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Who needs to be reminded how turbulent and violent the first decades of the 20th century were? The local wars that then took place, the terrible massacre that was World War I, the two revolutions (in Russia and Germany) that would directly or indirectly dramatically change the face of the world, the economic crisis in Germany in the early 1920s or the 1929 worldwide economic crisis that was (at least partly) responsible of the second major war of the twentieth century. These events obviously affected everyone who lived through them. Some came to think that capitalism had to be abandoned. Others that it should only be reformed. Among the latter were some liberal thinkers convinced that these events were the “symptoms” of an “existential crisis in liberalism”, not a crisis of liberalism (Dyson, 2, 41, 45, 47). It was not liberalism that was at fault, but what it had become, a “crony capitalism” based on unregulated competition, weak governments playing as little role as possible or intervening without rigour or discipline. To exit the crisis and offer new perspectives to traumatised individuals, it was urgent, vital indeed, to invent a new form of liberalism that would “offer a moral purpose, one that promise[d] a more prosperous, secure, and humane society, and a more worthwhile life, than its alternatives like laissez-faire liberalism and social liberalism” (3). Neo-liberalism—as it was called at the Lippmann Colloquium in 1938—was born. Its “most systematic, coherent and developed” form took the name and shape of Ordo-liberalism.

In the wake of the recent debates about neo- and ultra-liberalism, we have witnessed an increase in the number of books and articles devoted to a doctrine that has become fashionable again. Kenneth Dyson, a professor of politics at Cardiff University, also contributed to this stream of literature, focusing on the “intimate connection between Ordo-liberalism and continental state theory”. With Conservative Liberalism, Ordo-liberalism, and the State, he “return[s] to this connection” and proposes a rather comprehensive characterisation of Ordo-liberalism. What is particularly important is that Dyson successfully dispels two major mistakes frequently made about Ordo-liberalism. The tendency, first, to confuse it with a doctrine that promotes a free-market unregulated form of economy, and second—especially “in the English-language world—to analyze and criticize [it] from the narrow perspective of economic theory”(ix).

Dyson makes his demonstration first by carefully and rigorously studying the works of the (German) founders of Ordo-liberalism. He relies on primary sources—canonical and neglected texts—and on archival material and discusses all these writings in an historical perspective. The birth
of Ordo-liberalism can no more than any other tradition be understood independently from the socio-political context in which it took place. And the intellectual context as well, including the works of those who inspired ordo-liberals, what he calls the “patron saints” of the program. This completes the first two stages of the analysis, which represent the first two parts of the book. Then, Dyson proceeds by showing that it would be a mistake to reduce Ordo-liberalism to a place and a time. He devotes the third part of the book to connecting the Ordo-liberalism of the origins with different forms of Conservative Liberalism that developed in England, France, Italy, Belgium, the Netherlands, and the United States and which, according to him, all belong to the same ideological family.

The members of this family all agreed that liberalism is “about human flourishing and about the inner life of man” (x), or “the inner development of man’s aesthetic and moral capacity” (52). Ordo-liberalism, Dyson points out, postulates that “[a] liberal society was about the formation of the character and moral sense of individuals” (86). This is perfectly captured by the concept of “social market economy” invented by Alfred Müller-Armack to emphasise that what happens in the economy cannot be separated from what happens in other social spheres. Ordo-liberals stressed on “the vital importance of the nature of the legal, social, and cultural orders, of their independence, and of a clear, coherent, and stable framework of institutions and rules” in order to safeguard “the fundamental human values of freedom, dignity and solidarity” (183).

To reach that goal, a few principles should be respected. First, a strong state but with a strictly limited sphere of action—politicians had to be controlled and tamed. Also needed were “rules of the social game” or a “constitution for the economy”—Ordo-liberalism defends “a rule-based order” (26), hence the use of the label “Ordo”. Indeed, Ordo-liberals believed in free and competitive markets but not “in perfectly efficient, self-correcting markets” (81).

Then, Ordo-liberals believed in ethics—a social market economy requires “strength of character and the possession of the moral qualities that engendered trustworthiness” (79). But they no more trusted individuals than they trusted markets. Ordo-liberals were convinced that individuals would not spontaneously follow ethical rules and be ethically responsible, or as strong as markets required them to be. An “external discipline” had to be imposed on individuals. Ordo-liberalism, Dyson insists—this is one of his major claims—, should be defined as a form of “disciplinary” liberalism. Disciplinary and aristocratic. Indeed, Ordo-liberals distrusted masses, but trusted elites to counter their power and govern society—a claim one also finds in the work of Ortega y Gasset that some Ordo-liberals admire. This leads Dyson to claim that Ordo-Liberalism is a form of aristocratic liberalism.
A part of this discipline also finds its source in religion which leads to an “austere and ascetic disciplinary conception of liberalism” (234). Indeed, many Ordo-liberals were Lutherans. For example, Walter Eucken, one of the founders and most important Ordo-liberals, claimed: “I could neither live nor work if I did not believe that God existed” (217). Yet, one must note an ambiguity in Dyson’s story for while he claims that “religion is vital in understanding the founding conservative liberals and Ordo-liberals” (210), he also notes that a few of them were atheists. Louis Rougier, for instance, considered that “[t]he dogmas of Christianity ‘flattered the illusion of the intellect’” (233).

