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Ordoliberalism: neither exclusively German nor an oddity. A review essay of Malte Dold's and Tim Krieger's *Ordoliberalism and European Economic Policy: Between Realpolitik and Economic Utopia*.

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Abstract

The German intellectual tradition of ordoliberalism, a variant of neoliberalism particularly committed to a “functional and humane order,” was long ignored in the Anglo-Saxon world. More recently, this has changed to some degree, especially under the impression of the European sovereign-debt crisis, during which Germany’s insistence on rule-abiding behavior was critically attributed to the ordoliberal heritage. In the anthology edited by Malte Dold and Tim Krieger, ordoliberalism is discussed from many different angles, including the historical roots in the Freiburg School, the recent much-disputed strategies for dealing with the eurozone crisis, and a further development of the research program. The editors argue that scholarship in the spirit of ordoliberalism would benefit from being embedded within the interdisciplinary scientific cluster of Philosophy, Politics and Economics (PPE). The book makes a valuable contribution to a better-informed international discourse across the disciplines.

Keywords Ordoliberalism · Freiburg school · European sovereign-debt crisis · PPE

JEL classification B29 · E61 · P16

1 Introduction: The intellectual tradition of ordoliberalism

The German intellectual tradition of ordoliberalism, which is the theme of the book edited by two political economists, Malte Dold (Pomona College, Claremont, USA) and Tim Krieger (University of Freiburg, Germany), has its roots in the work of economists

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and legal theorists associated with the so-called “Freiburg School” in interwar Germany. Its leading figures were Walter Eucken (1891–1950) and Franz Böhm (1895–1977), who both taught at the University of Freiburg in the 1930s¹ and got involved in anti-Nazi resistance groups together (Goldschmidt, 2011; Meier, 2014). The Freiburg tradition, dubbed “ordoliberalism” as a reference to the scholastic idea of “ordo”, is normatively committed to a “functional and humane order” (translation mine, Eucken, 1952, p. 240), ostensibly taking distances from unregulated laissez-faire.² Instead, it revolves around the concept of a “strong state,” i.e. a limited government, non-corrupted by private interests. The task of government is to provide, protect and reliably enforce non-discriminatory general rules of the game for economic and social interaction without intervening much in the process itself nor becoming a player itself. While societal order is seen as a complex structure, with the subsystems of the economy, politics, and civil society interwoven and interdependent, it is the legal order, understood as an economic order, that must actively be constructed in an enlightened, generally beneficial way (see Eucken, Böhm, & Grossmann-Doerth, 1936).

For this reason, ordoliberalism aims at ensuring a “private law society” as conceived by Böhm (1937, 1966) and a “competitive order” as laid out by Eucken (1952).³ This economic constitution builds on the rule of law and is guided by the principle of keeping the price mechanism intact, maintaining the scarcity-signaling power of relative prices so as to ensure allocative efficiency and ongoing competitive pressure in order to prevent the accumulation of private economic power. This imperative not only prohibits political interventions by help of caps or floors and any other meddling with prices, but also calls for a stable currency in terms both of prices and exchange rates, open markets, the protection of private property and freedom of contract, economic accountability and consistent public policy (Eucken, 1952, chapters XV–XVIII). Politically, this set of principles inspired the economic policy of post-war West Germany to a considerable degree, especially through the influence of Ludwig Erhard, who served as director of economics at the Bizonal Economic Council in 1948–1949, as Federal Minister for Economic Affairs from 1949 to 1963, and as German Chancellor from 1963 to 1967. In the popular, though simplified narrative, the rapid German recovery (the “economic miracle”) in the late 1940s and 1950s tends to be largely attributed to ordoliberal principles and their courageous implementation by Erhard.

