

## THE WORLD ECONOMY AND THE COLOR LINE: WILHELM RÖPKE, APARTHEID, AND THE WHITE ATLANTIC

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In 1964, economist Wilhelm Röpke, revered as one of the intellectual fathers of the West German social market economy and a key figure in the construction of neoliberalism as an international movement from the 1930s onward, wrote that “the South African Negro is not only a man of an utterly different race but, at the same time, stems from a completely different type and level of civilization.”<sup>1</sup> The remark appeared within “an attempt at a positive appraisal” of South Africa, published as the country’s racist policies were coming under attack from the expanding African and Asian contingent in the United Nations.<sup>2</sup> Describing South Africa as “one of the most prosperous and — in certain respects — irreplaceable nations in the world economy,” Röpke praised “the extraordinary qualities of its white population, who live under unusually favorable climatic conditions and possess a pioneering spirit that can be compared only with that found in the United States.”<sup>3</sup> The country’s most notable features were its attractiveness to tourists, its “relatively favorable tax structure,” and the high returns it offered on foreign investment.<sup>4</sup> The policy of apartheid was not oppressive, he argued. Rather, it was “the specific form in which South Africa pursues the policy of ‘decolonializing’ and ‘development aid’ which corresponds to this country’s needs.”<sup>5</sup> Drawing a parallel to Israel, he wrote that as with the relationship of the Jewish population to the Arabs, to provide full political equality to the black population would be to commit “national suicide.”<sup>6</sup> South Africa was a white stronghold in Röpke’s racialized world geography. To prevent it from turning into “another Congo or Indonesia,” he called for the maintenance of “a Zambezi line” in Africa to “divide the black-controlled northern part of the continent from the white-controlled south.”<sup>7</sup> For reasons of racial superiority, economics, and *Realpolitik*, he believed that white supremacy had to persist in South Africa.

» *Decolonization and the Evolution of International Human Rights* (Philadelphia, 2010), Kindle Location 1577.

1 Wilhelm Röpke, “South Africa: An Attempt at a Positive Appraisal,” *Schweizer Monatshefte* 44, no. 2 (May 1964): 8. The article was published originally as “Südafrika: Versuch einer

Würdigung,” *Schweizer Monatshefte* 44, no. 2 (1964): 97–112. The citations follow the reprint published in English translation by the Information Service of South Africa also in 1964.

2 See Ryan M. Irwin, *Gordian Knot: Apartheid and the Unmaking of the Liberal World Order* (New York, 2012); A Special Committee on Apartheid was formed in the UN in 1963. Roland Burke, »

3 Röpke, “South Africa: An Attempt at a Positive Appraisal,” 3.

4 Ibid.

5 Ibid., 10. Röpke’s use of quotation marks around these terms suggests his skepticism about their validity as categories. For his critique of development aid, see Dieter Plehwe, “The Origins of the Neoliberal Economic Development Discourse,” in *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, ed. Philip Mirowski and Dieter Plehwe (Cambridge, MA, 2009), 248–51.

6 Röpke, “South Africa: An Attempt at a Positive Appraisal,” 13.

7 Ibid., 15.

Grateful for the rhetorical ammunition, the South African government ordered three translations and sixteen thousand copies of the book in which the article was to appear.<sup>8</sup> The next year, they ordered twenty thousand additional off-prints of the article for distribution in the U.S.<sup>9</sup> Defenders of apartheid quoted his work in their own pamphlets.<sup>10</sup> Röpke could not rely on all of his usual European allies on the South Africa issue. The editors of the economic-liberal Swiss newspaper *Neue Zürcher Zeitung*, with whom he had worked for three decades, did not share his zeal for Hendrik Verwoerd's regime.<sup>11</sup> The newspaper published a statement of protest by foreign students when Röpke delivered the paper as a lecture in Zurich in July 1964.<sup>12</sup> "These NZZ intellectuals will not be satisfied until they let a real cannibal speak," Röpke wrote to his primary collaborator from the mid-1960s, Swiss businessman Albert Hunold.<sup>13</sup> Hunold, for his part, communicated to Röpke from South Africa that their erstwhile neoliberal partner, economist Friedrich Hayek "now advocates one man one vote and race mixing." He contemptuously concluded: "Nothing surprises me about Hayek any more."<sup>14</sup>

Röpke found his primary allies on the apartheid question not in his European milieu but in the U.S. New Right, a community that was frequently willing to defend the principle of white rule. He would develop ever closer contact with this group until his death in 1966.<sup>15</sup> Libertarian newspaper columnist Lawrence Fertig wrote to congratulate him on the publication of his "South African appraisal," commending Röpke's "courage" and "great integrity" in writing it, which, he acknowledged, had "contributed much" to his thinking.<sup>16</sup> Stanford University agricultural economist and German émigré Karl Brandt called the piece a "very refined and at the same time enormously strong exposition of the philosophy of freedom."<sup>17</sup> After publishing an article of his own defending the Verwoerd government, William F. Buckley, syndicated columnist and publisher of the *National Review*, wrote that he was "bursting with pride" over the praise Röpke paid to the piece.<sup>18</sup>

8 Hunold to Röpke, 15 Aug 1964, Röpke Archive, Institut für Wirtschaftspolitik, Cologne (hereafter RA), file 22, p. 259.

9 Röpke to Hunold, 28 Aug 1965, RA, file 23, p. 313.

10 Afrikaans-Deutsche Kulturgemeinschaft, "Wenn die Naschörner stampfen: Deutscher Jurist über den Alexander-Prozess," ADK-Botschaft Jan 1964, RA, Panzerschrank, p. 596

11 On his partnership with the NZZ, see Hans Jörg Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung* (Stuttgart, 2005), 129.

12 "Zur Diskussion über den Afrika-Vortragszyklus," *Neue Zürcher Zeitung*, 21 Jul 1964.

13 Röpke to Hunold, 16 Jan 1965, RA, file 22, p. 203. All translations are the author's unless otherwise indicated.

14 Hunold to Röpke, 3 Oct 1965, RA, file 23, p. 304. According to his biographer, Hayek opposed legal racial discrimination in South Africa but "believed . . . that on a private basis, people should be allowed to discriminate." Alan O. Ebenstein, *Friedrich Hayek: A Biography* (Chicago, 2001), 294.

15 The primary context for the U.S. New Right was, of course, domestic. Nancy MacLean has »

» argued that "defense of white rule in the South" was a "unifying force" among the diverse strains of the conservative movement. Nancy MacLean, "Neo-Confederacy versus the New Deal: The Regional Utopia of the Modern American Right," in *The Myth of Southern*

*Exceptionalism*, ed. Matthew D. Lassiter and Joseph Crespino (New York, 2009), 313, 315.

16 Lawrence Fertig to Röpke, 13 Jan 1965, RA, file 22, p. 96.

17 Brandt to Röpke, 8 Dec 1964, RA, file 22, p. 31.

18 Bill [Buckley] to Röpke, 25 Feb [1963], RA, file 21, p. 576. Given the timing, the article was almost certainly Buckley's report of his government-funded trip to South Africa. William F. Buckley, "South African Fortnight," *National Review*, January 15, 1963.

Histories of the Right's "Atlantic crossings" have boomed in recent years. Following the pioneering research of Bernhard Walpen and Dieter Plehwe, a host of works have focused on the group of economists, intellectuals, and politicians disgruntled with the postwar Keynesian consensus, who together formed the Mont Pèlerin Society (MPS) in 1947. Initiated by Hayek and Röpke, the MPS became what Daniel Stedman Jones has called a "Neoliberal International."<sup>19</sup> Historians are unambiguous about the transnational nature of neoliberalism as an intellectual movement, and some, like Kim Phillips-Fein, have made the same case for the U.S. conservative movement, which shared many of its individuals and influences (Fertig, Buckley, and Brandt were all MPS members).<sup>20</sup> Yet the questions of race and empire that the case of Röpke and South Africa raises remain largely unanswered. With the exception of scholarly work on the "Chicago Boys" in Latin America and a detailed chapter on development discourse by Plehwe, intellectual histories of early neoliberalism before the policy breakthroughs of the 1970s and 1980s have been mostly blind in one eye, focusing on the global North and ignoring the South, tracing transatlantic traffic across only one half of the ocean.<sup>21</sup>

I seek to remedy this omission as part of a larger project of placing the intellectual arguments of early neoliberalism within a global analytical frame, investigating how the end of empire and the dawn of the development era underwrote neoliberal visions of an open world economy. I begin by showing how Röpke's synthesis of religion and free market principles drew him close to what George H. Nash termed the "fusionism" of the U.S. New Right in the 1950s and 1960s, and how Christianity fit into Röpke's proposed reconstruction of a lost liberal international economic order.<sup>22</sup> I then explain the specificity of the early 1960s moment when conservative disenchantment with the second-term policies of President Dwight D. Eisenhower swelled to alarm at those of the Democratic presidents that followed them, especially with what conservatives saw as the expansion of New Deal policies outward to the decolonizing world.

19 Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (Princeton, 2012), 30. For the best overview in English of the MPS and its role since 1947, see Dieter Plehwe, "Introduction," in *Road from Mont Pèlerin*, 1-42. For the most

comprehensive overall treatment, see Bernhard Walpen, *Die offenen Feinde und ihre Gesellschaft. Eine hegemonietheoretische Studie zur Mont Pèlerin Society* (Hamburg, 2004). Additional recent studies include Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the*

*Depression* (Cambridge, MA, 2012); Martin Durham and Margaret Power, "Transnational Conservatism: The New Right, Neoconservatism, and Cold War Anti-Communism," in *New Perspectives on the Transnational Right*, ed. Martin Durham and Margaret Power (New York, »

» 2010), 134-40; Jamie Peck, *Constructions of Neoliberal Reason* (New York, 2010), chapters 1-3; Kim Phillips-Fein, "Business Conservatives and the Mont Pèlerin Society," in *Road from Mont Pèlerin*, 280-303; Philip Plickert, *Wandlungen des Neoliberalismus. Eine Studie zu Entwicklung und Ausstrahlung der 'Mont Pèlerin Society'* (Stuttgart, 2008); Matthias Schmelzer, *Freiheit für Wechselkurse und Kapital. Die Ursprünge neoliberaler Währungspolitik und die Mont Pèlerin Society* (Marburg, 2010); Rachel S. Turner, *Neoliberal Ideology: History, Concepts and Policies* (Edinburgh, 2008); Milene Wegmann, *Früher Neoliberalismus und europäische Integration. Interdependenz der nationalen, supranationalen und internationalen Ordnung von Wirtschaft und Gesellschaft (1932-1965)* (Baden-Baden, 2002).

20 Phillips-Fein, "Business Conservatives and the Mont Pèlerin Society," 283.

21 Karin Fischer, "The Influence of Neoliberals in Chile before, during, and after Pinochet," in *Road from Mont Pèlerin*, 306-17; Greg Grandin, *Empire's Workshop: Latin America, the United States, and the Rise of the New Imperialism* (New York, 2006), chapter 5; Plehwe, "The Origins of the Neoliberal Economic Development Discourse," 238-79; Juan Gabriel Valdés, *Pinochet's Economists: The Chicago School in Chile* (New York, 1995).

