THE GERMAN ANTI-KEYNES? ON WALTER EUCKEN'S MACROECONOMICS

BY LARS P. FELD,* EKKEHARD A. KÖHLER** AND DANIEL NIENTIEDT***

Abstract

The work of Walter Eucken (1891–1950), founder of German ordoliberalism, is often described as being in direct opposition to that of John Maynard Keynes. Our paper challenges this claim by making two main arguments. First, we show that Eucken supported a proto-Keynesian stimulus program at the height of the Great Depression, the so-called Lautenbach plan of 1931. Second, we analyze his critique of full employment policy, which reveals that Eucken's approach to solving macroeconomic problems is fundamentally different, if not necessarily contrary to that of Keynes.

* University of Freiburg and Walter Eucken Institut, feld@eucken.de

** University of Siegen

*** Walter Eucken Institut

This “preprint” is the peer-reviewed and accepted typescript of an article that is forthcoming in revised form, after minor editorial changes, in the *Journal of the History of Economic Thought* (ISSN: 1053-8372), issue TBA. Copyright to the journal's articles is held by the History of Economics Society (HES), whose exclusive licensee and publisher for the journal is Cambridge University Press.

(<https://www.cambridge.org/core/journals/journal-of-the-history-of-economic-thought>)

This preprint may be used only for private research and study and is not to be distributed further.

The preprint may be cited as follows:

Feld, Lars P., Ekkehard A. Köhler and Daniel Nientiedt. The German Anti-Keynes? On Walter Eucken's Macroeconomics. *Journal of the History of Economic Thought* (forthcoming). Preprint at *SocArXiv*, osf.io/preprints/socarxiv

I. INTRODUCTION

Interest in the history of economic thought may come from many sources. One of them is the desire to understand the origin of current ideas and policies. A striking example of this is the reception of German ordoliberalism. Long neglected, this particular variant of neoliberalism¹ has received renewed attention because of Germany's controversial role in the Eurozone crisis that started in 2009.² During the crisis, the positions taken by Angela Merkel's government on key issues such as public spending, structural reforms and monetary policy were questioned on both economic and political grounds (e.g., very prominently by Paul Krugman and Martin Wolf in their respective newspaper columns).

Observers were quick to attribute Germany's approach to handling the crisis to an unwillingness to accept the basic paradigms of John Maynard Keynes (e.g., Bibow 2018, Blyth 2013, Dullien and Guérot 2012, Wren-Lewis 2012). As the *Financial Times* put it succinctly: "German economists roughly fall into two groups: those that have not read Keynes, and those that have not understood Keynes" (Münchau 2014).

¹ We use the term liberal in the sense of classical liberalism and not in the US sense of the word. Neoliberals wanted to remedy the deficiencies of 19th century laissez-faire liberalism by assigning a more active role to the state.

² See the contributions in Beck and Kotz 2017, Biebricher and Vogelmann 2017, Dold and Krieger 2020, Hien and Joerges 2017.

How did this rejection of Keynesian ideas come about? The authors quoted above all argue that it originated from the Freiburg School of the 1930s and 1940s, a group of economists and lawyers who developed their theoretical and policy stance in opposition to National Socialism. The group's main representative was the economist Walter Eucken (1891–1950).³ The ideas of the Freiburg School, better known today as ordoliberalism, provided the basis for Germany's Social Market Economy that was implemented after World War II. It has long been maintained that they also hindered the development of Keynesian thinking in Germany (Allen 1989).

As described by Peter Bofinger (2016, p. 8), German economic discourse and policy adhere to a “*specific paradigm of macroeconomics* which was developed by Walter Eucken and which is diametrically opposed to Keynesian economics”. He identifies three main components of this paradigm, namely “an almost religious fixation on *balanced fiscal budgets*”, “a very strong preference for *price stability*” and the “conviction that *flexible prices* are the most important contribution to the solution of unemployment problems” (ibid., pp. 8–9). While the interpretation that Eucken developed a competing macroeconomic paradigm is not shared by everyone (e.g., Landmann 2017), the notion of an antagonism between Eucken and Keynes persists in the literature about Germany's role in the Eurozone crisis.⁴

³ For an introduction to the research program of the Freiburg School, see Sally (1996). For biographical details on Eucken, see Kolev (2016).

⁴ An early statement to this effect was given by Hajo Riese: “EUCKEN and KEYNES cannot be reconciled ... Only one of them can stand the test of history. It is KEYNES. For today it is evident that the selective interventionism of the interwar era did not come about because of a

Should Eucken be regarded as a kind of German Anti-Keynes? When investigating this question, a clear limitation is that Eucken engages very little with the arguments of his more famous contemporary.⁵ Most importantly, he seems largely unaware of the profound impact of *The General Theory of Employment, Interest and Money* (Keynes 1936). In Eucken's two main works – published in 1940 and 1952, respectively – the *General Theory* and its German translation are cited a total of five times (Eucken [1940] 1950, pp. 339, 343; Eucken [1952] 2004, pp. 236, 350, 361). All five instances are extraordinarily brief. Perhaps Eucken wanted to more thoroughly consider the *General Theory* in later publications that he could not finish due to his early death. This is, however, speculative as there is no evidence in the Eucken papers regarding this possibility.

In the following, we challenge the notion of an antagonism between Eucken and Keynes by making two arguments. First, by recalling the little-known fact that Eucken supported a fiscal stimulus program at the height of the Great Depression; and second, by analyzing his critique of full employment policy, which shows that Eucken's approach to solving macroeconomic problems is fundamentally different, if not necessarily contrary to that of Keynes.

Regarding the first argument, Eucken was in favor of the Lautenbach plan, a fiscal stimulus package designed to overcome the Great Depression in Germany. The plan was discussed at a secret meeting of the Friedrich List Society in September 1931, but never implemented. It

lack of ordoliberal thinking, but because of a lack of theoretical mastery of the problems at hand" (Riese 1972, p. 45). All translations by the authors, unless indicated otherwise.

⁵ Keynes, for his part, never [refers to](#) Eucken (Fèvre 2018, p. 322).

was named after its architect Wilhelm Lautenbach (1891–1948), a senior official at the Reich Ministry of Economic Affairs. In retrospect, the expansionary fiscal measures proposed by Lautenbach and others to counteract the crisis have been described as “proto-Keynesianism” (Klausinger 1999). This similarity did not escape Eucken, who referred to Lautenbach as “the German Keynes” (Eucken 1951, p. 59).⁶ Eucken’s approval of the Lautenbach plan has been noted before (Feld et al. 2017, Hutchison 1979) but his position has never been analyzed in detail.

