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An Ordoliberal Theory of the State

PETER NEDERGAARD

The interest in the theory of the state seems to be growing due to the turmoil in different parts of the world, which the state is otherwise assumed able to stabilise. This article distils the theory of the state that is inherent in the classics of ordoliberalism from the 1930s and 1940s, which is a specific German variant of liberalism. Based on structure-and-agency conceptualizations of the state, I offer an ordoliberal state theory that is constituted by some specific characteristics regarding the concepts of authority, power, and association, as well as a number of specific characteristics concerning individuals' interests and values, the potential for influencing state employees, and regarding the factions of the state. The ordoliberal theory of the state is an original version of what the state is and should be in terms of (for example) economic growth and social order.

1. INTRODUCTION

Ordoliberalism (OL) is a German version of liberalism with specific characteristics distinguishing it from other versions of liberalism. According to the analysis presented in this paper, this has not least to do with the particular role of the state in OL. Nevertheless, no theory of the state – based on the OL's 'founding fathers' from the 1930s and 1940s – has ever been distilled from OL, which is the task at hand. Admittedly, Werner Bonefeld's seminal work has come close to doing so, and this article further develops his research on the construction of a state theory, which might have been latent in the first generation OL thinkers (Bonefeld 2017, 2013, 2012).

The role of the state in OL is normatively based on the notion of a state so strong that it is able to construct a market with free¹ competition wherein regulations and laws are strictly adhered to, where the state is embedded with sufficient autonomy to resist the pressure from special interests, and where there is a permanent and subtle dialectic between politicised and non-politicised factions of the state. This state model has already had an enduring influence on the state of Germany since World War II (Dullien and Guérot 2012).

After the Introduction, Section 2 argues for the relevance of more serious scholarly study of the state and advances a framework for analysing an ordoliberal theory of the state. Section 3 presents OL regarding the role of the state and Section 4 the analysis of what constitutes a possible ordoliberal theory of the state. Finally, the conclusion is presented together with some thoughts for further research.

2. THE 'BUSINESS CYCLES' OF STATE THEORY

The interest in state theory in political science almost has a 'business cycle' character of its own. There are now signs indicating that the pendulum is swinging back to increased interest in state theory. What is distinctive about state theory is the assumption that the modern state is separated from society as a specialised form of rule and from those over whom rule is exercised (McGovern 2005). After being out of fashion for nearly three decades, the state seems to have become scholarly fashionable again. As Margaret Levi mentioned in her seminal work from 2002, the state was under attack at the time from both right and left as regards the integrative, centralising, and coercive features of the state (Levi 2002). Scepticism about the state is now on the return, and it is again attracting interest from political scientists – not least in Europe – on the backdrop of the turmoil created by the financial crisis, terrorism, and the refugee and migrant crisis. It seems as if a significant role of the state is again asked for. This normative demand has contributed to the interest in state theory.

At the heart of state theory is how best to achieve social order, promote economic growth, and facilitate democratic expression (Levi 2002, 35). With North (1981), however, we should acknowledge that the state is a Janus Head: 'The existence of the state is essential for economic growth; the state, however, is also the source of man-made economic decline'. Hence, scholarly articles on the theory of the state often have both descriptive-analytical as well as normative elements due to the fact that scholars usually also prefer a state that promotes growth and social order rather than the opposite; this is also the case with the classical OL scholars.

State theory has strong, deep roots in classical social science theory. Thomas Hobbes, John Locke, and Jean-Jacques Rousseau all reflected on how the state could create social order in periods characterised by turmoil.

According to the author of the concept of the modern state, Thomas Hobbes, the state is the source of its own authority. Hobbes was careful to attribute to the 'person' of the state not a 'moral' but a legal character (McGovern 2005). Carl Schmitt followed Hobbes in re-asserting the primacy of the state as the 'ultimate authority'. Once the social order was in place, however, political philosophers like David Hume, Jeremy Bentham, and John Stuart Mill seemed to place greater emphasis on a minimal role for the state in protecting contracts and providing public services. In 'liberal' countries like Britain and the United States, there are more-or-less continuous attempts to diminish the state to act autonomously as a distinct 'person'.

