Think Tank networks of German neoliberalism

*Power structures in economics and economic policies in post-war Germany*

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Introduction

“Economics itself (that is the subject as it is thought in universities and evening classes and pronounced upon in leading articles) has always been partly a vehicle for the ruling ideology of each period as well as partly a method of scientific investigation.” (Robinson 1962:7)

The debate, whether or not and to what extent “economic imaginaries” (Jessop 2010, 2013), i.e. economic ideas and economic thought have an impact on the course of political and societal processes yet lasts for a long time. In 1936 John Maynard Keynes (1936:383) famously pointed out: “(T)he ideas of economists and political philosophers (...) are more powerful than is commonly understood. Indeed the world is ruled by little else.” Friedrich August von Hayek (1991:37), one of Keynes’ early opponents agreed, but restricted that “economists have this great influence only in the long run and indirectly”. As an immediate reaction to the recent financial crisis, it has been criticized that many economists are still acting as economic advisers for Ministries or the bureaucracy, although they have not been able to foresee the crisis. Academic economists still hold central positions in policy making; they influence decisions in economic expert panels or research departments in national and supranational organizations. Beside their role as policy advisors, economists also engage in public debates in a more narrow sense as technical economic experts as well as in a broader sense as “public intellectuals” (Posner 2003, Mata/Medema 2013) in the process of the transmission of economic knowledge in public (economic) policy discourses.

In spite of the manifold critique about the state of economics in the aftermath of the crisis, an even increasing presence of economists and economic experts can be observed in the public sphere during the last years (Johnston/Ballard 2014). Economists continue to exert influence on the public opinion about economic issues (e.g. Sinn in Germany or Reinhart/Rogoff for the European austerity policy) and on economic policies. These developments on the one hand indicate the ambition of several economists to act as “public intellectuals” in order to induce/prevent “changes” outside academia in public or political
debates. On the other hand the central role of economics in public political debates compared to other academic disciplines may also rest in the self-perception of economics as being the “queen of social sciences” (Samuelson) among many economists. Although there has been much critique claiming an “economic imperialism” in other social sciences (Fine 2000, Mäki 2008) or an “economization of the society”, economics continues to hold its dominant positions on various levels.

As a consequence of the fact that economics is the only social science dominated by one dominant paradigm - neoclassical economic thought - the strong support for efficient market forces over the years coined the hegemonic academic and political discourse about the economy and formed the “economic imaginary” (Jessop 2010) of a “functioning market mechanism”. The strong dominance of neoclassical mainstream economics, however, has hardly been contested even in the aftermath of the crisis. Indeed on an individual level the increased prominence of economists like e.g. Paul Krugman (especially after winning the Nobel Prize in Economics in 2008) or on an institutional level the Institute for New Economic Thinking (INET), founded in 2009, and supporting alternative economic approaches partly challenge(d) mainstream economic thought. Moreover several student initiatives urged for more pluralism in economics. Nevertheless a series of counteractive structural, institutional and discursive effects in economics as well as uneven politico-economic power balances in economic crisis policies countervailed and outperformed those effects (Peck 2013, Stiglitz 2010). The Nobel Prize in Economics in 2013, awarded to Eugene Fama, heavily criticized for his Efficient Market Hypothesis as one of the main causes of the financial crisis, is a good indicator for a “strange non-crisis of economics” (Pühringer 2015), i.e. the declining possibilities for a fundamental re-orientation of economics.

On the level of economic policy, against the political background of the Cold War and then especially after the breakdown of Keynesian economics in the 1970s the reference to the economic imaginaries of free markets and the free market mechanism at the same time served as theoretical background to promote neoliberal policies of deregulation, privatization and austerity. Although the financial crisis could have induced a paradigm shift in the field of economic policy, the dominance of neoliberal policies doesn’t seem to really be contested. Whereas Crouch (2011) denoted this persistence as the “strange non-death of neoliberalism”, Blyth (2013) - referring to austerity policies – warned of the social and societal consequences of such policies.

In the context of European crisis policies special attention was paid to the role of Germany in this political debate. On the one hand some scholars focused on the (new) hegemonic position of Germany as central actor in European economic crisis policies, e.g. the Fiscal Compact, the Eurozone crisis or the European Stability Mechanism (ESM) due to its economic power and its status as principal creditor (Crome 2012, Kundnani 2011, Bulmer/Paterson 2013). On the other hand the question was raised whether or not the European post-crisis economic policies reflect a “return of ordoliberalism” (Biebricher 2014, Young 2014) or even an “ordoliberal transformation” (Biebricher 2013:6) or
“ordoliberalization of Europe” (Blyth 2013: 142). Dullien/Guerot (2012) however report a “long shadow of ordoliberalism” in German economic policies, claiming that especially in the field of macroeconomic policy ordoliberalism can be perceived as the “basis of German economic thinking” (Dullien/Guerot 2012:2).