The term proto-Keynesianism requires an explanation. Hansjörg Klausinger defines it as “the advocacy – before the publication of the ‘General Theory’ – of expansionist policy, and in particular of public works, as a remedy for depression and unemployment” (Klausinger 1999, pp. 378–379). While the Lautenbach plan is an example of Keynesian economic policy before Keynes, it does not follow that its proponents – including Eucken – anticipated the theoretical arguments of the *General Theory*. This distinguishes German proto-Keynesianism from true anticipations of Keynes in the sense of Don Patinkin (1982).⁷

As for the second argument, Keynesian economics is usually understood to refer to the theoretical concepts put forward in the *General Theory*. One of its central ideas is that the

⁶ For a careful consideration of Lautenbach’s theoretical arguments and their similarity to Keynes, see Landmann (1981). The article is accompanied by a selection of Lautenbach’s writings between 1930 and 1933. For biographical information on Lautenbach and additional writings, see Lautenbach (1952).

⁷ On the question whether Lautenbach should be viewed as an anticipator of Keynes in this narrower sense, see Backhaus (2009).

level of employment does not only depend on the level of real wages, as was previously believed, but additionally on the effective demand faced by producers (Keynes 1936, 23–34). As a policy implication, government intervention may be required to induce investment and move the economy towards full employment. Even though the *General Theory* changed economics profoundly within a short time, at least in the English-speaking world, Eucken barely discussed the book. He did, however, discuss a strategy of economic policy he calls full employment policy (*Vollbeschäftigungspolitik*).⁸ Bofinger claims that “[Eucken] uses this term for a Keynesian style expansionary fiscal policy but without mentioning Keynes” (Bofinger 2016, p. 13). Thus, we will look at full employment policy and its connection to Keynes’ arguments.

As we shall argue, the opposition between Eucken and Keynes is not as clear-cut as commentators during the Eurozone crisis have suggested. Firstly, Eucken’s support for the Lautenbach plan reveals that he recognized the need for expansionary fiscal policy in a time of deep recession. Secondly, we show that full employment policy refers to a broad variety of measures, including but not limited to Keynesian demand management. More importantly, Eucken’s discussion of full employment policy illustrates his particular rule-based approach

⁸ An early prominent use of the English term is by William Beveridge in his book *Full Employment in a Free Society* (Beveridge 1944). Eucken uses the German equivalent *Vollbeschäftigungspolitik* in an editor’s note published in the same year (Gestrich [1944] 1957, p. 110, fn. 6). Somewhat ironically, Beveridge’s turn to a more Keynesian position was strongly influenced by E. F. Schumacher, who was the son of Eucken’s academic teacher Hermann Schumacher.

to solving macroeconomic problems. We argue that this approach is generally compatible with Keynes' macroeconomic approach.

The paper is organized as follows. Section 2 summarizes the initial reception of Keynesian ideas in German academic economics and their impact on economic policy. Section 3 describes Eucken's assessment of the Lautenbach plan and his critique of full employment policy. Section 4 analyzes the relationship between the ideas of Eucken and Keynes. Section 5 concludes with a summary and additional remarks.

II. THE INITIAL RECEPTION OF KEYNES IN GERMAN ACADEMIA AND ECONOMIC POLICY

In this chapter, we briefly provide the historical context for Eucken's reception of Keynes (or lack thereof). When talking about the initial influence of Keynesian ideas in Germany, it is helpful to distinguish between the influence of these ideas on professional economists, i.e., in academia, and the influence on economic policy-makers.

Let us first consider the impact in academia. The *General Theory* was published in 1936 and was almost immediately translated into German. Keynes was already popular in Germany because of his opposition to the Treaty of Versailles.⁹ His newest work was widely discussed

⁹ Between 1920 and 1932, Keynes published no less than 51 articles in the Hamburg-based journal *Wirtschaftsdienst* (collected in Keynes 2016). In 1926, his Berlin speech on "The End of Laissez-Faire" received much public attention. In 1927, Eucken urged Oskar Siebeck, a publisher, in a private letter to translate Keynes' *A Treatise on Money* as soon as it would

among German-speaking economists, both at home and abroad (Hagemann 2009). There was, however, no Keynesian revolution in German academia during the 1930s. One reason can be found in the drastic change in academic life in Germany after 1933. The rise of the National Socialists led to a forced political conformity (*Gleichschaltung*) of academics and an intellectual isolation from the outside world. The *Neue Wirtschaftslehre* of the Nazis was detached from international developments and geared towards providing the basis for economic planning and rearmament (Janssen 2012). Opponents of the regime, such as the members of the Freiburg School, were just as secluded – especially after war began in 1939.¹⁰

In the English-speaking world, Keynesian economics radically changed the discipline in a time span of roughly ten years (Blaug 1997, p. 642). In Germany, this occurred with a marked delay. The end of World War II brought the end of isolation. In the following years, German academic economics underwent a transformation that “included wide acceptance of Keynes’s *General Theory* as well as other aspects of Anglo-American economics” (Dillard 1986, p. 120). A particularly influential person to enable this transition was Erich Schneider, whose 1952 textbook *Einführung in die Wirtschaftstheorie III* (Introduction to Economic Theory III) introduced young economists to Keynesian arguments in the form of Paul Samuelson’s neoclassical synthesis. When Keynesian ideas began to dominate German

become available. We thank Uwe Dathe for pointing this out to us. On Keynes’ popularity in interwar Germany, see Köster (2013).

¹⁰ Looking back in March 1946, Eucken acknowledges this fact: “When one, which is our case, has been cut off from the rest of the world for so many years, it is absolutely necessary to quickly re-establish full contact with the intellectual work being pursued outside of our borders” (quoted in Goldschmidt and Hesse 2013, p. 138).

academia in the early 1950s, the influence of ordoliberalism had already faded (Hesse 2010, pp. 48–50). Due to Eucken’s untimely death in 1950, he was never able to react to these developments.¹¹

German economists did adopt Keynesian thinking, although relatively late. If there were a lack of impact of Keynesian economics during the post-war years, it was because of economic policy-making. After Allied controls ended, Germany adopted the economic model of the Social Market Economy, based largely upon the work of the Freiburg School (Goldschmidt and Wohlgemuth 2008). The implementation of ordoliberal ideas can be attributed in particular to Ludwig Erhard, the Minister of Economic Affairs between 1949 and 1963. One of Erhard’s closest advisors was Eucken’s student Leonhard Miksch, who drafted the 1948 *Leitsätze-gesetz* to abolish price controls (Goldschmidt 2015, pp. 39–42). Together with the introduction of the Deutsche Mark, this law triggered the German economic miracle.¹² Germany’s new economic system proved highly successful, obviating the need for further policy debate for some time. Keynesian policies became popular in Germany only when the political tide turned against Erhard’s Christian Democratic Party in the 1960s.

