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Why and How has German Ordoliberalism Become a French Issue? Some Aspects about Ordoliberal Thoughts we can Learn from the French Reception

ARNAUD LECHEVALIER

In recent years, as evidenced by several books, essays and political controversies, the German ordoliberal doctrine has become part of the public debate in France. In the main, this has to be understood against the backdrop of the Eurozone crisis. But, in actual fact, it is since the beginning of the 1960s that one can speak of a French corpus concerning the reception and discussion of the German ordoliberal doctrine. This chapter looks at three major waves of how the ordoliberal school of thought was received in France in order to analyse what we can learn from its reception: to wit, from the beginning of the 1960s onwards, at the turn of the century, and since the outset of the Eurozone crisis. Through these developments, four main issues are addressed. First, we present the theoretical re-reading of the content and scope of ordoliberalism with a view to the (neo-) liberal tradition in the light of another national cultural tradition. Second, we synthesise the discussion on ordoliberalism’s contribution to the German miracle after WWII, and, upon this basis, show that the French reception of ordoliberalism has enriched the content of the theoretical, as well as the empirical, debates on the ‘German model’. Third, ordoliberalism is considered as a key controversy—especially between both sides of the Rhine—not...
only about the relevant economic policy, but also as a means of justifying neoliberal policies in France. Fourth, in the context of the responses brought to the Eurozone crisis, ordoliberalism has, on the French side of the Rhine, been a major topic for debates on the European integration project, in terms of both its process and its methods.

I. INTRODUCTION

NOWADAYS, IN FRANCE, the German ordoliberal doctrine has become an integral part of the public debate. Indeed, over the last years, the ordoliberal legacy has been much more discussed in France than in Germany. Let us take some recent examples of this pervasiveness in the public debate. Upon the basis of Donald Tusk’s statements, François Denord, Rachel Knaebel and Pierre Rimbert published a long contribution in *Le Monde diplomatique* entitled ‘Ordoliberalism, an iron cage for the old continent’.

Some time before, a famous publication for secondary school teachers in social sciences, with an educational purpose, devoted an issue to the Ordoliberalism.

Jean-Luc Mélenchon, a leftist candidate for the 2017 presidential election, published a pamphlet against Germany in 2015, which targeted, among other things, the German ‘ordoliberal credo’. Conversely, a former senior civil servant who had become the CEO of one of the biggest French banks published an essay on the alleged ‘neurotic’ relationship of the French people with economic matters handled by Germany, thanks to its ordoliberal tradition, a model which was supposed to have established the foundations of the ‘Rhine-land model’ (sic).

Recently, some leaders of the French liberal-conservative party (*Les Républicains*) have claimed to be ‘ordoliberal’, and, according to commentators, ‘more than the neoliberalism of Margaret Thatcher, it is ordoliberalism that makes it possible to understand the coherence of François Fillon’s political programme’—the main candidate of the conservative camp for the 2017 presidential election.

Over the period from 2013 to 2016, the items ‘ordoliberal’ and ‘ordoliberalism’ led to some 20 articles in the newspaper ‘*Le Monde*’, but almost nothing before 2012.

A biography published in 2016 by a journalist has been ‘rewarded’ with a preface by Wolfgang Schäuble because of its accurate portrayal of Jacques Rueff, an economist and former political advisor of Charles de Gaulle, as an ordoliberal.

Hence, in recent years, in the wake of the Eurozone crises, of the European Union’s crisis and that of Greece, the ordoliberal tradition has thus experienced a

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4 *ie, Hervé Mariton on the programme ‘Questions Politiques’, on Sunday 19 February 2017.*


peak of interest in France. However, beyond these recent events, one can speak of a French corpus concerning the reception and discussion of the German ordoliberal doctrine. In this chapter, we will look at three major waves of the ordoliberal school of thought’s reception in France. The first one took place from the early 1960s onwards: its main concern was to situate ordoliberalism in the history of ideas in Germany. At the same time, it aimed at assessing its contribution to the ‘German miracle’ after WWII as well as its contribution to what has often been portrayed, not only in France, as a ‘German model’. After the turn of the century, the second wave began with the post mortem publication of Michel Foucault’s lectures on the ordoliberalism at the Collège de France. This major work has nurtured several publications, which have tried to re-assess ordoliberalism’s own contribution as an original version of the neoliberalism. Third, against this background, several pieces of research have attempted to re-appraise the influence of the ordoliberalism on the European integration process from its very inception onwards, but especially in the wake of the Eurozone crisis.

If the reception of the German ordoliberalism in France is of particular interest, it is because, through these developments, four main issues will be addressed: first, the theoretical re-reading of the content and scope of ordoliberalism in the light of another national cultural tradition; second, the discussion of ordoliberalism as an element—or not—of the ‘German model’; third, ordoliberalism as a key controversy—especially between both sides of the Rhine—about the right economic policy; and last, but not least, ordoliberalism as a major topic for debates on the project of the European integration process and its methods.

II. ORDOLIBERALISM, THE LIBERAL TRADITION, AND GERMANY

At the very beginning of the 1960s, the first reception of German ordoliberalism in France was mainly focused on the history of ideas as well as on economic policy. The first issue was to explain the revival of a liberal doctrine in a country which was famously recalcitrant about it, and to analyse the content of ordoliberal thought as well as past continuities and breaks with its views on the liberal tradition. The other main issue was to discuss the contribution of ordoliberalism to the economic ‘German miracle’, and then to the distinctive features of the German model. Nearly four decades later, at the turn of the century, several works published in France contributed to a re-discovery of the topic.

A. The First Reception of Ordoliberalism in France in the 1960s

The first work published on ordoliberalism in France after WWII was François Bilger’s thesis, which he defended at the University of Strasbourg in June 1960. The thesis director was Daniel Villey (1911–1968), a neoliberal economist, who tried to reconcile French Catholics to economic liberalism. A member of the Mont Pèlerin Society from the 1950s, then vice-president from 1965 onwards, and even briefly president before his death, he worked for the creation of a new liberal
school in France. He was not a direct proponent of German ordoliberalism, whose ‘productivism’ he saw as a ‘concession to the materialism of our time and an unfortunate subordination of freedom to social purposes’, François Bilger wrote in a tribute dedicated to him in 1971. In his foreword to the edited thesis, Villey explains ironically the meaning of the enterprise:

It seems obvious to us [in France] that the market economy is no more than a museum piece, a past system, an outdated historical category. Our students use the past tense to speak about the “liberal era”. Mr Bilger reminds us that in Germany the simple present tense is used to speak about it. And it is mainly the future tense, which is used to speak about it. The fact is even more surprising that the ‘German spirit’ had remained profoundly impermeable to (‘Anglo-French’) liberalism.