There are in fact three distinct aspects to the ordoliberal tradition: (a) the normative standpoint; (b) the practical policy advice focusing on the rules of the game (“Ordnungspolitik” in German); and (c) the academic research program, which develops around the question what a good societal and economic order looks like, how it can be implemented, and what types of institutions and rules work better than others (“Ordnungsökonomik” in German, best translated as – and compared to – constitutional economics, sharing many features with New Institutional Economics, public choice, property rights theory, law and economics). While interconnected, these three aspects are not the same and need to be distinguished analytically – which the volume

¹ The Nazis withdrew Böhm’s permission to teach in 1940.

² Which it rather unfairly attributes to Adam Smith, see Horn, 2019.

³ Eucken’s posthumously published “Grundsätze der Wirtschaftspolitik” (Principles of Economic Policy), a major work, is to this date regrettably not available in an English translation. For an excerpt of parts of his chapter XV in English see Biebricher and Vogelmann (2017, pp. 99–108). The same is true in Böhm’s case, but a translated excerpt of his 1937 book can also be found in Biebricher and Vogelmann (2017, pp. 115–120).

under review in this essay unfortunately fails to do. This may of course be explained by a difficulty with translating generic German terms, requiring unsatisfactory paraphrases. But the confusion that comes from collapsing all three aspects under the same header is unfortunate, as this blurs the demarcation lines between the normative and the positive, between the scientific and the political.

2 The recent international reception of ordoliberalism

The ordoliberal tradition was long ignored in the Anglo-Saxon world. At most, it was considered as some parochial German idiosyncrasy, a negligible little sister of neoliberalism (see Beck & Kotz, 2017). In the more recent past, this has changed to some degree, triggered by three very different developments. One of them is fortunate: An increasing number of younger ordoliberal scholars from Germany have been venturing out into the international arena, debating and publishing their work in English (Zweynert, 2013; Kolev, 2015; Feld, Köhler, & Nientiedt, 2015; Dold & Krieger, 2019a). These writings complement and expand upon existing scholarship in the ordoliberal tradition (Vanberg, 2004).

The other two developments however are less fortunate, and both represent serious challenges. Both happen to originate in the fact that in the context of the European sovereign-debt crisis, ordoliberalism has internationally come to be held responsible for Germany's stern official attitude, especially toward Greece (Wyplosz, 2017a, b; Ryner, 2015). In the realm of fiscal policy, ordoliberalism is now equated with an unrelenting insistence on budgetary commitments and financial responsibility (no bail-out), leading to unnecessary hardships through austerity, while strictly restraining the task of central banks to the maintenance of price stability (instead of easing macroeconomic fluctuations).⁴ Within the academic discipline of economics, such vulgar interpretations of ordoliberalism are often rejected today, not without reason, as scientifically outdated, insufficiently founded, unduly normative and dogmatic (see for example Krugman, 2014; Münchau, 2014; Winkler, 2017). This poses an existential, and in that sense welcome academic challenge: Ordoliberal policy prescriptions, like all others, should not just be rewritten exegetically from the forefathers' foundational texts or deduced from one's own ideological views, but must be derived from a modern research program, using up-to-date methods.

A very different type of challenge that equally needs to be taken on comes from the neighboring disciplines of history, politics and sociology, especially from international activist scholars inspired by Marxism and critical theory (for example Brown, 2017, 2019; Slobodian, 2018; Innset, 2020). After the global financial crisis of 2008–2009, it had first looked as if the ordoliberal tradition could be attractive even to such leftward-leaning, critical intellectuals – because of the historical ordoliberals' rejection of unfettered laissez-faire, because of their commitment to solving the “social question” and their dissatisfaction with the “sociological blindness” of traditional liberalism (Röpke, 1944 [2002], p. 53), because of their wariness of the accumulation of power, and because of the recognition that government may get hijacked by business interests. But such was, if at all, a short-lived infatuation, finished off by the sovereign-debt crisis

⁴ See also Brunnermeier, James and Landau (2017) for an analysis and discussion of the different economic cultures in the eurozone.

and all kinds of dangerous later social developments, including the rise of authoritarianism, right-wing populism and nationalism, all of which got attributed to neoliberalism and to ordoliberalism in particular. According to that rapidly spreading narrative, ordoliberalism is deeply anti-democratic.