¹¹ Interestingly, Schneider argued that Eucken indirectly enabled the acceptance of the international mainstream. As Gottfried Bombach recalls, “for Schneider, Eucken was the man who dealt the mortal blow to the historical school and paved the way for modern theory” (Bombach 1990, p. 38).

¹² It should be noted that Eichengreen and Ritschl (2009) find little empirical evidence for this explanation of the upswing.

III. EUCKEN AND KEYNESIAN IDEAS

How did Eucken view Keynesian ideas? In order to address this question, we will first describe Eucken's reaction to the proto-Keynesian Lautenbach plan of 1931, which is one of the rare instances where Eucken deals with fiscal policy issues at all.¹³ In a second step, we will discuss his critique of full employment policy.

Before the Keynesian revolution: The secret meeting of the Friedrich List Society and the Lautenbach plan

The Lautenbach plan must be viewed against the background of the deflationary policy of the Brüning government between March 1930 and June 1932. In Germany, the early 1930s were characterized by a deep economic recession, illustrated by a rise in unemployment to around 4.5 million people in October 1931 (Spoerer and Streb 2013, p. 85).¹⁴ Given the severity of the crisis, economists such as Gerhard Colm, Lautenbach, Hans Neisser und Wilhelm Röpke argued in favor of expansionary measures including public works programs, although the

¹³ In *Kritische Betrachtungen zum deutschen Geldproblem*, Eucken argues that budget deficits lead to inflationary pressure and should therefore be avoided (Eucken 1923, pp. 78–80). Keynes draws the same conclusion in *A Tract on Monetary Reform* (Keynes 1923). Generally speaking, however, fiscal policy does not play an important role in Eucken's thinking.

¹⁴ For the year 1931, this translates to an average of 34.3 percent of industrial workers (Eichengreen and Hatton 1988, p. 6).

ability of the government to conduct such measures was severely limited by financial and political considerations.¹⁵

Lautenbach proposed a plan that was supposed to “break the deadlock” of the crisis and serve as an “initial spark” to ignite economic activity (Lautenbach 1991a, p. 307). The plan was the subject of the secret meeting of the Friedrich List Society that took place on September 16 and 17, 1931. Among the attendees were academic economists such as Eucken, Neisser and Röpke, but also Hans Luther, the president of the Reichsbank. Detailed minutes of the conference were kept and eventually published (Borchardt and Schötz, 1991).

The meeting was preceded by an exchange of letters between Eucken and Lautenbach. On September 1, 1931, Lautenbach sent a memorandum to Eucken entitled “Possibilities of an (active)¹⁶ stimulation of business activity by means of investment and credit expansion”. This

¹⁵ A prominent representative of this view is Knut Borchardt. His arguments can be summarized as follows: “Among the many obstacles to an expansionist policy were (1) the need first to correct the structural imbalances of the German economy, (2) the economic and political constraints on the availability of the relevant instruments – for example, the impossibility of financing public works other than by credit creation, which, however, would have violated the restrictions of the Young plan – and, above all, (3) the lack of a public consensus for such an alternative policy” (Klausinger 2001, p. 241). [The Young plan was a treaty for settling the reparation payments that Germany had agreed to in the Treaty of Versailles.](#)

¹⁶ In Eucken’s copy, and all other surviving copies, the word “active” was crossed out (see Borchardt and Schötz 1991, p. 309, fn. 328).

memorandum, which was later made available to the attendees of the meeting, is usually referred to as the Lautenbach plan. In a letter to Lautenbach dated September 4, Eucken comments on the plan, adding that he would like to discuss it further in person.¹⁷ Eucken's arguments in this letter anticipate his position at the meeting of the Friedrich List Society.

As explained in the memorandum (Lautenbach 1991b), the Lautenbach plan has two elements, namely a public works program combined with nominal wage and price cuts. The public works program includes the expansion of roads and railways as well as similar investments (ibid., p. 315). Lautenbach proposes that the government could spend 1.5 billion Reichsmark on such a program within six months, 580 millions of which would go to wages (ibid., pp. 322–323).¹⁸ The program would be financed by promissory notes issued by the national railway company, i.e., a form of hidden money creation (ibid., p. 317). The second element of the plan is referred to as the “liberalization” (*Auflockerung*) of prices. It consists of an immediate lowering of cartel prices “by way of direct government intervention” and the subsequent increase in the flexibility of wages in order to increase German competitiveness (ibid., pp. 319–320). Lautenbach expects that a decrease in demand associated with the latter measure would be overcompensated by the public works program (ibid., p. 322).

¹⁷ Eucken's letters are currently being archived at the Thüringer Universitäts- und Landesbibliothek in Jena. We thank Uwe Dathe for granting us access to the Eucken papers.

¹⁸ This number is confirmed by Lautenbach during the meeting (Borchardt and Schötz 1991, p. 163). For comparison, a stimulus of 1.5 billion Reichsmark equals 2.4 percent of 1931 GDP (data from the Jordà-Schularick-Taylor Macroeconomy Database).

During the two days of the conference, Eucken contributes to the discussion twice. On Wednesday, September 16, he emphasizes the importance of the second element of the Lautenbach plan. In Eucken's assessment, the liberalization of prices is necessary in order to "free the steering wheel of the economy [the price system], which is now tied down" (Borchardt and Schötz 1991, p. 146). This observation refers to both cartel prices and wages. Eucken adds that wages need to become more flexible in the sense that they need to indicate economic scarcity, which, depending on individual characteristics, could result in both higher or lower wages (ibid., p. 147). The conjecture that current wages do not reflect market conditions is based on the role of collective bargaining and (mandatory) public arbitration in Weimar Germany (see James 1986, pp. 190–245).

When commenting on the general feasibility of the Lautenbach plan, Eucken differentiates between two scenarios. If Germany were an isolated economy, the plan would work as intended. However, in Germany's situation, an increase in domestic demand could lead to a trade deficit, which in turn could cause a deterioration in currency reserves.¹⁹ Despite this concern, Eucken ends his contribution with the words: "*Nunquam periculum sine periculo vincitur*. We are in danger ... which we will not overcome without danger" (Borchardt and Schötz, 1991, pp. 148–149). On Thursday, September 17, his resolve to support the Lautenbach plan appears even more pronounced: "I agree with this plan in this form, that is to say, if it is preceded by the liberalization [of prices]" (ibid., p. 243).

¹⁹ Under the gold standard, 40 percent of Reichsmark in circulation should have been covered by either gold or foreign currency. On the interwar gold-exchange standard and Germany's difficulty to meet the 40 percent requirement, see Eichengreen (1995, pp. 19–21).