It was against it [Anglo-French liberalism] that Germany unified, and step-by-step constituted itself into a nation. This is why it is important not only to understand how it was possible for (ordo-) liberalism to win in Germany, but also to analyse its main distinguishing features compared to ‘paleoliberalism’.

The purpose and content of Bilger’s thesis was precisely to understand how the ordoliberalism had conquered post-war German society and what this might mean. The first part of his thesis was devoted to the life and works of Walter Eucken—who is presented here as the subject of a glowing portrait—and of Franz Böhm, and to the connexions which made the Freiburg School possible. The second part was dedicated to the German liberal doctrine (the ordoliberal philosophy, the economic regime, and the economic policy which it produced), and the third was explored the resurgence of liberal economical ideas (the liberalism of the German economic policy, the doctrinal resonance of ordoliberalism, liberalism and public opinion).

Ordoliberalism is viewed as a profound reaction to the general ideas that had been prevalent in Germany from the beginning of the nineteenth century, first and foremost, the ideology of materialism. Materialism nurtured the idea that there were absolute natural laws, which, in general, present constraining factors for a society. Therefore, materialism was also at the origin of the harmful laissez-faire doctrine and also led to the neglect of the spiritual dimension of humanity. German liberals elaborated their doctrine, which was conceived as a common defence of values in opposition to this ‘resignation’ in the West. It was also viewed as a scientific response
in the face of the ecological, political and social crisis. By analysing the economic philosophy of ordoliberalism in three successive parts (ontology, gnoseology, and axiology), Bilger identified what he considered to be at the heart (‘the vital centre’) of the perspective’s reversal realised by ordoliberalism with regard to ‘classical’ liberalism. According to him, if both philosophies believe in reason, the classical form of liberalism uses it only as an instrument of knowledge and human liberation. Unlike the ordoliberalism, it does not believe ‘in the creative, constructive power of reason in relation to nature’.\(^{11}\)

Against this background, what are the aims of political economy? Walter Eucken and Wilhelm Röpke answer: A social order worthy of human beings. Due to Bilger, it is therefore the view of what humankind means that has to define the aims of economic policy. On this matter, the Freiburg School is part of the Kantian heritage; a human being requires two related rights: natural freedom and equality before moral law.\(^{12}\) The freedom claimed by individuals is no longer that of *laissez-faire*, it becomes the freedom to act in accordance with moral law, thereby ensuring the equality of all. Franz Böhm as well as Leonhard Miksch, define market mechanisms as a ‘plebiscite’, according to which everyone is free because he or she is subject to the same general law. ‘Fair action’ is indeed an action which is in conformity with the ‘general will’ in the sense of Rousseau. For instance, to receive a wage determined by supply and demand is ‘fair’, because supply and demand are the expression of the general will. In this way, the ‘new liberalism’ surely represents a form of idealism. Yet, this idealism is based upon laws derived from the nature of things and from the nature of reason through science, for example, Kant’s moral idealism is tempered by the realism of knowledge. ‘We can speak of “scientific idealism”. Idealism is guided by social science, but at the same time science must avoid scientism, and idealism has to draw the natural and moral limits of science. What a difference with the hedonistic philosophy of the old liberalism!’ sums up Bilger.\(^{13}\)

While the ‘old liberalism’ claimed the compliance of the economic regime with the ‘state of nature’, the first requirement of the ‘new liberalism’ is the establishment of an economic regime freely defined both by the people and for the people. According to the ordoliberal doctrine, the general principle of the ideal economic regime should have the character of the *Rechtsstaat* (the state under the rule of law). This is why the first economic act of a free people must be to give itself an economic constitution at the same time that its political constitution is conceived. The fundamental principle of this economic constitution would be that of achieving a price system resulting from perfect competition. The other main principles are based upon a stable currency, free access to markets, freedom of contract, and consistency of economic policy. In addition, regulatory principles, which should govern not the framework but the economic process, concern the regulation of competition, the distribution of income (the existence of a social safety-net) and corrective measures


\(^{12}\) Surprisingly, the influence of Husserl on Eucken’s work was almost totally ignored by Bilger.

\(^{13}\) Bilger, n 11 above, p 140.
to mitigate negative external effects. Concerning social policy, Bilger remarks that 'the Freiburg School demands, in the name of its own effectiveness, that the social policy of purchasing power re-distribution should be as limited as possible, since it almost necessarily dampens economic development'. The ordoliberals want to limit social policy to marginal cases, that is to say, a social policy has to be linked to certain thresholds of income. The steady improvement in the level of national income is supposed to enable and to allow everyone to secure by their own means an increasing share of their needs. Short-term, anti-cyclical economic policy should be a classic monetary policy led by an independent central bank.

The third part of the thesis is devoted to the explanation of the resurgence of the (neo-) liberalism in Germany after WWII and its influence on the economic policy pursued in West Germany, as it was seen in France in the early 1960s. At the beginning of the first chapter, Bilger quotes two books—one from André Piettre published in France in 1952 and another from Henry C. Wallich published in England in 1955—which point out the renaissance of the ordoliberalism as key factor of the ‘German miracle’. In Bilger’s opinion, there is a major actor in this context, ‘the Turgot of the ordoliberals’: namely, Ludwig Erhard. After the war, he was first in charge of the economic administration of the Anglo-American Bizone and he was responsible for nominating the scientific council, which had been formed alongside the administration of the Bizone as an independent body. This council included several ordoliberals (Walter Eucken, Franz Böhm, Alfred Müller-Armack, Leonhard Miksch) picked by Erhard; the other half of the members was made up of representatives of the Christian Democratic Union (CDU) (Oswald von Nell-Breuning) or of the ‘socialists’ (Karl Schiller, Gerhard Weisser). Among other things, this council advocated the rapid liberalisation of prices, which was implemented as soon as 20 June 1948 (see, also, above). Bilger explains the resistance that Erhard had to face in the administration as well as in his own party (the CDU) after his nomination as a Minister for Economics in Konrad Adenauer’s government in 1948, even though the CDU adopted the social market economy approach in 1949. The first success attributed to its policy provided Erhard fairly soon with the support of public opinion.