As the political scientist Wendy Brown (2017) says, what all neoliberals “dreaded – especially Hayek and the ordoliberals – was political life influenced by the deluded, manipulable masses, the theatre in which Trump and other rightwing nationalists are now playing. They thought this [...] could be prevented by governing rooted in economic principles.” In more malevolent interpretations, nothing good can therefore ever come from ordoliberalism, since it allegedly has a genetic – which implies incurable – proximity to fascism (see for example Haselbach, 1991; Bonefeld, 2012, 2017; Micocci & DiMario, 2017; Innset, 2020). For an accurate picture to emerge in the future, scholars in the history of ideas, economists and legal theorists will need produce more informed, balanced research on this. It is true that the historical ordoliberals grappled with the idea of party democracy at first. Fairness requires one to bear in mind, though, that their academically formative years, the beginning of the interwar era, were the first time that people from the shattered former Austrian and German empires experienced modern democracy. Without wanting to restore monarchy, some of them, looking back at the protection of individual rights that had been secured under the empire, were worrying whether the new type of parliamentarism would live up to the challenge. Eucken’s early conceptual and moral difficulties with democracy in particular also had much to do with the fact that he could only think of it in Rousseauvian terms, dissolving the individual person in the collective mass (Dathe, 2014, p. 32). Such worries weren’t dead ends. They were in fact crucial for conceptualizing the constitutional checks and balances needed to safeguard minority rights in a setting of representative democracy with majority rule (see Hacke, 2018).

Brown’s own account, if less defamatory than others, comes with its own specific perfidy, as she depicts all strands of neoliberalism, i.e. ordoliberalism included, as unintentionally – which implies stupidly – responsible for society’s present worrisome ills: “On one hand, neoliberalism generated the socio-economic frustrations, the instabilities, the precarities, the loss of national horizons, and the social disintegration that have fomented nationalism, racism, xenophobia and desire for authoritarian rule. On the other hand, neoliberalism generated the hostility to politics, to social justice and even to democracy in favor of market justice and rationales combined with heavy statism. On a third hand, it yielded [...] capital accumulation that outruns growth, yielding increasing concentrations of wealth at the top. This produced skyrocketing inequality [...] but also rent-seeking [...]. Neoliberalism, in short, has an unintended spawn, just as Weimar did” (Brown, 2017). What a careless comparison this is in Brown’s three-handed diatribe! The obvious, important differences between neoliberalism and Weimar are conceptual: one is a body of thought coming with political recommendations, the other a shorthand term for the first democratic constitution in Germany; and also factual: the current state of the world, even though sorry in too many ways, can still hardly be characterized as a generalized replica of the infamous “Third Reich.”

It is not clear that it will ever be possible to cut through the fog of ideology that floats around such statements, one of its deficiencies lying in the depiction of neoliberalism and ordoliberalism in their vulgar forms, ignoring the necessary distinction between the normative standpoint, the policy stance (and what public discourse and the

political process makes of it), and the research program. From an academic point of view, it will nevertheless be important to react and provide scholarly analyses that may allow to clear up some misunderstandings, correct some misrepresentations and add some disinterested nuance. And instead of an outright, equally ideological rejection, it seems urgent to inquire whether there is perhaps – and where exactly – a grain of truth in such accusations, insights that could then be used productively in modernizing the ordoliberal approach. For example: What can be done to gain a better understanding of socio-psychological processes? Doesn't the focus on economic order come, unintendedly, at the cost of neglecting the other interrelated subsystems of society? Is it possible to redirect the focus of ordoliberalism so as to encompass the concern for democracy more explicitly? Is there a way to take today's pressing social question better into account?

