article lays the foundation for studies into the connection between Weber and ordoliberal thought. He dedicates sections of his other work to this topic as well (2020; 2018b). The connection between Weber and Walter Eucken (1891 – 1950), one of the most prominent ordoliberals, has been more fully developed in the literature than that of Weber and the "sociological ordoliberals" (Rath 1998; Goldschmidt 2013; Kolev 2019). However, Kevin Christ (2018) explores Röpke's engagement with Weber's discussion of value judgements in the social sciences. Christ engages with interpretations of Weber's work, primarily the "Weberian-inspired" argument that value judgements do not belong in economic analysis, the accuracy of which, to Weber's actual analysis, has been heavily debated (*ibid.*, 41). Christ concludes, as does this article, that Röpke utilized Weber's descriptions and insights as a foundation for his own, at times more ideologically charged, arguments. Finally, Nicholas Gane (2012) dedicated a chapter of his book *Max Weber and Contemporary Capitalism* to Weber's influence on neoliberalism and, within that, on ordoliberalism as well. He also takes Foucault's statement in *The Birth of Biopolitics* as his starting point but finds that Weber had a more significant influence on the Austrian rather than the Freiburg School of Economics.

This study aims to address the gap in the literature pertaining to the connection between Max Weber and the emerging ordoliberal school of thought in the 1930s and 40s, placing focus on Rüstow and Röpke. The first section will explore the role of sociology, a discipline that Max Weber was key in establishing, and sociological considerations in ordoliberal economics, finding that Weber's complex relationship with capitalism, specifically his formulation of the social irrationality of modern capitalism, was integrated into ordoliberal consciousness. The next section will engage with Weber's critique of socialism and central planning which contributed to the intellectual framework utilized by the ordoliberals to formulate their own analysis of socialism. The final sections will analyze how Rüstow and Röpke formulated distinct solutions to the societal issues identified by Weber, culminating in their search for a "Third Way" between *laissez-faire* capitalism and central planning as well as *Vital-*

*politik*. *Vitalpolitik* aimed to improve the vitality and autonomy of the worker, enabling her to pursue self-interested goals that also ensured the social well-being of the community. Policies implemented under *Vitalpolitik* aimed to ensure that each individual was the master of her own fortune and that the market generally “served humanity” (Dörr *et al.* 2016).

## 2. The Role of Sociology in Economics

### 2.1 Weber’s Sociology and *Sozialökonomik*

The intellectual and epistemological foundations of ordoliberalism can be found in the development of late 19<sup>th</sup> and early 20<sup>th</sup> century sociology and, within that, economic sociology as well.<sup>4</sup> Weber was a key figure in the establishment of this discipline, and the ideas and concepts that underpin it, and his work can be used to critically evaluate the relationship between society and the economy.<sup>5</sup> Weber considered sociology, or the ideas behind what we now understand to be sociology, to be an integral component of the broader study of economics, defining the former as “a science that in construing and understanding social action seeks causal explanation of the course and effects of such action” (Weber [1922] 1978, 78). One of Weber’s key achievements, as pointed out by Simon Clarke, lay in procuring a “substantive reconciliation of economics and sociology so as to make possible a unified, though differentiated, liberal social theory” (1991, 185).

Weber’s study of the interplay between society and the economy was most prevalent in his research on *Sozialökonomik*, or “socio-economics,” which he considered to be a wide-ranging social science including economic, as well as non-economic, phenomena and various social sciences, such as economic theory, economic sociology, and economic history (Weber 1949, 50–112). For Weber, economic theory referred to the analysis of economic action, action which is “subjective and primarily economic,” whereas economic sociology incorporated economically oriented action, action that is “neither primarily, nor peacefully” economic but influenced by an economic circumstance, into its conception as well (Weber [1922] 2019, 144). In other words, economic theory developed ideal-types of “rational economic action,” whereas economic sociology developed ideal-typical forms of all other forms of action (*ibid.*, 143–334). The incorporation of both into the more general discipline of *Sozialökonomik* indicates the interdisciplinary nature of Weberian economics and the significance he placed on the interplay between economics and sociology.

<sup>4</sup> For in-depth analysis of sociology’s important role in the establishment of neoliberal thought more generally, see Gane (2014); Kolev (2018b). See also McAdam, Kolev and Dekker (2018).

<sup>5</sup> It is important to note Franz Oppenheimer’s influence on the establishment of sociology and economic sociology as well, he was just as intent on establishing a distinct definition of the concept. See Kaesler (1981); Oppenheimer (1995).

Richard Swedberg (1998a; 1998b), who has written extensively on Weber's economic sociology, singles out one of Weber's chapters in his magnum opus *Economy and Society* ([1922] 1978) as the theoretical foundation for Weber's economic sociology, titled "Sociological Categories of Economic Action." Swedberg stresses this chapter's unique and innovative nature, even going as far as stating that it "can be said to constitute Weber's manifesto in economic sociology" (1998a, 379). In this chapter, Weber conceptualized the market as a place of social interaction in which individuals take into account "the potential action of an intermittently large group of real or imaginary competitors" rather than being guided solely by their own actions (Weber [1922] 1978, 636). Weber recognized that individuals were primarily motivated by material interests, but that the behavior of others was an equally important consideration. Moreover, he stated that exchange involving money was a social action "simply because the money used derives its value from its relation to the potential action of others" (*ibid.*). In the posthumously published *The Methodology of Social Sciences* (1949), a seminal collection of Weber's essays written in the years between 1903 and 1917 entailing some of the very first English translations of his work, Weber stated that "[...] it is self-evident that: firstly the boundary lines of 'economic' phenomena are vague and not easily defined; secondly the 'economic' aspect of a phenomenon is by no means only economically conditioned or only 'economically relevant'" (*ibid.*, 65).

Weber generally believed that, in the field of economics, it was not possible to abstract universally accepted natural laws from observations and general constructs like in the discipline of science (Weber [1903] 2012, 14).<sup>6</sup> He thus did not see man as a solely rational, self-seeking, and utility maximizing individual, but rather informed by a plethora of socio-economic and contextually determined factors. Weber's interdisciplinary approach to, and understanding of, economic action informed Nils Goldschmidt and Hans G. Nutzinger's (2009) case for a shift from the simplistic *homo oeconomicus* to the more inclusive and contextually informed *homo culturalis* in the analysis and understanding of market action. Concepts of *homo culturalis* recognized the significance of social, rather than purely material, preferences within the individual as well as the existence of a collective, rather than solely individual, identity (Wörsdörfer and Dethlefs 2016, 143). It would therefore be accurate to interpret Weber's approach to individual market action from the viewpoint of *homo culturalis* rather than *homo oeconomicus*. Rather than accepting economic rationality as the overarching motivation for market activity, he explored the circumstances in which economic rationality was manifested and therefore stressed the fact that economic action was influenced by society as well. This sentiment was reflected in his earlier work as well; in *Grundriß zu den Vorlesungen über Allgemeine ("theoretische") Nationalökonomie* ([1898] 1990), or "Outline of Lectures in General ("Theoretical") Economics," a collection of lecture notes on basic economic concepts as well as a

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<sup>6</sup> Weber's position with regard to the *Methodenstreit* has been heavily debated in the literature and his work arguably lay in between the Historical and Austrian Schools, see Kolev (2020). Also see Hennis (1991); Mardellat (2009); Maclachlan (2017); Kolev (2018b).

guide to economic literature that he distributed to his students at the University of Heidelberg, he stated that “economics is not the science of nature and its qualities, but of people and their needs” (*ibid.*, 32).