The presence close to the Minister, then to the chancellor, of the Secretary of State, Müller-Armack, the influence of Röpke’s opinions on him, the permanent existence of a scientific council in which the members of the Freiburg School occupied a prominent place from the beginning onwards, all these things show the influence of liberal thinking on German politics.

Indeed, according to Bilger, if the basic law of 1949 included the recommendations of the Freiburg School only partly (in particular, the enumeration of quite a

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14 ibid, p 178.
16 ‘It is a rare opportunity for a scientific school to have a maker as faithful to his ideas and a statesman, who is so adroit to persuade crowds and so close to the scientists’, writes Bilger, p 215.
17 Bilger, n 11 above, p 215.
few of the fundamental economic freedoms), one can assume that the economic policy led by Erhard matched the ordoliberal view through the liberalisation of prices and wage-setting as well as that of external trade. The ordo-policy was also implemented through the privatisation of public companies. Clearly, the success of the German economy cannot be attributed exclusively to the influence of the ordoliberal doctrine.

In fact, since the end of the 19th century, Germany had a production potential quite comparable to that of England at the beginning of the 20th century (...). Yet the primary cause of the liberal success in Germany has been the very rapid realization of the liberalization of external trade by the German government under the influence of L. Erhard and the liberals.\(^{18}\)

Bilger acknowledges that under the pressure of the trade unions the policy led ‘has deviated from the model’, with the implementation of the \textit{Mitbestimmung} as well as by softening the anti-monopolistic policy under the pressure of the employers’ association. Yet, in the third part of his work he insists on the influence of the ordoliberalism on the change of German social democracy (Bad Godesberg) and even beyond on the public opinion thanks to its relays in the media.

B. From the Early 1960s to the Turn of the Century: The Controversies Concerning the Contributions of Ordoliberalism to the Genuine German Model

François Bilger refused to ‘rally the opinion’ of those who ‘try to deny the doctrinal inspiration of this policy [for example, the economic policy led]’.\(^{19}\) Indeed, this debate took place in France in the 1950s and 1960s and actually continued even later on. Several French authors denied or put in doubt the influence of the ordoliberalism; ie more precisely, the fact that the policy implemented in Germany was really liberal. One of the most significant examples is Pierre Mendès France (Prime Minister from June 1954 to February 1955 and a prominent figure of the political centre-left after WWII), who, in 1954, published an article in the \textit{Le Monde} with the title ‘Liberal policy or realistic policy?’. He mainly argued that the ‘Erhard method’, which had determined the success of Germany’s economic recovery, was not, in fact, as liberal as it claimed. This success was, first and foremost, due to the monetary reform of 1948 and to the Marshall Plan. This aid applied to a war-production system which remained powerful enough to get the production system back afloat in spite of the dismantling of the productive system imposed by the allies. In the same vein, the economist André Piettre began an article published in the \textit{Revue économique} in 1962 with the following question: ‘Has the fatherland of List, Bismarck or Dr. Schacht, become nowadays the country of liberalism?’\(^{20}\) Piettre defended a thesis

\(^{18}\) \textit{ibid.}\[16pt]
\(^{19}\) \textit{ibid, p 232.}\[16pt]
according to which Germany had indeed, in a dialectical way, implemented a liberal policy for its economic *mechanisms*, but, at the same time, had implemented it in favour of *structures* which remained much less liberal.

He emphasised not only the anti-Keynesian monetary and fiscal policy, but also the external free-trade policy pursued by Erhard (‘alone against all’). On other occasions, he observed that German industry as well as the German bank system had become more concentrated than ever before, with a cartel office which had been ‘easy going’ on this issue. Abundant tax revenues had boosted public investment, the high level of which was one of the secrets of Germany’s economic recovery. Piettre considered the contrast between German neoliberalism and French planning as a simplification.

In his handbook on *West Germany*, published in 1970 in the series *Politiques économiques*, and used by generations of students, Jean François-Poncet, diplomat and later on Minister of Foreign Affairs Minister (1978–1981) in Prime Minister Raymond Barre’s government, took part in this debate. On the one hand, he outlined that the Freiburg School realised the synthesis of classical liberalism, to which the German intelligentsia had remained allergic, with the traditional aspirations of the ‘Germanic soul’. On the other hand, after having emphasised the ‘fortuitous circumstances’ of Erhard’s decisive role, he suggested that the success of the German economy was also due to external factors (the Marshall Plan, the London Agreement on German External Debts implemented in 1953). He added also that, in spite ‘of a somewhat solemn and readily verbose infatuation for the ordoliberalism’, the economic policy being pursued was, in fact, ‘often pragmatic, and sometimes perfectly anti-liberal’. Yet ‘by providing the government with a doctrine, the ordoliberal school of thought gave governmental action an authority and a consistency it would doubtless have benefited from otherwise’.

This issue re-surfaced at the beginning of the 1990s with the publication by a senior civil servant who had become the chief executive of a big insurance company, Michel Albert, of an essay on modern capitalism. Following some scientific works on the variety of capitalism, Albert opposed both Anglo-Saxon and ‘Rhineland capitalism’—an expression that afterwards flourished in France. Moreover, he presented ordoliberalism, first, as a pillar of the Rhineland model, and, second, drew equivalence between the former and the social market economy. Compared to Anglo-Saxon capitalism, the Rhineland model was characterised in Albert’s book by the role of the banks, which offered ‘patient capital’ for financing business, a form of corporate governance conceived in the interests of all stakeholders, the role of unions and the social consensus, as well as the importance of the ordoliberal doctrine. The latest was seen through the lens of a state limited to the role of a rule-setter. Some commentators noted that the book is, in this respect, interesting because it