In contrast, the classical critics of liberalism, the protagonists of revolutionary socialism – Karl Marx, Friedrich Engels, and Vladimir Lenin – assumed a strong role for the state in improving living conditions and securing the order of the planned economy. The social engineering of Keynesianism since the 1930s also bolstered the importance of the state after it was gradually introduced in many industrialised countries in the aftermath of World War II. In many cases, the consequence of an active Keynesian fiscal policy was the development of a social democratic welfare state with an enormous arsenal of social policy and educational policy arrangements.

In the late 1960s, there was a revival in the scholarly interest in state theory. This was a function of the renewed Marxist and Neo-Marxist interest in the relationships between classes, states, and capitalism. Poulantzas (1969), Althusser (1970), and

Claus Offe (Offe and Ronge 1975) were among the most prominent figures in this respect. Increasingly, this also led to new interest in the state as an explanatory variable in history. Anderson (1979), Tilly (1975), and Skocpol (1979) were all attempting to fulfil the mantra in the sense of 'bringing the state back in.'

In the 1980s, the times were again a-changin' as North (1981), Levi (1988), and others introduced new models of state behaviour building on a micro (or 'agency', as we refer to it in this article) foundation of constrained rational actors. At the same time, there was always the assumption that the state should also be analysed from a macro (or 'structure') perspective. An example of this can be found in the work of Oakeshott (1991). According to him, a modern state has the following structural features, which it has never lost: an office of authority, an apparatus of power, and a mode of association. I have combined Oakeshott as representing the structural aspects of the state with Levi, who is representing the agency aspects hereof in relation to OL classics. The relationship of structure and agency as far as the OL classics are concerned is assumed to cover the essential aspects of the OL state theory if and when such a thing exists in its own right. This combination is well established (and seen as methodologically unproblematic) in mainstream political science, because it reflects two essential characteristics of political phenomena. Oakeshott and Levi are selected, as their dimensions mirror each other and can therefore be combined.

The first structural feature is the state as an office of *authority*; a state is an association constituted in the acknowledgement of the authority of its rules and arrangements. For Oakeshott as for Hobbes, there is no independent source of authority of the state; the state – Hobbes's Leviathan – is a 'Mortal God'.

The second structural feature of the state is the *apparatus of governing* annexed to the office of rule. This is the power feature, which is different from authority. The authority of the state must also have a physical character and be furnished with power to enforce decisions. Hence, the judiciary is vested with the autonomous power of the state.

The third structural feature of a modern state is its character as an *association* of human beings. This is about neither authority nor power but rather the relationships between the actors of the association to one another and the engagements of the office of rule.

States can be formed, but they are not selected. Governments are selected, and they are often the main engines of the state; they are embedded within the state but they are not the totality of it (Levi 2002, 41). Whether the subject is the government or the state, three similar agency-oriented analytical problems arise according to Levi, who has been selected to represent this aspect of the state. The first is that there are *individuals* involved who are making purposive decisions and upholding values as well as interests. The second agency point is that it is essential to understand state actors as persons responsive to other domestic or international players that *influence the range of options available to state actors*. The third major analytical agency point is that the state is *not a unitary actor*.

Table 1 presents the framework of six dimensions for analysing an ordoliberal theory of the state. This framework is a combination of Oakeshott's and Levi's features and points above. The six dimensions are somewhat overlapping. This is unavoidable.

Table 1.
FRAMEWORK FOR ANALYZING AN ORDOLIBERAL THEORY OF THE STATE.

Structure (macro) perspective (Oakeshott)	Authority (4.1)	Power (4.2)	Association (4.3)
Agency (micro) perspective (Levi)	Individuals with interests and values (4.4)	Actors as persons under influence (4.5)	Not a unitary actor (4.6)

Source: The author.

However, I claim we get a clearer picture of what potentially constitutes the state theory in classical OL using these conceptual lenses. The agency and structural elements are also coupled in a way so that there is some internal correspondence between 4.1 and 4.4, 4.2 and 4.5, and 4.3 and 4.6, as argued in the analysis below.