22 George H. Nash, *The Conservative Intellectual Movement in America since 1945*, 30th anniversary ed. (Wilmington, DE, 2006).

I show how economists like Röpke acted as emissaries from the “other Europe” of West Germany and Switzerland in these years, supposedly adhering to more orthodox free market principles than the U.S. leadership. I contend that intellectuals like Röpke profited from the impression of objectivity and distance as uncompromised observers of the American scene from afar. Yet far from being uninvolved, Röpke was an active advocate of an alternative Atlanticism, linking like-minded individuals across the North Atlantic in Central Europe and the U.S., as well as across the South Atlantic in Latin America and South Africa. I show how Röpke helped form a front against the policies of the formal Atlantic Community and the doctrines of social democracy and developmentalism that economists like the Argentine Raúl Prebisch, the Swede Gunnar Myrdal, and the Hungarian émigrés Nicholas Kaldor and Thomas Balogh advocated internationally. Looking through the lens of Röpke’s “other alliance” of the Right, this article shows how conservatives responded to what they saw as the perilous globalization of Keynesian policies of full employment and state-subsidized industrialization in the “Bandung Era” of decolonization and national development.<sup>23</sup>

The article’s subtitle borrows the term “white Atlantic” from David Armitage, who used it to describe a specific discourse born in the 1940s as U.S. interventionists like Walter Lippmann articulated a civilizational geography that linked North America to the British Isles and Europe in a community of “the West.”<sup>24</sup> The concept became institutional reality after 1945 as the “Atlantic Community” Kenneth Weisbrode describes in his contribution to this volume.<sup>25</sup> This Atlantic was “white” because of its assumptions of cultural superiority in societies that maintained varying levels of colonialism and segregation, and because it often drew on racialized notions of a common “Anglo-American” or “Judeo-Christian” heritage.<sup>26</sup> Yet with the foundation of the U.N. organizations and the steady movement toward decolonization, ideologies of pluralism gradually displaced biological racism (such as that expressed by Röpke in 1964) in the official circles of the Atlantic Community. Race and racism did not

23 The term “other alliance” is taken from Klimke, who describes quite a different one between leftist student activists in the U.S. and West Germany in the 1960s. Martin Klimke, *The Other Alliance: Student Protest in West Germany and the United States in the Global Sixties* (Princeton, 2009). Samir Amin dates “the Bandung era,” characterized by “bourgeois national projects” of state-led industrialization in the global South, between the Asian-African Conference in Bandung, Indonesia, in April 1955 and the declaration of the New International Economic Order in 1975. Samir Amin, *Re-reading the Postwar Period: An Intellectual Itinerary* (New York, 1994), 14, 105-106. See also Geoff Eley, “Historicizing the Global, Politicizing Capital: Giving the Present a Name,” *History Workshop Journal*, no. 63 (2007): 169.

24 David Armitage, “Three Concepts of Atlantic History,” in *The British Atlantic World, 1500-1800*, ed. David Armitage and M. J. Braddick (New York, 2002), 13-14. Armitage, in turn, was referring to an exploration of the topic by Bernard Bailyn. See Bernard Bailyn, “The Idea of Atlantic History,” *Itinerario* 20, no. 1 (1996): 19-44.

25 See also Kenneth Weisbrode, *The Atlantic Century: Four Generations of Extraordinary Diplomats who Forged America’s Vital Alliance with Europe* (Cambridge, MA, 2009).

26 On the category of “Anglo-American,” see Duncan Bell, “Project for a New Anglo Century: Race, Space and Global Order,” in *Anglo-America and Its Discontents: Civilizational Identities beyond West and East*, ed.

Peter J. Katzenstein (New York, 2012), 33-55. On the “Judeo-Christian” heritage, see Udi Greenberg, *The Weimar Century: German Émigrés and the Ideological Foundations of the Cold War* (Princeton, 2015).

disappear but, by the late 1950s, the language of malleable culture predominated as Atlantic statesmen courted postcolonial leaders and gestured at addressing racial injustice at home.<sup>27</sup>

The article takes “white Atlantic” as a useful term to describe the worldview that Röpke and his collaborators cultivated in this period. Yet it concludes by identifying a key slippage between the rhetoric of race and economics in Röpke’s texts. As conservatives, whose racism was often open and unadorned in personal correspondence, sought a publicly acceptable way to oppose decolonization movements in the global South, Röpke offered a solution. In his defense of South Africa, Röpke redefined “the West” not as a racial or civilizational space but one identified by a stable economy, market-friendly social behavior, and a welcoming investment climate. Like Adam Smith before him, Röpke would end by finding interest rates as the most reliable index for an area’s level of civilization.

At a time when the budding civil rights movement was challenging the racial hierarchy in the U.S., the conservative attack on the “New Deal for the world” was, I argue, a means of holding the line against what one of Röpke and Buckley’s collaborators called “the unholy combination of the African Negro question with U.S. Negroes.”<sup>28</sup> If the demands of non-white populations were becoming harder to suppress at home, perhaps they could at least be curbed in the larger world before bringing about what Röpke called the “suicide” of “the free world” that would result in the event of a world government where “non-Europeans would hold an overwhelming majority.”<sup>29</sup> Looking at the transatlantic alliances of German-speaking neoliberalism and conservatism makes it clear that world economic issues at the middle of the twentieth century were always also about race.

27 On France, see Todd Shepard, “Algeria, France, Mexico, UNESCO: a Transnational History of Anti-racism and Decolonization, 1932-1962,” *Journal of Global History*, no. 6 (2011): 273-97. On the U.S., see Thomas Borstelmann, *The Cold War and the Color Line: American Race Relations in the Global Arena* (Cambridge, MA, 2001); Mary L. Dudziak, *Cold War Civil Rights: Race and the Image of American Democracy*

(Princeton, 2000); Paul Kramer, “Is the World Our Campus? International Students and U.S. Global Power in the Long Twentieth Century,” *Diplomatic History* 33, no. 5 (Nov 2009): 775-806; Christopher Shannon, *A World Made Safe for Differences: Cold War Intellectuals and the Politics of Identity* (Lanham, MD, 2001). On the international organizations, see Bruce David Baum, *The Rise and Fall of the*

*Caucasian Race: A Political History of Racial Identity* (New York, 2006), chapter 5; Michelle Brattain, “Race, Racism, and Antiracism: UNESCO and the Politics of Presenting Science to the Postwar Public,” *American Historical Review* 112, no. 5 (Dec 2007): 1386-1413; Glenda Sluga, “UNESCO and the (One) World of Julian Huxley,” *Journal of World History* 21, no. 3 (2010): 393-418.

28 Helmut Schoeck, Department of Sociology, Emory University, to Röpke, 16 Dec 1964, RA, file 23, p. 551. On Schoeck’s defense of colonialism at the 1957 MPS meeting, see Plehwe, “The Origins of the Neoliberal Economic Development Discourse,” 259.

29 Wilhelm Röpke, *International Order and Economic Integration* (Dordrecht, 1959), 22; published first as Wilhelm Röpke, *Internationale Ordnung — heute* (Berlin, 1954). The notion of the “suicide of the West” resonated with the title of an influential book published by American conservative James Burnham. Röpke often cited Burnham, and his friend Karl Mönch sought to translate the book into German. Karl Mönch to Röpke, 18 Jan 1965, RA, file 22, p. 377. Ultimately it was translated by Thomas Michael Höpfner as James Burnham, *Begeht der Westen Selbstmord?* (Düsseldorf, 1965).

## Röpke and the U.S. New Right

Born in the town of Schwarmstedt near Hanover in 1899, Röpke finished his training in economics at Marburg in 1921 and returned there as a full professor in 1929. He was ejected from the university for his liberal opposition to the new National Socialist government in 1933, emigrating thereafter to a post at the University of Istanbul.<sup>30</sup> Like many German-speaking liberal economists, Röpke's initial connections to the U.S. came through the Rockefeller Foundation.<sup>31</sup> In the interwar period, the philanthropic organization built up a network of economists in Central Europe, bankrolling business cycle research at the Kiel Institute for World Economy, the German Institute for Business Cycle Research in Berlin, and the Austrian Institute for Business Cycle Research in Vienna, the latter headed by Hayek himself.<sup>32</sup> Such funding was so common that Fritz Machlup, an Austrian economist and later MPS member, jokingly coined a German verb in writing about his intention "to Rockefeller" (*rockefeller*) in 1935.<sup>33</sup> Röpke received his first grant in 1927-28 to write a study of U.S. agricultural policy, for which he spent six months traveling through the entire country.<sup>34</sup> According to his biographer, the trip left Röpke both impressed and troubled. On the one hand, America's economic prowess was awe-inspiring; on the other hand, Röpke wondered if Europe had the "power of resistance and cultural sense of self to protect itself from the automobile-jazz-skyscraper-civilization."<sup>35</sup> Like many of the German visitors to the U.S. in the interwar period that Mary Nolan describes elsewhere in this volume, Röpke regarded American society with a "mixture of admiration and anxiety": a vision of the future laced with dystopia.<sup>36</sup>

30 Having officially been "retired" rather than fired from his post, Röpke continued to receive a pension from the German government until the outbreak of the war in 1939. Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 89-95, 125.

31 The literature on the extensive efforts of American philanthropic foundations to nurture transatlantic connections as well as aid expelled academics in the interwar period is large. See Giuliana Gemelli and Roy MacLeod, eds., *American Foundations in Europe: Grant-Giving Policies, Cultural Diplomacy and Trans-Atlantic Relations, 1920-1980* (Frankfurt am Main, 2003); Giuliana Gemelli, ed., *The "Unacceptables": American Foundations and Refugee Scholars between the Two Wars and after* (New York: Peter Lang, 2000); Harald Hagemann, "Dismissal, Expulsion, and Emigration of German-Speaking Economists after 1933," *Journal of the History of Economic Thought* 27, no. 4 (Dec 2005): 405-20; Steven D. Korenblat, "A School for the Republic? Cosmopolitans and Their Enemies at the Deutsche Hochschule für Politik, 1920-1933," *Central European History* 39, no. 3 (2006): 394-430; Claus-Dieter Krohn, *Intellectuals in Exile: Refugee Scholars and the New School for Social Research* (Amherst, 1993), chapter 3. On the foundations as promoters of globalism in the interwar period, see Inderjeet Parmar, *Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power* (New York, 2012), chapter 3.

32 The Rockefeller Foundation grant to Kiel alone was for the large sum of \$10,000. Hagemann, "Dismissal, Expulsion, and Emigration," 407. The Vienna institute was funded by Rockefeller from 1931 forward. Hansjoerg Klausinger, "Hayek on Practical Business Cycle Research: A Note," in *Austrian Economics in Transition: From Carl Menger to Friedrich Hayek*, ed. Harald Hagemann, Yukihiko Ikeda, and Tamotsu Nishizawa (New York, 2010), 218-34, 219.

33 Machlup to Gottfried Haberler, 19 Feb 1935, Hoover Archive, Machlup Papers, 41.4. Machlup ended up with a Rockefeller-funded guest professorship at the State University of New York, Buffalo, that year. Hagemann, "Dismissal, Expulsion, and Emigration," 49.