Eucken's decision to support the Lautenbach plan surprised observers such as Miksch, who noted as much in his diary (Köhler 2015, p. 71). In order to fully understand the decision, it seems necessary to consider a non-economic argument, namely the political costs associated with the crisis. Looking back at the meeting of the Friedrich List Society many years later, Eucken emphasizes this line of reasoning:

My friends and I recommended [the Lautenbach plan] in view of the appalling situation at that time, when there were some five million unemployed. One of my friends declared²⁰ that to continue the existing policy of contracting credit would not only entail the fall of the President of the Reichsbank, the Reich Chancellor and the government then in power, but also the end of the Republic. (Eucken 1951, p. 65)

In another instance, he puts it even more bluntly: "If the [Brüning government] had accepted [Lautenbach's] proposals, there might perhaps never have been a National Socialist revolution" (ibid., p. 59). Eucken's decision seems to have been motivated, at least in part, by the realization that continuing a policy of deflation was associated with political risks that may outweigh the economic risks of the Lautenbach plan.

²⁰ The minutes of the meeting (Borchardt and Schötz 1991) do not report this statement.

Eucken may have thought of Röpke, who wrote in his report on the work of the Brauns commission: "If the collapse of the economy spreads even to the internal and external politics of a country ... then it seems that, as in the case of our unhappy country, nothing can prevent it from falling into disaster" (Röpke 1931, p. 451). On the Brauns commission, see Commun and Kolev (2018).

The Lautenbach plan was never realized. Unemployment, however, continued to rise to a staggering 6 million people in the following winter (Spoerer and Streb 2013, p. 85).

Beginning in June of 1932, the von Papen and Schleicher governments engaged in expansionary fiscal policy, although on a smaller scale than Lautenbach had recommended (ibid., p. 106). It was too little too late: when the economic recovery began in the fall of 1932, a political collapse could not be prevented and Hitler's government – which continued the policy of expansion and public works – eventually took credit for creating employment (ibid., pp. 101–109). Eucken did not only accept expansionary fiscal policy, but he also clearly foresaw what would happen without it.

After the Keynesian revolution: Eucken's critique of full employment policy

In the 1940s, Eucken started to refer to the expansionary policy of the previous decade as full employment policy. Consider this description of the German experience starting from the policies of von Papen and Schleicher:

In 1932–3 the full-employment policy began with public works, expansion of credit, a cheap money policy, and a pegging of the exchange rate. As this policy threatened to bring a sharp rise in prices, a general price-freeze was ordered in 1936. ... Prices ceased to give expression to the scarcity of goods and services on the markets. This state of affairs gave rise to the creation of a central administrative apparatus to direct the economy. (Eucken 1948, p. 79)

Thus, in Eucken's opinion, the use of expansionary fiscal and monetary policy to combat unemployment contributed to Germany's turn towards central economic planning under

National Socialism. His description is historically accurate in the sense that the Nazis did decree a general price freeze in connection with the implementation of the Four Year Plan (Tooze 2007, p. 231). They also engaged in a form of central planning similar to that of the Soviet Union, with the exception that Germany did not abolish private property (Temin 1991).

However, Eucken not only uses the term full employment policy to describe a particular historical episode. He also uses it to describe what he considers as a general strategy of economic policy. Eucken touches upon this strategy and its implications in the first issue of the *ORDO* journal (Eucken [1948] 1989), a series of talks entitled *This Unsuccessful Age* (Eucken 1951) as well as the posthumously published *Grundsätze der Wirtschaftspolitik* (Eucken [1952] 2004).²¹

In the *Grundsätze*, full employment policy is defined as a mixture of monetary and fiscal policy measures aimed at stimulating investment,²² namely deficit financing, low interest rates and credit expansion²³ (ibid., p. 140). Sometimes this definition is extended to include price and foreign exchange controls (ibid., p. 142, p. 254). Keynes is mentioned as one of the

²¹ For a comprehensive list of ordoliberal writings on full employment policy, including but not limited to Eucken's contributions, see Oliver (1960, p. 127, fn. 2).

²² While Eucken (at this point) rejects the concept of regular business cycles, he views a lack of investment as typical of any recession (Eucken [1952] 2004, p. 309; see also Eucken [1940] 1950, pp. 242–262).

²³ Eucken uses the term credit expansion to describe an increase in money supply (*Geldvermehrung*).

intellectual sources of this type of policy, as is Weimar politician Walther Rathenau (ibid., p. 57, p. 140). Interestingly, Eucken believes that full employment policy is currently pursued “in most countries” (ibid., p. 140). Specific examples include Germany between 1933 and 1936 as well as the US and England after 1945 (ibid., p. 56, p. 165).²⁴ Full employment policy must be distinguished from Soviet-style central planning, which Eucken discusses under the heading of the centrally administered economy (*Zentralverwaltungswirtschaft*).

Eucken has two main objections against full employment policy. The first objection is that it endangers the information function of the price system. Eucken explains that the price system acts as a “calculating machine” or scarcity indicator that coordinates individual actions by providing information about the most effective use of resources. This ensures a rational organization of the production process, extensive division of labor and, ultimately, an optimal provision of consumer goods. The latter goal is what Eucken refers to as the “real ... purpose of economic policy” (Eucken [1948] 1989, p. 44).

According to Eucken, full employment policy tends to compromise or disable the control mechanism represented by the price system.²⁵ This basically follows from the definition given above: the measures listed there manipulate the information content of prices either directly (price and foreign exchange controls) or indirectly through the possibility of

²⁴ In the case of the US, this assessment refers to low nominal interest rates in particular (Eucken [1952] 2004, p. 220). Full employment was one of the key objectives of the UK’s 1945–51 Labour government (Labour Party 1945).

²⁵ Eucken also makes the related point that full employment policy tends to focus on aggregate variables rather than microeconomic factors (Eucken [1948] 1989, p. 45).

inflation. Eucken warns that as a result of compromising the price system, labor will not be directed to its most efficient use and the economy will perform below its potential output (ibid.). He cites England as an example of a country where full employment policy currently prevents the price system from working.²⁶

Eucken's second objection to full employment policy is even more fundamental. We have already seen that he attributes Germany's turn towards central economic planning – at least in part – to the expansionary fiscal and monetary policy of the years 1933–1936. As John Jewkes notes in his introduction to *This Unsuccessful Age*, Eucken uses the German case to make a general argument concerning the dangers of full employment policy. In this volume, as well as in the *Grundsätze*, Eucken asserts the following:

Our review of German experience leads us to a grave and serious conclusion.