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22 ‘Independently of their own value, the Freiburg School presents liberalism from a point of view best suited to seduce the German mind. Its emphasis placed on moral values, the notion of order, the important mission assigned to the state, the scientific, systematic or even closed character of the doctrine, are made to please’ (François-Poncet, n 21 above, p 63).
23 Ibid, p 66.
contains two major biases of the French view on the relationship between the state and the economy in Germany. The first one opposed a ‘colbertist’ French state, pervasive and interventionist, to a German state, the holder of the precepts of the social market economy, which acts only as a rule-setter of the framework within which the economic game takes place. Upon this basis, the comparative analysis of public intervention concretely forgets the key role of the Länders and Gemeinden most of the time. The second one is the role devoted to ordoliberalism, which is regarded as the matrix of the social market economy, which was supposed to have organised post-war German capitalism according to liberal principles. In fact, several features of the ‘German model’ clearly contradict the ordoliberal doctrine; these include, among other things, the high degree of concentration of industrial big companies, the Bismarckian social insurance system, as well as the collective bargaining system (Tarifverträge) or the Mitbestimmung. Indeed, several works since then have stressed the ambiguity and the polysemy of the expression ‘social market economy’ due to the successive versions of the concept—beginning with the different approaches to this topic among the ordoliberals themselves (see above). More globally, by constructing a model opposed to that which was prevalent in the Anglophone countries, Albert ‘blends inputs of liberal provenance and social-democratic correctives to them’. The book by Michel Albert was not the first one on the ‘German (economic) model’. Yet, it has contributed to re-launch a debate in France on the main components of the German model, mainly conceived in terms of ‘institutional complementarities’, and the role played in this regard by the ordoliberal doctrine; a debate which has remained uninterrupted since then.

Moreover, at the turn of the century, the role of institutions in the ordoliberal doctrine drew the attention of some French economists of the ‘regulation school’,


28 Dardot and Laval, n 27 above, p 226.

29 The first masterpiece of the comparative analysis between France and Germany was due to the book by Marc Maurice, Sellier François Sellier and Jean-Jacques Silvestre, Politique d’éducation et organisation industrielle en France et en Allemagne, (Paris: Puf, 1982), which has also been the trigger factor of a methodological reflexion on the comparative analysis upon the basis of the French-German comparison (see Anne Labit and Jens Thoemmes, ‘20 ans de comparaison France-Allemagne: de l’effet sociétal à l’analyse de l’articulation des régulations globales et locales’, in: Michel Lallement and Jan Spruk (eds), Stratégies de la comparaison internationale, (Paris: Editions du CNRS, 2003), pp 23–38.

who compared both methodological and theoretical approaches. Concomitantly, in the context in Germany of the Kohl era and subsequently of the creation of the ‘Initiative Neue Soziale Marktwirtschaft (INSM)’ in the year 2000, which is a period of ‘a return to the sources’ accompanied by a challenge to the ‘social drift of the social market economy’, a new interest in ordoliberalism—its main characteristic features, its sources, its influence—re-appeared among French specialists of German studies.

III. FOUCAL'T'S BIRTH OF BIOPOLITICS: ORDOLIBERALISM AS A NEW MODE OF GOVERNMENTALITY

After this first analysis in the 1960s, Michel Foucault played a key role in the re-discovery of German ordoliberalism in his lectures of 1978 and 1979 at the Collège de France, which were published in 2004, long after his death in 1984. It should be noted that François Bilger’s thesis seems to have been one on the main sources for Foucault on ordoliberalism. Both lectures focus on the ‘genealogy of the modern state’ (Lecture 5 April 1978). Foucault coins the concept of ‘governmentality’ as a ‘guideline’ for the analysis: the semantic linking of governing (‘gouverner’) and modes of thought (‘mentalités’) indicates that it is not possible to study the technologies of power without an analysis of the political rationality underpinning them. From this point of view, the lectures on Sécurité, territoire, population and on the Naissance de la biopolitique held at the Collège de France in 1978 and 1979 expressed a shift of Foucault’s focus from ‘subjection’ to the ‘exercise of freedom’. This shift expresses Foucault’s new awareness of the limits and inadequacies of a reflection on the social order which mainly focuses on discipline and constraints, because this approach does not account for the more recent forms of governability. Thus, Foucault questions the genealogy of the notion of government.
This led Foucault to investigate the issue of liberalism understood ‘not as a theory or an ideology, and even less, obviously, as a way in which “society” “represents itself,” but as a practice, that is to say, a “way of doing things” directed towards objectives and regulating itself by continuous reflection’.\(^\text{36}\) This interpretation of liberalism cannot claim to be comprehensive: it is ‘a possible level of analysis, that of “governmental reason,” of those types of rationality that are implemented in the methods by which human conduct is directed through a state administration’.\(^\text{37}\)

According to Foucault, liberal thought does not start from the existence of the state, but from society, which exists in a complex relation of exteriority and interiority vis-à-vis the state. Against this backdrop, the question is no longer ‘How can one govern as much as possible at the least possible cost?’. Instead, the question becomes: ‘Why must one govern? That is to say: What makes government necessary, and what ends must it pursue with regard to society in order to justify its own existence?’\(^\text{38}\)

From this point of view, the most interesting moment is the second half of the eighteenth century, when an ‘internal limitation of governmental reason’ emerged after the reign of the ‘raison d’État’. This change was made possible through the emergence of the political economy in a broad sense (as ‘a sort of general reflection on the organization, distribution, and limitation of powers in a society’). According to Foucault, it was political economy that made it possible to ensure the self-limitation of governmental reason:

The political economy does not discover natural rights that exist prior to the exercise of governmentality; it discovers a certain naturalness specific to the practice of government itself. The objects of governmental action have a specific nature. There is a nature specific to this governmental action itself and this is what political economy will study.\(^\text{39}\)

With the emergence of political economy ‘an important substitution, or doubling rather, is carried out, since the subjects of right on which political sovereignty is exercised appear as a population that a government must manage’.\(^\text{40}\) Indeed, why does the political economy change the governmental practice? It is this invention of the notion of population, through which the principle of self-limitation of government action was implemented. As a social object, the population is characterised by regularities that can be described as natural. There are two kinds of them.\(^\text{41}\) First, as progressively discovered by statisticians, the population is characterised by constant, stable or probable proportions (number of deaths, patients, etc). Second, governmental reason no longer speaks in the name of authentic divine or natural political rights, but instead places the ‘nature’ of humans, especially of the population, at the


\(^{37}\) Ibid, p 322.

\(^{38}\) Ibid.

\(^{39}\) Ibid, p 16.

\(^{40}\) Ibid, p 22.

centre of regulations. Yet, there is a behavioural invariant, one which confers to the population a unique driving force: the pursuit of individual interest.