Against this backdrop, in this article I will show that German neoliberal thought had a persistent and strong influence on German economic policy over the post-war period up to the financial and economic crisis policies 2008ff. I will further argue that much of this influence can be attributed to an ideological bias of influential German economists, tightly organized in networks of German neoliberal Think Tanks and institutions with close personal and institutional links to core actors in German political institutions i.e. the Bundesbank or the Ministries of Economics or Finance. The remainder of the paper is structured as follows. Section 1 offers a theoretical reflection of ordoliberalism or German neoliberalism as a central part in the common neoliberal thought collective. Section 2 shows the close connections of ordoliberal economists with politics in three important phases of German politico-economic history (the foundation of the German Federal Republic in the late 1940s, the “monetarist turn” of the Bundesbank in the late 1960s and the “neoliberal turn” induced by the Lambsdorff-paper in 1982). In section 3 I will shortly introduce the methodology of a “performative footprint of economists” in order to operationalize “external”, non-academic influence of economists. In section 5 I will use the methodology to show the persistent dominance of German neoliberalism in German economics. Section 6 offers a conclusion.

1 Ordoliberalism, neoliberalism, German neoliberalism

In the debate about a possible revival of ordoliberalism after the crisis the question of definition of the economic theoretic concept of ordoliberalism on the one hand and its similarities and disparities with was is often called “American neoliberalism”, i.e. Milton Friedman’s or Gary Becker’s work, arguing in opposition to big-government, in the European political debate on the other hand. While especially Foucault (2008) in his lectures of governmentality distinguished between an ordoliberal and the American neoliberalism and argues for a distinct “political rationality” of ordoliberalism (Biebricher 2014). American neoliberalism associated with today’s mainstream economic approach of Chicago-style neoclassic in this context was derived from German ordoliberalism and shares the common conviction of a deregulatory free-market ideology, where functionality of the free market mechanism depends on processes of political engineering (Bonefeld 2012). Ver Eecke (1982) yet in 1982 used the term neoliberalism to describe German ordoliberalism and American Monetarism because of the similar preference for a strong state, whose central but exclusive task is the establishment and reestablishment of market mechanisms or the market economy.

The ambivalent role of the state in the ordoliberal conception is present in Eucken’s definition of the principles of economic policy. In the first principle Eucken (1952:334ff.) is claiming that “the policy of the state should be focused on dissolving power groups or at
limiting their functioning” the second principle requests that “the politico-economic activity of the state should focus on the regulation of the economy, not on the guidance of the economic process.”\(^1\) Whereas the first principle stresses the need for a strong state for political engineering (Ordnungspolitik), the second principle (Prozesspolitik) should avoid interventionist policies against the market mechanism.

Although there are some differences between ordoliberalism or German neoliberalism and American neoliberalism especially concerning their policy implications\(^2\) from the perspective of the history of science both conceptions can be assigned to a common neoliberal thought collective (Mirowski 2014, Mirowski/Plehwe 2009).\(^3\) Mirowski (2013) argues that in the initial era of the neoliberal thought collective in the 1940s ordoliberalism was one of the three important strands (or “sects or subguilds”), beside Hayekian Austrian legal theory and Chicago School neoclassical economics. He further argues that the neoliberal thought collective can be understood in analogy to a Russian doll, with the Mont Pelérin Society (MPS) founded in 1947 at its center and a serious of heterogeneous institutions and think tanks around it. The MPS and its annual meetings furthermore also offered a “protected” place for intellectual exchange and confrontation of scholars from these different strands of neoliberal reasoning. Similarly Joachim Starbatty, one central actor in German neoliberal networks and head of the think tank Aktionsgemeinschaft Soziale Marktwirtschaft and member of the MPS defined the MPS as the “organizational expression of neoliberalism” (“der organisatorische Ausdruck”) (Starbatty 2001: 251). He further states that ordoliberalism should be seen as the “German variety of neoliberalism”. Referring to this self-declaration of one of the most prominent ordoliberal economists in Germany it is save to define a “network of German neoliberalism” organized in think tanks and institutions around the MPS in this paper. In the following article I therefore define “German neoliberal network” as think tanks or institutions, where at least one founding or leading member is also member of the MPS (Plehwe/Walpen 2006).