Economic policy is faced with a dilemma: on the one hand, mass unemployment necessitates a full employment policy; on the other, the policy of full employment ... forces economic policy in the direction of central planning. (Eucken 1951, p. 66)

Here, Eucken introduces a slippery slope argument saying that full employment policy has a tendency to lead to central planning – just as it did in Nazi Germany. The underlying idea is that in order to halt inflationary pressures, politicians will be forced to impose an increasing

²⁶ To be sure, in the UK, price controls on certain consumption goods continued long after the war ended (Zweiniger-Bargielowska 2000, pp. 45–59).

amount of restrictions on prices and the allocation of goods.²⁷ He goes so far as to claim that this tendency constitutes “*perhaps the most crucial economic and social problem of our time*” (ibid.). Clearly this is an overstatement. As pointed out by Jewkes, empirical evidence does not support Eucken’s argument, not even in the early 1950s (Jewkes 1951, pp. 19–25).

How can the (potential) problems of full employment policy be avoided? Eucken argues that the solution lies in a new style of economic policy that does not try to manage business cycle fluctuations but focuses on improving the overall framework in which economic activity takes place (Eucken 1951, p. 94–96). He refers to this new style of economic policy as “ordoliberal policy” (*Ordnungspolitik*). It can be distinguished from interventionist policy-making (*Prozesspolitik*).²⁸ In the *Grundsätze*, Eucken proposes a specific framework of rules for a market economy that is both efficient and respectful of individual freedom. This “competitive order” is based on a number of constitutive principles, the most important of which is the functioning of the price system. Other principles include monetary stability, open markets, personal liability and anti-monopoly legislation (for an overview, see Sally 1996, pp. 238–240). Eucken seems confident that a market economy based on these principles will render business cycle policy largely obsolete.²⁹ Thus, the issue of

²⁷ Based on Jewkes’ description of Eucken’s argument, the alleged sequence of events is as follows: high unemployment → expansionary fiscal and monetary policy → inflation → price controls → state allocation of goods (including rationing of imports) → central planning and totalitarianism (Jewkes 1951, pp. 10–11).

²⁸ On the ordoliberal approach to policy-making, see Vanberg (2004, pp. 7–9).

²⁹ “Whether, in the competitive order, additional measures will be necessary to offset business cycle fluctuations? – Probably not” (Eucken [1952] 2004, p. 311).

unemployment should be dealt with indirectly by improving the coordination function of markets.

IV. TOWARD A MORE NUANCED VIEW OF THE RELATIONSHIP BETWEEN ORDOLIBERALISM AND KEYNESIAN ECONOMICS

The preceding discussion sheds some light on Eucken's treatment of macroeconomic questions. The first topic addressed was his endorsement of the 1931 Lautenbach plan. Why did Eucken support this plan? The theoretical basis of Lautenbach's proposal is Röpke's distinction between two types of depression, one that is part of the regular movement of the business cycle and a "secondary" type that serves no economic purpose while sending the economy into a tailspin. Only this secondary type should be counteracted by expansionary fiscal policy (Klausinger 1999, pp. 382–385). Röpke's assessment mirrors that of Joseph Schumpeter, who distinguishes normal from "pathological" depressions (Dal Pont Legrand and Hagemann 2017).³⁰

Eucken references the concept of secondary depression on the first day of the conference. He suggests that the two types of depression may in reality overlap.³¹ Eucken's description of the current economic situation ("a great predicament ... tremendously dangerous") indicates that he, too, does not view this situation as being part of the regular business cycle (Borchardt and Schötz 1991, pp. 145–149). Eucken's decision to support the Lautenbach plan must clearly

³⁰ On the mutual appreciation of Eucken and Schumpeter, see Dathe and Hedtke (2018).

³¹ A drawback of the concept of secondary depression is that there is no empirical criterion for distinguishing the two stages (Klausinger 1999, p. 384).

be seen as a concession to the exceptional severity of the crisis. Another important factor in Eucken's decision was that he was aware of the political risks associated with letting the recession run its course.

One prerequisite for Eucken to accept the Lautenbach plan was its dual character, i.e., the combination of expansionist elements with measures to increase price and wage flexibility. Eucken's emphasis on the liberalization of prices is consistent with his later argument that the most important element of a market economy is the functioning of the price system (Eucken [1952] 2004, pp. 254–255). While Eucken did not give up completely on the neoclassical approach to remedy unemployment, his support for the Lautenbach plan shows that he was not nearly as dogmatic as Bofinger (2016) suggests. Eucken's demand that price flexibility be restored has an institutional explanation. It stems from the observation of market power exercised by both employers and trade unions. Market power is one possible source of the price and wage rigidities described by Keynes.

Eucken's insistence on the dual character of the Lautenbach plan foreshadows the way in which Karl Schiller, the German Minister of Economic Affairs between 1966 and 1972, introduced Keynesian ideas into German economic policy. Schiller famously described his approach as combining Eucken's "Freiburg imperative" of competition with the Keynesian message of effective demand management (see Hagemann 2017, p. 70).

Eucken's response to the crisis appears particularly reasonable when compared to other policy proposals based on the orthodox explanation of unemployment. Consider Friedrich Hayek's stance on the (very similar) proposal of the Brauns commission earlier in the same year. He fundamentally opposes the idea of a government-funded stimulus, arguing that:

No temporary emergency measures, but only the adjustment of price relations to the given data can get production off the ground again. No trick can help to avoid the inevitable reduction of wages and the constraint on per-capita consumption of the working population that is necessary to permanently eliminate the capital shortage. (Hayek [1931] 2015, p. 505)

The second topic addressed was Eucken's discussion of full employment policy, which Bofinger says is "a Keynesian style expansionary fiscal policy" (Bofinger 2016, p. 13). As we have seen, Eucken's usage of the term is much broader. It also includes monetary policy tools, as well as more radical policies such as price and foreign exchange controls. For Eucken, full employment policy seems to be defined not so much by its individual measures, but by the overarching decision to pursue employment over all other economic policy goals.

While Eucken views Keynes as a proponent of full employment policy, he maintains that this type of policy has been pursued before, and independently of, the *General Theory*. The historical example that he cites most frequently are the expansionary policies of the von Papen, Schleicher and Hitler governments during the early 1930s.³² Thus, Eucken's concept

³² In other instances, Eucken argues that full employment policy can be traced back even further, to the theory of mercantilism. Eucken describes mercantilism as a politico-economic system with the aim to increase production and employment regardless of the implications for consumption. Therefore, "[full employment policy] is a regression to ... mercantilism, to its policy of production for the sake of employment" (Eucken, writing in Gestrich [1944] 1957, pp. 111–112).

of full employment policy is not simply the same as Keynes' policy prescriptions. One notable difference is that Keynes never favored inflationary policies, as he regarded inflation as "fraud upon the public" (Keynes [1919] 2019, p. 182).³³

Eucken's discussion of full employment policy culminates in his proposal for a rule-based approach to solving macroeconomic problems. As we have seen, Eucken supported a fiscal stimulus program during the Great Depression. In general, however, his approach to policy-making is very different. Ordoliberal policy aims to improve the framework of rules in which economic transactions take place. It rejects measures that interfere with these transactions directly (Eucken [1952] 2004, p. 242). For example, price stability (one of the constitutive principles of the competitive order) is a policy rule, while government-set prices are not.