The methodology of this paper implies a broad reading of the primary and secondary literature on classical OL to investigate whether and how OL can contribute with content to the six dimensions in Table 1. I have not least put emphasis on the selection of texts of the ‘founding fathers’ of OL in the new English language volume edited by Biebricher and Vogelmann (2017a), allowing the reader to check the claims made here in a language they might understand better than German. That said, I do also rely on German sources.

3. ORDOLIBERALISM AND THE STATE

OL as a concept has been subject to increased attention in recent years (Dullien and Guérot 2012; Jacoby 2014; Feld, Köhler, and Nientiedt 2015; Nedergaard and Snaith 2015; Bonefeld 2017, 2013, 2012). The classical ordoliberal thinkers came from a highly influential group of German economists, philosophers, and lawyers (originally) operating at the University in Freiburg from the 1930s onwards, with Walter Eucken (1891–1950), Franz Böhm (1895–1977), Alfred Müller-Armack (1901–1978), Hans Alexander Rüstow (1885–1963), and Wilhelm Röpke (1899–1966) at the core of the classical Ordoliberal School (Bonefeld 2017, 2f). A better name for this ‘School’ might be an ‘epistemic tradition’ (Young 2017); that is, a specific way of perceiving society, the economy, and not least the state. The term ‘school’ might infer greater coherence than was actually the case.²

According to Eucken, the development of the state can be divided in a number of phases: (1) The mercantilist state (since approximately 1500): Capitalism was created by the state itself. (2) The classical liberal state (since the mid-1700s in England and later elsewhere): In this phase, the state was an entity ‘that had its own life, alongside the people, alongside the nation’ (Eucken 1932, 55). (3) The interventionist state (since the mid-1850s): Here, the liberal state gradually developed into an interventionist state through the convergence of state and economy and the politicisation of the economy. The interventionist state often fails to respect the sphere of private property in the way that the liberal state did. This state is a weak state because it lends support to individual groups or individual firms, and the close integration with the economy has undermined independent decision-making on the part of the state (Eucken 1932, 55).

The classical ordoliberals were protagonists of a fourth phase in the development of the state that would side neither with the interventionist nor with classical liberal laissez-faire state of the 19th century nor with any Keynesian or socialist state of the twentieth century (Röpke 1942). In the words of Wilhelm Röpke, the idea was to replace both the old ‘paleo-liberal’ night-watchman state and the weak interventionist state with a ‘strong state’ (Gregg 2010, 172).

In a classical ordoliberal conception, the basis of successful economic policy is the establishment of a strong legal and institutional framework, which Eucken (1940) termed *Ordnungspolitik* (‘politics of order’).³ *Ordnungspolitik* is an important concept in the OL perception of the role of the state, and it is much more than a legal concept.⁴ The general maxim of *Ordnungspolitik* is to restore and safeguard the price system in a broad understanding of the concept. The term *Ordnung* (‘order’ or *ordo* in Latin) is related to a so-called economic constitution (*Wirtschaftsverfassung*) in the sense that it lays down a set of rules upon which efficient economic systems are (or should be) based (Vanberg 2004).

An economic constitution is a guarantee for and respect of the system of undistorted competition, economic and personal liberties, and the requirements of a state under the rule of law. An economic constitution has both analytical-descriptive and normative features that go beyond a written constitution. In other words, an economic constitution is the technical instrument of ordering the economy, but it is *also* the goal to be reached in ordering the economy (Böhm 1937).

OL’s most essential contribution can therefore be summed up as the conclusion that ‘government is not the problem’ (Schnyder and Siems 2013); and is indeed vital to establishing a workable economic constitution. It is of crucial importance that the *Ordnungspolitik* does not intervene directly in markets but is only directed at the market framework; that is, the economic constitution (Bonefeld 2017, 72).

In practice, ordoliberals were somewhat successful in their aim to promote the fourth phase of development of the state in Federal Republic of Germany after World War II. This was due to the fact that classical OL became a strong epistemic tradition in the Federal Republic after World War II. Michel Foucault (in his College de France lectures in 1978 and 1979) claimed that (West) Germany is the only country to have been founded on a specific economic philosophy, namely OL (Foucault 2008). While the degree to which classical OL actually influenced (West) German policymaking in the aftermath of World War II is debatable,⁵ this is not the subject of this article (see instead Dullien and Guérot 2012). The aim here is to investigate whether classical OL contains all of the elements of a state theory, as presented in Table 1.