In the (historic) moment when people speak in the name of the market, when there is veridiction, it is no longer the right of a subject that needs to be promoted or changed, but the interest, which is administered in the name of freedom.\footnote{Nils Goldschmidt and Hermann Rauchenschwandtner, ‘The Philosophy of Social Market Economy: Michel Foucault's Analysis of Ordoliberalism’, (2007), Freiburg discussion papers on constitutional economics, No. 07/04, p 8.}

The nature of mankind, of its freedom and interests, is correlated with the interest of the whole population through market economy, whereas political economy is the science of the management of the population; that is to say, the intellectual model from which we have to think of the government.\footnote{Grenier and Orléan, n 41 above.}

After having explained the role of the political economy in the emergence of liberalism, Foucault ends his first lesson with a rather surprising statement:

So, if you like, after having situated the historical point of origin of all this by bringing out what, according to me, is the new governmental reason from the eighteenth century, I will jump ahead and talk about contemporary German liberalism since, however paradoxical it may seem, liberty \textit{in the second half of the twentieth century}, well let’s say more accurately, \textit{liberalism, is a word that comes to us from Germany}.\footnote{Foucault, n 36 above, p 22, emphasis added.}

Indeed, Foucault devoted five out of his twelve lessons to ordoliberalism during the years 1948–1962, and two lessons to the American liberalism of the Chicago School.

In both cases, liberalism arose in a very precise context as a critique of the irrationality peculiar to excessive government, and as a return to a technology of frugal government, as Franklin would have said.\footnote{Ibid, p 322.}

However, it is not possible at this point to tackle all the issues raised by Foucault’s reading on ordoliberalism. Consequently, we intend to target three main questions here: First, why and how does Foucault highlight the unique role played by economic freedom as a vector to legitimise the (re-) foundation of the state? Within this framework, what is the role of the state, in particular with regard to the logic of competition in society, and, conversely, how has the rationality of state intervention been regulated by the requirements of competition? All the issues are also decisive with a view to the third part of this contribution, which is devoted to the French perception of the influence of ordoliberalism on the European integration.

In the first two lectures on the ordoliberalism (Lessons III and IV of the book), Foucault explains the main differences between classical liberalism and the ordoliberal approach. These differences are not only due to the historical context, but also due to theoretical reasons.\footnote{Michel Senellart, ‘Michel Foucault: la critique de la \textit{Gesellschaftspolitik ordolibérale}', in: Patricia Commun (ed), \textit{L'Ordoliberalisme allemand. Aux sources de l'économie sociale de marché}, (Paris: CIRAC/CICC, 2003), pp 37–49.} The originality of German ordoliberalism, which Foucault pointed out, lies in its responses to the imperatives of the aftermath...
of WWII (re-building, planning, social objectives). Concretely, the scientific Council, which had been formed alongside the German economic administration in the Anglo-American Bizone wrote:

The Council is of the view that the function of the direction of the economic process should be assured—as widely as possible by the prices mechanism.\footnote{Quoted in Michel Foucault, Sécurité, territoire population: Cours au Collège de France, 1978–1979, ed by M. Senellart under the dir. of E. Ewald and A. Fontana, (Paris: Gallimard/Seuil; 2004), Security, Territory, Population, translated by Graham Burchell, (New-York: Palgrave-MacMillan, 2007), p 80.}

Ludwig Erhard, himself in charge of the economic administration of this zone at that time, as we have already seen, demanded the liberalisation of the price system in his discourse in front of the Assembly of Frankfurt.\footnote{Discourse in front of the 14th Vollversammlung des Wirtschaftsrates des Vereinigten Wirtschaftsgebietes 21 April 1948, reprinted in W. Stützel et al (eds), Grundtexte zur Sozialen Marktwirtschaft. Zeugnisse aus zweijahrhundert Jahre ordnungspolitischer Diskussion, Bonn-Stuttgart-New-York, Ludwig Erhard Stiftung 1981, 39–42.} This specific principle is inscribed within a much more general principle according to which interventions by the state should generally be limited. But, according to Foucault, there is a broader and, at the same time, more sophisticated meaning to Ludwig Erhard’s statement: only a state that recognises economic freedom and thus makes way for freedom and the responsibility of the individual can speak in the name of the people.\footnote{Foucault, n 36 above, p 82.} The state is supposed to set an ‘institutional framework X’, which establishes a space of (economic) freedom. The establishment of this framework implies consent on the part of the citizens:

\begin{quote}
to any decision which may be taken to guarantee this economic freedom or to secure that which makes this economic freedom possible (…) In other words, the institution of economic freedom will have to function, or at any rate will be able to function as a siphon, as it were, as a point of attraction for the formation of a political sovereignty.\footnote{ibid, p 83.}
\end{quote}

In summary, here, on the one hand, we have a historical problem: the re-construction of a state after the Nazi period and, on the other hand, a theoretical solution: the idea of a legitimising (re-) foundation of the state upon the basis of market freedom. It was precisely in post-war Germany that Foucault saw an example of a state in which economic development and economic growth was producing sovereignty: ‘it produces political sovereignty through the institution and institutional game that, precisely, makes this economy work’.\footnote{ibid, p 84.} Yet for ordoliberals—and this is why they were so interesting for Foucault—market freedom would not only help to legitimise the state, but would also limit its scope and guide its actions. For ordoliberals, this means that, instead of calling for a state which monitors the market—according to the opinion of the original liberal project—they want the market to have a regulatory effect on state actions.\footnote{Dardot and Laval, n 27 above; Grenier and Orléan, n 41 above.} In the fifth lesson, Foucault explains the rupture of the ordoliberal approach in comparison to the liberalism of the eighteenth and
nineteenth centuries: for neoliberals, the most important thing about the market is not the exchange, ‘that kind of original and fictional situation imagined by eighteenth century liberal economists’, but market competition. The shift in focus from exchange to competition in liberal theory had already become discernible from the end of the nineteenth century. In contrast to the former liberal approach, under the influence of Husserl, ordoliberals such as Walter Eucken formed the opinion that market competition was not a natural phenomenon which the state has to protect by *laissez-faire* policies:

> Competition is an eidos (...), which will only appear and produce its effects under certain conditions which have to be carefully and artificially constructed (...). Competition is therefore an historical objective of governmental art and not a natural given that must be respected.\(^53\)

In the sixth lesson on the nature of government interventions, this leads Foucault to develop the question of ‘conformable actions’ based upon the *Grundsätze* of Eucken. His main issue concerning neo-liberalism is now focusing on how the overall exercise of political power can be modelled on the principles of a market economy: ‘A state under the supervision of the market rather than a market supervised by the state.’\(^54\) By quoting texts from Röpke or Böhm at the Walter Lippmann Colloquium in 1939 as well as Eucken, Foucault explains that the main issue is not the scope of the state’s intervention, but its content or the ‘governmental style’. It is precisely the content of the intervention which represents a starting point for understanding what it is specific to the neo-liberal policy. He looks at three main examples: the question of monopoly, the issue of what the ‘neo-liberals call a conformable economic action’ and the question of social policy.