3 Modernizing ordoliberalism: From the historical roots to European economic policy

In their interdisciplinary anthology, the result of a lecture series and a workshop in Freiburg, Germany, Dold and Krieger set out to modernize ordoliberalism by having it scrutinized from various conceivable angles. In order to give the book a relevant concrete focus, especially with regard to the ongoing debate about ordoliberalism as described above, they take a special case of application into account: European economic policy. "It is the aim of this volume to illuminate ordoliberalism's past, present, and future role in shaping European economic policy," they announce in the introduction to their collection of 17 contributions, most of them written by scholars from Germany (2019b, p. 8). The book is divided into three parts. The first part returns to the historical roots of ordoliberalism as a variant of neo-liberalism, from its beginnings in the 1930s to the later differentiations of neo-liberalism. The second part jumps forward to the recent past and is dedicated to the much-disputed ordoliberal strategies to deal with the sovereign-debt crisis in the eurozone. The third part is then devoted to thinking more constructively about a future-oriented interpretation, a "revitalization" (2019, p. 258) and development of the research program. Some authors argue from an internal perspective, labeling themselves as ordoliberals, while others write from the perspective of more or less distant observers or critics of ordoliberalism. Erudite and thought-provoking, this collection makes a valuable contribution to enabling a better-informed and nuanced international discourse across the disciplines.

In the first part of the book, the historian of economic thought Stefan Kolev (West Saxon University of Applied Sciences Zwickau, Germany) begins with a contribution on the history of ordoliberal thought, contextualizing it as one of several strands of neoliberalism, developed in various urban centers in response to the crisis of classical liberalism and laissez-faire. The entire endeavor was about a renewal of liberal thought, the classical version of which was widely regarded as a failure. The international "Colloque Walter Lippmann" in Paris in 1938, organized and held shortly before the outbreak of the Second World War, has become famous for such efforts.⁵ Kolev elaborates on the parallels between the specific approaches developed in Vienna,

⁵ An English translation of the minutes of the Colloque Lippmann is published in Reinhoudt and Audier (2018).

London, Chicago, Freiburg and Geneva, showing that the “thinking in orders” mode typical for the Freiburg School also very much characterizes other members in the family of neoliberalism, so that ordoliberalism, contrary to a popular perception, is not exclusively German line of thought: “‘Thinking in orders,’ founding economic policy on principles and rules, focusing on the indispensability of frameworks (legal and ethical), paying special attention to power relations, searching for new methodological and epistemological foundations of economics very much constituted building blocks of the neoliberalisms of the 1930s and 1940s on both sides of the Atlantic” (Kolev, 2019, p. 33). Kolev attributes these similarities essentially to the common roots in the Historical School and to the ongoing scientific exchange between the various centers, even during and despite the war.

Gerhard Wegner (University of Erfurt, Germany), a political economist, then tackles the burning issue of the relationship between historical ordoliberalism and democracy. He does not deny that the historical ordoliberals were pessimistic about parliamentarism’s ability to secure a liberal economic order of the same quality they had known and appreciated during the “half-democracy” (Tooze, 2014) of the empire. Wegner however makes it easier to understand this by contextualizing their worries. On the one hand, he refers to the immense institutional uncertainty and loss of confidence that prevailed after 1918: “The radical move toward mass democracy came along with turmoil after the lost war and an intense struggle for political power – including coups and street fighting between the radical left and right from 1919 to 1923; the economic catastrophes of hyperinflation and mass impoverishment during the Great Depression were new experiences for all contemporaries” (Wegner, 2019, p. 29). He also provides the standard of comparison that imposed itself on the historical ordoliberal thinkers: a long period of economic growth from 1870 to 1913, tremendously more successful than the inter-war period under the Weimar constitution which, in its section on “economic life,” introduced some socialist elements, protected private property insufficiently, allowed nationalization, and serious interference in the setting of wages. On the other hand, Wegner agrees with the historical ordoliberals that democracy as set up by this same Weimar constitution was indeed part of the overall problem, because it favored monopolies and cartels, inhibited productivity growth and caused stagnation.