34 Technically, Röpke was a fellow of the Laura Spelman Rockefeller Foundation. Sylvia Hanna Skwiercz, *Der dritte Weg im Denken von Wilhelm Röpke* (Würzburg, 1988), 46; Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 60.

35 Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 60.

36 Mary Nolan, *Visions of Modernity: American Business and the Modernization of Germany* (New York, 1994), 4. On the cultural-conservative critiques of mass culture Röpke developed along with Alexander Rüstow in the 1930s and 1940s, see Ralf Ptak, *Vom Ordoliberalismus zur sozialen Marktwirtschaft: Stationen des Neoliberalismus in Deutschland* (Opladen, 2004), 158-200.

Röpke's second Rockefeller grant was for a large project on the international economic order, which he began in Geneva in 1937, where he had taken a position at the Institute of International Studies (Institut Universitaire des Hautes Études Internationales).<sup>37</sup> Röpke would remain at the institute, itself Rockefeller-funded, until his death in 1966.<sup>38</sup> His position was secured through the efforts of the director William Rappard, who had hired Austrian liberal economist Ludwig von Mises for the institute in 1934 and played a key role in developing Geneva as a hub of exchange and organization for neoliberal thought in the 1930s and 1940s.<sup>39</sup> After the war's end, Röpke would build on connections made in Geneva as well as at the Colloque Lippmann of 1938 in Paris, where now self-described neoliberals from the intellectual and business communities of Western Europe and the U.S. came together to oppose what they saw as the eclipse of free market principles in the decade of protectionism, the Popular Front, and the New Deal.<sup>40</sup> He would also draw on his pre-1945 links to German members of the so-called Freiburg School, a subgroup of neoliberals — called ordoliberals after their journal *Ordo* — who emphasized the need for a strong state to protect and maintain the conditions of free market competition.<sup>41</sup>

The most important organizational base for Röpke and his fellow neoliberals in the postwar period was the Mont Pèlerin Society. Transatlantic connections proliferated in the early MPS. Over one-third of its members were from the U.S. in its early years; it held its

37 Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 113-15.

38 The Institute had received \$1.5 million from the Rockefeller Foundation by 1950. Walpen, *Die offenen Feinde und ihre Gesellschaft*, 86.

39 Jörg Guido Hülsmann, *Mises: The Last Knight of Liberalism* (Auburn, AL, 2007), 684; Neil de Marchi and Peter Dohlman, "League of Nations Economists and the Ideal of Peaceful Change in the Decade of the Thirties," in *Economics and National Security: A History of Their Interaction*, ed. C. D. W.

Goodwin (Durham, NC, 1991), 149-50; Giovanni Busino, "William Rappard, le libéralisme 'nouveau' et les origines de La 'Mont-Pèlerin Society,'" *Revue européenne des sciences sociales* 28, no. 88 (1990): 205-16, 209. On the Swiss funding of this political-intellectual endeavor, see Olivier Longchamp and Yves Steiner, "Comment les banquiers et industriels suisses ont financé le renouveau libéral," *L'Économie politique* 4, no. 44 (2009): 76-92; see also Victor Monnier, *William E. Rappard: défenseur des libertés, serviteur de son pays et de la communauté*

*internationale* (Geneva, 1995).

40 At the Colloque, which was originally convened to discuss U.S. journalist Walter Lippmann's 1937 book *The Good Society*, "néo-libéralisme" won out narrowly as a label of self-description over contending terms including *néo-capitalisme*, *libéralisme positif*, *libéralisme social*, and *libéralisme de gauche*. Röpke himself was the first to introduce the term *Neoliberalismus* into German in the foreword to the 1945 translation of *The Good Society*. Walpen, *Die offenen Feinde und ihre Gesellschaft*, 60, 73.

41 See Ralf Ptak, "Neoliberalism in Germany: Revisiting the Ordoliberal Foundations of the Social Market Economy," in *Road from Mont Pèlerin*, 98-138. Scholarly attention has been drawn to ordoliberalism in recent years after Michel Foucault's discussion of the group in his posthumously published lectures, though most scholars see his dichotomy between ordoliberalism and the Chicago School as overdrawn. Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79* (New York, 2008); see Peck, *Constructions of Neoliberal Reason*, 65. For a recent debate on the status of the state in ordoliberalism, see Werner Bonefeld, "Freedom and the Strong State: On German Ordoliberalism," *New Political Economy* 17, no. 5 (2012): 633-56; Volker Berghahn and Brigitte Young, "Reflections on Werner Bonefeld's 'Freedom and the Strong State: On German Ordoliberalism' and the Continuing Importance of the Ideas of Ordoliberalism to Understand Germany's (Contested) Role in Resolving the Eurozone Crisis," *New Political Economy* 18, no. 5 (2013): 1-11.

first meeting in the U.S. in 1958.<sup>42</sup> The most active economists came from the University of Chicago, including Milton Friedman, Frank Knight, Aaron Director, and George Stigler, along with Röpke's interwar acquaintance from the Rockefeller Foundation, John van Sickle. Non-academic members and attendees of the meetings in the early 1950s included Henry Hazlitt of *Newsweek* (and *The Freeman* until 1952); John A. Davenport of *Fortune* (later of *Barron's*); John Chamberlain of the *Wall Street Journal* (later of the *National Review*); and philanthropist Howard Pew, funder of *Christian Economics*; Buckley and publisher Henry Regnery joined in the late 1950s.<sup>43</sup> Röpke made more presentations than any other member at MPS meetings in the first fifteen years.<sup>44</sup> The network put him in shared company with the active segment of the U.S. business community mobilized against the New Deal that Phillips-Fein has labeled the "business conservatives," a group that helped publicize and promote the writings and ideas of German-speaking neoliberals in the postwar decades.<sup>45</sup>

In the 1950s, Röpke became a steady source of information for the emerging U.S. conservative movement on issues of European integration, postwar reconstruction, and international economics. Buckley and Russell T. Kirk, the figureheads of the movement, corresponded and collaborated extensively with Röpke, and his name appeared on the masthead of the first issues of both the *National Review* and *Modern Age* in 1955, the New Right's flagship publications.<sup>46</sup> In personal correspondence, Kirk expressed his indebtedness to Röpke's influence and lauded him as the best hope for "humanizing economic thought."<sup>47</sup> Buckley declared himself a "disciple" of Röpke in 1956, informing him of the "considerable body of people in the United States who are keenly aware" of his work "at a time when the whole world seems to have gone mad."<sup>48</sup>

Röpke's focus on religious morality in his major works written in the 1940s made him more attractive to the opinion-makers of the New Right than Hayek and Mises.<sup>49</sup> Hayek was opposed to the absorption of Kirk's conservatism into the neoliberal MPS, attempting (unsuccessfully) to block his membership, and prepared a paper titled "Why I Am Not a Conservative" for a 1957 meeting to express his distance from Kirk's politics.<sup>50</sup> Unlike Kirk, Hayek made few explicit references to Christianity, and Mises was outright skeptical of it.<sup>51</sup> After their engagement with business cycle research and federalism in the 1930s and 1940s, both had also paid surprisingly little attention to matters

42 Plickert, *Wandlungen des Neoliberalismus*, 165.

43 *Ibid.*, 166-69.

44 *Ibid.*, 170.

45 Phillips-Fein, "Business Conservatives and the Mont Pèlerin Society."

46 Buckley's intimacy with Röpke contrasted with his relationship to Hayek, who was skeptical about the *National Review* position. Burgin, *The Great Persuasion*, 138-40.

47 Kirk's biographer notes that he "frequently praised" Röpke while he "rejected the moral isolation inherent in Mises' social philosophy." W. Wesley McDonald, *Russell Kirk and the Age of Ideology* (Columbia, MO, 2004), 168; Kirk to Röpke, 14 Feb 1955, RA, DVD 2, p. 150.

48 Buckley to Röpke, 25 Apr 1956, RA, DVD 11, p. 460

49 See Wilhelm Röpke, *Civitas humana: A Humane Order of Society* (London, 1948); Wilhelm Röpke, *The Social Crisis of Our Time* (London, 1950).

50 Walpen, *Die offenen Feinde und ihre Gesellschaft*, 125, 340.

51 A recent intellectual biography of Hayek has no index entries for religion, church, or Christianity: Bruce Caldwell, *Hayek's Challenge: An Intellectual Biography of F. A. Hayek* (Chicago, 2004). Mises observed in 1944 that "virtually all the Christian churches and sects have espoused the principles of socialism and interventionism." Ludwig Von Mises, *Omnipotent Government: The Rise of the Total State and Total War* (New Haven, 1944), 120.



of international political economy.<sup>52</sup> The Protestant Röpke, by contrast, engaged in his own fusionist project of reconciling Catholicism and liberalism in Switzerland during the war years.<sup>53</sup> Röpke spoke across disciplines in his work, consistently folding purely economic questions into larger issues of ethics and cultural critique. In George H. Nash's canonical history of U.S. conservatism, he called Röpke's work the "very model of fusionism," placing it at the intersection of the streams of Christian traditionalism and free market orthodoxy that defined conservatism as an intellectual movement.<sup>54</sup>

For U.S. conservatives in the 1950s, Röpke was in a position to be *the* European mandarin of an explicitly Christian capitalism at a time of global transformation. Yet he devoted most of his writing to questions of international relations in the 1950s, where religion had an ambiguous position, both central and increasingly subsumed into questions of civilization and concerns about "the West." Röpke placed Christianity at the origins of a genealogy of economic organization. As Razeen Sally observed, the decades before the First World War represented the closest real-world instantiation of the "liberal international economic order" envisioned by Röpke, who described the years from the Congress of Vienna until August 1914 as "the long and glorious sunny day of the western world."<sup>55</sup> Adherence to the gold standard and the free movement of capital and goods, Röpke wrote, had acted as a "a sort of unwritten *ordre public international*, a secularized Res Publica Christiana, which for that reason spread all over the globe," resulting in a "political and moral integration of the world."<sup>56</sup> As Sally pointed out, the system relied as much on "informal constraints, that is, extralegal standards, conventions and moral codes of behavior" as on national laws.<sup>57</sup> Membership in international society was synonymous with being a responsible actor in the free market. The liberal world order, the heir of a Christian order, was

52 Among the prominent Central European liberal economists, only Gottfried Haberler, Friedrich Lutz, and Fritz Machlup were as concerned with matters of the international economic order. None of them, however, paired this with attention to religion.

53 Jean Solchany, "Wilhelm Röpke et la Suisse. La

dimension helvétique d'un parcours transnational," *Traverse: Zeitschrift für Geschichte* no. 2 (2010): 27-37, 24-25.

54 Nash, *The Conservative Intellectual Movement in America since 1945*, 167. On the ongoing dominance of Nash's narrative, see Kim Phillips-Fein, "Conservatism: A State of the Field," *Journal of*

*American History* 98, no. 3 (2011): 723-43, 730. Though Röpke is not dealt with at length, a reviewer of the thirtieth-anniversary reissue of Nash's book saw in it an endorsement of "the economic and political fusionism of Wilhelm Röpke." Wayne Allen, "The Principles of Right," *Modern Age* 40, no. 3 (Summer 1998): 243-49, 243.