Eucken points to an example of what is meant in classical OL by thinking in terms of the framework of the ‘whole’ of the state laid down in the economic constitution (Eucken 1952). According to Eucken, the ordoliberal state should never be made responsible for ensuring full employment but rather to provide the stability and predictability to enhance the possibility of this goal being met. Thus, an ordoliberal viewpoint dictates that the government should be attempting to establish predictable economic conditions, which replaces Keynesianism’s activist exercises of fiscal policy (Eucken 1940, 239ff). But while OL is emphatic in rejecting what might be termed ‘Keynesian governmental micro-management,’ it is nonetheless more committed to state activity than its intellectual cousin, laissez-faire liberalism (often equated today with

neoliberalism) (Nedergaard and Snaith 2015). A contemporary example of how this might have influenced practical decision-making in modern Germany could be the labour market reforms from 2003 to 2005 (the so-called Hartz reforms). Once again, however, scrutiny hereof is beyond the scope of this article.

In contrast, while the ordoliberal state need not be extensive in terms of competences, it does need to be one that is able to act as a ‘guardian of the competitive order’ (Eucken 1952, 327), in particular to prevent the emergence of cartels and safeguard free competition and other restrictions on the complete competition (Dullien and Guérot 2012). According to the OL classics, it requires the authority of the state to facilitate that economic freedom upon which the free economy rests (Bonefeld 2012). In contrast to laissez-faire liberalism, classical OL assumes that ‘the “invisible” hand does not create “harmony” just like that’ Eucken 1952, 260).

Despite its pro free-competition approach, OL is not opposed to social policy. Conversely, social policy must not be de-commodifying unemployed persons who are able to work (Biebricher and Vogelmann 2017b). At the same time, according to OL, free or complete competition cannot be used everywhere; in that case, it is a sign of blindness. For example, this blindness is manifest in the proclamations that the competition should be applied as a universal principle, even in non-economic fields. This will eventually lead to an ‘atomisation’ of the body of politics and, hence, a weak state (Rüstow 1942).⁶

4. WHAT CONSTITUTES AN ORDOLIBERAL THEORY OF THE STATE?

Based on the framework in Table 1, I analyse the state theory of OL potentially inherent in the writings of the OL classics, Walter Eucken, Franz Böhm, Wilhelm Röpke, and Alexander Rüstow. The aim is to investigate whether classical OL contains all of the ‘structure’ and ‘agency’ parts that I claim constitute a state theory. Moreover, if there is an OL state theory embedded in the OL classics, what is its novelty and originality? In this exercise, I mention if there are different focusses among the OL classics, but I investigate OL as one coherent epistemic tradition as mentioned above.

4.1. *Structural Perspective: Authority*

The normative ideal of the OL state as far as the authority of its rules and arrangements are concerned is that of a competent state. One *could* claim that the OL state is a liberal authoritarian state, trading pluralist parliamentary democracy for technocracy ideally informed by the ‘men of science’ (a concept from the *Ordo Manifesto*), but this would be too simplistic, even though these tendencies are latent as one would also expect due to the fact that the modern state concept is essentially authoritarian (Eucken 1952; McGovern 2005). This authoritarian tendency of the OL state is not least the case when it comes to the functioning of markets. OL places particular emphasis on sanctions concerning the functioning of markets as the indispensable precondition for the material reproduction of society (Biebricher and Vogelmann 2017b). Fundamentally, the classical OL idea of economic freedom is essentially based on distrust; there is no freedom without surveillance (Bonefeld 2013).

This authority of the competent OL state must have a rational scientific base according to the OL classics. Social science – in normative terms – should therefore be practical in the sense of having a responsibility to inform political decision-making with

abstract theoretical knowledge (Biebricher and Vogelmann 2017b). As Böhm (1937) pointed out, social science founded upon OL wants to be both an abstract science and truth generator as well as concrete economic problem-solver. This role of science should underpin the maintenance of a well-functioning market economy akin to the gardener's creation and maintenance of a highly cultivated park that requires continuous nursing (Oksala 2017).