The second main argument to interpret ordoliberalism as integral part of the neoliberal thought collective is based on very strong personal connections of main ordoliberal scholars with leading neoliberal thinkers and even more explicit with the twofold role of Friedrich Hayek as main proponent in two strands of neoliberalism. On the one hand Hayek was the leading scholar of the third generation of the Austrian School of Economics and together with MPS member Lionel Robbins the main opponent of John Maynard Keynes at the London School of Economics. On the other hand Hayek had close connections with

\(^1\) Translation in: Blyth (2013:143)

\(^2\) Ordoliberal scholars (e.g. Feld et al. 2014) often argue that ordoliberalism and especially the political concept of German Social Market Economy, which has become a catch phrase attributed to the German economic miracle of the 1950s and 1960s, represents a third way between capitalism and socialism and also laid the foundations for the German welfare state.

\(^3\) I will use the definition of neoliberal thought collective offered by Mirowski (2013:44) “to refer to this multilevel, multiphase, multisector approach to the building of political capacity to incubate, critique and promulgate ideas”
ordoliberals (and later also MPS members) like Walter Eucken, Wilhelm Röpke or Alexander Rüstow yet in the 1930s (Ptak 2004). In the 1960s Hayek was professor at the University of Freiburg and head of the Walter Eucken Institute in Freiburg. Furthermore he continuously contributed in ordoliberal publications and was even editor of the ordoliberal journal ORDO. Henry Oliver (1960:119) in the Quarterly Journal of Economics even states, that “in a sense he (Hayek) serves as their (ordoliberals) leading political theorist”. In a similar vein Knut Borchardt (1981) stresses the similarities between ordoliberal scholars and Hayek especially in their common political will to establish and preserve capitalism.

Not least Alfred Müller-Armack, one of the politically most influential ordoliberal scholars in Germany in the 1950s to the 1970s, who also coined the term “Social Market Economy”, denotes Hayek, together with Eucken, Franz Böhm, Röpke and Rüstow as pioneer of the ordoliberal “Wirtschaftsordnungstheorie” (Ptak 2004).

Nevertheless there seems to be a rather strong reluctance of ordoliberal scholars to assign ordoliberalism to the neoliberal thought collective, which can maybe be explained by the rather negative image of American deregulatory neoliberalism in especially after the financial crisis. Although as mentioned above much of the European crisis policies signify ordoliberal conceptions e.g. Feld et al. (2014) stress that the influence of ordoliberal thought is often overestimated and the policies implemented in the aftermath of the crisis can be rather characterized as pragmatic.

To sum up, first, protagonists of neoliberal thought, may it be in the German ordoliberal or the Chicago School American neoliberal strand, often refuse to call themselves neoliberals and therefore seem to remain “The Political Movement that dared not speak its own name” (Mirowski 2014). Second, after the crisis one can observe a kind of metamorphosis of hegemonic neoliberal economic imaginaries in the European crisis policies indicating a shift inside the neoliberal thought collective from American deregulatory neoliberalism, especially in the context of financial markets to more restrained markets in an ordoliberal framework (Biebricher 2013, Jessop 2010). Or as Peck (2010:275) put it, the ordoliberal political project seems to be “back in favour”.

While the argumentation of a revival or a comeback of ordoliberalism or German neoliberalism in economic policy might hold in the European or maybe even international context, in the next section I will argue that it is misleading to claim such a “return-thesis” for Germany. In contrast German economic policy as well as to a certain extent also the history of economics in Germany over many decades was continuously coined by German neoliberal thought. Although ordoliberalism as an independent economic theory might in

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4 Borchardt (1981) further argues that Hayek also assumed that the stronger focus on social policy in the German Social Market Economy was a lesser evil to preserve a capitalist economy in German Federal Republic after the second world war. The position of members of the “sociological strand” of German neoliberalism is ambivalent on this issue (Hien 2013). Rüstow for instance states that ‘social policy has in the 80 years of its existence developed through uncontrolled growth’ (Rüstow, 1959: 20, translated by Hien 2013: 353)
fact have been “marginalized and thus forgotten” (Biebricher 2013), the infrastructures of German neoliberalism, i.e. economic think tanks, political institutions and economic research institutes remained an influential vehicle for the discourse hegemony of German neoliberalism in German economic policies.