## 2.2 *Laissez-faire* and Order

Owing to his skepticism of universally accepted laws that could be applied to the market, Weber criticized Manchester liberalism with its focus on *laissez-faire* and the self-regulating free market. He argued that, in the early 20<sup>th</sup> century, “all scientific work seemed to require the analysis of all events into generally valid ‘laws’” which “prevented economics from attaining a clear and full understanding of the relationship between concept and reality” (Weber 1949, 86). As an example he questioned the use of the term “law” rather than “theory” of marginal utility and recommended the use of his, later heavily debated and misunderstood, “ideal-type” in the analysis of economic phenomena and their effects on society (*ibid.*, 90).<sup>7</sup> Weber saw axiomatic belief in these economic “laws” to be a “naturalistic fallacy” that justified self-interested behavior on the market (Weber [1922] 1978, 65).<sup>8</sup>

He thus highlighted the need for regulating institutions in the modern economic order, placing particular significance on those which were legal in nature. He viewed the economy as a societal order that interacted with other orders such as religion, law, and the state (Weber [1922] 1978, 311–319). Weber recognized that order, and economic action within this order, was necessary for a functional relationship between the economy and the state – and hence the proper functioning of society (Rath 1998, 32). He supported the idea of a strong parliament to uphold the freedom and rights of the individual and claimed that weak states induced significant ideological divisions between the parties (Weber 1918, 428). Moreover, he believed that an ordered and regulated system of government provided more predictability, and hence more stability, not only in the economy, but in society as well. Weber dedicated much of his work to the study of orders with the subtitle for *Economy and Society* having the intention of being called “The Economy and the Social Orders and Powers” according to a contract drawn up before his death (Mommsen 2000, 381; Kolev 2018b, 17).

The parallels between Weber and ordoliberal thought become very apparent here. Foucault (2008) recognized this line of continuity stating that both Weber and the ordoliberals considered the economic to be a “set of regulated activities from the very beginning” (163). Like Weber, the ordoliberals placed great importance on order, envisioning their economic order overlapping with cultural, societal and legal orders, with the church, the scientific community, and most importantly the state, acting as

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<sup>7</sup> On Weber’s controversial and misunderstood “ideal-type”, see Hekman (1983); Swedberg (2017).

<sup>8</sup> On explorations of naturalistic fallacy in the Austrian School, see Angner (2004); Caldwell and Reiss (2006).

important ordering institutions (Eucken 1952, 325–350). The ordoliberals formulated their ideas during the turmoil of the inter- and post-war years in which people sought to evade the political, social and economic chaos by turning to structure and order as well as a reconceptualization of the state (Gerber 1994, 25–35; Foucault 2008, 84–87). Weber's commentary on order therefore became increasingly relevant in the 1930s and 40s.

Rather than relying on the market to self-regulate and thus solve the societal and economic problems that had emerged after the Second World War, the ordoliberals believed order and structure would provide the foundation for recovery. Like Weber, Rüstow and Röpke opposed the axiomatic belief in the “natural laws” and self-regulation of the market. In the appendix to Röpke's *International Economic Disintegration* (1942), Rüstow stated that “the belief in the autonomy, the unconditional validity of the economic laws” of the market economy which “Adam Smith rationally demonstrated” resulted in the “sociological blindness” of liberal economics, specifically “its blindness to the extreme importance of sociological needs and requirements which lay outside its sphere, as well as to its own sociological conditions” (*ibid.*, 268–271). He continued that:

Liberalism overlooked the sociological necessity of searching outside the market for that integration which was lacking within it. Instead, it proclaimed that the competition should be applied as a universal principle even in non-economic fields, and as a consequence of this attitude a progressive disintegration and atomization of the body politic set in as soon as the fund of the inherited integration had been spent (*ibid.*, 272–273).

Rüstow continued by stating that, at its inception, liberalism had functioned well because of the “pietistic-Christian ethical and sociological forces of integration” that co-existed with the “advancing capitalistic-liberal conception of economics” (*ibid.*, 273). Liberalism's early success was therefore not a cause of *laissez-faire*. He recognized that this thinking derived from “the rightly famous religio-sociological studies of Max Weber” (*ibid.*). This was in reference to Weber's *The Protestant Ethic and the Spirit of Capitalism* ([1904/1905] 1992) which explored the role of religion in socio-economic norm creation, placing particular focus on Calvinism and the belief in predestination, which he argued created internal and external psychological pressure to work extremely hard and fulfil, to the best of one's abilities, one's worldly vocation. Weber argued that the introduction of Protestant asceticism, which was more “inner worldly,” after the Reformation challenged the Catholic norm of “other worldly” asceticism, and individuals became a tool rather than a vessel for God. This religious “ethic” was rationalized to the extent that it became a secular norm, dictating contemporary society and the economy. Weber's thinking in this field paved the way for novel forms of economic thinking that challenged the economic orthodoxy of the time. Against this backdrop, Rüstow and Röpke recognized that sociality was not confined to the economic sphere and concerned themselves with the interplay between society and the economy, focusing on the ways in which economic action could deliver both economically and socially positive results (Gane 2014).

### 2.3 The Irrational Rationality of Capitalist Society

Though Weber considered modern capitalism to be the most rational, efficient and effective form of economic organization, he vocalized his reservations, especially pertaining to the amoral nature of the free market and the risk of bureaucratization. Weber articulated how the “substantive irrationality” of capitalism came into conflict with its “formal rationality” of efficient production and material accumulation ([1922] 1978, 85). He explained the substantive needs of life, human happiness and societal cohesion, to be largely irreconcilable with the amoral mechanism of the capitalist system. One interpretation of Weber’s work sees the capitalist individual as completely alienated from her social surroundings and rationalized to the extent that she only exists to increase capital with economic acquisition becoming “an end in itself” and the “ultimate purpose of life” (Weber [1904/1905] 1992, 17–18). Weber saw humankind in the modern capitalist system increasingly rationalizing towards the irrational. This is what Weber termed the “spirit” of modern capitalism, a specific *ethic* that emerged from the socio-moral conditions of the West, which Weber traced back to the Protestant Reformation and the development of Puritan sects that resulted in an upheaval of social and cultural norms. Echoing the debates within the German *Kulturkritik* movement, Weber stated that this increasing rationalization would result in the fragmentation and alienation of society, which would eventually lead to the eradication of liberal individualism and personal autonomy.