55 Röpke, *International Order and Economic Integration*, 3; Razeen Sally, *Classical Liberalism and International Economic Order: Studies in Theory and Intellectual History* (New York, 1998), 139. Röpke's paeans to international trade contradict Alfred Mierzejewski's perplexing claim that Röpke had an "irrational fear of global markets" and "condemned 'world-wide interdependence.'" In fact, from his earliest work in the 1920s until his death, the opposite was true. Alfred C. Mierzejewski, "Water in the Desert? The Influence of Wilhelm Röpke on Ludwig Erhard and the Social Market Economy," *Review of Austrian Economics* 19, no. 4 (2006): 275-87, 281, 284.

56 Röpke, *International Order and Economic Integration*, 74, 158. On Röpke's vision of the international order, see also James R. Martin, "Liberal Economic Thought and the Crisis of Global Order, 1940-1960," Paper presented at the Annual Meeting of the German Historical Association, Milwaukee, WI, October 6, 2012.

57 Sally, *Classical Liberalism and International Economic Order*, 139.

defined as a system of formally ungoverned economic expectations and modes of interaction. It was a community of values, which individual economies could both join and leave, but which supranational institutions could not legislate into existence.

Peripheral to Röpke's account of the "glorious sunny day of the western world" was the fact that the nineteenth century was also the era of high imperialism, when much of the earth's territory was divided among the European powers. What was to be done, then, in the postwar world, when both the religious basis of international society had been lost and the community of "the West" was splintered by decolonization? The quandary Röpke faced in the 1950s was that shared by many other conservatives and indeed, centrists, as well: how could empire be ended without losing control of the non-white world?<sup>58</sup> As mentioned in the introduction, Röpke dismissed the proposal for a world government that would welcome postcolonial nations as peers as a Western death wish; the "free world," he wrote, could not be "expected to commit suicide."<sup>59</sup>

He suggested instead a form of federalism, similar to what fellow liberals Hayek, Lionel Robbins, and Moritz Julius Bonn had discussed in the 1930s and 1940s: it gave nations formal political sovereignty but a diminished economic autonomy that would be regulated by the free flow of capital and investment over borders.<sup>60</sup> This represented a middle position between autarkic economies operating with exchange controls and a super-state that would plan activity and allocate resources. He saw the latter state as "the kind of international dictatorship which Hitler called 'Grossraum.'"<sup>61</sup> Röpke's global vision was consistent with the "rearticulated federalism" that Walpen sees as a basic feature of neoliberal thought, which calls for the decentralization of authority to remove the collective decision-making capacity for the "emancipatory design of society as a whole."<sup>62</sup> A loose world federation would help prevent mass popular expectations from becoming reality as the ever-present threat of capital flight would curb campaigns of expansionary social policy.

Röpke predicted that the disciplining function of the open world economy would be accompanied by the retrenchment of civilizational blocs in response to the presence of "Hannibal ante portas."<sup>63</sup> Invoking a potentially bellicose non-European antagonist, he argued that "the more the non-European great powers emerge, and the civilizations of other continents begin to regard us with condescending

58 See Matthew Connelly, "Taking Off the Cold War Lens: Visions of North-South Conflict during the Algerian War for Independence," *American Historical Review* 105, no. 3 (2000): 753-69.

59 Röpke, *International Order and Economic Integration*, 22.

60 *Ibid.*, 45; Helge Peukert explains that Röpke's recommendation for a rebuilt West Germany to be export-oriented stemmed in part from the idea that susceptibility to shifts in the global market would necessarily constrain attempts at large-scale and long-term planning; Helge Peukert, *Das sozialökonomische Werk Wilhelm Röpkes*, vol. 1 (Frankfurt am Main, 1992), 86.

61 Wilhelm Röpke, *The Economics of Full Employment: An Analysis of the UN Report on National and International Measures for Full Employment* (New York, 1952), 31.

62 Walpen, *Die offenen Feinde und ihre Gesellschaft*, 278.

63 Röpke, *International Order and Economic Integration*, 51.

self-confidence, the more it becomes both natural and necessary for the feeling of spiritual and moral homogeneousness among Europeans to increase powerfully.”<sup>64</sup> The borders of the besieged community extended over the ocean. He asserted that “the spiritual and political integration of Europe . . . only makes sense as part and parcel of a higher combination and organization of the resistance potential of the *entire* western world on both sides of the Atlantic.”<sup>65</sup> A morally strengthened Fortress Occident would arise as a necessary defense against the emboldened populations of the non-West, unanchored as they were from a genuine sense of community.<sup>66</sup>

Röpke’s normative vision for the West and his anxiety about shifts in the global racial order overlapped considerably with the Atlanticism that historians have traced from turn-of-the-century calls for Anglo-American union to the visions of Clarence Streit for the federalist fusion of the U.S. with Great Britain and Western Europe in the 1930s and 1940s.<sup>67</sup> Like other liberal economists, and West German Economics Minister Ludwig Erhard, Röpke opposed the creation of the European Economic Community on the grounds that it would bloat bureaucracy and empower socialist tendencies in Western Europe.<sup>68</sup> Instead, he advocated a European Free Trade Area that would include Britain and, consistent with his federalist vision, entail free trade and convertible currencies but no supra-national planning bodies.<sup>69</sup> As Milene Wegmann has advanced, Röpke and Erhard also believed that integration should not happen “at the expense of the Atlantic Community” and based their vision on the “Occidental concept that emphasized the political, social, and historical similarities of the West.”<sup>70</sup> Linked by their common Christian patrimony, Western Europe and North America bore the responsibility for restoring the liberal international economic order lost in 1914.

### Against the Global New Deal

Röpke’s belief that the putative leader of the free world of the West, the United States, was doing everything in its power to accelerate the disintegration of world order deepened his concerns in the 1950s. The problems had begun with the New Deal. He believed that organized labor, protectionism, and planning had “politicized” economic processes and eroded the foundations of the liberal international economic order.<sup>71</sup> In this sense, the interventionist state was the adversary of the liberal world economy as it sought to empower working populations and raise standards of living within national-territorial

64 Ibid., 49

65 Ibid., 54.

66 It is notable that Röpke attempted to found a journal with the name *Occident* in 1944. Walpen, *Die offenen Feinde und ihre Gesellschaft*, 99.

67 See Bell, “Project for a New Anglo Century”; Clarence K. Streit, *Union Now: A Proposal for a Federal Union of the Democracies of the North Atlantic* (New York, 1939); Valérie Aubourg, Gérard Bossuat, and Giles Scott-Smith, eds., *European Community, Atlantic Community?* (Paris, 2008).

68 Turner, *Neo-liberal Ideology: History, Concepts and Policies*, 88–89.

69 Anthony James Nicholls, *Freedom with Responsibility: The Social Market Economy in Germany, 1918–1963* (New York, 1994), 341–47.

70 Wegmann, *Früher Neoliberalismus und europäische Integration*, 326.

71 Sally, *Classical Liberalism and International Economic Order*, 139.

space. In the postwar moment, Röpke saw the U.S. government exporting these expectations, first to Western Europe, and then to the decolonizing world.

In one of his first articles in the U.S. conservative publication *The Freeman*, Röpke took aim at wartime visions of the “New Deal for the world.”<sup>72</sup> Citing the socioeconomic promise of Roosevelt’s Four Freedoms from 1941, Röpke remarked, “it is unlikely that the true liberal will be caught by such glib phrases as the ‘Freedom from Want’ by which the essence of liberty is surrendered to collectivism.”<sup>73</sup> Since the announcement of the Atlantic Charter, Röpke had feared that “the flip side of total war,” as Josef Mooser puts it, would be the “sweeping expectation that there would be a welfare state among those mobilized for war.”<sup>74</sup> Roosevelt had let the genie of what Röpke called “equalitarianism” out of the bottle to win the war, and it would be difficult to put back in.

The first consequence of the New Deal’s internationalization was the diverse experimentation with planning that emerged in postwar Western Europe.<sup>75</sup> In an attack on Marshall Plan aid for Britain and France in 1950, Missouri senator James Kem, dubbing these nations “socialist,” quoted Röpke’s observation of the irony “that the Marshall Plan, which should have pulled Western Europe out of the muck of collectivistic, nationalist economic polity, has threatened to create a new supercollectivism on a super-state level.”<sup>76</sup> Coining colorful terms, Röpke declared the U.S. support for the planning bodies of the EEC as “vulgar gigantolatry and technolatry.”<sup>77</sup>

International organizations threatened to expand the pernicious effects of planning to an even larger scale. In 1952, the American Enterprise Association (later the American Enterprise Institute) published Röpke’s critique of the UN Report on National and International Measures for Full Employment (1949), which had been written primarily by British and French Keynesians.<sup>78</sup> Röpke had written that there was “no other economic issue which appears so attractive and yet may be so dangerous as the one based on this misleading and bitterly discussed concept” of full employment and warned that the report marked the dangerous shift from “national planning” to “international planning.”<sup>79</sup>

With the launch of Kennedy’s New Frontier program in 1961, Röpke found another “New” entity to place in the crosshairs of critique. In April 1963, he published a half-page editorial in the *Wall Street Journal* titled “Washington’s Economics: A German Scholar Sees

72 Elizabeth Borgwardt, *A New Deal for the World: America’s Vision for Human Rights* (Cambridge, MA, 2005), 48–51.

73 Wilhelm Röpke, “The Malady of Progressivism,” *Freeman*, July 30, 1951, 690.

74 Josef Mooser, “Liberalismus und Gesellschaft nach 1945. Soziale Marktwirtschaft und Neoliberalismus am Beispiel von Wilhelm Röpke,” in *Bürgertum nach 1945*, ed. Manfred Hettling and Bernd Ulrich (Hamburg, 2005), 152.

75 On the varieties of planning, see Tony Judt, *Postwar: A History of Europe since 1945* (New York, 2005), 69–71.

76 Cong. Rec. 1950-0503, May 03, 1950, p. 6222. The quote was repeated in a 1957 study sponsored by seventeen congressmen and published in the national magazine of the Chamber of Commerce: “Adverse Effects of Expanding Government,” *Nation’s Business* 45, no. 9 (Sept 1957): 39–94, 89.

77 Quoted in Wegmann, *Früher Neoliberalismus und europäische Integration*, 317.

78 Wilhelm Röpke, *The Economics of Full Employment: An Analysis of the UN Report on National and International Measures for Full Employment* (New York, 1952); J. F. J. Toye and Richard Toye, *The UN and Global Political Economy: Trade, Finance, and Development* (Bloomington, 2004), 93.