The background for this wish in OL was the so-called *Methodenstreit* between historical-inductive and abstractive-deductive approaches in the social sciences (Tribe 2003). The Ordo Manifesto almost exclusively chided historicism for its inability to generate general and robust knowledge when it was criticised for relativism (Eucken, Böhm, and Grossmann-Doerth 1936).

In classical OL, science is ideally assumed to be based on an objective judgement independent of the scientist's immediate financial interests (Eucken, Böhm, and Grossmann-Doerth 1936). This is the *raison d'être* for the 'scientification' of politics in the OL state, which could lead to the authority necessary to be a competent state. As can be seen, the ideal OL state seems to have some similarities with Plato's ideal state in *The Republic* as far as the competence of the impartial leaders are concerned.

In normative and structural terms, the OL state should also be competent because markets require continuous monitoring and regular adaptations (cf. the gardener metaphor used above) (Eucken 1932). The ideal is to uphold a specific competitive order, which is ruled by the market model of 'complete competition'. Ideally, complete competition coordinates the planning and decision-making of firms and households in the competent OL state (Eucken 1952). A competitive order 'is a specific, exactly defined market form that should not be confused with the laissez-faire market model'. The principle of laissez-faire does not in itself create a competitive order. Other principles are required (Eucken 1952, 100).

Generally, as mentioned in Section 3, the authority of the normative OL state should be based on the abovementioned economic constitution of which the competitive order is an integrated element. As already stated, an economic constitution is a structural embodiment of norms to regulate and enhance the economic activities of individuals. However, it also implies explicit and rigorous rules as the preferred technique of economic governance (Böhm 1937). The main technology of governing in this regard is the law; hence, an OL state is a strong 'rule of law' state (cf. Section 4.2). It is also important for the authority of the OL state that it is imperative that rules are adhered to (cf. the necessity of surveillance by state authorities mentioned above) (Biebricher and Vogelmann 2017b).

4.2. *Structural Perspective: Power*

The key normative element of the power of the OL state – the apparatus of governing annexed to the office of rule – is the idea of a strong state. For classical OL thinkers, a strong state is one 'that restrains competition and secures the social and ideological preconditions of economic liberty' (Bonefeld 2012, 634). Conversely, a weak state is tantamount to a state pulled apart by greedy self-seekers. In Euckenian terms, a strong state is monolithic, insulated from societal influence, and willing and powerful enough to force actors into compliance (Young 2017). As mentioned above, the most important condition for the functioning market in the OL state is not free exchange (as in classical

liberalism); it is free, full, and complete competition. Free competition is not a pre-given foundation of society that merely had to be allowed to rise to the surface; according to classical OL, it is a structure with formal properties.

The strength of the OL state also implies an ideal whereby the state would never intrude directly into economic processes. It does not intervene for social policy ends, but for undisturbed competitive relations. While it can only adjust the economic constitution, it ought to have the power to do so. From an OL perspective, it is important for the power of the state that it is able to intervene in the very being of the structure of society in order to make free competition the dominant principle for guiding human behaviour of the economic processes. At the end of the day, state violence must remain an effective means for ensuring that the spontaneous logic of the market can operate (Eucken 1952).

According to Foucault (2008), power relations should be understood as relations of government, and the novelty of classical OL is therefore exactly the conceptualisation of the market. Here, OL introduces a much more activist agenda compared to (for example) neoliberalism. Moreover, the distinction between state and market as autonomous entities no longer holds. There is a close connection or interdependence between the economic and political spheres. In other words, according to Foucault, in classical OL it is a matter of making the market, competition, and so the enterprise, into what could be called the formative power of society (Bonefeld 2017, 81). In contrast to newer neoliberal thinkers, since the 1960s for 'ordoliberals, economic freedom is an empowered freedom. It amounts to a practice of "market police"' (Bonefeld 2017, 29; cf. also Böhm 1937). Conversely, it is probably no accident that the neoliberal epistemic tradition is strongest in the United States, the most 'stateless' of all modern societies (McGovern 2005).