In the book about the ‘*New Way of the World: On Neoliberal Society*’, which explicitly borrows from Foucault’s work, Pierre Dardot and Christian Laval start from the crisis of traditional liberalism as the ‘crisis of liberal governmentality’.\(^55\) They conceive traditional liberalism as the search for the right limits to governmental interventionism in contrast to the intellectual re-foundation made by neoliberalism in the twentieth century. In their book which received resonance beyond the circle of specialists, they define neo-liberalism not, first and foremost, as an ideology or as a political economy, but as ‘a normative system’ and, fundamentally, as a ‘rationality’. And what is as the heart of this rationality? ‘The principal characteristic of neoliberal rationality is the generalization of competition as a behavioural norm and of the enterprise as a model of subjectivation’.\(^56\) From this point of view, Dardot and Laval emphasise the key role of German ordoliberalism in having conceptualised the state as the main engine to introduce and universalise the logic of competition in society.\(^57\) Like Foucault himself, Dardot and Laval place the distinction made

\(^{53}\) Foucault, n 47 above, pp 120–121.

\(^{54}\) Ibid, p 116.

\(^{55}\) Dardot and Laval, n 27 above.

\(^{56}\) Preface of the English version, p 8.

\(^{57}\) For Dardot and Laval the link with the current crisis in Europe is direct. See n 27 above.
by Eucken in *Grundsätze* between ‘organising actions’ and ‘regulatory actions’ to define the ‘conformable economic action’ of the state at the centre of their analysis. They show how the ordoliberals use free competition as an object of a fundamental political choice. To establish a stable framework for the optimal functioning of an economic process based upon free competition and the price mechanism, a ‘fundamental decision’ (Eucken) is required: the institutionalisation of the free market economy in the form of an economic constitution as part of the constitutional law.\(^58\)

The main principles of the economic constitution are well known; they all aim at the implementation of a price system of perfect competition. Yet the order has to be extended to the cultural and social spheres as well.

As pointed out by Foucault, neoliberal intervention is no ‘less dense, frequent, active, and continuous than in any other system’, but the point of intervention is not the same: neoliberal government does not have to correct the ‘destructive effects of the market on society’, but to intervene in society, ‘in its fabric and depth’ so that competitive mechanisms can play a regulative role within society ‘at every moment and at any time’.\(^59\) This is exactly what *Gesellschaftspolitik* means. From this point of view, the *homo oeconomicus* whom ordoliberals want to value is not the man of trade, not the man of consumption, but the man of entrepreneurship and production.\(^60\)

The role of social policy has to be understood against this backdrop. In fact, there are several approaches for this issue among ordoliberals. For Eucken himself and some of his followers such as Erhard, social policy must not compensate for or eliminate the anti-social effects of competition. Social policy should make sure that the market broadens and deepens, because it is the best way to allow individuals access to private property and capitalisation mechanisms while facing social risks. As stated by Foucault, the only one and true social policy is economic growth, because it allows for an increase in productivity, and, ‘supposedly’, from there, the trickle-down effect(s). As Ludwig Erhard summarised, ‘the concepts “free” and “social” are congruent; the freer an economy is the more social it is and the greater will be the macroeconomic utility created’.\(^61\) This statement clearly showcases the approach adopted in the social programme of the Treaty of Rome (see above). Allocation and re-distribution are always linked,\(^62\) and the competitive order ensures that the formation of income is subject to the right rules of the game. This is the key issue: ‘The ordoliberal state “intervenes” not for discernible social ends, but for undistorted

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\(^{58}\) This point is of tremendous importance regarding the debates on the European ‘constitutional treaty’ during the referendum campaign in France in 2005 and the outcome of the consultation: Opponents of the treaty protested that the inclusion of economic principles in a text of ‘constitutional value’ was undemocratic, because a constitution cannot pre-empt the outcome of democratic processes regarding a desirable economic policy. On this issue, see Arnaud Lechevalier and Gilbert Wassermann, *La Constitution européenne. Dix clés pour comprendre*, (Paris: La Découverte, coll. Sur le vif, 2005).

\(^{59}\) Foucault, n 47 above, p 145.

\(^{60}\) Dardot and Laval, n 27 above, Ch 4.


competitive relations.63 Yet, because competition policy is not sufficient to solve all of problems, one must consider ‘special social policy areas’ that reach beyond the order issue and commutative justice as defended by Hayek. Moreover as it is well known, Müller-Armack defended a much more interventionist and redistributive approach.64

In his last lesson on the ordoliberalism, Foucault explains how the ‘German model’ ie ‘the model of a possible neoliberal governmentality’ has spread to France up to the 1970s. He put forward three main elements of context. The diffusion of the German neo-liberal model has taken place in France ‘on the basis of a strongly state-centred, interventionist, and administrative governmentality’, in a context of an ‘acute (economic) crisis’, and the agents of the spread and implementation of this model ‘are precisely those who administer and direct the state in this context of crisis’.65 Foucault discusses at length the role of the President Valéry Giscard d’Estaing (1974–1981) and of his Prime Minister, Raymond Barre (1976–1981),66 and of the high-level administration, their discourses and their economic and social policy. He explains that during the seventies the main problem in France arises of ‘the overall transition to a neo-liberal economy, that is to say, roughly, catching up and inserting the German model’.67 Thus, according to Foucault, under the leadership Giscard d’Estaing and Barre, the neoliberal turn in France can be directly linked to the requirements of the French economy’s ‘unrestricted integration’ in the European and world market.