2 The Performative Footprint as a measure to conceptualize “external influence” of economists

Most of the empirical findings presented in the next two sections stem from a research project on the history of German economics after the second world war, supported by the Hans-Böckler-Foundation. In this research project we tried to analyze the evolution of economics in Germany on two levels. First, we compiled a database of about 800 professors of economics at German universities from 1954 to 1994. The database on the one hand consists of biographical details of the economists, especially about their academic career stations as well as their academic background, i.e. place, date and supervisors of the doctoral thesis and professorial thesis or habilitation (their “second book”). On the other hand we also tried to investigate other academic and external activities of the economists, namely their policy involvement as political actors or advisors or memberships in economic think tanks. Second, I developed the measure of a “performative footprint” (PFP) for these 800 economists, as a means to measure the potential impact of economists or specific economic thought collectives on politics and society, thereby going far beyond the narrow range of academic rankings (Pühringer 2016). Instead, potential influence of economists and economic thought is presented in five categories of internal and external influence. Whereas the former (academic productivity and academic re-productivity coefficient) focus on inner-academic influence, the latter (political advice, political actor and public presence coefficient) take into account the efficacy of “econmic imaginaries”. In a further step a social network analysis approach was used to highlight personal and institutional relations in a politico-economic framing, thereby especially focusing on the role of economic think tanks.

The three external influence coefficients, relevant for this article are the media coefficient, the political actor and the political advice coefficient. Each of these three coefficients combines several variables of potential influence in its specific fields. The media coefficient measures the presence of economists (hits for each person) in opinion-leading German newspapers and magazines over the whole analyzed period. The media coefficient builds on a weighted average of hits/person in electronic archives, by construing individual reference archives in order to control for different academic life spans. The political actor coefficient operationalizes positions in political institutions (Bundesbank, Ministries, Bundestag, political parties, monopoly commission), according to the length and the specific position, using a classification scheme (see appendix). The political advice coefficient operationalizes positions in economic policy advice institutions like the German Council of Economic Experts (GCEE), the scientific advisory boards of the German Ministries of Finance and Economics or economic research institutes (see appendix).
3 History of German neoliberalism in economic think tank networks

The roots of German neoliberalism can be dated back to the Freiburg School around Walter Eucken, Franz Böhm and Leonhard Miksch in the 1920s and 1930s on the one hand and Alexander Rüstow and Wilhelm Röpke, two German economists in close personal contact especially with Walter Eucken (Janssen 2006, Hesse 2010). On a theoretical level the central aim of this ordoliberal scholars was an attack on the “ruins of the German Historical School” (Rüstow in a letter to Eucken in 1927, Janssen 2006: 32), which manifested in the idea of the foundation of “Theoretical Club of Ricardians”. Rüstow suggested inviting also Austrian economists like Hayek, Haberler Machlup or Mises to this club⁵. Beside the personal contacts of ordoliberals with Hayek and later proponents of the Chicago School Köhler/Kolev (2013) also stress the similarities in the research agendas concerning monetary policy in Freiburg and Chicago yet in the 1930s, especially in the work of Eucken’s pupil Friedrich Lutz and Henry Simons. Eucken furthermore played a central role in the foundation of the MPS, which manifests in the fact that Hayek delegated the right to suggest German members for the MPS to Eucken (Kolev et al. 2014: 6).

3.1 Infrastructures of German neoliberalism during the foundation of the German Federal Republic

Although this academic exchange was interrupted in 1933 with the takeover of the Nazi regime, which forced Röpke and Rüstow to emigrate to Turkey, the university of Freiburg and especially Walter Eucken remained one of the core centers of economic research in Germany (Ötsch/Pühringer 2015).

⁵ Hayek retrospectively remarked that this group of Ricardians was the only active and influential circle of economists fighting for a „free economy“ before 1933 (Hayek 1983:12).
The strong academic influence for instance manifested in the very successful academic reproduction of the Freiburg School and especially of Walter Eucken. Figure 1 shows German professors of economics, whose doctoral thesis of habilitation was supervised by Walter Eucken (first generation). Although Eucken died rather young at the age of 59 during a research visit at the London School of Economics (where he was invited by Hayek) he was one of the most successful “producers of pupils” in the history of German economics (Ötsch/Pühringer 2015). After the successful reproduction of the first generation of the Freiburg School (Eucken supervised at least ten later professors of economics at German

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Members of the MPS are plotted as triangles.