The power of the OL state is also characterised by structural decisionism acknowledging the 'primacy of the political' (Böhm 1937). Rüstow also stated: 'I am, indeed, of the opinion that it is not the economy, but the state which determines our fate' (Rüstow 1932). This again shows an intellectual Schmittian proximity when it comes to the classical OL conception of state power. As Rüstow writes, the power of the OL state is necessary because the OL philosophy requires

a strong state that stands above individual groups and above interested parties – a requirement, incidentally, that also needs to be fulfilled if we simply want to guarantee a free market and fair competition with the same rules applied to all (see also Section 4(V) below) (Rüstow 1932, 148).

Conversely, according to Rüstow, classical liberalism operated with a weak state:

The weaker the state and the more it was forced to confine itself to the maintenance of order and security, the less would it be tempted, so it was thought, to encroach upon the sphere of the free economic system. The ideal which liberalism set itself was a weak but at the same time neutral and independent state (Rüstow 1942, 158).

As pointed out by Bonefeld, this OL conception of the state in classical liberalism is a caricature – at least if classical liberalism is equated to Adam Smith: 'The Smithian state is not a weak night-watchman state. It is a strong state. It is not meant to yield to social

interests' (Bonefeld 2017, 33). In sum, classical OL is more in line with classical Smithian liberalism as far as the concept of power is concerned than some of them seems to think. Classical OL does have a clear concept of power, but it is not necessarily new.

4.3 *Structural Perspective: Association*

The associational and structural character of the state is about the relationship of actors of the state and the engagement of the office of rule. It is probably scholarly recognised by Foucauldians and others (to the extent they have read Foucault's College de France lectures) that Foucault views OL as a novel form of governmentality and that classical OL necessitates and rationalises a specific technology of power with practices of governing where it rethinks the relations between economy and politics (Foucault 2008).

From this perspective, classical liberalism is a form of 'governmental naturalism', understood as governmentality. OL is critical of this type of naturalism and therefore breaks with the (in its own opinion) idyllic picture by rejecting the view that an invisible hand spontaneously regulates markets. According to classical OL, the market is not a given nature and requires deliberate political practice (Oksala 2017). OL governmentality has an important mode of intervention: the strict legal framework. As mentioned in Section 4.1, the law operates as one of the foremost technologies of OL governmentality (e.g. Eucken 1952). As mentioned in Section 4.2 above, however, the difference between OL and classical liberalism might also in this case be smaller than thought of in OL.

No matter what, the social ontology of the OL state means that one should structurally be 'thinking in terms of orders' (*Denken in Ordnungen*) (Biebricher and Vogelmann 2017b). The main principle of association of the OL state is this so-called interdependence of the various orders of society. The rationale behind this interdependence is that the OL state hereby overcomes the conflicting social parties and their interests, hereby taking a holistic view on society (Bonefeld 2012). This is the structural perspective on the mode of association of the OL state. This basic idea was first put forward in the Ordo Manifesto and refers to a common interdisciplinary agenda of analysis of the totality of society (the concept that was first later labelled 'interdependence' of economic, legal, political, and social orders) (Eucken, Böhm, and Grossmann-Doerth 1936). The state should be based on relations through the interdependence of orders, and only science is capable of developing an accurate analysis of multiple interdependencies (Biebricher and Vogelmann 2017b).

4.4 *Agency Perspective: Individuals with Interests and Values*

Like all state apparatuses, the OL state also consists of individuals with interests and values. Hence, the structural perspective should be complemented with an agency perspective when analysing the content of a possible state theory as argued in Section 2. According to Rüstow, state employees could and should be able to understand and appeal to the 'decent core' of citizens. This is due to the fact that even in the most selfish and narrow-minded individual, 'there is somewhere a decent core which desires to be ruled with decency, i.e. to be ruled according to the meaning of the totality' (Rüstow 1932, 139). Appeal can be made to this decent core in order to change the interventionist state and promote the OL state as well as keeping it intact after it is

established (Rüstow 1932, 139). ‘The real task is to lead a state in this way’, claimed Rüstow (1942). At the same time, in order for state representatives to be able to appeal to the decent core in citizens, the state must structurally be assumed to have a certain degree of authority (cf. Section 4.1 above).