Keynesian economic policy starts from theoretical considerations, expounded in the *General Theory*, of how aggregate variables in the economy interact to generate output and employment. Keynes' account of the mechanics of this model almost immediately points to the possibility of selecting "those variables which can be deliberately controlled or managed by central authority" (Keynes 1936, p. 247). This, in turn, allows for a certain level of control over economic outcomes. The policies of demand management discussed in this paper are just one application of this macroeconomic approach to policy-making.

Note the difference to Eucken, whose focus is to describe a rule framework that counteracts economic imbalances in an indirect manner. As pointed out by Oliver Landmann, it is remarkable that, despite the historical experience of the Great Depression, Eucken apparently

³³ On Keynes' view of inflation, see Keynes (1940) as well as Barends and Caspari (2015).

“never accepted macroeconomic stabilization as an integral element of economic policy in a market economy” (Landmann 2020, p. 153). Therefore, it is fair to argue that macroeconomic stability is the “blind spot” of early ordoliberalism (Landmann 2017, p. 128).

While the approaches of Eucken and Keynes are fundamentally different, they are not necessarily opposed to each other. The ordoliberal rule framework provides an important prerequisite for the functioning of markets but won’t be able to quickly offset large or unusual shocks to the stability of the economy. Such shocks are better dealt with by the policy toolkit of macroeconomics. Thus, in the spirit of Samuelson’s neoclassical synthesis, the approaches of Eucken and Keynes should be seen as complementing each other.

V. CONCLUSION

The controversy about Germany’s approach to solving the Eurozone crisis has sparked interest in the intellectual origins of German economic policy, in particular the tradition of ordoliberalism founded by Eucken in the 1930s. One way in which ordoliberalism supposedly influenced German economic thought is by impairing the expansion of Keynesian ideas. In this paper, we argue that the opposition between Eucken and Keynes is not as clear-cut as has been suggested in the literature on the Eurozone crisis.

Both scholars have a similar historical starting point, namely the experience of economic instability and recession in the interwar era. The particular situation in Germany was illustrated by our discussion of the 1931 Lautenbach plan. As we have shown, Eucken supported this proto-Keynesian stimulus program. His reasons were twofold: From a theoretical point of view, he apparently accepted the diagnosis of a secondary depression that

can and should be mitigated by a government-funded stimulus (if only in combination with price liberalization). From a political point of view, he was aware that the continuation of the crisis may result in “the end of the Republic” (Eucken 1951, p. 65).

Eucken and Keynes drew very different lessons from the Great Depression. The *General Theory* provided a new and more sophisticated explanation of the crisis, inventing the analytical apparatus of modern-day macroeconomics in the process. In this sense, Keynes’ approach to understanding the crisis must be considered a truly macroeconomic approach. Eucken, on the other hand, wanted to address the problem of business cycle fluctuations indirectly by focusing on the rules of the game of economic activity. This approach may rather be described as a constitutional economics approach. In modern macroeconomic terms, Eucken is on the rules side of the rules versus discretion debate.

Contrary to what has been argued in the context of the Eurozone crisis, Eucken did not develop a competing macroeconomic paradigm to Keynes. Instead, he considers macroeconomic questions from the perspective of the rules of the economic system. This can be seen from his discussion of full employment policy, where every policy measure is evaluated by asking whether it supports the functioning of the price system. The latter is the most important constitutive principle of Eucken’s competitive order, his ideal rule framework. Even the principle of monetary stability – a macroeconomic principle – is subordinate to the goal of maintaining the functioning of the price system.

It is important to point out that the approaches to economic policy represented by Eucken and Keynes are not necessarily incompatible. While the *General Theory* draws our attention to the fact that governments can counteract short-term economic imbalances, Eucken proposes a

kind of business cycle policy that does not address current conditions at all. Instead, it focuses on providing a framework of rules that is conducive to the coordination function of markets.

Acknowledgements

An earlier version of this paper was presented at the 18th Annual Conference of the European Society for the History of Economic Thought (ESHET), held in Lausanne, Switzerland, on 29–31 May 2014. The authors would like to thank the participants at the conference for their suggestions, in particular Jörg Bibow, Bertram Schefold and Hans-Michael Trautwein.

Valuable comments were also received from Heiko T. Burret, Uwe Dathe, Harald Hagemann, Hansjörg Klausinger, Oliver Landmann, Viktor Vanberg, and two anonymous referees.

REFERENCES

Allen, Christopher S. 1989. “The underdevelopment of Keynesianism in the Federal Republic of Germany.” in Peter A. Hall, ed., *The Political Power of Economic Ideas: Keynesianism across Nations*. Princeton: Princeton University Press, pp. 263–290.

Backhaus, Juergen. 2009. “Keynesianism in Germany.” In Tony Lawson and Hashem Pesaran, eds., *Keynes’ Economics: Methodological Issues*. London: Routledge, pp. 209–253.

Barens, Ingo, and Volker Caspari. 2015. “Problem oder Instrument der Wirtschaftspolitik? John Maynard Keynes’ Ansichten zu Inflation, Deflation und Reflation.” In Harald Hagemann and Jürgen Kromphardt, eds., *Für eine bessere gesamteuropäische Wirtschaftspolitik*. Marburg: Metropolis, pp. 249–291.

Beck, Thorsten, and Hans-Helmut Kotz, eds. 2017. *Ordoliberalism: A German oddity?* London: CEPR Press.

Beveridge, William H. 1944. *Full Employment in a Free Society*. London: Allen & Unwin.

Bibow, Jörg. 2018. “How Germany’s Anti-Keynesianism Has Brought Europe to Its Knees.” *International Review of Applied Economics* 32 (5): 569–588.

Biebricher, Thomas, and Frieder Vogelmann, eds. 2017. *The Birth of Austerity: German Ordoliberalism and Contemporary Neoliberalism*. London: Rowman & Littlefield.

Blaug, Mark. 1997. *Economic Theory in Retrospect*. Fifth edition. Cambridge: Cambridge University Press.

Blyth, Mark. 2013. *Austerity: The History of a Dangerous Idea*. Oxford: Oxford University Press.