79 Röpke, *Economics of Full Employment*, 5, 31.

Nation Moving into Fiscal Socialism.” This critique began by explicitly linking the New Deal and Kennedy’s New Frontier: “Thirty years ago, I published an article severely criticizing the economic policies then being pursued by President Roosevelt in the name of a ‘New Deal.’” The “New Frontier” of President Kennedy, Röpke continued, was no less worrisome. “The similarity between the ‘New Deal’ and ‘New Frontier’ finds expression not only in the general decline in business confidence,” he wrote, “but in an openly defiant glorification of ‘big government’ and in the fiscal megalomania which serves this questionable ideal.” The two programs both surrendered to the rising wage demands of trade unions and shared an inflationary policy of monetary expansion that expressed “the tendency for the increasingly centralized state of our times to surround like a parasitical vine both society and economy.”<sup>80</sup>

The special danger of the New Frontier, in Röpke’s view, was that it was literally a global New Deal. Extending Röpke’s metaphor, one could say that the vines of the state were creeping outward through an expanding foreign aid program of government loans, which had drawn in the West German partner by 1960, and the more aggressive use of trade unions, including the establishment of the American Institute of Free Labor Development as part of Kennedy’s Alliance for Progress. Röpke called foreign aid “the great action by which the ideas and methods of collectivist policy are carried into the world economy” and singled out economist Myrdal as proposing the “transposition” of the modern welfare state from the Western to what he called the “undeveloped” world (consciously avoiding the normative term “underdeveloped”).<sup>81</sup>

In his *Wall Street Journal* article, Röpke attacked by name the two critical authors of the Keynesian growth model and of modernization theory, John Kenneth Galbraith and Walt Whitman Rostow, maintaining that the latter preached a “new version of the Rooseveltian illusionism in the dress of economic determinism . . . which is not nearly as far removed from that of Marx as Prof. Rostow seems to think.” Indeed, by promoting what Röpke called “standard of life-ism,” the promise of global economic evenness contained in modernization theory had “played a more important role in the advance of communism to its present power than has the whole panoply of Communist tanks, rockets and divisions.”<sup>82</sup> Röpke condemned, in other words, the very feature that made development a consensus goal internationally in the 1950s: that it concentrated on increasing

80 Wilhelm Röpke, “Washington’s Economics: A German Scholar Sees Nation Moving into Fiscal Socialism,” *Wall Street Journal*, April 1, 1963.

81 Wilhelm Röpke, “Die unentwickelten Länder als wirtschaftliches, soziales und gesellschaftliches Problem,” in *Entwicklungsländer, Wahn und Wirklichkeit*, ed. Albert Hunold and Wilhelm Röpke (Erlenbach-Zürich, 1961), 15, 59; Myrdal was often singled out for special criticism by neoliberal critics of development aid like Peter T. Bauer and Fritz W. Meyer. See Plehwe, “The Origins of the Neoliberal Economic Development Discourse,” 262-64; Fritz W. Meyer, “Entwicklungshilfe und Wirtschaftsordnung,” *Ordo* 12 (1961): 279-80. On Myrdal, see William J. Barber, *Gunnar Myrdal: An Intellectual Biography* (New York, 2008); Andrés Rivarola Puntigliano and Örjan Appelqvist, “Prebisch and Myrdal: Development Economics in the Core and on the Periphery,” *Journal of Global History* 6, no. 1 (2011): 29-52.

82 Röpke, “Washington’s Economics.”

output without being overly prescriptive about the route used to arrive at that output.<sup>83</sup>

Röpke believed that the “one-sided economism” that exported materialist yardsticks of progress to the global South alongside a fetish for industrialization would lead to worldwide inflation, the erosion of the world food supply, and the creation of a global urban proletariat alienated from its own traditions.<sup>84</sup> He believed that an economically equal world might simply be impossible, and that developing countries might have to remain underdeveloped as a way of preventing a possible “overindustrialization and underagriculturization of the world.”<sup>85</sup> Beyond the structural imbalance of an entirely industrialized world, he added, the conditions for industrialization in the Third World did not exist. He explained global disparities in wealth through cultural essentialism, writing that “the ‘rich’ countries of today are rich because, along with the necessary prerequisites of modern technology and its industrial use, they have a particular form of economic organization that responds to their spirit [*Geist*].”<sup>86</sup> He went on to state that it was an “uncomfortable fact” but a reality that this “spirit” could only be found in “sharply curtailed areas . . . namely the fully developed industrial countries of the free world.”<sup>87</sup> As Plehwe writes, Röpke believed that the “lack of punctuality, reliability, the inclination to save and to create” meant that industrialization schemes in the global South were “doomed to fail.”<sup>88</sup>

Sally described Röpke’s model as an international “liberalism from below,” rooted in extralegal behavioral practices. While Sally is correct in this sense, he fails to observe the built-in cultural constraints of Röpke’s model.<sup>89</sup> For Röpke, some paths to development, and thus possible futures, for postcolonial nations were disqualified from the outset. In his opinion, the right to equality encapsulated in the ethos of the welfare state was as unworkable and unwise on the global scale as it was on the national. Inequality was to be understood as an unavoidable characteristic of capitalist society. Whereas one of the greatest attractions of modernization theory has been regarded as its “promise of evenness,” Röpke’s model saw unevenness as the inevitable continuing status quo within an international division of labor.<sup>90</sup>

Three congressmen entered Röpke’s anti-Kennedy polemic into the Congressional Record in a single day, and another did so in the following weeks:<sup>91</sup> Steven B. Derounian (New York), Bruce

83 Toye and Toye *UN and Global Political Economy*, 108.

84 Wilhelm Röpke, “The Free West,” in *Freedom and Serfdom: An Anthology of Western Thought*, ed. Albert Hunold (Dordrecht, 1961), 76; Plehwe has shown that Röpke and Peter T. Bauer were the strongest voices of the criticism of the development consensus in MPS circles in the 1950s. Plehwe, “The Origins of the Neoliberal Economic Development Discourse,” 248-51.

85 Wilhelm Röpke, “Unentwickelte Länder,” *Ordo* 5 (1953): 63-113, 89.

86 Wilhelm Röpke, “Die Nationalökonomie des ‘New Frontier,’” *Ordo* 9 (1963): 79-107, 106.

87 *Ibid.*

88 Plehwe, “The Origins of the Neoliberal Economic Development Discourse,” 249.

89 Sally, *Classical Liberalism and International Economic Order*, 132.

90 Kristin Ross, *Fast Cars, Clean Bodies: Decolonization and the Reordering of French Culture* (Cambridge, MA, 1995), 10. On the acceptance of inequality in neoliberal thought, see Ralf Ptak, “Chefsache. Basta! Der Neoliberalismus als antiegalitäre, antidemokratische Leitideologie,” in *Demokratie wo und wie?*, ed. Norman Paech, Eckart Spoo, and Rainer Butenschoen (Hamburg, 2002), 87-102.

91 Patrick Boarman to Röpke, 12 Apr 1963, RA, file 21, p. 598.

Alger (Texas), Thomas B. Curtis (Missouri), and Bob Wilson (California).<sup>92</sup> Alger, an arch-conservative, followed Röpke in describing the New Frontier as “continuing the master plan of the New Deal.” Referring to Rostow and Galbraith, he asked, “Will our people wake up to the designs of these architects of socialism, of slavery, enough to change our course back to capitalism or not?”<sup>93</sup> Curtis, though a moderate, also used the Röpke article to criticize Kennedy and the “tired, unimaginative and unworkable theories of the New Deal.”<sup>94</sup> Röpke’s inflammatory critique of Kennedy and his overseas policy provided Republican policy-makers with ammunition to fight the rhetorical war against the New Deal on a global level.

### The Economist-Oracle from the “Other Europe”

The moment at which Röpke’s article appeared — in 1963 — was one of intensifying mobilization for the U.S. conservative movement. Phillips-Fein has shown that business conservatives who organized against the New Deal in the 1930s entered a more public phase of their campaign after Eisenhower’s reelection and his embrace of Keynesianism in 1958 under the moniker of “modern Republicanism.”<sup>95</sup> Arizona Senator Barry Goldwater, who would be advised by a coterie of émigré German-speaking economists (including Röpke) in his 1964 presidential bid, entered the national spotlight that year in attacks on Eisenhower’s new budget.<sup>96</sup> The John Birch Society was formed that fall, and the MPS met in the U.S. for the first time at Princeton University, with the funding of companies ranging from United Fruit to U.S. Steel.<sup>97</sup> This network of critics shared a willingness to label Eisenhower “socialist” if not “communist” for his move toward Keynesian policy tools. The election of Kennedy in 1960 only amplified the rhetoric, as Röpke’s blithe reference to “fiscal socialism” in the title of his *Wall Street Journal* article illustrates.

This moment was also one when panicky U.S. conservatives looked to Western Europe as the bastion of market conformism. For New Rightists, neoliberal conservatives like Röpke and Hayek represented the “other Europe,” embodied in the policies of Economics

» members of the GOP. Geoffrey M. Kabaservice, *Rule and Ruin: The Downfall of Moderation and the Destruction of the Republican Party, from Eisenhower to the Tea Party* (New York, 2012), 55.

95 Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York, 2009), 56-58.

96 Rick Perlstein, *Before the Storm: Barry Goldwater and the Unmaking of the American Consensus* (New York, 2001), 33; Röpke wrote to German journalist Paul Wilhelm Wenger in 1964 “in confidentiality” that he had written an exposé for Goldwater on European economic integration that had been “received with great enthusiasm.” He described Goldwater as “a force that is changing the entire picture of American politics.” Röpke to Paul Wilhelm Wenger, 5 Aug 1964, RA, file 89, p. 568.

97 Founded by candy manufacturer Robert Welch and other conservative businessmen, the John Birch Society organized against what it saw as the imminent threat of communism in American public life. Welch accused Eisenhower of being a communist agent. Phillips-Fein, *Invisible Hands*, 57, 59; Phillips-Fein, “Business Conservatives and the Mont Pèlerin Society,” 292.

92 Cong. Rec. 1963-0401, April 01, 1963, 88-1, A1867, A1879, 5207; CR-1963-0422, April 22, 1963, A2339.

93 CR-1963-040, A1879.

94 *Ibid.*, 5208; Curtis was one of the leaders of the “Young Turks” group of

moderate Republicans in the late 1950s and early 1960s. His defense of free trade separated him from many entrenched »

98 See Christopher S. Allen, "The Underdevelopment of Keynesianism in the Federal Republic of Germany," in *The Political Power of Economic Ideas: Keynesianism across Nations*, ed. Peter A. Hall (Princeton, 1989); Fabio Masini, "Luigi Einaudi and the Making of the Neoliberal Project," *History of Economic Thought and Policy* 1, no. 1 (2012): 39-59.

99 William F. Buckley, "Buckley Supports De Gaulle's Views," *Boston Globe*, February 17, 1963.

100 William Henry Chamberlin, "A Powerful Argument for a Free Economy," *Wall Street Journal*, April 15, 1963.

101 On Röpke's privileging of the external liberalization policies of Switzerland and West Germany, see Sally, *Classical Liberalism and International Economic Order*, 140.

102 William R. Van Gemert, "Letter to the Editor," *Wall Street Journal*, April 22, 1963.

103 *Rundt's Weekly Intelligence: A Service to Exporters, Bankers and Overseas Investors*, April 30, 1963, RA, "Vorträge" binder, unpaginated.

104 Edwin McDowell, "A Mountain Where Thinkers Dwell," *Wall Street Journal*, September 20, 1972. As his biographer points out, Röpke also preferred the position of distance in his advising of West German policymakers in the 1950s: Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 184.