Weber described this process of rationalization as a *stahlhartes Gehäuse*, which directly translates into steel-hard casing, but was controversially translated into “iron cage” by Talcott Parsons (Weber [1904/1905] 1992, 17–18). Weber predicted that this steel-hard casing would descend onto modern civilization and trap the individual in the capitalist, bureaucratic machine. Weber saw this new bureaucratic order as being “bound to the technical and economic conditions of machine production which today determine the lives of all the individuals who are born into this mechanism, not only those directly concerned with economic acquisition, with irresistible force” (*ibid.*, 123). He continued by saying that Calvinists believed “the care for external goods should only lie on the shoulders of the ‘saint like a light cloak, which can be thrown aside at any moment,’” but, in fact, “fate decreed that the cloak should become an iron cage [or steel-hard casing]” (*ibid.*). From this, one could infer that Weber had an incredibly disenchanting view of a future capitalist society dictated by positivist science, rationalism and bureaucratization, all amoral concepts lacking any social awareness of their value or contribution to society. In fact, he saw “the market community” as “the most impersonal relationship of practical life into which humans can enter with one another” (Weber [1922] 1978, 636). He therefore saw society as trapped in a self-perpetuating cycle, a metaphorical prison:

The capitalistic economy of the present day is an immense cosmos into which the individual is born, and which presents itself to him, at least as an individual, as an unalterable order of things in which he must live. It forces the individual, in so far as he is involved in the system of market relationships, to conform to capitalistic rules of action. The manufacturer who in the



long run acts counter to these norms, will just as inevitably be eliminated from the economic scene as the worker who cannot or will not adapt himself to them will be thrown into the streets without a job (Weber [1904/1905] 1992, 19).

It is clear that Weber harbored a certain amount of disenchantment towards the present and future capitalist society, however other interpretations of Weber's work have been less nihilistic and anti-capitalist. There is an increasing body of literature dedicated to uncovering the connection between Weber and the Austrian School of Economics who harbored a more favorable view of free market capitalism and *laissez-faire* (Boettke and Storr 2002; Parsons 2003; Callahan 2007; Tribe 2010; Gane 2012; 2014; Kolev 2020).<sup>9</sup> Herbert Marcuse ([1965] 2009) argued that Weber was in fact a strong proponent of capitalism who, in his sociology, equated formal rationality with capitalist rationality, utilizing Weber's vehement opposition to socialism to strengthen his argument (153, 159). Weber's rejection of socialism will be explored in more detail in section 3. However, one must note that Marcuse's interpretation of Weber's work has come under heavy criticism (Swedberg 1998b). Nevertheless, there may be an inkling of truth in Marcuse's argument; Weber defended capitalism in his political writings, and, politically, he affiliated himself with the free market thinking National Liberals in Germany (Swedberg 1998b, 223; Whimster 2019).

Peter Ghosh (2014; 2016) points out that Weber's stance on capitalism changed throughout his lifetime, especially towards the end of his life where society increasingly turned against capitalism and *laissez-faire*. After 1914 Weber's stance on capitalism became less vehement, he even stated that capitalism may actually have the potential to benefit society, provided it did not get "sucked into the clutches of state bureaucracy" (Ghosh 2014, 333). Weber revised *The Protestant Ethic* in 1919 where his criticism of irrational and unregulated capitalism based on "war, piracy, adventure and purely political stimuli" remained present, yet he also stressed the emergence of a new, regulated Western capitalism which retained the capacity to internalize certain ethical qualities (Ghosh 2016, 216). Ghosh points to a wartime pamphlet Weber published in 1917 titled *Suffrage and Democracy in Germany* that utilized new language in relation to capitalism as well as a revised outlook in relation to capitalism and the state (Weber [1917] 1994). In the pamphlet Weber heavily criticizes the anti-capitalist "littérateurs" and their "profound ignorance of the nature of capitalism," highlighting their lack of awareness of the different types of capitalism ([1917] 1994,

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<sup>9</sup> It is important to note that many Austrian economists utilized and interpreted Weber's work to suit their own agenda, and Weber did not always see eye-to-eye with them. However, Weber did express favorable views on concepts such as marginal utility theory, and Mises' monetary theory (In *Economy and Society* he stated: "The formulation of monetary theory which has been most acceptable to the author is that of von Mises" (Weber [1922] 1978, 78)), especially when applied in theoretical situations (Swedberg 1998b, 44). Weber also supported Mises' stance on socialist calculation, with both arguing that a socialist economy was unable to rationally allocate resources.

89).<sup>10</sup> Weber states that modern European capitalism, or “the brazen [or steel-hard] casing (*Gehäuse*) which gives economic work its present stamp and fate was created and is maintained precisely by the – in terms of personal business *ethics* (*Geschäftsethik*) highest *rational- capitalist operational ethics* (*Betriebsethik*) the ethics of professional duty and professional honor, which generally speaking stand far above the average economic ethics which have *really* existed in *any* historical age” (*ibid.*, 90). Weber conceded capitalism’s inevitability in modern Western society and recognized the “sober, rational, technical and ethically disciplined qualities” of the *stahlhartes Gehäuse* (Ghosh 2016, 199).

Capitalism was not always the main target of his social and economic critique, it was rather the potential of capitalism to facilitate the emergence of a technical and mechanized bureaucracy, which he defined as “a structure of domination” which wielded coercive and illegitimate power (Weber [1922] 1978, 219). He claimed that “superior to bureaucracy in knowledge of techniques and facts is only the capitalist entrepreneur [...] He is the only type who has been able to maintain at least relative immunity from subjection to the control of rational bureaucratic knowledge” (*ibid.*, 225). This illustrates that Weber had faith in the power of capitalist individuals to challenge the rationalizing force of bureaucracy and guarantee freedom and individuality, concepts to which he attributed significant importance. He also recognized the potential of large-scale capitalist industry to secure independence on the increasingly competitive and imperialist international arena (Marcuse [1956] 2009, 156). Weber did not take back his claim that modern capitalism was encasing people in a *stahlhartes Gehäuse*, yet he recognized that there was some room for maneuver and freedom within this casing (Ghosh 2014, 322). Parsons’ translation of *The Protestant Ethic*, specifically the translation of *stahlhartes Gehäuse* into “iron cage,” may have painted Weber as more of a nihilist and anti-capitalist than he actually was, especially towards the end of his life. He certainly criticized modern capitalism and its social irrationality, and his arguments were incorporated into *Kulturkritik* throughout the 20<sup>th</sup> century, yet he was not a vehement anti-capitalist and saw the potential benefits of an inevitable, yet improved and reformed, capitalism to tackle the issues of bureaucracy and modernity.