Most importantly, however, Wegner makes crystal-clear that the transformation of group and party interests into a common good is not only a challenge in the minds of the ordoliberals. If it is not possible to transform group interests into constitutional interests (Vanberg & Buchanan, 1989) or to establish an overlapping consensus (Rawls, 1993), then democracy will always fail to guarantee the rights of all citizens. “As a result, the majority could capture legislation for its own benefit to the detriment of the rest of society” (Wegner, 2019, p. 46). Here Wegner expresses the old Tocquevillean (1835) concern about the tyranny of the majority, which must be eliminated by checks and balances – a concern much too easily ridiculed and shrugged off by the left-wing critics of ordo- and neoliberalism (for example, see Innset, 2020, pp. 43, 145, 147). Dold and Krieger also emphasize this important concern in the final chapter of the book and embed it smoothly in the ordoliberal approach (2019c, pp. 248f). They explain that ordoliberalism ultimately aims to disperse power through general rules and competition in *both* the economic and political spheres. Merger control and cartel policy are the chosen tools to ensure that competition plays its role as an instrument of

disempowerment in markets. In politics, the best way to dissipate power is through the effective participation of the population in the political decision-making process.

The social scientist Josef Hien (University of Milan, Italy) develops a cultural-economic approach to explain the conflict between North and South in the European sovereign-debt crisis. Although he does not explicitly mention Max Weber in his contribution, the latter's "Protestant Ethics and the Spirit of Capitalism" (1904/1905 [2001]) underlies his reflections. He considers that the North, especially Germany, is shaped by the historical ordoliberal project, "the reaction of Protestant social thought to the upheavals of Weimar that cumulated in the world economic crisis" (Hien, 2019, p. 61); the South, on the other hand, is still influenced by Catholic social doctrine. "Ordoliberalism distinguished itself clearly from Catholic social ethics and this is largely due to the different conceptions of the human being that Catholics and Protestants loaded into social Catholicism and ordoliberalism. Catholicism assumes that individuals are not equipped with the same intellectual, moral, and physical capabilities. For this reason, ensuring fair and equal starting conditions and opportunities (level playing field), as ordoliberals do, would not suffice for Catholic social ethics; instead, society must also guarantee a certain amount of redistribution" (Hien, 2019, p. 65). Already in Weber's case, however, the explanation of political cultures purely by religious influences has met with considerable academic criticism, both as a finding and as a postulate on causality (for example Sennett, 1998; Cantoni, 2015).

The paper by the historian Volker Berghahn (Columbia University, New York, USA) in the volume edited by Dold and Krieger is in fact such a critique. Berghahn examines the contribution of representatives of Catholic social teaching in Germany to the development of the social market economy. The political scientist Kenneth Dyson (Cardiff University, United Kingdom) then enriches the usual perception of historical ordoliberalism by describing it essentially as a "mindset", coming with "an austere and ascetic view of civic virtue; intellectual hostility to utilitarianism, to materialism, and to philistine elites and publics; attachment to law, order, morality, and personal conscience; the need for social hierarchy and for respect for authority [...]; distaste for many unhealthy middle-class values, notably the dominance of the commercial spirit; respect for the independently minded, creative artisan, for family businesses, for the free professions, and for the balance and solidity of farming and rural communities [...]; an educated, cultivated, and disinterested elite [...]; profound skepticism that history is an unfolding of moral and intellectual progress" (Berghahn, 2019, p. 94 f.). That all this rings a conservative bell is not surprising.

Rüdiger Bachmann (University of Notre Dame, USA), a macroeconomist, takes a provocative stance. He calls ordoliberalism an outright "intellectual zombie" (p. 115), whose survival in Germany can only be explained by the fact that economics used to be taught together with the political and legal sciences: "There is a natural tendency for German culture to accept, perhaps even admire, ordo-liberal economics, because it is a type of economics that is close to continental law: rules- and framework-based [...] ordoliberals are viewed as good economists because they really are like jurists" (Bachmann, 2019, p. 116). In his view, ordoliberalism has never left the academic level of the Freiburg school. What seems to annoy Bachmann most is the longstanding refusal of older ordoliberals to use the quantitative methods of modern macroeconomics. He criticizes an ideological, scientifically un- or counterproductive position associated with this: "[...] German economic policy economists of an ordoliberal bent

succeeded in equating quantitative economics with discredited Keynesianism, and more generally, with leftist politics” (Bachmann, 2019, p. 116). While this is a contested description of reality (see Feld, Köhler & Nientiedt, 2015; Burda, 2015), it remains an important call for quality and openness – notwithstanding that economic research, like any other field, benefits from methodological diversity and the division of labor.