Minister Ludwig Erhard in West Germany, President Luigi Einaudi in Italy, and de Gaulle adviser Jacques Rueff in France, who professed more faith in market mechanisms and more suspicion of Keynesian demand management than U.S. policymakers.<sup>98</sup> These isolated individuals were cast as brave bulwarks; Buckley said that it was Röpke's "tenacious faith in the free enterprise system [that] is largely responsible for the recovery of Western Europe."<sup>99</sup> In a 1963 *Wall Street Journal* article, conservative journalist and MPS member William Henry Chamberlin counted Röpke among "the leaders of the neo-liberal trend in economic thought that has been an important influence in turning European governments away from the goals and methods of collectivism and the planned economy."<sup>100</sup> In a dynamic that would be reversed after the 1970s, the U.S. seemed more "socialist" than parts of Europe — West Germany and Switzerland, in particular — in the early 1960s to members of the U.S. New Right, with credit for this going to a small group of economic luminaries.<sup>101</sup>

Röpke and other German-speaking economists profited from their perceived objectivity and separation from the scrum of U.S. politics. A letter to the editor after Röpke's 1963 polemic noted that "his message is the more forceful because it is delivered from a comfortable distance which permits unhurried appraisal of the situation."<sup>102</sup> When *Rundt's Intelligence Weekly*, a businessmen's information service, sent the article out to its subscribers, it included the following biographical note: "Röpke who voluntarily left Nazi Germany is deemed one of the foremost and perhaps the foremost economist and economic philosopher of Europe, if not our time. He is also for many years one who has concerned himself in depth with the United States. Obviously, he has no ax to grind; he lives in Geneva; has no political ambitions anywhere; and is a true cosmopolitan."<sup>103</sup> Europe and, for Röpke, Switzerland in particular (though one could see neutral Austria as playing a similar role), spatially represented the otherwise rhetorical redoubt from which embattled conservatives spoke at the turn of the 1960s. This was literal in the case of the MPS, which took its name from the first meeting on Switzerland's Mont Pèlerin, or the "mountain where thinkers dwell," as the *Wall Street Journal* would label it in 1972.<sup>104</sup>

Röpke embraced the role of emissary from the "other Europe" and representative of the "other liberals" who held to principles of private property and competition rather than redistribution and social justice.



Three years later, he described himself as an “economist from the middle of Europe . . . who saw it as self-evident that, after all of the experiences and considerations of the last decades, one could not speak of planned economies, full employment policies, nationalization and the welfare state in anything more than a tone of sarcasm.”<sup>105</sup> He reported that during his time in the U.S., people had said that they were used to hearing the “commitment to the market economy and the critique of socialism . . . from the presidents of chambers of commerce and bank directors” but that Röpke had proved that “one can be ‘conservative’ without necessarily being intellectually crude or uneducated, and one can represent this position in a way that is worthy of an intellectual.”<sup>106</sup> Nash argues that it was, in part, through identification and citation of relatively obscure European thinkers like Röpke that the conservative movement legitimized itself as an intellectual movement in the 1950s and 1960s.<sup>107</sup>

Röpke had his own theory about the dearth of intellectuals in the U.S. capable of defending the cause of classical liberalism. He saw the root of the problem in the “dynamic competitive economy” of the U.S., which was producing wealth so quickly that academics were being left behind, losing “social prestige,” and expressing their resentment in anti-capitalist opinions. The creation of new economic elites was happening so rapidly, Röpke noted, that a joke he had told about the *nouveau riche* during the Weimar inflation years drew blank stares from his American audience of wealthy businessmen who apparently wondered what this term meant. Röpke saw it as his goal to bridge the gap between the “world of business and the world of intellectual life,” offering himself, in effect, as the *philosophe* of the *nouveau riche*.

Röpke became part of the business conservative public relations offensive through his written work, as well as in public actions. For example, he recorded a piece for a program that U.S. Steel was broadcasting on Ivy League college radio stations at its request.<sup>108</sup> It was through these networks that he became part of the international advisory council for a plan to create a “Hall of Free Enterprise” for the 1964 New York World’s Fair, which its organizers claimed would be “the first time that the totality of a free economy has ever been put together in simple, visual form.”<sup>109</sup> The hall was a paradigmatic representation of the economist as an infallible, neutral source of information. Its central feature was a computer that would print answers to questions visitors typed in on slips of paper. As *The New Republic* wrote, “there is a kind of oracular infallibility to this machine

105 Wilhelm Röpke, “Amerikanische Intellektuelle von Europa gesehen,” *Deutsche Rundschau*, February 1957, 137.

106 *Ibid.*, 138.

107 Nash, *The Conservative Intellectual Movement in America since 1945*, 58-59, 69-70.

108 C. M. Underhill, Memo, U.S. Steel to Röpke, 29 Sept 1961, RA, file 88, p. 576.

109 Röpke to Fred Clark, 22 Sept 1962, RA, file 20, p. 50.

- 110 T. R. B., "The Fair," *New Republic*, September 25, 1965, 4.
- 111 Röpke's biographer refers to him as "the oracle in Geneva." Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 182.
- 112 Ricardo A. Ball, Harvard University, to Röpke, 8 Dec 1961, RA, file 20, p. 37.
- 113 "Book Shelf: Anatomy of the Welfare State," *Pittsburgh Courier*, January 2, 1965; William Henry Chamberlin, "A Powerful Argument for a Free Economy," *Wall Street Journal*, April 15, 1963.
- 114 Internationale Bank für Wiederaufbau und Entwicklung, Memo, 20 Apr 1960, Political Archive of the West German Foreign Office, B 61-411, vol. 128.
- 115 Christopher S. Allen, "'Ordo-Liberalism' Trumps Keynesianism: Economic Policy in the Federal Republic of Germany and the EU," in *Monetary Union in Crisis: The European Union as a Neoliberal Construction*, ed. Bernard H. Moss (New York, 2005), 211.
- 116 Alexander Nützenadel, *Stunde der Ökonomen: Wissenschaft, Politik und Expertenkultur in der Bundesrepublik 1949-1974* (Göttingen, 2005), 12; Michael A. Bernstein, *A Perilous Progress: Economists and Public Purpose in Twentieth-Century America* (Princeton, 2001), chapters 5-6.
- 117 Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 219.
- 118 Röpke to Velasco, 18 Nov 1963, RA, file 21, p. 69. On Velasco's activities with the MPS, see Plehwe, "The Origins of the Neoliberal Economic Development Discourse," 244.

that makes it more impressive than a live pundit. A group of awe-stricken visitors punched it and read replies. What it said must be so, they seemed to feel, because after all a machine is unbiased and impartial."<sup>110</sup>

One could argue that German-speaking economists profited from a similar assumption of "oracular infallibility" at this critical moment in the 1960s when an ambitious application of worldwide Keynesianism encountered a conservative anti-Keynesian backlash.<sup>111</sup> One of Röpke's correspondents from Venezuela, who studied with Austrian émigré Gottfried Haberler at Harvard and later worked with the European Economic Community, called Röpke a "prophet."<sup>112</sup> One newspaper described him as "one of the high priests of free enterprise" and another as "a skilled medical authority."<sup>113</sup> The so-called wise men who advised international financial institutions and later helped direct programs of structural adjustment enjoyed a similar status, achieving a kind of superhuman, transcendent detachment in their expertise. In 1960, the West German, American, and British central bankers sent to India by the World Bank to provide advice on its Five-Year Plan were referred to as the "three wise men."<sup>114</sup> The West German *Sachverständigenrat*, or Council of Economic Experts, created in 1963, was known commonly as the *Fünf Weisen*, or Five Wise Men.<sup>115</sup> Historians have noted the special prestige enjoyed by economic experts in what a 1968 book called "the era of the economists."<sup>116</sup> While it might seem superficially odd to pair the computer and the avuncular European intellectual, they shared the claim of producing knowledge in a space ostensibly outside of politics. In the 1960s, the omniscient economist prophet could equally be a European or a computer.

### The Forum Atlanticum: Taking the Front Southward

The Atlantic front of the conservative resistance to the export of New Deal policies extended southward in the early 1960s in an attempt to build a counter-bloc to the Alliance for Progress. Röpke found allies among those who had published his work in local newspapers and translated books and pamphlets, as well as some former students now in positions of power, such as Peruvian Economics Minister Pedro Beltrán.<sup>117</sup> In 1963, he wrote to his Mexican contact, MPS member Gustavo Velasco, that he was glad his "anti-Kennedyism" had become known in his country.<sup>118</sup> His *Wall Street Journal* editorial appeared in Venezuela in Spanish translation just

one month after its original publication. His publisher, Nicomedas Zuloaga of the Institute for Economic and Social Analysis, wrote, “We are now facing a great danger in our country with the foreign policy of the U.S. toward Latin America. All that policy, we believe, is based on the writings of Mr. Raúl Prebisch of the ECLA [United Nations Economic Commission for Latin America and the Caribbean].”<sup>119</sup> The shared enemy in North and South America was the international organization of the UN and the egalitarian economics for which it provided space and resources. Opposition would take a concerted effort.

Röpke’s close collaborator and funder Albert Hunold became convinced of the need to formalize this emerging transatlantic bloc after the Peruvian Chamber of Commerce bought two thousand copies of his talk when he was on a South American speaking tour in 1962.<sup>120</sup> He and Röpke began to canvass for interest in an organization they called the Forum Atlanticum. They hoped this new body would replace the MPS, from which they had both resigned in a long-simmering conflict with Hayek; Röpke described the society in 1963 as filled with “intellectual careerists and intriguers.”<sup>121</sup> Hunold’s conversations with Prebisch, the ECLA, and Chilean senator and university professor Pedro Ibañez Ojeda, who insisted that the threat posed by the Alliance for Progress was very large, strengthened their resolve.<sup>122</sup> Ibañez was the new head of the Inter-American Committee on Trade and Protection, which, according to Juan Gabriel Valdés, provided the “infrastructure and network of connections” for Chicago-trained economists in Chile in the 1960s ahead of their breakthrough after Pinochet’s coup.<sup>123</sup>

Röpke intended for the forum to more exclusively represent the strain of conservatism emerging around Kirk and Buckley — which “fused” free market principles and Christianity — rather than the less overtly religious philosophies of Hayek and Mises. In trying to build support for the forum, Hunold discredited Hayek and Mises to would-be partners, describing their theories as having “no philosophy of society” and excluding “the human in his entirety.”<sup>124</sup> It was likely the high profile of Catholic elites in Latin America that directed Röpke and Hunold’s attention southward. Among proposed forum members, Hunold listed South Americans first, including economics professors in Colombia, Venezuela, and Mexico. Cuban émigré businessman and founder of the first anti-Castro organization Rafael Lincoln Diaz-Balart promised to join,

119 Zuloaga to Röpke, 9 May 1963, RA, file 89, p. 318.

120 Hunold to Röpke, 2 Apr 1962, RA, file 20, p. 230.

121 Röpke to Karl Brandt, 26 Apr 1963, RA, file 21, p. 597. Beyond personality frictions, the conflict boiled down to Hunold and Röpke having a more apocalyptic diagnosis of geopolitics, their preference for greater MPS publicity, and their desire to exert more stringent, even punitive, control over its membership. For details, see Walpen, *Die offenen Feinde und ihre Gesellschaft*, 145-51.