## 2.4 Ordoliberal Engagement with Weber’s *Kulturkritik*

It is evident that Weber had an extremely complex, and at times even contradictory, relationship with capitalism and its perceived effects on society. Such conflict was also reflected in ordoliberal discourse which vehemently opposed Manchester Liberalism, especially *laissez-faire*, yet still supported some of the fundamental features of eco-

<sup>10</sup> Weber distinguishes between different types of capitalism in *Economy and Society* which Swedberg (1998b) analyses in great depth. Specifically, he differentiates between the “robber capitalism” that has been in existence for centuries and a new European capitalism. Also see Scott (2000); Weber ([1918] 1994).

conomic liberalism. Rüstow and Röpke were particularly vocal regarding their disillusionment with *laissez-faire*, especially at the Walter Lippmann Colloquium in 1938, which was held to reformulate ideas of classical liberalism in a world that had become disenchanted with current economic thought due to the Great Depression and its consequences of mass unemployment, economic stagnation and decreased international trade and relations. Arguments made by *Kulturkritiker* in the early 20<sup>th</sup> century, like Weber, about society's demise became increasingly relevant during this time. It was at this conference that Rüstow first used the term "neoliberalism" to signify a new era of economic thought that distanced itself from Manchester Liberalism of the 19<sup>th</sup> century.<sup>11</sup> Röpke, though an advocate of market competition, criticized its contemporary manifestation, claiming that it was "no principle on which a whole society can be built" (Röpke quoted in Reinhoudt and Audier 2018, 30). He continued that: "from the sociological and moral point of view" contemporary competition is "dangerous because it tends more to dissolve than to unite" and in an ideal world we would see "a high standard of business ethics" as well as an "undegenerated community of people ready to cooperate with each other, who have a natural attachment to, and a firm place in society" (*ibid.*). Similarly, Rüstow stated that the "market has become a realm of atomization from which any 'vital integration' is absent" (Rüstow quoted in *ibid.*). Many other attendees of the Colloquium deemed such critique to be romantic and radical and largely rejected Rüstow and Röpke's calls for an economic theory embedded in sociological awareness and social wellbeing. This did not stop Röpke, who was adamant that "sociological liberalism" should replace "sociologically blind paleo-liberalism" to pave the way for a *humane* economy (Röpke quoted in Haselbach 1991, 172).

Röpke was just as impassioned in his written work as well, warning in *The Social Crisis of Our Time* ([1942] 1950) that in the contemporary system of modern capitalism and *laissez-faire* "workers are condemned to a life of economic and social dependence, a rootless, tormented life, where men are strangers to nature and overwhelmed by the dreariness of work" (*ibid.*, 41). He also stated that: "human beings have got into a highly dangerous sociological and anthropological state which is characterized by [...] economic servitude, uprooting, massed living quarters, militarization of work, by estrangement from nature and by the mechanization of productive activity; in short, by a general devitalization and loss of personality" ([1948] 2002, 140). The parallels between Röpke's writings and Weber's *stahlhartes Gehäuse* of modernity are unmistakable, both stressing the alienation of the individual from her sense of self as well as society more generally. Both paint a picture of a devitalized

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<sup>11</sup> Scholars have debated whether the term originated at the Walter Lippmann Colloquium: Slobodian (2019, 143) stated "The term 'neoliberalism' was coined in 1938 at the so-called Walter Lippmann Colloquium in Paris," with Mirowski and Plehwe (2009, 13) making similar claims, and Burgin (2012) describing the Colloquium as the "first international gathering to discuss 'neoliberal' ideals" (56). Bonefeld (2014, 188) and Turner (2007, 82) attributed coinage of the term to Rüstow specifically. However, the term, or similar conceptions of the term, arguably originated before this, see Magness (2020) for thorough analysis of the literature.

spirit, entangled in an inescapable and capitalist *ethic*. This is what differentiated Weber from other *Kulturkritiker* since he located the issue in a specific *ethic* that transcended all spheres of life. Ordoliberals utilized Weber's descriptions to find concrete ways to tackle the disenchantment of the individual in modern society. However, it is important to note that, like Weber, the ordoliberals were not radical anti-capitalists, but rather recognized its shortcomings and went further than Weber in seeking to fix these with a new modified and ethically conscious economic and political order.

This sentiment informed Rüstow and Röpke's rejection of *homo oeconomicus* and instead they envisioned individuals as cultural beings integrated into a social order. Röpke described man as, above all, *homo religiosus*, yet Manuel Wörsdörfer and Carsten Dethlefs (2016) find that Rüstow and Röpke adhered to the paradigm of *homo culturalis* instead. As previously stated, Weber's interdisciplinary approach to economics and economic action informed shifting perspectives from *homo oeconomicus* to *homo culturalis* (Goldschmidt and Nutzinger 2009) and, most likely, appeared in ordoliberal consciousness as well. *Homo culturalis* sees humans as cultural beings who are embedded into society, rather than isolated economic entities, with the improvement of society and societal unity and cohesion playing an important role in their economic decision making. Röpke espoused this view when he envisioned a market that "strives most definitely to maintain continuity in the development of culture and economy" with its "most sublime objective" being "to guard the highest values and principles of a free culture and personality" (Moetteli 1953, 24). He made it very clear that he saw humans as, not only having a material, but also a spiritual life. Ordoliberals did not see humans as solely self-interested and rational decision makers, but as embedded into a social and spiritual order.