In the second part of the book, Oliver Landmann (University of Freiburg, Germany), also a macroeconomist, supplements Bachmann’s complaint with his warning that ordoliberalism sometimes prevents politics from developing a stringent strategy to combat crises. Upon his account, it is wrong to argue that a macroeconomic stabilization policy – particularly in the eurozone – rewards misconduct and weakens reform incentives. “It ignores the political risks of failed macroeconomic stabilization as electorates turn against ‘elitist’ structural reforms that are perceived as (and often are) regressive in their distributional consequences. While concerns about incentive compatibility are legitimate, they are at risk of hardening into a dogmatic resistance against any type of supranational European arrangements even if such arrangements are clearly in the interest of macroeconomic and financial stability in Europe” (Landmann, 2019, p. 164). He detects “a thinly veiled nationalist conservative agenda” here.

The second part of the volume is dedicated to ordoliberalism in its practical application, concentrating on a further analysis of the European sovereign-debt crisis. The economist Wolf Schäfer (University of the Federal Armed Forces Hamburg, Germany), complains that “the spirit of ordoliberalism in the Maastricht rules has been largely replaced by a growing body of ordo-averse institutional mechanisms in order ‘to rescue the euro’” (Schäfer, 2019, p. 127) and that a spirit of communitarization and redistribution has increasingly taken hold. In his view, a return to ordoliberal principles would have to start with a strengthening of the principle of subsidiarity. Michael Wohlgemuth (University of Witten/Herdecke, Germany), a political economist, continues in this vein by explaining his model of flexible integration in various policy areas, developed with recourse to the theories of Friedrich August von Hayek, Wilhelm Röpke and James M. Buchanan. It combines the universalizability of common rules in policy areas where both the efficiency and legitimacy of common action are given, with the flexibility of competing policy solutions in areas where diversity should be maintained as a driving force for innovation, learning and progress (Wohlgemuth, 2019, p. 183). Otmar Issing (University of Frankfurt, Germany), the former ECB chief economist, looks back on the success story of the German Mark and the introduction of the euro. He warns that the different economic policy ideas in member countries of the eurozone area still pose a problem for a monetary policy that is aimed at ensuring stable prices (Issing, 2019). The political economist Norbert Berthold (University of Würzburg, Germany) issues “Ten Commandments” for overcoming recurrent European crises, speaking out against political union, for the independence of the ECB and for an end to fiscal free-riding between member states. A deep thorn in his side is “[t]he erratic, discretionary behavior of politics during long nights in Brussels, which only accomplishes hectic, makeshift repairs” (Berthold, 2019, p. 173).

This is also seen as a serious problem by Johannes Becker (University of Münster, Germany) and Clemens Fuest (University of Munich and CESifo, Germany), both public finance economists who for reasons of scientific openness and respectability refrain from attaching the label “ordoliberal” to themselves. “As few material