Bofinger, Peter. 2016. “German macroeconomics: The long shadow of Walter Eucken.” In George Bratsiotis and David Cobham, eds., *German macro: how it’s different and why that matters*. Brussels: European Policy Centre, pp. 8–19.

Bombach, Gottfried. 1990. “Walter Euckens ‘Grundlagen der Nationalökonomie’: Botschaft und Verpflichtung.” In Gottfried Bombach, Hans Otto Lenel, and Otto Schlecht, eds.,

Vademecum zu einem Wegbereiter der modernen Theorie in Deutschland. Düsseldorf: Verlag Wirtschaft und Finanzen, pp. 37–62.

Borchardt, Knut, and Hans Otto Schötz, eds. 1991. *Wirtschaftspolitik in der Krise. Die (Geheim-) Konferenz der Friedrich List-Gesellschaft im September 1931 über Möglichkeiten und Folgen einer Kreditausweitung*. Baden-Baden: Nomos.

Commun, Patricia, and Stefan Kolev, eds. 2018. *Wilhelm Röpke (1899–1966). A Liberal Political Economist and Conservative Social Philosopher*. Heidelberg: Springer.

Dal Pont Legrand, Muriel, and Harald Hagemann. 2017. “Business Cycles, Growth, and Economic Policy: Schumpeter and the Great Depression.” *Journal of the History of Economic Thought* 39 (1): 19–33.

Dathe, Uwe, and Ulrich Hedtke. 2018. “Habent sua fata professores. Joseph A. Schumpeter an Walter Eucken.” *Freiburg Discussion Papers on Constitutional Economics* No. 18/10. Freiburg: Walter Eucken Institut.

Dillard, Dudley. 1986. “The Influence of Keynesian Thought on German Economic Policy.” In Harold L. Wattel, ed., *The Policy Consequences of John Maynard Keynes*. London: Macmillan, pp. 116–127.

Dold, Malte, and Tim Krieger, eds. 2020. *Ordoliberalism and European Economic Policy: Between Realpolitik and Economic Utopia*. Abingdon: Routledge.

Dullien, Sebastian, and Ulrike Guérot. 2012. “The Long Shadow of Ordoliberalism: Germany’s Approach to the Euro Crisis.” *European Council on Foreign Relations Policy Brief* 49. London: European Council on Foreign Relations.

Eichengreen, Barry. 1995. *Golden Fetters: The Gold Standard and the Great Depression, 1919–1939*. New York: Oxford University Press.

Eichengreen, Barry, and Timothy J. Hatton. 1988. “Interwar Unemployment in International Perspective: An Overview.” In Barry Eichengreen and Timothy J. Hatton, eds., *Interwar Unemployment in International Perspective*. Dordrecht: Kluwer, pp. 1–59.

Eichengreen, Barry and Albrecht Ritschl. 2009. “Understanding West German economic growth in the 1950s.” *Cliometrica* 3 (3): 191–219.

Eucken, Walter. 1923. *Kritische Betrachtungen zum deutschen Geldproblem*. Jena: Gustav Fischer.

—. 1948. “On the Theory of the Centrally Administered Economy: An Analysis of the German Experiment (Part I).” *Economica* (New Series) 15 (58): 79–100.

—. [1940] 1950. *The Foundations of Economics: History and Theory in the Analysis of Economic Reality*. London: William Hodge.

—. [1948] 1989. “What Kind of Economic and Social System?” In Alan T. Peacock and Hans Willgerodt, eds., *Germany’s Social Market Economy: Origins and Evolution*. London: Macmillan, pp. 27–45.

—. 1951. *This Unsuccessful Age or The Pains of Economic Progress*. London: William Hodge.

—. [1952] 2004. *Grundsätze der Wirtschaftspolitik*. Tübingen: Mohr Siebeck.

Feld, Lars. P., Ekkehard A. Köhler, and Daniel Nientiedt. 2017. “The ‘dark ages’ of German macroeconomics and other alleged shortfalls in German economic thought.” In Thorsten Beck and Hans-Helmut Kotz, eds., *Ordoliberalism: A German oddity?* London: CEPR Press, pp. 41–50.

Fèvre, Raphaël. 2018. “Keynes and Eucken on Capitalism and Power.” In Manuela Mosca, ed., *Power in Economic Thought*. Cham: Palgrave Macmillan, pp. 321–347.

Gestrich, Hans. [1944] 1957. *Kredit und Sparen*, ed. Walter Eucken. Düsseldorf: Helmut Küpper.

Goldschmidt, Nils. 2015. “Leonhard Mikschs Beitrag zur Ordnungstheorie und -politik. Einsichten in sein Tagebuch nach 1945.” In Lars P. Feld and Ekkehard A. Köhler, eds., *Wettbewerbsordnung und Monopolbekämpfung. Zum Gedenken an Leonhard Miksch (1901–1950)*. Tübingen: Mohr Siebeck, pp. 37–52.

Goldschmidt, Nils, and Jan-Otmar Hesse. 2013. "Eucken, Hayek and The Road to Serfdom." In Robert Leeson, ed., *Hayek: A Collaborative Biography*. Basingstoke: Palgrave Macmillan, pp. 123–146.

Goldschmidt, Nils, and Michael Wohlgemuth. 2008. "Social Market Economy: origins, meanings and interpretations." *Constitutional Political Economy* 19 (3): 261–276.

Haas, Marianne. 1949. "Die merkantilistische Wirtschaftslehre und J. M. Keynes' Vollbeschäftigungstheorie – Ein Vergleich." PhD Thesis, University of Freiburg.

Hagemann, Harald. 2009. "Zur frühen Rezeption der General Theory durch deutschsprachige Wirtschaftswissenschaftler." In Harald Hagemann, Gustav Horn, and Hans-Jürgen Krupp, eds., *Aus gesamtwirtschaftlicher Sicht. Festschrift für Jürgen Kromphardt*. Marburg: Metropolis, pp. 71–104.

—. 2017. "Ordoliberalism, the Social-Market Economy, and Keynesianism in Germany, 1945–1974." In Roger E. Backhouse, Bradley W. Bateman, Tamotsu Nishizawa, and Dieter Plehwe, eds., *Liberalism and the Welfare State: Economists and Arguments for the Welfare State*. New York: Oxford University Press, pp. 57–74.

Hayek, Friedrich A. [1931] 2015. "Konjunkturankurbelung durch Investitionen?" In *Geld und Konjunktur. Band I: Frühe und unveröffentlichte Schriften, 1924–1931*, ed. Hansjörg Klausinger. Tübingen: Mohr Siebeck, pp. 499–506.

Hesse, Jan-Otmar. 2010. *Wirtschaft als Wissenschaft. Die Volkswirtschaftslehre in der frühen Bundesrepublik*. Frankfurt am Main: Campus.