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universities) also the pupils of Eucken (especially Bernhard Pfister, Karl Paul Hensel and Fritz Walter Meyer, all of the later members of the MPS) proved to be very successful academic teachers, too. Beside this academic influence on the course of German economic history in and immediately after the Second World War, ordoliberal economists were continuously engaged in policy advice partly for the Nazi regime (Ptak 2004) and partly, especially in the 1940s in contact with the “conservative opposition” to the Nazi regime (Rüther 2013, Goldschmidt 2005). During the 1940s the “Arbeitsgemeinschaft Erwin von Beckerath” served ordoliberals as meeting point, with the main objective to discuss and develop the economic order for post-war Germany.

The engagement of ordoliberal economists in economic advice continued after the capitulation of Germany in 1945 and resulted in a strong dominance of ordoliberal economists in the two very influential scientific advisory boards of the Ministries of Finance and Economics (fig. 2) on the one hand and the central role of especially Ludwig Erhard in the adoption of the German “currency reform”, which was later discursively framed as the starting point for the German economic miracle.

*Figure 1: Continuity of German neoliberal networks after Second World War*

In addition to the direct influence on German post-war politics, ordoliberal economists were closely connected to international networks of the neoliberal thought collective. Four “pupils” of Eucken were also founding members of the MPS (Pfister, Maier, Hensel and Lutz) and seven of the ten “pupils” of Eucken indicated in figure 1, later became members of the MPS. Moreover up to the third and fourth generation after Eucken one can find core
proponents of the German neoliberal network, e.g. Hans Willgerodt, Manfred JM Neumann, Joachim Starbatty or Peter Oberender.

Summing up, ordoliberalism according to Ptak (2004) developed in the interaction of three different strands of thought with a shared political will: Frist, the Freiburg School with Eucken, Böhm and Miksch. Second, the “sociological wing” of ordoliberalism with Rüstow and Röpke. Third, a group of practitioners, consisting of Ludwig Erhard and the long-standing editor of the newspaper Frankfurter Allgemeine Zeitung Erich Welter. Alfred Müller-Armack could be ascribed to the second and third strand of ordoliberalism (Ptak 2004:17)

3.2 Infrastructures of German neoliberalism during the monetarist turn in Germany

A second episode in German economic history indicating the continuous political influence of economists, organized around the infrastructure of German neoliberalism, was the period of the “monetarist turn” in Germany in the early 1970s after a short period of “German Keynesianism” in the late 1960s (Hagemann 2008). Janssen (2006:83) analyzed the “counter revolution in the German money theory”, i.e. the theoretical debate of German economists about Milton Friedman’s monetarist theory and showed, who introduced monetarism into German economics. Janssen concludes that 15 mainly young German economists (“the revolt of the 30-year old”), especially from 1970 to 1976, initiated the monetarist anti-Keynesian revolution in German economics (e.g. Neumann 1972). This initiative resulted in the monetarist turn of the German Bundesbank, which as first central bank worldwide introduced monetarist money supply target as suggested by Milton Friedman (Giersch et al.

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7 Hesse (2006) doubts that there is on homogeneous ordoliberal school, Kolev (2010) distinguishes between the ordoliberalism of the Freiburg School and Rüstow and Röpke and the “German neoliberalism” of Müller-Armack and Erhard.

8 The term “German Keynesianism” indicates that Keynesianism in Germany was based on a distinct interpretation of Keynes. On the one hand the Keynes reception after the Second World War was to a large extent based on the work of Samuelson (1947, 1948) known as the “Neoclassical Synthesis” and derogatorily called “bastard Keynesianism” (Robinson 1971: 30) by Keynes’ pupils. The history of “Postkeynesiasm” (Kalecki, Robinson, Hansen) or heterodox economics in general in the German context “can only be told as the story of a failure” (Heise/Thieme 2015:1). Moreover central proponents of Keynesianism in Germany tried to combine Keynes with the Freiburg School. Economics and later also Finance Minister Karl Schiller aimed at combining “Keynes’ message, the Freiburgian imperative and the neoclassical syntheses” (Schiller 1972:148). The economist Erich Schneider, who wrote the most influential economic textbook based on Samuelson’s interpretation of Keynes, even declared: “we cannot emphasize too strongly that the end of economic policy as seen by Keynes were the same as those of Adam Smith and Eucken: the preserving and securing of the market economy.” (Schneider 1953:7) On the other hand the era of “German Keynesianism” was short, the “brief Keynesian experiment” (Leaman 2009:7) yet ended in 1972 with the resignation of Schiller as Minister of Economics and Finance. “German Keynesianism” can therefore also be seen as a rather short interruption of the “intervention phobia” (Ambrosius 1984:108) coining the Adenauer and Erhard era.
1994, Richter 1999, Feld et al. 2014). Figure 3 shows the economists active in the monetarist revolution and their connections to “German neoliberal networks”.