122 Hunold to Röpke, 13 Nov 1962, RA, file 20, p. 178.

123 Valdés, *Pinochet’s Economists*, 224-25.

124 Hunold to Röpke, 20 Mar 1964, RA, file 22, p. 298.

contribute, and raise funds for the endeavor in Latin America, no doubt disillusioned by the Kennedy administration's failure at the Bay of Pigs.<sup>125</sup>

Offering the presidency of the would-be Forum Atlanticum to Kirk, Röpke explained the idea behind it to him as being "that the good minds of Europe and of both Americas should . . . join their forces to present and to bring into focus the common patrimony of our occidental civilization while frankly analyzing and criticizing the hostile tendencies corroding and disintegrating this civilization."<sup>126</sup> This was necessary, as he had written before, "to enlighten the ever more Americanized and sinistrized Europeans about the ideological obsessions of American intellectuals, without which Kennedy's brain-damaged policies cannot be understood."<sup>127</sup> His old ally Erhard, formerly the economics minister and now chancellor, did not realize the threat Kennedy presented, he said; Erhard saw world politics "like a Boy Scout" and had "entered the racket of undeveloped countries" by calling for their "supposedly necessary industrialization."<sup>128</sup> Röpke described Kennedy, the man, as a "vain, neo-Jacobin Hamlet, an intelligent ass, an open Germanophobe . . . surrounded by even bigger asses, a man without political will" and said that Washington's policy "could hardly be any different than if it set out to make the world communist before one could smell it coming."<sup>129</sup> He wrote in November 1962 that Europe existed under the "terror of Kennedy."<sup>130</sup>

The Forum Atlanticum was to be the agent of an alternative Atlanticism that broke with the consensus around Keynesianism and the full-employment goals of the postwar decades' "embedded liberalism."<sup>131</sup> The forum would act as a conservative opponent to more centrist international formations like the Atlantic Institute in Paris. Hunold had criticized this institute for its pro-EEC links to people like Eisenhower's UN ambassador Henry Cabot Lodge and the architect of the Treaty of Rome, Pierre Uri (who had also been a member of the committee that wrote the much-maligned UN report on full employment for the world).<sup>132</sup> Aside from Ibañez, Kirk, Buckley, Thomas Molnar, Velasco, individuals from Venezuela and Colombia, and the publisher of *U.S.A.* magazine, Alice Widener, other proposed members of the forum in the U.S. included Brandt, at Stanford, who would become, like Friedman, one of Goldwater's economic advisers in 1964.<sup>133</sup> Hunold also hoped to recruit an "African representative" during a trip to South Africa.<sup>134</sup>

125 Hunold to Röpke, 1 Jan 1965, RA, file 22, p. 206; Hunold to Röpke, 5 Jan 1965, RA, file 22, p. 205; Jesús Arboleya, *The Cuban Counterrevolution* (Athens, OH, 2000), 41.

126 Röpke to Kirk, 14 Feb 1963, RA, file 21, p. 269.

127 "Sinistrized" is a neologism by which Röpke meant "turned to the left." Röpke to Hunold, 18 Aug 1962, RA, file 20, p. 220.

128 Röpke to Karl Brandt, 26 Apr 1963, RA, file 21, p. 597; Röpke to Hunold, 30 Apr 1959, RA, file 18, p. 230; Röpke to Schoeck, 17 Nov 1958, RA, file 18, p. 623.

129 Röpke to Karl Mönch, 18 Oct 1961, RA, file 20, p. 397.

130 Röpke to Willi Bretscher, 3 Nov 1962, RA, file 89, p. 148.

131 On embedded liberalism, see John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36, no. 2 (1982): 379-415.

132 Hunold to Röpke, 20 Mar 1964, RA, file 22, p. 298; Toye and Toye, *UN and Global Political Economy*, 93.

133 Kirk to Röpke, 19 Mar 1963, RA, file 21, p. 649.

134 *Ibid.*; Hunold to Röpke, 1 Jan 1965, RA, file 22, p. 206.

The Forum Atlanticum received encouraging signs in 1964. Hunold and Kirk met with American donors John Lynn from the Lilly Endowment and Indianapolis lawyer and MPS member Pierre Goodrich, who both seemed supportive.<sup>135</sup> The difficulty came with finding a president. Röpke had suffered his second heart attack in January 1962 in the midst of his departure from the MPS, and his deteriorating health made him an unlikely possibility.<sup>136</sup> Kirk offered “to take the presidential office initially,” but only “[i]f no one else at all suitable can be found.” He further demurred that he was “so much engaged in assailing the infidel with fire and sword that it might be better to have a president somewhat less ferocious,” and also cited his lack of an institutional base and his “incessant wandering.”<sup>137</sup> He suggested Brandt instead, who had left the MPS in solidarity with Röpke in 1962.<sup>138</sup> Yet, as a Goldwater adviser, Brandt was no doubt shaken by his candidate’s catastrophic loss in November 1964 and wary of new undertakings. In December of that year, Brandt wrote Röpke to tell him that MPS members (including Antony Fisher, founder of the Institute of Economic Affairs) were encouraging him to rejoin the society, and that he was seriously considering it.<sup>139</sup> Adopting the presidency of what was, in effect, a rival organization might alienate him permanently from the society he had helped name in 1947.<sup>140</sup>

The noncommittal response from would-be leaders among U.S. conservatives imperiled plans for the Forum Atlanticum.<sup>141</sup> Hunold suggested that they gather forces and try again in early 1966, but Röpke’s health continued to decline until his death in February of that year.<sup>142</sup> Despite the organization’s failure, we can see in the nodes of its proposed network the way that Röpke found his “other America” in the conservative pundits of the North and the pro-business elites of Latin America, just as they found their “other Europe” in German-speaking neoliberal economists. Burgin notes that Röpke targeted the American conservatives around the *National Review* most pointedly for the new entity.<sup>143</sup> The Forum Atlanticum represented the would-be internationalization of the fusionist project, whose most effective advocates Röpke saw in the United States. Allying with the traditionalists of the New Right, he hoped to break out of what he called the “economistic ghetto” of the libertarians attracted to Mises, Hayek, and Friedman.<sup>144</sup> For all his criticism of the U.S., Röpke implicitly admired the American New Right’s capacity for what Pew called, in the title of his postwar conservative organization, Spiritual Mobilization.<sup>145</sup>

135 Hunold to Röpke, 20 Mar 1964, RA, file 22, p. 298. On Goodrich’s role in financing MPS meetings, see Phillips-Fein, *Invisible Hands*, 48–51.

136 Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*, 224.

137 Kirk to Röpke, 19 Mar 1963, RA, file 21, p. 649.

138 For his resignation letter, see Brandt to Members of the MPS, 8 Jan 1962, Hoover Institution Archives, Fritz Machlup Papers, 279.6.

139 Brandt to Röpke, 8 Dec 1964, RA, file 22, p. 30.

140 Walpen, *Die offenen Feinde und ihre Gesellschaft*, 108.

141 Burgin, *The Great Persuasion*, 146.

142 Hunold to Röpke, 1 Jan 1965, RA, file 22, p. 206.

143 *Ibid.*, 145.

144 Röpke used the expression in a letter to Alexander Rüstow. Quoted in Plickert, *Wandlungen des Neoliberalismus*, 189.

145 On Spiritual Mobilization, see Phillips-Fein, *Invisible Hands*, 71–74.

## Translating Race into Economics

In 1964, Hunold wrote to Röpke from a speaking tour through the U.S. Midwest that he had to change the name of one of his lectures in Peoria, Illinois. The title — “European Economic Integration” — had prompted the director of the local television station to call him and ask, “Do you fellows have a racial problem over there too?” Hunold pointed out that people in the U.S. were preoccupied above all “with integration and segregation.”<sup>146</sup> In fact, the intersection of questions of race and economic order were at the forefront of Röpke’s concerns in this period as well. The economist prided himself on taking unpopular positions and being “against the tide” (as his memoir was titled when published in English by Regnery).<sup>147</sup> This was certainly the case in the matter of South Africa. From 1964 until his death in 1966, Röpke’s concerns about foreign aid and “occidental civilization” converged in southern Africa as he became one of the most vocal apologists for apartheid in publications internationally and revealed, in the process, the cultural and economic geographies he shared with much of the New Right.<sup>148</sup>

South Africa was a diplomatic problem across the U.S. and Western Europe in the 1960s. After the Sharpeville Massacre of 1960 when police killed sixty-nine people who had been demonstrating against the segregationist pass laws, and the subsequent prohibition of all anti-apartheid groups, it became increasingly difficult to maintain the fiction that the country was anything more than a racist police state. Thomas Borstelmann has traced the wavering line of the U.S. government as it sought to placate African and Asian opinion through symbolic actions against South Africa, including a partial arms embargo in 1963, without endangering economic ties and political relations, not least because it relied on the country as a source of uranium and other strategic minerals.<sup>149</sup> The U.S. had been formally critical of the regime since 1958, when the Eisenhower administration first signed an anti-apartheid resolution in the UN.<sup>150</sup>

As mentioned in the introduction, Röpke expressed increasing frustration with the shift in world opinion against South Africa and turned to the U.S. New Right for allies. Joseph Lowndes has shown how the *National Review* tacked right on issues of race in the late 1950s, culminating in Buckley’s 1957 editorial opposing desegregation on the grounds that whites were “the advanced race” and that science proved “the median cultural superiority of White over Negro.”<sup>151</sup> Though historians frequently cite Buckley’s editorial, they rarely note

146 Hunold to Röpke, 20 Mar 1964, RA, file 22, p. 298.

147 Wilhelm Röpke, *Against The Tide* (Chicago, 1969).

148 Nicholls suggests that Röpke shifted to the right in the 1950s, a conclusion the findings of this article would support. Nicholls, *Freedom with Responsibility*, 324.

149 Borstelmann, *The Cold War and the Color Line*, 155.

150 *Ibid.*, 124.

151 William F. Buckley, “Why the South Must Prevail,” *National Review*, August 24, 1957, 149. Such blunt statements were rare. In general, the language of states’ rights and federalism served as easily identifiable code in conservative publications like the *National Review* and *Modern Age* for opposition to the realization of political equality. Joseph E. Lowndes, *From the New Deal to the New Right: Race and the Southern Origins of Modern Conservatism* (New Haven, 2008), 50.

that it is couched in a defense of European colonialism in Africa. In it, Buckley defended British actions for maintaining colonial control in Kenya (which continued until 1964) as an example to the U.S. South that “the claims of civilization supersede those of universal suffrage,” and concluded with an openly anti-democratic argument for white supremacy: “it is more important for any community, *anywhere in the world*, to affirm and live by civilized standards, than to bow to the demands of the numerical majority.”<sup>152</sup> Buckley’s racial views “did not stop at the water’s edge,” as Allan Lichtman notes. He visited South Africa on paid fact-finding missions in the 1960s and distributed publications supporting the apartheid government.<sup>153</sup> Buckley’s exhortation that “the South must prevail” also meant that whites had to prevail in the global South.