IV. HOW ORDOLIBERALISM HAS SHAPED THE EU-INTEGRATION’S PROCESS: A NEW PHASE OF DISCUSSION IN FRANCE

In France, after the turn of the century and following the publication of Foucault’s lessons at the Collège de France, a new wave of research on ordoliberalism appeared. Most of these publications68 focused this time on the way in which ordoliberalism

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65 Foucault, n 36 above, p 192.

66 Professor of economics at the University Paris 1, former European Commissioner responsible for economic affairs and finance and Vice-President of the European Commission (1967–1973), Raymond Barre, translator of Hayek in French, knew very well the German Ordoliberal tradition and was the first to introduce neoliberal economic policy in France (Fédéric Lebaron, ‘La croyance économique dans le champ politique français’, (2016) 18 Regards croisés sur l’économie, pp 32–44).

67 Foucault, n 36 above, p 192.

shaped the European integration’s process from the project’s very beginning until the management of the Eurozone crisis. First, the influence of the ordoliberal school of thought on the Treaty on the European Economic Community and subsequently on the architecture of the Economic and Monetary Union (EMU) will be presented upon the basis of these works. Against this background, the content of the debates between the French and the German governments on some key issues of the economic policy will be highlighted. Second, the responses addressed to the crisis at European level will be analysed with regard to the imprint of German ordoliberalism.

A. Rome and Maastricht: The Ordoliberal Footprint on European Integration

The history of the relationship between ordoliberalism and European construction is a complex business, extending over four decades from resistance by the ordoliberals to their ideological victory.69

Ordoliberalism provided the basics of the doctrinal foundation of current European construction before it became subject to the new global rationality.70

Indeed, as several authors remind us,71 initially the relationship between German ordoliberalism and the Treaty of Rome was tricky because most ordoliberals were divided on this topic and were opposed to the content of the treaty, which was seen as being too ‘interventionist’. What ordoliberals had in common was their support for global free-trade.72 Preferential regionalism was accepted in so far as it did not lead to a common commercial policy, except as a step towards global liberalisation.73 However, one pole, represented at the foreign office by Hans von der Gröben, politically close to Walter Hallstein, was in favour of a European ‘relaunch’ even at the price of the abandonment of sovereignty.74 Another pole, unified around Ludwig Erhard and the Ministry of the Economy, feared a project which threatened the liberalisation of markets, German exports and a greater union between free nations,75 while Alfred Müller-Armarck tried to mediate between both poles.76

69 Dardot and Laval, n 27 above, p 227.
70 ibid, p 217.
71 Bilger, n 11 above; Audier, n 66 above.
72 Bilger, n 11 above, p 182.
73 Finally, art 110 of the Treaty of Rome on the ‘commercial policy’ stated: ‘By establishing a customs union between themselves, Member States aim to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers.’
74 Bilger sums up in 1964 how the treaty of Rome could be viewed by a contemporary pro-European neoliberal: ‘The European liberal is rather persuaded that the next stage of economic unification can only be achieved by relying on the common denominator of national economic policies: namely, the monetary policy. Concerning fiscal policies, a day will necessarily arrive at which it will be requested from the Federated States what today they demand from their regional and local authorities: a balanced budget.’
75 Especially Röpke—who had for the same reasons already advised Adanauer in 1950 to exclude the European Coal and Steel Community project—was resolutely against the common market, viewed as a vector of an European bureaucracy and as a wish for an European planification (Bilger, n 11 above, p. 183; Audier, n 68 above, p 70).
76 Audier, n 66 above.
Second, the Treaty of Rome was, in fact, a twofold compromise within the German government (hammered out at Eicherscheid), on the one hand, and, on the other, between the German and the French governments against the background of the Spaak Report.\(^{77}\) In his capacity as head of the department for fundamental issues at the Federal Ministry of Economics, Alfred Müller-Armack had a pivotal influence not only in the two political fields, but also as a representative of Germany at the preparatory intergovernmental conference on the treaty. In so doing, he played a key role in eliminating most of dirigist measures in the wake of the negotiations.\(^{78}\) Ludwig Erhard shouldered the political responsibility. As a Directorate General for Competition (DGIV) Commissioner of the European Commission, Hans von der Gröben played an important role in implementing the ordoliberal potential of the treaty, particularly with Regulation (EEC) 17/62, which enshrined a very binding system concerning supranational trust agreements.

Indeed, the ordoliberal approach played a key, yet not exclusive, role in the architecture of the Treaty of Rome. The French administration was against the content of the Spaak Report of April 1956, which paved the way towards the common market. As attested by the memorandum of October 1955, at the beginning of the negotiations, the French administration requested a four-year probationary period for the trade liberalisation, which could not be implemented without the prior harmonisation of certain social standards, demanded by the French government in the name of employers’ associations, and without the introduction of an investment fund at European level.\(^{79}\) After the modification of the French position with the new (Guy Mollet) government in January 1956 and the change on the part of the French employers’ union, the German Minister of Economics succeeded in imposing key points in the negotiation: market liberalisation without prior fiscal and social harmonisation,\(^{80}\) as well as precise constraining rules regarding competition, designed to bolster a liberal policy.\(^{81}\) The Treaty of Rome contained already the ‘essentials of the doctrine of European construction. From 1957 onwards, the basis economic liberties assumed a constitutional value, recognized by the European Court of Justice as fundamental rights of European Citizens’.\(^{82}\) Upon this basis, the social programme

\(^{77}\) Dardot and Laval, n 27 above.

\(^{78}\) Commun, n 68 above, Ch 4.


\(^{80}\) ’In exchange for accepting an industrial customs union, the French government forwarded the demands of the Patronat—prior harmonization of social regulations concerning the length of paid vacation, gender equality of wages and the workweek, the right to withdraw of veto continuation to the “second stage”, after the first 25 percent tariff cut, the right to invoke clauses and impose border taxes in the case of a balance of payment crisis–plus an agriculture policy. ... By late October 1956 ... France renounced the right to withdraw unilaterally and conceded that social policy might be harmonized at the beginning of the second stage, but reasserted its positions on safeguards and the veto. Erhard, apparently seeking to block the EC and mobilize German business behind the Free Trade Agreement, rejected the compromise.’ (Andrew Moravcsik, The Choice for Europe: Social Purpose and State Power from Messina to Maastricht, (Ithaca NY: Cornell University Press, 1998), p 144).