Figure 2: Economists in German neoliberal networks during the monetarist turn in Germany

This empirical result partly contradicts Feld et al. (2014), claiming that there is no common ground of monetarism and ordoliberalism. At least in the common infrastructure of German neoliberalism, there are connections on a personal and institutional level.

The persistence of the influence of economists organized around the infrastructure of German neoliberalism is further supported by the fact that there is a rather strong connection of the protagonists of the monetarist turn to core early actors of German neoliberalism as academic teachers like Eucken, Hensel, Welter or Müller-Armack (fig. 4).

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9 The seven actors not plotted in figure 3 are Volbert Alexander, Emil-Maria Claassen, Ernst Dürr, Werner Ehrlicher, Hans-Edi Loef, Jürgen Siebke and Manfred Willms
Figure 3: The academic roots of the proponents of the monetarist turn in Germany.

Beside this group of 15 “monetarist rebels” (Janssen 2006) the monetarist turn of the German Bundesbank was also supported by the GCEE, also arguing for a Friedman-oriented money supply target in its annual economic report (GCEE 1973). It is not surprising that in the early 1970s after a paradigm shift in the GCEE from a Keynesian to a rather supply-oriented policy10, initiated mainly by Herbert Giersch and later his pupil Gerhard Fels (Sievert 2003, Hickel 2003) in the run-up of the monetarist turn of the Bundesbank a majority of at least three out of five members of the GCEE were organized in German neoliberal networks (Norbert Kloten, Olaf Sievert and Armin Gutowski). The influence of German neoliberalism in

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10 Schmelzer (2010:164) even doubts whether there has ever been a Keynesian dominance in the GCEE.
the German Bundesbank and later also in the ECB manifests on a theoretical as well as on a personal level during the last decades (Richter 1999). Alesina/Grilli (1991) for instance stress that “the institutional design of the ECB is more similar to that of the Bundesbank than to any other central bank of the Eurozone”. Furthermore central actors in the Bundesbank, e.g. Othmar Issing, Hans Tietmeyer, Axel Weber, Jens Weidmann are linked to the network of German neoliberalism via their academic background as well as via their membership in German neoliberal think tanks. At a speech at the Euro Finance Week in Frankfurt Jürgen Stark (2008), the former president of the Bundesbank and ECB Executive Board member, stressed that the work of Walter Eucken had been “a constant source of inspiration throughout my career”. Summing up even Feld et al. (2014:11), who are rather cautious in using the term “ordoliberal” stresses that the Bundesbank, alongside to the Kronberger Kreis, the GCEE or on a personal level Hans Werner Sinn is coined by “economists who argue in favour of Ordnungspolitik”. The Kronberger Kreis serves as one of the central hubs for the connection of economists in German neoliberal networks and has very close ties to economic advice institutions in Germany. Yet the foundation of the Kronberger Kreis in the early 1980s reflects its political impact, because the history of this think tank is closely connected to the political upheaval, which was later called the “neoliberal turn” in Germany (Werding 2008:312).

3.3 Influence of German neoliberalism during the neoliberal turn

A third important episode in German economic history, where the influence of economists organized around the infrastructures of German neoliberalism gets obvious is the period of the “neoliberal turn” in Germany in the early 1980s. Leaman (2009:5) for instance argues that although there are also several indicators of continuity “1982 can still be seen as a very significant marker in the history of Germany’s political economy (…) because it ushered in a period in which there was a gradual but inexorable shift in the quality of economic policy decisions, the ideological paradigm within which they were consistently framed and the global context within which nation, regional and global institutions operated”. In 1981 the Minister of economics Otto Graf Lambsdorff (Free Democratic Party, FDP) published a seminal paper entitled “Manifesto for market economy: concept for a policy to overcome weak growth performance and reduce unemployment” – the so-called Lambsdorff-paper -, where he stressed that the government interfered too much in the free market and suggested radical labor market reforms, strict budget consolidation and deregulation policies. Beside Lambsdorff especially Otto Schlecht, who was already in the Ministry of Economics under Ludwig Erhard and Hans Tietmeyer, later president of the Bundesbank and one of the main initiators of the neoliberal advocacy think tank Initiative for New Social Market Economy (INSM) in 2000 (Butterwege 2007, Speth 2006), were responsible for the content of the paper. The “Lambsdorff-paper” marked the end of the social-liberal coalition in Germany and especially the (Keynesian) economic concept of macroeconomic management (“Globalsteuerung”) and can therefore be interpreted as a politico-economic
paradigm shift. From the perspective of economic policy advice the paper can be seen in the tradition of the GCCE annual report 1973/74, indicating a monetarist turn and the GCEE annual report of 1976/77, arguing for a supply-side-orientation of economic policy (Sievert 2003, Feld 2013).