Röpke’s frustration with the tolerance for the claims non-white actors were making on the world stage frequently tipped over into vitriol. In 1963, he expressed “disgust” at the sight of American politicians “groveling in front of the Negro chiefs on the South Africa issue.” “To call for ‘equality’ of the blacks in South Africa is a call for suicide,” he wrote, “saddening how few people have realized that.”<sup>154</sup> Röpke’s name continued to add European intellectual luster to the campaign of apartheid apologists after his death. For example, in 1967, John M. Ashbrook, a GOP representative from Ohio and leader of the Draft Goldwater movement, entered a collection of documents about South Africa by the American-African Affairs Association (AAAA) into the Congressional Record. Founded by *National Review* publisher William Rusher and African-American former Communist Max Yergan to advocate on behalf of white rule in southern Africa, the AAAA included the core group of New Right luminaries that Röpke had been in contact with since the 1940s, among them Kirk, Regnery, Chamberlin and Hazlitt.<sup>155</sup> Ashbrook cited Röpke, “the respected economist,” as stating that South Africa was “not ‘stupid or evil.’”<sup>156</sup> Ashbrook further called attention to the economic consequences of pressuring apartheid South Africa, saying that “little consideration seems to have been given by the UN to the economic disaster which would ensue for all black Africans if the most advanced and productive sector of the continent were disrupted by sanctions or war — which would incidentally concomitantly smash the British economy and end its substantial aid to Africa.”<sup>157</sup> In Ashbrook’s logic, supported with reference to Röpke, upholding the racist system that disempowered them was economically necessary for the black population itself.

152 Buckley, “Why the South Must Prevail,” 149, emphasis added.

153 Allan J. Lichtman, *White Protestant Nation: The Rise of the American Conservative Movement* (New York, 2008), 227.

154 Röpke to Hunold, 27 Jun 1963, RA, file 21, p. 354. He was referring, in particular, to David Abner Morse, the chief of the U.S. delegation to the International Labor Conference. On Morse and the “South Africa crisis” of 1963 to which Röpke was surely referring, see Daniel Maul, *Human Rights, Development, and Decolonization: The International Labour Organization, 1940-70* (New York, 2012), 236-45.

155 Sara Diamond, *Roads to Dominion: Right-wing Movements and Political Power in the United States* (New York, 1995), 118, 346.

156 CR-1967-0322, March 22, 1967, 7710.

157 CR-1967-0322, March 22, 1967, 7711.

What states' rights were to desegregation in the U.S. South, economic stability was to decolonization and racial equality in the global South. In both cases, they were arguments conservative intellectuals could use to address white racial anxieties without using racist language as such.<sup>158</sup> As cited above, Röpke described the "South African Negro" as "a man of an utterly different race" who "stems from a completely different type and level of civilization." Such bald statements of crude, evolutionary racism were quite rare in print. More common for Röpke, I would argue, was his translation of race into economics.

This framework is especially evident in an article he penned for *Modern Age* in the year of his death. Lamenting the loss of the "republica Christiana," which could no longer be relied on as the substrate of social interaction in a secular age, he assured readers that there still was an "international order" that persisted in "Europe and the overseas countries of European settlement," though, outside of this, there was only "debris." He explained the principle by which he excluded the developing and decolonized world from the international order through the example of the Congo:

As long as the Congo was connected with the international order of the West through Belgium, the guarantee offered by the Belgian government made it possible to raise the enormous sums needed for the economic development and modernization of the Congo largely on the free capital markets by way of the usual loans bearing a normal rate of interest.

He then contrasted this earlier moment of inclusion with the mid-1960s, by which time the Congo, "by an ill-considered and panicky act of 'decolonization,' ha[d] been severed from the international order of the West." Under this circumstance, there was "simply no rate of interest conceivable at which people in the Western countries might be persuaded to lend their money voluntarily to that country any more than they would to India, Egypt, or Indonesia."<sup>159</sup>

Röpke thus distilled the question of membership in "the West" down to the quantifiable figure of how much interest the nation would have to pay to borrow money. The most pertinent criterion was not cultural, ideological, or geographic, but lay in investor confidence. In this argument, he followed his liberal predecessor, Adam Smith,

158 On the use of this strategy by *National Review* intellectuals in relation to the South, see Lowndes, *From the New Deal to the New Right*, chapter 3.

159 Wilhelm Röpke, "The Place of the Nation," *Modern Age* 10, no. 2 (Spring 1966): 119-30, 121.



who similarly saw high interest rates in both contemporary China and the “barbarous nations that over-run the western provinces of the Roman empire” as markers of an inferior form of civilization.<sup>160</sup> It is important to note that Röpke’s move did not represent a capitulation to the alleged “economism” of Mises and Hayek, however. Because he saw a perfect homology between the qualities of entrepreneurship, the civilizational category of the West, and the functioning of a free market, interest rates were not just an economic but a spiritual index, an index of *Geist*.

Consequently, Röpke saw the UN as destroying the international order rather than constituting an international order of its own. Because it sanctioned industrialization projects in the postcolonial world through low-interest loans and state-to-state financing, it tampered with the pure operations of the market, thus eroding the order that Röpke could only define defensibly in economic terms. This economic definition of the free world — the translation of “the West” into a financial category — underwrote Röpke’s public treatment of South Africa.

Before his death, Röpke’s rhetoric climaxed in the wake of the white Rhodesian government’s Unilateral Declaration of Independence in November 1965, along with the near-universal reprobation and British calls for sanctions that greeted it. Writing to Hunold as he entertained the South African Economics Minister and his wife in Geneva, Röpke wrote that, in “the revolting case of Rhodesia . . . the combination of ideology, obsession, hypocrisy, stupidity and masochism has reached a new height. If a white developing country proves that development aid is unnecessary, then [the country] has to be destroyed.”<sup>161</sup> Hunold said he was lobbying Erhard to read Röpke’s work on South Africa so that it might change his mind about Rhodesia.<sup>162</sup> Hunold reaffirmed that South Africa would “play an important role for the survival of the free world and the perpetuation of Western culture now and in the future,”<sup>163</sup> and he likened the happenings in Rhodesia to “the same dangerous point as thirty-five years ago, when the National Socialists achieved their first great electoral success, and after which the fronts in Germany were systematically weakened.”<sup>164</sup> The white bloc, in other words, was wavering, signaling the potential beginning of a race war, not of Germans against Jews this time but of blacks against whites. To Hunold, the Zambezi Line constituted the new Maginot Line; non-whites the new Nazis.

160 Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Indianapolis, 1979), 1:112.

161 Röpke to Hunold, 15 Nov 1965, RA, file 23, p. 300.

162 Hunold to Röpke, 4 Jan 1966, RA, file 23, p. 104.

163 Hunold to Röpke, 3 Oct 1965, RA, file 23, p. 304.

164 Hunold to Röpke, 17 Nov 1965, RA, file 23, p. 20.

Another of Röpke's collaborators, sociologist Helmut Schoeck, saw a direct relationship between the outcome of the Second World War and the decolonizing present. He felt that solidarity of Western intellectuals with non-white populations — or "Afrophilia" as he called it — was actually a "tardy and completely misplaced gesture of repentance of those people and groups who are ashamed because they failed to intervene at the right time and with any success in Hitler's persecution of the Jews." Seeking to make up for a past error, Schoeck averred in a letter to Röpke, "thanks to a strange inversion in the subconscious of many of our colleagues, the Africans (coloreds) today have been attributed all of the intelligence and cultural potential that Hitler actually did exterminate in the Jews." This attempt at a conciliatory gesture would actually end by accelerating the literal extinction of the white population, Schoeck believed: "You cannot bring six million Jews back to life," he cautioned, "by first putting cannibals in their place and then serving approximately the same number of Whites to them as a feast."<sup>165</sup>

The frequent use of the term "cannibal" in Röpke's circle of conservative correspondents to describe African political actors, along with the call for a "Zambezi line" and the persistent refrain of the "suicide of the West," suggests that a deeply racialized worldview informed Röpke's philosophy of society and economy. Particularist talk of "the West" sits uneasily alongside the universal concepts of "liberty," "freedom," and "the laws of the market" in the publications and speeches of liberal conservatives. In Röpke's writings about South Africa, and in the New Right's hearty approval of them, the intersections of the categories of cultural and economic geography in the early 1960s come to light.

The conservative network described here — including one of the most respected figures of German liberalism — always viewed opposition to the global New Deal and the attack on the Bretton Woods system through the lens of a potentially global race war. For Röpke, the financial translation of the West into a question of interest rates was underwritten by a defiant adherence to racial particularism and an opposition to racial equality.

## Conclusion

For the conservatives of the U.S. New Right, Röpke was a voice from the Swiss mountaintop, speaking from the heart of a Western Europe of (supposedly) sound monetary and tight fiscal policy. He provided a perspective that was violently opposed to the domestic Keynesianism

165 Schoeck to Röpke, 16 Dec 1964, RA, file 23, p. 551.

and international development policies of the Kennedy and Johnson administrations. His combination, indeed conflation, of morality and economics in discussions of international order both aligned with and contributed to the fusionist strain of conservative thought emerging around Buckley and Kirk in the latter 1950s. Even when Röpke's star faded after his death in 1966, his influence persisted in American conservative and libertarian publications and continues to do so today on web sites. In 1996, *Time* magazine and the *Guardian* called Röpke the "unknown guru" of Republican presidential candidate Pat Buchanan and an inspiration for Buchanan's "conservatism with a heart," a close relative of George W. Bush's "compassionate conservatism" of a few years later.<sup>166</sup>

This article has outlined Röpke's ties to the New Right and his failed attempts at building an institutional "white Atlantic" in the Forum Atlanticum, which was to link opponents of the global New Deal in Europe and both of the American continents. It has also made the case for the importance of race in this transatlantic formation. While scholars have begun to foreground the importance of race and racism for the emergence of the conservative movement both in the South and beyond, they have yet to do so within an international frame. Recent scholarly treatments of Röpke, hagiographic and otherwise, tactfully avoid reference to his spirited defense of apartheid; his otherwise admirably comprehensive biography makes no mention of it.<sup>167</sup> The revisionism of the Ludwig von Mises Institute goes so far as to claim that the "the original and most passionate opponents of apartheid in South Africa" were "classical liberals."<sup>168</sup> This article traces the activism of at least one prominent liberal who was not. Understanding how challenges to white supremacy in the U.S. and the global South were being read alongside one another in the years of decolonization makes clear that conservative and neoliberal visions for the world were also strategies of containment, developing the means for disciplining demands for political equality and material evenness emanating from a postcolonial world.

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166 Tom Curry, "Pat's Unknown Guru," *Time*, February 26, 1996; Alex Brummer, "Guru behind Pat Buchanan," *Guardian*, February 22, 1996.

167 Sally, *Classical Liberalism and International Economic Order*, chapter 7; Shawn Ritenour, "Wilhelm Röpke: A Humane Economist," in *15 Great Austrian Economists*, ed. Randall G. Holcombe (Auburn, 1999); Hennecke, *Wilhelm Röpke: Ein Leben in der Brändung*.

168 <http://direct.mises.org/Literature/Source/Books?page=2> [accessed June 9, 2013]. The reference is to economist W. H. Hutt, who was an occasional critic of legal racial discrimination, while also a public defender of white minority rule in Rhodesia. See W. H. Hutt, *The Economics of the Color Bar* (London, 1964). The examples of Hutt and Röpke prove that the classical liberal position on apartheid needs much more differentiation than it has received to date.