The first who put these views together were Germans. However, in spite of its “distinctive German and continental European characteristics” (5), Ordo-liberalism is fundamentally “transnational” as Dyson argues. This had to be expected. Indeed, many countries faced a crisis in the first third of the 20th century. Liberals were convinced that this was a crisis of liberalism and undertook to repair and rebuild liberalism. Dyson illustrates his point by citing a French economist and future Nobel prize laureate, Maurice Allais, and two Chicago-based economists—Henry Simons and Frank Knight. All these economists shared the same diagnosis about laissez-faire liberalism and all agreed that a market economy could not function properly without being regulated. A “positive program for laissez faire” was required, Simons claimed, anticipating Röpke’s “advoca[cy] for a ‘positive’ economic policy” (25). It is striking to see how Knight and Simons’s ideas and analyses were close to those of the founders of Ordo-liberalism (as already stressed in Köhler and Kolev, 2022). In that sense, it seems natural to consider intellectuals who are similarly thinking about rules, control of the market, strong state, and moral ethic and orderliness as belonging to the same, Ordo-liberal family. Yet, it is not. Not always, at least.

Indeed, important nuances between intellectuals of this family must not be dismissed (see Dekker 2022 about Ralph Hawtrey and Frank Knight). Let us focus on two other cases. Jacques Rueff, to start with. Similarities exist between Rueff’s ideas and those of Ordo-liberals, but his methodology might not be as close to that of the Ordo-liberals as Dyson claims. He tells us that Eucken, Hawtrey, Rougier and Rueff “rejected the empiricist method and Cartesian-style a priori reasoning and deductive theory as inadequate foundations for the discipline” (182). Yet, in his autobiography, Rueff (1977) admitted having been deeply marked by Descartes’s Discourse on the Method. Descartes’s essay inspired his epistemological work (1922) and some of his economic analysis: his work on the exchange rate and unemployment was grounded in a deductive and empirical approach, as his monetary theory of the 1920s (Rueff 1927). In these conditions, can Rueff still be considered an Ordo-liberal?
The same question applies to James Buchanan whom Dyson describe as a “disciplinary liberal” (212). Buchanan might have remarked that “There is no God, but Frank Knight is his prophet” (220), but is that sufficient to make him a Calvinist or a representative of a form of “secularized Protestantism of a fundamentalist kind” (220)? One may doubt it. Buchanan always believed that one could trust individuals, that they would cooperate in certain environments because they would voluntarily follow ethical rules. One of the rare—if not the only—essays, in which Buchanan defended a Puritan ethic is “The Samaritan’s Dilemma” (1975), an essay not cited by Dyson. Even if Buchanan feared that individuals might be “afraid to be free” (2005), he never concluded that discipline was important. Buchanan did not seem to have shared this family feature with other Ordo-liberals. Since discipline is crucial to Dyson’s definition of Ordo-liberalism, one may wonder if that does not jeopardise Buchanan’s belonging to the family.

Taking differences into account is the interesting – but tricky – aspect of the concept of “family”. When the differences become so important, does it still make sense to talk of a family? The question deserves to be raised. At least, sometimes. For, most of the time, Dyson is convincing in his attempt to show that Ordo-liberalism is a family, and therefore that it is not frozen in space. Dyson also shows that Ordo-liberalism is not frozen in time. Ordo-liberalism evolved as its promoters became involved in political decision-making. Indeed, some Ordo-liberals obtained privileged positions such as Erhard and Müller-Armack who were very active applying principles of Ordo-liberalism in German politics.

Ordo-liberalism also played an important role in the building of the European Union. For the better, as in the first years of the process, Ordo-liberalism was important because of its focus on unification. As Dyson argues, “Ordo-liberalism was conceived as being part of a large national unifying myth that rested fundamentally on promoting European political unification” (408). Also, from the 1980s, because of how it views monetary policy—“from the 1980s, [the Economic and Monetary Union] witnesses a correspondence of mainstream monetary theory with Ordo-liberalism around the primacy of monetary policy, the importance of clear and firm rules and their consistent application” (395). But also, for the worse, as in 2011 with the resignation of Jürgen Stark from the executive board of the ECB in reaction to a monetary policy judged too permissive which “illustrated that for some Ordo-liberals adaptative learning has its limits” (359). More generally, Dyson considers that with the financial and economic crisis of 2008, “Conservative liberalism and Ordo-liberalism had an opportunity to re-emphasize how liberalism could be destroyed from within by elites who inflicted self-harm as well as harm on others” (438).
At the end of the book, Dyson discusses the challenges Ordo-liberalism had to face, as the elites changed. A double movement took place: a decline of bourgeois values in the ruling elites (due to the ‘massification’ of higher education for all social classes from 1960s) and the distancing of the intellectual and cultural elites from market economy. The stakes were high since the new elites “proved less readily receptive to the morally conservative character of conservative liberalism” (249), and “cultural and social criticism had different roots from those of Ordo-liberalism” (405). However, Dyson could have dug deeper in this topic to address the capacity of Ordo- and Conservative liberals to renew themselves.

All in all, Dyson must be complimented for having written a comprehensive and extremely well-documented book. Specialists of Ordo-liberalism might not be surprised by the content of the book and may even disagree with him—which opens up to rich discussions. They will nonetheless find a host of references, and information that will also rejoice non-specialists, who will gain a better view of Ordo-liberalism. It will be useful for those, in particular, among historians of economic thought who are interested in the twentieth century. The book will also delight those who are interested in understanding liberalism and neo-liberalism. They will in particular realise that liberalism is not, or should not be, restricted to economics. As Dysons points out, Ordo-liberalism was devised as an “attempt to transcend the scope of economics, narrowly defined, and see political economy in its larger context” (x-xi). Ordo-liberals were foremost “philosophers-economists” or “philosophers-lawyers” (xii). They were a perfect illustration of Friedrich Hayek’s wise remark that “nobody can be a great economist who is only an economist” (1956, 463). A lesson that is important to remember.

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References