The common politico-economic objective of these reform documents also reflects in the institutional and personal connections of the members of the Kronberger Kreis. The Kronberger Kreis was founded in December 1981 as scientific advisory board to the Frankfurter Institut (later: Stiftung Marktwirtschaft) by the economist and editor of the magazine Wirtschaftswoche Wolfram Engels and the entrepreneur Ludwig Eckes. The Kronberger Kreis was organized based on the model of a modern American think tank, with the immediate objective to exert influence on the public opinion and the politico-economic discourse via “organized events, publications, individual policy advice, concrete actions as well as formulated legislative texts” (Stiftung Marktwirtschaft 2015). The initial goal of the Kronberger Kreis was to develop a market-oriented politico-economic program for the next Bundestag elections in 1984. After the publication of the Lambsdorff-paper and the end of the social-liberal coalition – which was later termed as the “ordo-political awakening of Germany” by Michael Eilfort (2007:9), executive board member of the Stiftung Marktwirtschaft, the Stiftung Marktwirtschaft and the Kronberger Kreis successfully tried to influence the public debate with position papers and short statements. Over the next decades during the chancellorship of Helmut Kohl and later also Gerhard Schröder members of the Kronberger Kreis11 held core positions in or close ties to central German economic policy institutions, e.g. the German Ministry of Economics (Eekhoff), the Bundesbank (Issing, Neumann), governmental commissions (Möschel, Donges, Raffelhüschen) or the monopoly commission (Möschel, von Weizsäcker, Hellwig, HauCap). Moreover, members of the Kronberger Kreis were very active in economic policy advice in the GCEE as well as in the Scientific Advisory Boards of the German Ministries of Finance and Economics. Referring to the multi-dimensional political and partly public influence of economists of the Kronberger Kreis (see also PFP-coefficients in fig. 5), as well as their dense connections in a network of German neoliberalism Ptak (2007:79) denotes the Kronberger Kreis as “an influential market-radical elite network”.

Figure 4: Performative Footprint of members of the "Kronberger Kreis"12

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11 Most members of the Kronberger Kreis are economists; some are also legal scholars, which is another similarity to the early Freiburg School.

12 Due to limitations of data sources the PFP is only calculated for economists, who were already professors of economics at a German university by 1996. For the social network analysis all members of the Kronberger Kreis are included.
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The analysis of the Performative Footprint (PFP) of economists supplies further empirical evidence for the huge impact of the Kronberger Kreis, resp. its members (fig. 5) on the course of German economic policy during the last decades. The immediate influence of the Kronberger Kreis, which also indicates the close ideological connection between the intention of the Lambsdorff-paper and the foundation of the think tank, is reflected in the following quote from a speech of Otto Lambsdorff on the occasion of the 25th anniversary of the foundation of the Kronberger Kreis: “I think, I simply copied from the Kronberger Kreis; this was the easiest way, because it was always right” (Lambsdorff 2007:39)
In order to highlight the central position of institutions like the Kronberger Kreis among political and public influential economists, I further applied social network analyses of its members as well as members of other institutions of the (German) Neoliberal Thought Collective. This analysis is based on an institutional analysis of multi-positions of economists in institutions and think tanks (e.g. as founder, active member, part of the (advisory) board or part of an expert committee). Furthermore I similarly also searched for economists with positions in Keynesian, union-linked or economic alternative think tanks or institutions with a politico-economic agenda in order to highlight a potential countervailing power of economists. While the procedure to assign institutions to the German Neoliberal Thought Collective is standardized (connection to the MPS, see: Plehwe/Walpen 2006), the definition of a “Keynesian-alternative Thought Collective” is based on a broad range of politico-economic institutions. The result of this comparative network analysis is presented in the following section.

4 Long shadow of German neoliberalism in economics
After the analysis of the influence of economists organized around infrastructures of German neoliberalism in three coining episodes of German economic history resp. the history of German economics, this section offers empirical evidence for the thesis of a persistent and
continuous political, discursive and public dominance of a network of German neoliberalism among influential German economists. The analyses presented in the following chapter mainly rest on the methodology of the PFP of economists, i.e. the potential influence of economists in three “external influence” categories of economists.

For this purpose I employed a detailed analysis of all economists with high or medium coefficients in the external influence categories of the PFP with their to think tanks, institutions or initiatives with a politico-economic agenda13.