operational decisions as possible should be taken during night-time negotiations between governments in Brussels. Decision-making powers should either remain with the nation states or be assigned to European technocratic institutions” (Becker & Fuest, 2019, p. 148). They attribute the sovereign-debt crisis in the eurozone mainly to institutional failure: “The euro crisis was caused by overly lax banking regulation, ineffective sovereign debt rules, and a lack of institutions able to deal with crises” (Becker & Fuest, 2019, p. 142). These shortcomings could not be easily remedied, as they were symptomatic of a “commitment problem” of the member states’ policies. It is difficult for politicians to commit themselves, to keep promises and to act sustainably because new problems have to be solved and desires arise. At the European level, it is the independence of institutions such as the ECB that mitigates the problem, while at the national level it is political competition. “What does not work, on the other hand, is agreements and promises made at the intergovernmental level during EU summits in Brussels” (Becker & Fuest, 2019, p. 144). This setting liberates the representatives of the member states from political liability at home for the decisions taken jointly. They can shift the responsibility to the other member states. “The medium- and long-term damage inflicted on political culture is considerable because the general public inevitably gets the impression that it is being governed remotely by Brussels” (Becker & Fuest, 2019, p. 145). This is all the more problematic because the commitment problem makes massive pressure necessary when a member state must be persuaded to comply with the common rules. This pressure, which is perceived as intrusive, undermines popular support for these rules and for the community as a whole – to the detriment of all. The fine contribution of these two authors shows how a sober, non-partisan economic analysis, based on an awareness of the fundamental superiority of market allocation, the effectiveness of incentives and the existence political-economic dilemmas, can lead to results and recommendations that are fully in line with the values of ordoliberalism. Such an approach can therefore be described as applied constitutional economics – without requiring the full set of ordoliberal precommitments.⁶

The political scientist Thomas Biebricher (University of Frankfurt, Germany) closes the second part of the book. He sees the constitutionalization, legal limitation and technocratization of politics as the core of ordoliberalism and points out that this raises some serious legitimacy problems – especially when distributional issues have to be decided upon. “[T]hese are then decisions of an inherently political nature in a twofold sense: Not only are they contested vehemently within the realm of science but they excise a toll from particular groups of the population and therefore require a much stronger democratic legitimation than a presumably pareto-optimal politics of regulation would” (Biebricher, 2019, p. 197). In his assessment of the strategies for dealing with the European sovereign debt crisis, he states that the democratic pressure to which the ECB and the European Commission are exposed has decreased as a result of new mechanisms such as the “European semester,” budget monitoring, the “six-pack” etc. He has a point there, although he somewhat loses out of sight that these mechanisms are the product of an agreement between democratically elected governments and are thus very solidly legitimized.

The third part of the volume looks ahead and offers a number of new ideas on how to further develop the research program. The editors ask: “What lessons can German

⁶ See also the monograph Becker and Fuest (2017).

ordoliberal economists learn from the criticism levelled by scholars abroad [...] How, if at all, could Europe benefit from more ordoliberal influence on decision-making in the eurozone?” (Dold & Krieger, 2019b, p. 14). The economists Lars Feld and Ekkehard Köhler (both of the Walter Eucken Institute, University of Freiburg, Germany) advocate a research program in which, taking into account the respective institutional environment, one examines theoretically and empirically how an economic and political order ought to be designed that corresponds to the common interests of the citizens. “Within the positive research program, theoretical insights need to be rigorously evaluated against empirical evidence; for this process of examination, mathematical and econometric methods are needed,” they write (Feld & Köhler, 2019, p. 243), insofar endorsing Bachmann’s earlier claim.

The economist Julian Dörr, the economist and theologian Nils Goldschmidt (both of the University of Siegen, Germany) and the sociologist, economist and psychologist Alexander Lenger (Catholic University of Applied Sciences Freiburg, Germany) take a different direction. They combine the concepts of the competitive order according to Walter Eucken (1952), the vital policy according to Alexander Rüstow (1957), concerned with the framework for a fulfilled, dignified life, and the participation opportunities according to Amartya Sen (1999), to form an argument for European social policy. In this way they also correspond, to a certain extent, to the plea made by the international political economist Brigitte Young (University of Münster) in the following chapter, which refers to Alfred Müller-Armack’s (1976) concept of the social market economy: “[...] a market economy has to be supplemented by a social policy ‘which views men not only functionally as producer and consumer but also in its personal existence’” (Young, 2019, p. 233).