Rüstow described *homo oeconomicus* as the product of the secularization, paganization and rationalization of the Calvinist-puritan entrepreneur which resulted in the Industrial Revolution and the unprecedented upheaval of the global economy in the 19<sup>th</sup> century (Rüstow 1943, 118). Rüstow's genealogical inquiry into the origins of the modern capitalist individual drew heavily from Weber's own genealogical studies in *The Protestant Ethic*. In *Ortsbestimmung der Gegenwart*, a selection of sections of which were translated and later published as *Freedom and Domination* ([1950] 1980), Rüstow used extracts from Weber's *Protestant Ethic* to explore the relation between Calvinism and modern capitalism, finding that "salvation religions" have a tendency towards "isolation of the individual and social atomization" reaching "a highpoint in Calvinism no doubt because of its revival of predestination" (*ibid.*, 426–428).<sup>12</sup>

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<sup>12</sup> Rüstow continues: "This depreciation and dissolution of natural social structures is a direct corollary of the one 'supreme need' to transcendental relation of each individual soul to its God in a one to-one relationship: and this in turn intensifies the need for salvation and excludes anything that could compete with the promise of salvation held out by the new dispensation" (426). The passage quoted from *Protestant Ethic*: "In its extreme inhumanity this doctrine [Calvinism] must above all have had one consequence for the life of a generation which surrendered to its magnificent consistency. That was a feeling of unprecedented inner

Rüstow also cited Weber frequently in a lecture published during his time in exile at the University of Istanbul titled, “Der moderne Pflicht- und Arbeitsmensch: Herkunft und Zukunft” (1943), translated to “The Modern Duty and Working Man: Origin and Future.” Influenced by Weber, Rüstow traced the modern drive for incessant profit making to the rationalization of “inner worldly” asceticism as a consequence of the Reformation, stating: “this work stands with gratitude and admiration on the shoulders of Max Weber and uses as its starting point his influential and ingenious essay series that, in 1904, started with ‘The Protestant Ethic and the Spirit of Capitalism’” (*ibid.*, 132). Rüstow discovered a line of continuity between inner worldly asceticism and the modern phenomenon of humans living to work rather than working to live, which Weber detailed in *The Protestant Ethic* a few decades earlier. Rüstow continued to explore how throughout the 16<sup>th</sup> century Calvinists were excluded from the civil service and other governmental positions, due to their minority status in society, and therefore operated in the private sector, specifically in trade and entrepreneurial activity. Due to their inner worldly asceticism they did not spend their earnings on luxuries, but rather reinvested them into their business, making them successful businesspeople. He articulated how this was identified by Weber as the religious source of the immense strive for investment and accumulation in modern Western society (*ibid.*, 116). Rüstow continued by analyzing how “the capitalist strive for profit making along with the religious and social prohibition of the enjoyment of its results became a kind of religious sport with God as the referee” (*ibid.*).

Rüstow expanded Weber’s thesis in exploring the “pagan currents” stemming from classical antiquity, the Renaissance and the Enlightenment that solidified these modern capitalist tendencies (*ibid.*, 117). The Renaissance established adherence to natural laws and a belief in godly harmony and order triggered by the physiocrat idea of an *ordre naturel*. Rüstow stated that this culminated in Adam Smith’s deistic, “pagan-religious” belief in the self-regulation of free markets backed by the alleged divine providence of the “invisible hand” (*ibid.*). Like Weber, Rüstow cited Goethe in analyzing how the “Faustian man” changed throughout the 19<sup>th</sup> century to become a secularized Calvinist wearing a demonic Renaissance costume (*ibid.*, 112). Whilst Weber found the “spirit of capitalism” to be a product of a secularized protestant ethic, Rüstow found the “spirit of liberalism” to be a product of the secularized “deistic-stoic” belief in harmony and order (Meier-Rust 1993, 34). Though Rüstow was critical of aspects of Weber’s *The Protestant Ethic*, primarily pertaining to his use of the word “spirit,” as he believed that the term did not capture the phenomenon correctly, as well as the fact that modern conceptions of capitalism predated the Reformation, he certainly borrowed heavily from Weber’s work and methodology.

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loneliness of the single individual. In what was for the man of the age of the Reformation the most important thing in life, his eternal salvation, he was forced to follow his path alone to meet a destiny which had been decreed for him from eternity. No one could help him. No priest [...] no sacrament [...] no church” (*ibid.*, 428).

Röpke similarly engaged with genealogical studies in a Weberian framework, exploring how the Reformation resulted in collective societal alienation in *The German Question* (1946), amongst his other works, where he criticized how the post-Reformation Christian “must turn his thoughts more devoutly inward to his own soul and its salvation” (*ibid.*, 141). Though Röpke focused on Luther rather than Calvin, parallels between Weber and Röpke’s arguments can be found in their conclusion that the Reformation resulted in an increasing disconnect between the individual and society. Röpke was more aggressive in his critique, stating that the Reformation propelled Germany onto a “bitter [...] path of antihumanism” in which individuals were entirely confined to the “inward” and left the “outward to look after itself” (*ibid.*, 138, 141). Röpke’s disillusionment with modern individualism was extremely pronounced and he found “the essential symptom of our cultural crisis” to be the loss of “the inner certainty which the Christian and humanistic belief in the unity of civilization and man gave us” (Röpke 1948, 12–13). Röpke made it clear that the Reformation completely altered the German psyche and uprooted many cultural norms, elaborating that the spiritual influence of the Reformation could be observed “in almost every trait of the economic, social, and spiritual structure of the predominantly Protestant Germany” (*ibid.*, 120). The parallels with Weber’s disenchantment thesis are extremely pronounced. Röpke made nods to Weber throughout his other work as well, in *Economics of the Free Society* ([1937] 1963) he mentioned Weber in a footnote when discussing the origin of the modern economic spirit, stating that “Max Weber has drawn attention to the especial influence of Calvinism on the growth of the business spirit in his celebrated and still much discussed work, ‘The Protestant Ethic and the Spirit of Capitalism’” (*ibid.*, 37). Röpke was not only aware and well-read in Weber’s work, but he also agreed with Weber’s exploration of the religious capability of norm creation and recognized that modern society had witnessed the “secularization of the substance of Christian morality” (*ibid.*, 23). Not only did Rüstow and Röpke explicitly reference Weber, but they also mirrored his fundamental arguments in their own work. Like Weber, the ordoliberalists did not separate economics and sociology, but considered them to be inherently interrelated.

### 3. Socialism and Central Planning

#### 3.1 Weber’s Analysis of Socialism

Weber’s fears of the potential of capitalist society to bureaucratize did not compare to his fears of the perceivably detrimental effects of a socialist society and economy. Though he saw modern capitalism pushing society into a *stahlhartes Gehäuse* of bureaucracy, Weber considered central planning, socialism in particular, as a mere extension or intensification of this bureaucratization and rationalization. In a centrally planned system the socialist individual, just as the modern capitalist, would lose their personal autonomy to the bureaucratic machine. Moreover, he highlighted the distinct

lack of formal rationality and efficiency within a centrally planned economic system, stressing that such organization was only feasible in a war economy. Principally, the relationship between decisions made in planned economies and their cost and consequences tended to be distorted or completely severed (Holton and Turner 2010, 32). In a lecture on socialism given to Austrian officers in 1918 Weber stated that “every sensible person knows, in peace time it would not be possible to carry on economically as we have been doing unless we wish to be ruined” (Weber [1918] 1967, 21). He repeated this sentiment when referring to Bolshevism in Russia: “[...] in the long run, the machinery of state and the economy cannot be carried on in this way and the experiment so far is not very encouraging” (*ibid.*, 44). He applauded Karl Marx and Friedrich Engel’s *The Communist Manifesto* for its scientific achievements and “fruitful results for science” yet rejected “its crucial thesis” supporting socialist organization (*ibid.*, 35). He also considered socialist systems as having a tendency to suppress freedom and breed violence (*ibid.*, 44–45). Though Weber recognized the issue of the social irrationality of capitalism, he did not see socialism as the remedy to it and, if anything, saw socialism exacerbating this tension. At the very least, modern capitalism retained economic rationality and relative social and political freedom, whereas socialism replaced these with bureaucratic tyranny (Clarke 1991, 224).