The thesis of a continuity of an infrastructure of German neoliberalism among economists will be proved in three steps. First, figure 7 shows those 22 economists with a high or medium media coefficient score in their think-tank networks. 12 out of those 22 economists (55%) are linked via a “network of German neoliberalism”, where the MPS with five and the Kronberger Kreis and the Hayek Stiftung/Gesellschaft (the Hayek Foundation or Society) with three connections hold central positions. In contrast one economist with medium media coefficient score is connected to the union-linked Böckler foundation, which in contrast to the neoliberal thought collective could be termed a “Keynesian-alternative Thought Collective”.

13 The definition of “high” or “medium” influence rests on a cumulative ranking of individual PFPs using a traffic light scale, where “high” / ”medium” influence potential is ascribed to the upper / middle third of the cumulated PFP score list (Pühringer 2016).
Second, figure 8 shows the social network analysis of all 40 economists with high or medium policy advice coefficient. The result is that again a relative majority of 11 economists (28%) are connected via a network of German neoliberalism, whereas again only one economist is connected to a “Keynesian Thought Collective”. In the network of influential policy advisers the Arbeitsgemeinschaft Soziale Marktwirtschaft, the Kronberger Kreis and the Initiative for New Social Market Economy are the nodes with the highest degree of centrality, on a personal level Jürgen Donges and Christian Watrin (president of the MPS from 2000-2002) hold the position of important interlocking directorates.
In a third and final step the result of a personal and institutional network analysis of German economists in my sample with at least “medium” influence in at least two PFP coefficients is provided.
Figure 8 again supports the thesis of an uneven politico-economic power structure among German economists. On the one hand in the bottom and center there is a group of 15 out of 28 economists (54%), connected via a dense network of German neoliberal think tanks and institutions and thus part of a German neoliberal thought collective. On the other hand Peter Bofinger, who is tellingly often termed the “last Keynesian” in public media, is connected to the union-linked Böckler-Foundation and a “Keynesian-alternative Thought Collective”.

Summing up, the analysis of the political and public influence of German economists, with a professorship in economics from 1954 to 1995, reflected a very uneven power structure in favor of a network of German neoliberalism. Both the detailed analysis of economists with high media presence or central policy advice positions, and the overall analysis of influential economists in all five coefficients of the performative footprint of economists, highlight that a main part of economists with an influence on politics and the public can be assigned to the German Neoliberal Thought Collective. Whereas there also exists a network of economists organized in a “Keynesian-alternative Thought Collective”, indicating a potential countervailing power in politico-economic discourses, the network analyses showed that this group of economists is in a marginalized minority position. The uneven power balance of
German economists even up to now manifests in an unequal distribution of discursive power for instance in the financial crisis debate (Pühringer/Hirte 2015).

5 Conclusion

This paper aims to examine ideological and politico-economic power structures of post WWII-German economics. Using the conception of a German Neoliberal Thought Collective, organized around the Mont Pelerin Society, I first highlighted the similarities between ordoliberalism as German variety of neoliberalism and (American) neoliberalism on a personal as well as on an institutional level. Second I introduced the methodology of a performative footprint (PFP) of economists in order to conceptualize political and public impact of economic thought and distinct economists, respectively.

Building on this twofold theoretical and methodological basis this paper shows that economists organized in a German neoliberal Thought Collective continuously had a formative impact on the course of German economic policies. Beginning with the foundation of the German Federal Republic in the late 1940s, and later during the “monetarist turn” of the German Bundesbank in the 19702 and the “neoliberal turn” in German economic politics in the early 1980s economists connected in the infrastructures of German neoliberalism had key positions which allowed them to gain influence on economic policies and (re-)establish the economic imaginary of Social Market Economy in its German neoliberal interpretation.

Beside these concrete examples of the impact of infrastructures of German neoliberalism in the history of German economic politics this paper provides personal and institutional network analyses of a sample of 800 post-WWII-German professors of economics. The final result of these analyses is that among the group of economists, who have high media presence or hold important positions in policy advice or even economic organizations like the Bundesbank or governmental authorities a main part can be assigned to the German Neoliberal Thought Collective. In contrast just a little minority of this group of “influential” economists is connected to the “Keynesian-alternative Thought Collective”. Therefore the final conclusion of this paper is that a densely connected infrastructure of German neoliberalism, organized around German neoliberal economists, think tanks, policy advice institutions and economic research institutes over many decades was able to build up a formative influence on German economic policies.

Literature