Dörr, Goldschmidt, and Lenger once again make it clear that Eucken’s model was aimed at preventing the emergence of a social question in the first place. To achieve this, however, it is no longer enough today to ensure a market economy; it is also necessary to take care of concrete individual opportunities for participation. In contrast to Hayek (1973) and Buchanan (1975), the authors extend the condition of legitimacy in questions of social distribution not only to the rules of procedure that determine it, but also to the results. They argue: “Even if well-informed participants have collectively agreed upon an ostensibly equitable regulatory framework, this order will lose its effective legitimacy if it becomes clear that it systematically generates one specific group of ‘losers’” (Dörr, Goldschmidt, & Lenger, 2019, p. 211). In order to establish and shape an ordoliberal European social policy on this basis, it is necessary to focus on the mobility and education of citizens, which depend on regional conditions, as prerequisites for effective participation. On this basis, Dörr, Goldschmidt and Lenger call for a reform and intensification of EU cohesion policy.

A stronger focus on social issues is also in the list of demands of the editors themselves. In their final chapter, they combine four ideas that have emerged in the contributions to the book as the core of ordoliberalism to be carried forward: “[...] In a contemporary conception of ordoliberalism, the state is a central player that (a) cocreates a framework of rules which provide the order for free, open, and competitive markets, (b) is strong enough to resist the influences of special interest groups, (c) provides protection against socioeconomic hazards in the form of an activating welfare system, and (d) is constrained by the two regulatory ideals of consumer and citizen sovereignty” (Dold & Krieger, 2019c, p. 247). To be relevant for the scientific as well as the political

discourse in the twenty-first century, ordoliberals have to look forward: “[... T]hey need to escape pure exegesis of their past heroes, rediscover the reforming spirit of their liberal ideals, and apply them anew to the existing socioeconomic challenges in Europe” (Dold & Krieger, 2019c, p. 246). In addition, the editors encourage everyone in the field to deal openly and confidently with the normative commitment of ordoliberalism; to explain its moral foundations again and again. In their view, normativity is what makes the ordoliberal approach attractive, filling a void in the public debate. Dold and Krieger argue for embedding ordoliberalism – as a research program clearly based on a liberal worldview – within the interdisciplinary scientific cluster of PPE. “Ordoliberalism opens economic thinking to philosophical and political questions on what kind of society we want to live in and which ‘preferences’ and ‘values’ we want to prioritize [...] Research and teaching in PPE are guided by a twofold conviction: on the one hand, normative analysis is utopian and unhelpful if it ignores economic knowledge. Empirical research is crucial to support theoretical hypotheses and discipline ideological policy advice. On the other hand, economics becomes irrelevant for many debates if it does not take account of the moral and political dimension of economic choices [...] In order to contribute to a more informed democratic debate, contemporary ordoliberals should be empirically oriented, open to normative arguments, and equipped with a decent amount of humility to recognize the limits of their own knowledge” (Dold & Krieger, 2019c, p. 260f). That’s well argued. Such should be the way forward, lifting to the global realm the not exclusively German and not so odd trilogy of ordoliberal values, a focus on framework-oriented policy advice and a constitutional economics research program.

4 Conclusion

The most distinctive feature of the academic research program of ordoliberalism or, more exactly, “Ordnungsökonomik” or constitutional economics, is its breadth. This allows it to break away from the aseptic technocratic trend in modern economics by asking the big questions regarding the good society and a well-functioning, humane economic order, without shying away from a thorough discussion of normative principles. Sitting at the interface of economics and ethics, politics and law, it has a unique ability to bring together valuable insights from various neighboring disciplines. Far from being exclusively German or an oddity, the interdisciplinary academic research program of ordoliberalism therefore provides a framework for a fruitful combined intellectual effort in an open, relevant scholarly debate around the globe, focusing on the analysis of concrete present challenges while still remaining committed to questioning and systematically modernizing itself. With their rich, most inspiring anthology, Malte Dold and Tim Krieger have made an important contribution to this project.

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