Weber came to the same conclusion as Ludwig von Mises pertaining to the economic feasibility of a planned economy, contributing to the “socialist calculation debate” of the early 20<sup>th</sup> century (Mises [1920] 2012; [1922] 1962).<sup>13</sup> Weber, like Mises, could not imagine a scenario in which a socialist economic system was able to function rationally and provide optimal results since he considered the proper functioning of the market to be dependent on dynamic economic action rather than planned activity. In socialist conditions rational calculation and realistic prices were impossible (Weber [1922] 1978, 104–107). Socialist economies were unable to replicate the rational functioning of the free market since the market economy “presupposes the existence of effective prices and not merely of fictitious prices conventionally employed for technical accounting purposes. This is turn, presupposes money functioning as an effective medium of exchange, which is in demand as such, not mere tokens used as purely technical accounting units” (*ibid.*, 93). This lack of rationality was “one of the important sources of all ‘social’ problems, and above all, of the problem of socialism” (*ibid.*, 111). In essence, a planned economy considers production to be an end in itself, whereas in a market economy production is a means to satisfy demand and is regulated by the market and the price mechanism (Mueller 1982, 156). Moreover, Weber saw planned economies as suffering from a loss of private economic initiative, an argument used by modern day critics of the welfare state (Holton and Turner 2010, 37). In a letter to a friend Weber disclosed that “[...] all theories that the rule of men over men could be overcome by any kind of socialist social system [...] were utopian” (Weber quoted in Mommsen [1959] 1984, 104). In

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<sup>13</sup> On the socialist calculation debate, see Hayek ([1935] 1963); O’Neill (1996); Lavoie (2015).

sum, his critique of socialism and central planning permeated much of his work, utilizing some moral, but mainly technical, arguments against its implementation.

### 3.2 Ordoliberal Analysis of Socialism

The ordoliberal critique of socialism and central planning was equally, if not more, scathing than Weber's, with both using very similar arguments pertaining to the inability of a socialist system to provide rational and efficient social and economic results. Against the backdrop of the "socialist calculation debate," the ordoliberals themselves considered socialist systems to be technically unsustainable and destructive. Though ordoliberals often invoked Bolshevism and socialist Russia in their analysis of the failures of centralized economic management, they also targeted centrally planned National Socialist Germany. During the National Socialist era ordoliberals had to be subtle in their critique as they faced the danger of losing their jobs or even interrogation and death if they were too vocal and direct in their criticism.<sup>14</sup> Rüstow and Röpke's escape to Istanbul in this period enabled them to criticize central planning more freely, and they certainly did not hold back in their attack.

Röpke dedicated much of his work to condemning central planning and socialism, with *International Economic Disintegration* (1942) almost exclusively occupying this topic. Ultimately, he identified a close connection between tyranny and socialism:

All the tyrannies of to-day are socialistic, and, conversely, complete socialism has never been realized anywhere if not in the form of a tyranny [...] complete socialism cannot but be anti-liberal in the worst and fullest sense of the term. While it wants to ensure for the individual complete emancipation, all that in reality it can do is to impose on him the most exacting and intolerable form of slavery (*ibid.*, 252).

In *Civitas Humana* (1948) Röpke elaborated:

As far as I myself am concerned, what I reject in socialism is a philosophy which, any 'liberal' phraseology it may use notwithstanding, places too little emphasis on man, his nature, and his personality and which, at least in its enthusiasm for anything that may be described as organization, concentration, management, and administrative machinery, makes light of the danger that all this may lead to the sacrifice of freedom in the plain and tragic sense exemplified by the totalitarian state (*ibid.*, 4–5).

In Röpke's eyes, his socio-economic program came into direct conflict with socialist ideals as the individual became lost in the socialist machine. Rüstow similarly offered an impassioned critique of socialism and its injustices when he stated that "the practical application of socialism means [...] an even greater violation of social justice which socialism itself so rightly demands than that existing under the capitalist liberalism which we know" (Rüstow 1942, 282). Like Weber, the ordoliberals placed

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<sup>14</sup> On the opposition of ordoliberals to the National Socialist regime, see Goldschmidt (2005).



significant importance on freedom, on both the individual and societal level, epitomized in Röpke's statement that "there is a profound ethical reason why an economy governed by free prices, free markets, and free competition implies health and plenty, while the socialist economy means sickness, disorder, and lower productivity" (1948, 5–6). Ordoliberals therefore considered socialism to be technically and practically unsustainable and morally defunct.

It comes as no surprise, therefore, that the ordoliberals rejected direct welfare provisions and conceptions of a state that intervened beyond certain subsistence levels, considering it to be the wrong solution to 'the social question' since it mitigated personal responsibility and a sense of community. On the welfare state Röpke commented:

[...] it involves the expenditure of large sums by a vast public machine constantly growing in size and power; its price is a dull, grey society, in which public spirit, voluntary service to the community, creative leisure, brotherliness, generosity and the true sense of belonging to a human family are all smothered by resentment in the higher and envy in the lower income groups. What is left is the pumping system of Leviathan, the modern, insatiable State (Röpke [1951] 1987, 56).

The picture painted by Röpke mirrored Weber's gloomy predictions of a disenchanted bureaucracy trapped in a *stahlhartes Gehäuse*. Weber and the ordoliberals used similar arguments when condemning central planning with the ordoliberals placing a particular emphasis on a loss of vitality. Röpke's commentary on the welfare state was just as pronounced in *Civitas Humana* (1948):

The modern welfare state is, without any doubt, an answer to the disintegration of genuine communities during the last one hundred years. This disintegration is one of the worst legacies the past has left us, whether we call it mass civilization, proletarianization, or any other name. But it is the wrong answer [...] Far from curing this disease of our civilization, the welfare state alleviates a few symptoms of the disease at the cost of its gradual aggravation and eventual incurability (*ibid.*, 155).