Hien, Josef, and Christian Joerges, eds. 2017. *Ordoliberalism, Law and the Rule of Economics*. Oxford: Hart Publishing.

Hutchison, Terence W. 1979. "Notes on the Effects of Economic Ideas on Policy: The Example of the German Social Market Economy." *Journal of Institutional and Theoretical Economics* 135 (3): 426–441.

James, Harold. 1986. *The German Slump: Politics and Economics, 1924–36*. Oxford: Clarendon Press.

Janssen, Hauke. 2012. *Nationalökonomie und Nationalsozialismus. Die deutsche Volkswirtschaftslehre in den dreißiger Jahren des 20. Jahrhunderts*. Fourth edition. Marburg: Metropolis.

Jewkes, John. 1951. "Introduction." In Walter Eucken, *This Unsuccessful Age or The Pains of Economic Progress*. London: William Hodge, pp. 7–25.

Keynes, John Maynard. [1919] 2019. *The Economic Consequences of the Peace*. Cham: Palgrave Macmillan.

—. 1923. *A Tract on Monetary Reform*. London: Macmillan.

—. 1936. *The General Theory of Employment, Interest and Money*. London: Macmillan.

—. 1940. *How to Pay for the War*. London: Macmillan.

—. 2016. *Gesammelte Artikel im "Wirtschaftsdienst" von 1920 bis 1932*, eds. Kristin Biesenbender, Brigitte Preissl and Cora Wacker-Theodorakopoulos. Marburg: Metropolis.

Klausinger, Hansjörg. 1999. "German Anticipations of the Keynesian Revolution? The Case of Lautenbach, Neisser and Röpke." *European Journal of the History of Economic Thought* 6 (3): 378–403.

—. 2001. "Gustav Stolper, *Der deutsche Volkswirt*, and the Controversy on Economic Policy at the End of the Weimar Republic." *History of Political Economy* 33 (2): 241–267.

Köhler, Ekkehard A. 2015. "Das geldtheoretische Denken und die Geldordnungsvorstellungen von Leonhard Miksch." In Lars P. Feld and Ekkehard A. Köhler, eds., *Wettbewerbsordnung und Monopolbekämpfung. Zum Gedenken an Leonhard Miksch (1901–1950)*. Tübingen: Mohr Siebeck, pp. 61–80.

Kolev, Stefan. 2016. "Walter Eucken." In Alain Marciano and Giovanni Battista Ramello, eds., *Encyclopedia of Law and Economics*. New York: Springer, DOI: 10.1007/978-1-4614-7883-6_210-1.

Köster, Roman. 2013. "Vor der Krise. Die Keynes-Rezeption in der Weimarer Republik." *Mittelweg* 36 (3): 32–46.

Labour Party. 1945. *Let Us Face the Future: A Declaration of Labour Policy for the Consideration of the Nation*. London: Labour Party.

Landmann, Oliver. 1981. "Theoretische Grundlagen für eine aktive Krisenbekämpfung in Deutschland 1930–1933." In Gottfried Bombach, Karl-Bernhard Netzband, Hans-Jürgen Ramser, and Manfred Timmermann, eds., *Der Keynesianismus III. Die geld- und beschäftigungstheoretische Diskussion in Deutschland zur Zeit von Keynes*. Berlin: Springer, pp. 215–420.

—. 2017. "What's wrong with EZ: Conflicting narratives." In Thorsten Beck and Hans-Helmut Kotz, eds., *Ordoliberalism: A German oddity?* London: CEPR Press, pp. 123–133.

—. 2020. "Germany and the euro crisis. Ordoliberalism in the dock." In Malte Dold and Tim Krieger, eds., *Ordoliberalism and European Economic Policy: Between Realpolitik and Economic Utopia*. Abingdon: Routledge, pp. 151–166.

Lautenbach, Wilhelm. 1952. *Zins, Kredit und Produktion*, ed. Wolfgang Stützel. Tübingen: J. C. B. Mohr (Paul Siebeck).

—. 1991a. "Anschreiben." In Knut Borchardt and Hans Otto Schötz, eds., *Wirtschaftspolitik in der Krise. Die (Geheim-)Konferenz der Friedrich List-Gesellschaft im September 1931 über Möglichkeiten und Folgen einer Kreditausweitung*. Baden-Baden: Nomos, pp. 307–309.

—. 1991b. Denkschrift “Möglichkeiten einer Konjunkturbelebung durch Investition und Kreditausweitung.” In Knut Borchardt and Hans Otto Schötz, eds., *Wirtschaftspolitik in der Krise. Die (Geheim-)Konferenz der Friedrich List-Gesellschaft im September 1931 über Möglichkeiten und Folgen einer Kreditausweitung*. Baden-Baden: Nomos, pp. 309–325.

Münchau, Wolfgang. 2014. “The wacky economics of Germany’s parallel universe.” *Financial Times*, 16 November.

Oliver, Henry M. 1960. “German Neoliberalism.” *Quarterly Journal of Economics* 74 (1): 117–149.

Patinkin, Don. 1982. *Anticipations of the General Theory? And Other Essays on Keynes*. Chicago: University of Chicago Press.

Riese, Hajo. 1972. “Ordnungsidee und Ordnungspolitik – Kritik einer wirtschaftspolitischen Konzeption.” *Kyklos* 25 (1): 24–48.

Röpke, Wilhelm. 1931. “Praktische Konjunkturpolitik. Die Arbeit der Brauns-Kommission.” *Weltwirtschaftliches Archiv* 34: 423–464.

Sally, Razeen. 1996. “Ordoliberalism and the social market: Classical political economy from Germany.” *New Political Economy* 1 (2): 233–257.

Spoerer, Mark, and Jochen Streb. 2013. *Neue deutsche Wirtschaftsgeschichte des 20. Jahrhunderts*. Munich: De Gruyter Oldenbourg.

Temin, Peter. 1991. "Soviet and Nazi Economic Planning in the 1930s." *Economic History Review* (New Series) 44 (4): 573–593.

Tooze, Adam. 2007. *The Wages of Destruction: The Making and Breaking of the Nazi Economy*. New York: Penguin.

Vanberg, Viktor. 2004. "The Freiburg School: Walter Eucken and Ordoliberalism." *Freiburg Discussion Papers on Constitutional Economics* No. 04/11. Freiburg: Walter Eucken Institut.

Wren-Lewis, Simon. 2012. "Anti-Keynesian Germany." Available at:
<https://mainlymacro.blogspot.com/2012/03/anti-keynesian-germany.html>

Zweiniger-Bargielowska, Ina. 2000. *Austerity in Britain: Rationing, Controls and Consumption, 1939–1955*. Oxford: Oxford University Press.