OL’s mode of legitimising the necessary common interests can be termed individual ‘moralism.’ The classical OL epistemic tradition strongly emphasises personal responsibility. There is a moral condemnation of debts (often in the ‘name of our children’). And there is rigorism with which OL-informed individuals defend the absolute necessity of ‘playing by the rules’ (Biebricher and Vogelmann 2017b). This might also sometimes be a result of the fact that OL’s founding fathers also had ties to Protestantism and its values concerning, for example, the work ethic (cf. Max Weber). Nevertheless, the OL’s ‘founding fathers’ were also intellectually flexible, and they were very much able to connect with Catholicism’s social market philosophy after World War II within CDU/CSU (Young 2017).

As concerns individual motivations and interests, Foucault (2008) generally thought of the classical OL’s concept of *Vitalpolitik* as similar to his own bio-politics and a way to undercut ‘demands for collective forms of welfare provision in favour of human economy of self-responsible social enterprise’ (Bonefeld 2012, 634). In this respect, the normative aim of classical OL is to ‘restore the entrepreneurial vitality of workers’ (Bonefeld 2012, 636). The connection between individual interests and values is that only a strong state is ‘the locus of a social, moral and economic order’ (Bonefeld 2012, 636). The market behaviour is hereby created that needs to be embedded into ‘psycho-moral forces’ (cf. Röpke 1944). All individual members of society should be ‘electrified’ through fair and orderly competition. In classical OL, economic freedom is not an economic product; it is a practice of *Vitalpolitik* (Bonefeld 2012, 647). In short, OL does have an original claim concerning individual interests and values as far as the state is concerned.

4.5 *Agency Perspective: Actors as Persons Under Influence*

Another agency perspective on the OL state concerns the fact that special interest groups can influence the individuals who form the state. This was not least the case as far as the interventionist state phase was concerned. Eucken concluded concerning this issue: ‘The power of the state is therefore today no longer only at the disposal of its own will, but depends instead of that of interest groups, something that even the best public officials can do little to alter’ (Eucken 1932, 60). Eucken asked in consequence hereof: What kind of state is required to prevent its own ‘dissolution’ at the hands of vested interests? His answer to his own question was a state with ‘real independent power to make its own decisions’ (cf. also Section 4.2 above) (Eucken 1932, 60). Eucken (1932) claimed that the depoliticisation of socio-economic relations and the politicisation of the state belong together as interdependent forms of social organisation. As mentioned, the idea that the influence of special interests can only be avoided through an independent state power is a Platonic idea.

Rüstow, another OL classic, also pointed out the connection between the macro perspective of a strong state and the agency perspective of individuals under influence. He demanded a ‘new liberalism’ with a strong state, a state that was positioned above the economy, and above the interested parties (Rüstow 1932). A strong state is one that is no

longer the ‘prey’ of societal interest groups, instead hovering above them in an almost Hegelian fashion to rule allegedly in the name of the common good (Rüstow 1932). In short, classical OL is aware that actors of the state (politicians, civil servants, etc.) are under constant pressure in order to intervene in sectors of society. Only through a strong state can this pressure from various actors be counter-acted and partly avoided.

4.6 *Agency Perspective: Not a Unitary Actor*

A third agency perspective concerns the fact that the state is not a unitary factor, consisting instead of various factions. In the phase of the interventionist state, factions are a result of the fact that various parts of the state are under the influence of different external interests (cf. also Section 4.5 above). In the ideal OL state, however, there will be much less influence from external interests because of more resilience on the part of the state, but the state will still not be a unitary actor.

This is both due to the continuous (but not as successful as in the interventionist state) attempts to influence civil servants of the OL state from the outside. But it is not least due to an important dimension of the state that will continue and even increase in importance in the OL state: the dimensions of the state that became politicised and the parts that are depoliticised where the increasing importance of non-political actors and technocratic aspects of the policies of the OL state correspond to strong faith in the powers of science analysed in Section 4.1 above (Biebricher and Vogelmann 2017b). Hence, individual state employees could and should deal with the dialectic of the politicisation and depoliticisation of state functions. There is an affinity between this and the structural interdependence character of the state as an association (cf. Section 4.3 above).