The welfare state led to "moral hazard," created "negative incentives" and reduced personal responsibility (Siems and Schnyder 2013, 382).<sup>15</sup> Ordoliberals considered the welfare state to penetrate and warp the natural functioning of the competitive market system and instead sought out social policies that stabilized the "natural order of society" (*ibid.*, 381). The only welfare state they could envision was one that was "market-conformable" (Commun and Kolev 2018). Röpke, however, admitted that in the present post-war system a "minimum of compulsory provision by the State" was necessary since he recognized that societal change would not come immediately (Röpke [1951] 1987, 58). He supported the provision of "old-age pensions, sickness insurance, unemployment relief" and "all those institutions which are as familiar to us as railway stations and post offices" (*ibid.*).

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<sup>15</sup> It is important to remember that "moral hazard" is a modern term that was not being used during this time, yet ordoliberals will have been aware of the concepts behind it.

The ordoliberal conception of *Vitalpolitik* intended to negate the need for a welfare state or welfare provisions and favor a “human economy of self-responsible social enterprise” (Bonefeld 2012, 634). Social policy was intended to help the individual help herself and become the best version of herself that she could become. *Vitalpolitik* would ensure the vitality of the worker, enabling her to pursue self-interested goals that also ensured the social well-being of the community. Progress and social well-being should therefore not be measured by the state provision of welfare, but rather “the degree to which the masses can themselves solve the problem of their rainy days out of their own resources and on their own responsibility” (Röpke [1951] 1987, 57). The welfare state may be employed in times of need and desperation to “crutch” a “society which is crippled,” but once on the road to recovery, the individual can “discard his crutches” (*ibid.*, 58).

#### 4. A “Third Way”

Faced with a plethora of societal and economic problems, partially identified and articulated by Weber, the ordoliberals sought solutions that lay outside the established economic paradigm. Against the backdrop of Weber’s critique of both capitalism and socialism, ordoliberals sought a “Third Way” between *laissez-faire* and central planning, a new economic order that broke from established economic traditions. In *The Social Crisis of our Time* ([1942] 1950), Röpke’s use of the term “Third Way” in describing the ordoliberal agenda, reflected the ordoliberal goal of retaining certain positive aspects of the free market, such as the price mechanism, whilst “eliminating the tragic social consequences associated with boom and slump” (*ibid.*, 48). Though the term never fully caught on, Röpke used it because it “proved reasonably useful since it seems to be neither too comprehensive nor too narrow and above all expresses the main purpose of the program: the elimination of the sterile alternative between *laissez-faire* and collectivism” (*ibid.*, 23). Drawing on their critique of both central planning and *laissez-faire*, ordoliberals went beyond Weber, who did not provide a concrete alternative to the established economic order, to propose a new form of competitive and regulated economic order. Röpke described the ordoliberal agenda as a program which:

[...] offers battle on two fronts: on the one against collectivism and on the other against that brand of liberalism which developed and influenced most countries during the 19<sup>th</sup> century and which is so much in need of a thorough revision [...] We are dealing here neither with a species of historical liberalism nor with mere “interventionism”, not by any means with something even faintly akin to that collectivism which today is making so much headway everywhere (*ibid.*, 22).

Similarly, Rüstow claimed that “we are in the midst of the greatest decisive struggle between the free and the totalitarian halves of the world” and continued that “what we

need to do is to find a sensible middle way between austerity and instalment plan buying” ([1950] 1980, 672). He also stated that:

The liberals were of the opinion that the disadvantages had to be borne because they were unavoidable and that very little could be done, out of humanitarian considerations, to mitigate their worst consequences by means of social reform. The socialists, on the contrary, defended the view that this economic system, which was inherently incapable of improvement, had to be completely abolished and replaced by an entirely different system which, for the sole reason that it was different, would also be better. As the degeneration of the free economy progressed and as its consequences became more and more unbearable, the belief in the inevitability of this development led to the conviction that the revolutionary escape of socialism was the only possibility (Rüstow 1942, 272).

This tension between left and right was rife at the time of writing, and Rüstow fed into this narrative by condemning both sides to find an alternative solution. Keith Tribe (1995) succinctly summarizes this sentiment when stating that in ordoliberal writings we can find “a conception of economic organization that represents a genuine effort to move beyond the sterile contraposition of market to plan and vice versa” (*ibid.*, 209).

Ordoliberal economic principles were rooted in an adherence to a state-led economic order of *vollständige Konkurrenz* (complete competition), and *Leistungswettbewerb* (performance competition), embedded in a legal framework to ensure freedom and social justice on the market.<sup>16</sup> Though this ordoliberal order was innovative and claimed to be equally far away from *laissez-faire* as it was from central planning, it has been argued that the ordoliberal paradigm was closer to a revisionist liberalism or humanistic capitalism, and the rhetoric of a “Third Way” was merely used as a political weapon. The ordoliberal agenda sought to ingrain “entrepreneurship, private property and the free price mechanism into the fabric of society to prevent the proletarianization of social structures” and whether this constituted a “Third Way” or merely a revision of liberalism is open to interpretation and ultimately a simple question of semantics (Bonefeld 2012). Nevertheless, there is no denying that the ordoliberal paradigm was innovative and transcended economic norms of the time.

## 5. *Vitalpolitik*

Rüstow and Röpke formulated a distinct socio-economic policy within this paradigm, a paradigm which incorporated economic thinking that lay “beyond supply and demand” (Röpke 1969, x). They were in search of a policy that enhanced the quality of life, the solution being *Vitalpolitik* which “consciously considers all aspects

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<sup>16</sup> *Vollständige Konkurrenz* ensures that no corporate entity possessed the authority to coerce the action of others, see Kolev (2017); Wigger (2017). *Leistungswettbewerb* seeks to improve service to customers, while *Behinderungswettbewerb* poses impediments to one’s competitors, see Vanberg (2004); Vatiello (2015).

on which the human sense of self on which human contentment and happiness in fact depend: its aim is to create a life worth living and fighting for” (Rüstow [1950] 1980, 670). Röpke described *Vitalpolitik* as “[...] a policy of life, which is not essentially orientated to increased earnings and reduced hours of work” taking “cognizance of the worker’s whole vital situation” (Röpke quoted in Bilger 1964, 106). Werner Bonefeld (2013) describes the purpose of *Vitalpolitik* as achieving and sustaining “a human economy as the foundation of enterprise” (*ibid.*, 109). This all-encompassing social policy can be placed within the tradition of humanism as well as Foucault’s notion of biopolitics, a state of affairs in which politics, or political economy, dominates all aspects of life. As previously mentioned, the ordoliberals and Weber both considered economics and sociology to be intrinsically linked, and the ordoliberals wanted to formulate a theory of political economy that penetrated all aspects of life, especially the social sphere. These ordoliberal thinkers would have likely identified with Weber’s statement that “economics is not the science of nature and its qualities, but of people and their needs.” Throughout Rüstow and Röpke’s work, there was a focus on ensuring the vitality of workers and a “vitally satisfying” life. *Vitalpolitik* aimed to ground individuals in “natural forms of community” under which they understood “the nuclear family situated in a small parochial community” extending a particular “human warmth” to the individual, which he considered “indispensable for securing the human anthropological condition of the worker” (Röpke [1951] 1987, 41; Bonefeld 2013, 113). Rüstow and Röpke’s attempts to revitalize the human *spirit* targeted Weber’s disenchantment with the modern worker and her loss of individualism; *Vitalpolitik* was a sustained effort to revitalize the disillusioned individual.

