

Soziale Marktwirtschaft und administrative Praxis. Das Bundeswirtschaftsministerium unter Ludwig Erhard [Social Market Economy and Administrative Practice. The Federal Ministry of Economics under Ludwig Erhard]. By *Bernhard Löffler*. Stuttgart: Franz Steiner Verlag, 2002. 658 pp. Index, notes, bibliography, tables. €110.00. ISBN 3-515-07940-8.

Reviewed by Alfred C. Mierzejewski

Bernhard Löffler has written a book that provides a wealth of useful information on the internal workings of the West German Ministry of Economics during the tenure of Ludwig Erhard, which lasted from 1949 to 1963. He has conducted extensive research in the files of the ministry held at the Federal Archives in Koblenz, supplementing it with work in other, smaller archives and a thorough reading of the secondary literature. The theoretical framework he employs, based on concepts from the “new institutional economics,” is sound but unremarkable.

Löffler divides his book into four major themes. The first concerns the administrative and political environments in which the ministry functioned. The dry, but very informative chapters, on this topic describe the position of the Economics Ministry within the structure of the federal government and trace its evolution from the time of its formation until Erhard left to become federal chancellor. The discussion of the relationship between the Economics Ministry, the other ministries, and the Federal Chancellor’s Office is particularly informative. A related chapter gives a good account of Erhard’s successful struggle to gain control over money and credit policies, an achievement that enabled the Economics Ministry to defend, and even to expand, the scope of its responsibilities.

The impact of the social market economy concept on the policies of the ministry forms the book’s second theme. Here, Löffler, relying on existing literature, gives a complete account of the development of the Ordoliberal school in Freiburg, highlighting the importance of Walter Eucken, one of the school's founders, both for his contribution to the school’s thought and for his influence on Erhard. Löffler emphasizes Erhard’s consistent adherence to free-market ideas, even during the Nazi period, and concludes

that Erhard's neoliberal ideas created a tone for his ministry that set it apart from other branches of the government.

Löffler's fascinating coverage of his third topic, the internal dynamics of the Economics Ministry, is both a description and an assessment of the collegial atmosphere created by Erhard, demonstrating how he won the loyalty of his subordinates. A careful scrutiny of the characteristics of the personnel working under him shows that his ministry was more diverse than the others, as it employed fewer people with legal training and more whose backgrounds were in economics or business. In this section, Löffler also presents useful biographical information on important ministerial officials, and he points out that the ministry inherited a tradition of intervention, planning, and control—the very policies that Erhard opposed. Löffler contends that the ministry changed direction between 1955 and 1963, when it became more engaged in planning. He characterizes the shift as a successful adaptation of the social market economy to new circumstances. However, it might have been more accurate to single out 1957 as the critical turning point, since that year marked the beginning of the transformation of the social market economy into a conventional welfare state, a shift in direction that represented a defeat for Erhard. The change occurred largely because many ministerial officials began to embrace the idea of European integration, a policy about which Erhard harbored grave doubts. In this section, Löffler also analyzes the impact of the ministry's ties to the press, to academia, and to the political parties.

The fourth theme concerns the Economics Ministry's policy disputes over Germany's economic integration with Europe. Löffler gives an accurate, if conventional, account of the ministry's role in the creation of the European Coal and Steel Community and the European Common Market. However, because his treatment of these events is not well integrated conceptually with the preceding sections, it reads like an afterthought.

Löffler's book will be indispensable to scholars who are interested in Ludwig Erhard and West German economic policy up to 1963. It contains a wealth of detail that is not readily available elsewhere. Löffler accurately describes Erhard's ideas and the concept of the social market economy that was developed by the Ordoliberals. He also highlights the fact that the social market economy was in decline and that, by the early 1960s, it no longer conformed to Erhard's ideas. This book should serve as a corrective

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to Volker Hentschel's negative take on the subject, *Ludwig Erhard: Ein Politikerleben*, published in 1996.

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His biography of Ludwig Erhard will appear in 2004.