For most classical ordoliberal, it is important that the abovementioned antagonisms are not politicised. The state must act as a neutral referee of the market game (Oksala 2017). Specifically, Röpke demanded the depoliticisation of social-labour relations (Bonefeld 2012, 637). The goal of OL governmentality is, thus, a depoliticised society in which individuals compete against each other as entrepreneurs rather than as political actors (Bonefeld 2017, 85f). The depoliticisation of society must itself be understood as an eminently political practice, however (Oksala 2017). Hence, the subtle interdependence between the politicised and non-politicised factions of the state becomes very important, unavoidable, and a feature of the OL state according to the OL classics (Gregg 2010).

As an example of depoliticisation, Foucault (2008) quotes Wilhelm Röpke, who contends that an unemployed person is ‘not someone suffering from an economic disability; he is not a social victim. He is a worker in transit. He is a worker in transit between an unprofitable activity to a more profitable activity’ (Oksala 2017, 185).

Among OL thinkers, Alfred Müller-Armack seems to contradict the others, as he did not argue for the depoliticisation of socio-economic relations by means of a strong state. As pointed out by Bonefeld, however, this is less of a contradiction than it seems:

Still, the purpose that Müller-Armack ascribes to the total state [...] does not differ in substance from the purpose of strong state ascribed to it by Eucken, Rüstow and Röpke. The distinction is one of the techniques of power [...] the one demands the total politicisation of an economic order to provide for individual initiative on the

basis of suppressed class struggle, the others declare for the forceful depoliticisation of society as a means of suppressing the class struggle in favour of a society of free enterprise and self-responsible individual initiative (Bonefeld 2012, 649).

In short, Müller-Armack as the other OL classics recognised the internal and external conflictual aspects and the non-unitary character even in the OL state.

5. CONCLUSION

For the first time, this paper has distilled an ordoliberal theory of the state founded in an epistemic tradition with roots among the German intellectuals in the 1930s and 1940s who rose to influence the top political decision-makers of the Federal Republic of Germany. Based on a framework combining structure and agency elements, I have analysed this theory in detail, which in many ways represents a new and original way of describing the state in both descriptive-analytical and normative terms. Foucault already acknowledged this, albeit rather essayistically, in his account of OL in his College de France lectures. Bonefeld (2017) has also carried out extensive research in this area. In this paper, I analyse how classical OL contains everything that constitutes a theory of the state.

In times where both neoliberalism and interventionism are often discredited as good models of promoting economic growth and social order, OL presents itself as middle-of-the-road liberalism, an original and genuine political third way that might have good chances of obtaining the necessary support from the electorate in advanced industrialised countries. In that case, the state in these countries should be modelled after the normative OL state theory to a greater extent than is currently the case.

Even if one accepts the classical OL state model, many unanswered questions remain. How is the Ordnungspolitik implemented in practice? Which tools should be used to analyse the interdependencies of the state? What constitutes an economic constitution besides the claim that it is more than the political constitution? What are the human resources required for a state to be a competent state and, hence, a state that is independent of external pressure? These and many other similar questions must be answered. There is a need to define the state's agenda and non-agenda according to OL.

There is much social science research on neoliberalism and interventionism. If OL is a model containing a conception of the state that is better in many ways, we need to study it much more closely and in detail.

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NOTES

1. A 'real' free competition is what classic ordoliberalism pronounced 'complete competition', which is the cornerstone of ordoliberal thought. Here, "economic relations are entirely depoliticised", and all actors are "equally exposed to market competition".
2. Werner Bonefeld distinguishes between 'two areas of enquiry' as far as ordoliberalism is concerned: German ordoliberalism and the Freiburg School. I consider this an argument for replacing the 'school' concept with the concept of 'epistemic tradition.' *The Strong State and the Free Economy* (2017), pp. 63f.
3. It could be argued that 'politics by rules' is a better translation even though it is not a literal translation.
4. Joerges (2017), Bonefeld (2017, 22f).
5. Cf. Dullien and Guérot (2012).
6. Alexander Rüstow's piece from 1942 was written as an appendix to Wilhelm Röpke's *International Economic Disintegration*. It is a chapter in Biebricher and Vogelmann (2017a).

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