A key medium through which Rüstow and Röpke sought to revitalize the population was the universal provision of education and training (Röpke 1948; Rüstow 1950). Rüstow believed that the quality of education one receives should not depend on social and financial background, but rather on talent, merit and hard work (Rüstow 1963; 2009). A wide range and variety of scholarships should therefore be made available to everyone. Rüstow was extremely critical of the contemporary German education system which he stated was “monopolized by the upper classes” as well as caught in a self-perpetuating cycle in which education, like power and wealth, was inherited, as better primary education enabled better university education which facilitated the pursuit of favorable career paths (Rüstow 1950, 166). Not only did he point out how incredibly unjust this system was, but also how it had prevented cultural progression, as large proportions of the population “were not included in the process of cultural development” (*ibid.*). Rüstow advocated governmental provision of an equal and just education system, as well as the reform of the educational material being taught in schools and universities. Röpke backed this up by stating: “where individuals or groups are unable to shoulder the burden of providing for themselves, society must provide for them” (Röpke [1951] 1987, 51).

In essence, Rüstow and Röpke’s social agenda revolved around ensuring equal starting conditions for the entirety of the population. Rüstow insisted that equal

starting conditions for all would ensure “the autonomy necessary for effective participation in society” (Glasman 1996, 54). He stated that disparate inheritances were the main reason for unequal starting positions in life. Moreover, he made it clear that:

An equal economic start is almost automatically provided in family enterprises of farmers, of artisans, and of small traders (if the population remains stationary), and therefore necessitates little state intervention; no one inherits more than one enterprise, and enterprises which are not absorbed in this way must be distributed to those who possess none. In the case of large enterprises, the same result can be obtained by a division of the property titles, which must be treated by inheritance laws in the same way as small enterprises (Rüstow 1942, 282).

This excerpt highlights Rüstow and Röpke’s radical, romantic, and almost pre-modern concept of a small property-holding society (Hien and Joerges 2017, 1–10).<sup>17</sup> Röpke idealized such an agrarian and communitarian society as it embodied all the social virtues modern capitalism was lacking (Jackson 2010, 143). Röpke elaborated:

There is no denying the fact that the peasant world to-day presents, together with the sector of handicraft, the liberal professions, the civil service, and other smaller branches outside of agriculture, a last great island not yet inundated by mass society; here we have still the solid rock of a form of human life and work which is inherently stable and vitally satisfying (Röpke 1942, 158).

In *Economy and Society*, Weber similarly pointed out that “self-sufficient agrarian units,” before the age of modern capitalism, did not engage in exploitative profit-driven exchanges and instead relied on more personal interactions in a “fraternal community” (637). Though he did not idealize and romanticize these traditional forms of exchange to the same extent as Rüstow and Röpke, he certainly expressed a hostile tone towards the lack of this fraternal community in the modern-day market community. He stated that “the ‘free’ market, that is, the market which is not bound by ethical norms with its exploitation of constellations of interest and monopoly positions and its dickering, is an abomination to every system of fraternal ethics” continuing that “the market is a relationship which transcends the boundaries of neighborhood, kinship, group or tribe” (*ibid*). Rüstow and Röpke certainly agreed with this sentiment and approached the issue in a more ideologically driven and emotive manner.

However, Weber attached a sense of inevitability to his predictions of rationalization and largescale bureaucracy and may have considered the ordoliberal vision of a small-scale property-owning economy to be “utopian.” The ordoliberal reform agenda therefore broke from Weber in some key areas, especially in their “utopian” and optimistic outlook on the potential for societal reform. Weber was very skeptical about returning to an idyllic world and, unlike the ordoliberals, did not propose distinct solutions to the present and future issues he identified in society. Nevertheless, Weber and the ordoliberals identified the issues to be of a similar nature, with the ordoliberals formulating distinct resolutions to these problems. Weber’s system-

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<sup>17</sup> Though radical, Röpke’s insights still provide a provocative and unique approach with which to understand modernity and globalization, see Kolev and Goldschmidt (2020).

atization of a distinct economic sociology lay the foundation for ordoliberal critique of contemporary capitalism and *laissez-faire* as well as socialism and central planning, and thus their search for a “Third Way” and a distinct socio-economic agenda. Weber used his economic sociology to “analyze the economy as a societal order” which ordoliberals incorporated into their all-encompassing, biopolitical, theory of economic society (Kolev 2018a, 18). Weber criticized *homo oeconomicus* and the conception of the rational, self-seeking individual and incorporated a social dimension into the concept of methodological individualism (Swedberg 1998a, 381). This sentiment was integrated into Rüstow and Röpke social theory which recognized the importance of individual embeddedness into society and communitarianism. With their social policy, ordoliberals were “defining, or redefining, or rediscovering, the economic rationality that will make it possible to nullify the social irrationality of capitalism” (Foucault 2008, 105). Though it is unclear whether Weber would have adhered to the ordoliberal paradigm and approached economic issues in a similarly emotive and impassioned manner, his economic sociology lay the groundwork for ordoliberal thought and sparked cultural debates that were taken up by ordoliberal thinkers and beyond.

## 6. Conclusion

This article has shown that tracing Weber’s direct and indirect influence on the intellectual climate in which the ordoliberals operated sheds new light on the sociological dimension of ordoliberalism. Moreover, analyzing the parallels in Weberian and ordoliberal thought gives insight to the ordoliberal understanding of economics as a science of “people and their needs” rather than a science of “nature and its qualities.” Understanding the epistemological foundation and the academic climate in which the ordoliberals formulated their ideas sheds light onto their economic and political vision. Ordoliberalism remains a highly relevant topic of academic inquiry, giving insight to the attitudes and lessons learned from the inter and post-war years, as well as the unique characteristics of German economics and the way it diverged, and still diverges, from mainstream thought in Anglo-Saxon socio-economic debate. Weber’s economic analysis and influence on economic thinking has often been overlooked in academia, yet this study has shown the valuable insights that can be gained in utilizing Weber’s thought in the analysis of the epistemological foundations of emerging economic paradigms of the 20<sup>th</sup> century. Weber’s economic sociology, or his reconciliation of economics and sociology, contributed to the formulation of a distinct ordoliberal socio-economic policy. Further study into Weber’s influence on the broader neoliberal thought collective could yield interesting results.

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