\(^{81}\) See Art 3.f: ‘the institution of a system ensuring that competition in the common market is not distorted.’

\(^{82}\) Dardot and Laval, n 27 above, p 222.
of the Treaty of Rome was conceived as a by-product of market integration.\textsuperscript{83} According to the programme of Erhard (‘Prosperity for all’) and Müller-Armack, the EEC was supposed to be social because its ‘orientation to consumption is in fact equivalent to a social service of the market economy (…). The enhancement of productivity guaranteed and constantly imposed by the competitive system, also acts as a source of social progress’.\textsuperscript{84} Moreover seeing the ordoliberal imprint it seems tempting to talk about the EEC in similar terms Foucault used about the German state:

In the new German economic-political regime one started by giving oneself a certain economic functioning (…) one gave oneself this economic framework, and it is then that the legitimacy of the state emerged as it were.\textsuperscript{85}

With the Treaty of Rome, it was not simply an economic theory on the effectiveness and utility of market freedom which was implemented; it was a type of governmentality by which the common market was supposed to legitimise the European integration. The inversion between politics and economics will be confirmed by the treaty of Maastricht with the supposedly same foundational role for the monetary regime—like in the FRG in 1949.\textsuperscript{86}

The influence of the ordoliberal doctrine on the Treaty of Maastricht is even easier to trace, because the tenants of the ordoliberal legacy were initially against the monetary union. As soon as 1988, with the Genscher’s Plan, the West German government envisioned sharing German monetary sovereignty while imposing binding rules based upon institutional ordoliberal principles. Helmut Kohl wanted to secure the national central bank’s acceptance for a proposal, made by Delors because of his pro-European beliefs,\textsuperscript{87} which later on were strengthened in the context of the fall of the Berlin wall.\textsuperscript{88} Hence, the European Council of Hannover decided in June 1988 to invite central bank governors to envision the path to a single currency. In this group, which worked out the so-called ‘Delors Report’, the approach of the Bundesbank advocated by its president Karl-Otto Pöhl played a major role and paved the way for later developments. Relying on its dominant position in the negotiation process and presenting itself as the negotiation partner with the greater assets and therefore as the state which might suffer the greatest potential loss, Germany prevailed on the majority of the key issues.\textsuperscript{89}

Finally, the part of the Maastricht Treaty devoted to the Economic and Monetary Union includes four main elements. First, it is based upon the principle of an open market, which secures the four fundamental freedoms of the single market.

\textsuperscript{83} Lechevalier, ‘Eucken under the Pillow’, n 27 above.
\textsuperscript{84} Quoted in Hans Tietmeyer, 1999, p 6.
\textsuperscript{85} Foucault, n 36 above, p 90.
\textsuperscript{86} Grenier and Orléan, n 41 above, p 1177.
\textsuperscript{89} Moravcsik, n 80 above.
Second, based upon ‘binding rules’, the institutional framework of the monetary union aims to ensure the primacy of monetary policy by subordinating the functioning of the Eurozone to an inflation target defined by the European Central Bank, the constitution of which was inspired by the *Bundesbank* experience. The objective of economic growth is thus subordinated to price stability, and the ECB has no mandate to monitor financial markets. Third, fiscal decisions ‘would have to be placed within an agreed macroeconomic framework and be subject to binding procedures and rules’. In addition to the Maastricht criteria, which were later anchored in the Stability and Growth Pact (SGP), the role of national budget policies is limited to smoothing out business-cycle fluctuations in accordance with the subsidiarity principle. Where required, the sanction mechanisms have to ensure that discretionary spending policy in the Member States does not damage ECB objectives. Fourth, the prohibition on the ECB monetarising sovereign debt and the ‘no bailout’ clause between Members States in the case of crises of solvency affecting one Member State contributes to the same end: they aim to prohibit moral hazard behaviour and to ensure the liability principle of each Member State. ‘In this respect the entire Maastricht framework reflects core principles of ordoliberalism.’ The resulting institutional balance has led the EMU to move closer towards the ordoliberal model than Germany itself has never done.

As a result, this architecture has been criticised in France for several reasons. However, in the context of the extensive literature, we want to limit our observations here to three main criticisms which deal with principles which lie at the core of the Economic and Monetary Union’s ordoliberal legacy. On the other hand, it should be borne in mind that German negotiators had, of course, to compromise concerning different national, social and political logics on other key issues.

As is well-known, during the process of negotiation, German representatives focused on price stability and binding rules to avoid excessive deficits, whereas French representatives put forward the necessity of co-ordination of national policies through a—rather vague—‘economic government’. This opposition between rules and discretionary policies has been at the heart of a first fundamental political critique: by fostering a mode of integration which consists mainly in containing the prerogatives of the Member States within binding norms, it has gradually emptied the seat of national sovereignty without investing in that of European sovereignty. ‘In fact, the government of the European Union resembles a government by rules more than a government by choices’, summarised Jean-Paul Fitoussi, the former director of the OFCE, the centre for economic research at Science Po, Paris.
The problem did not so much present itself in the loss of national sovereignty as in the inability to offer the populations concerned anything other than ‘negative integration’—in the sense of Fritz Scharpf—and a default policy. By shifting power towards ‘enlightened despots’ (ie bodies such as the ECB or the European Commission’s DG competition) with their own political priorities (price stability, budget balance, and competition), bodies which are not accountable to any political authority, the ordoliberal rule-based approach has led to a deprivation of democratic sovereignty in the Eurozone. In fact, very soon the governance-by-rules approach did not pass the test of reality, because in hard times political choices are needed. Yet, French governments were unable to propose an alternative in order to promote further co-ordination of national policies according to the Article 121 (ex-99), because of contradictory preferences: on the one hand, the supranational consequences of an interventionist approach to macroeconomic policy, and, on the other, the will to retain sovereignty as much as possible and to insist upon intergovernmentalism in EU-level macroeconomic policy-making.

Second, the Eurozone architecture inherited from the ordoliberal tradition has also been criticised for several economic reasons; its anti-growth bias has, in particular, been denounced. Compared to that of the US Federal Reserve, the policy pursued by the ECB, which was mainly preoccupied with its search for ‘credibility’ in the context of a ‘chicken game’ with national fiscal authorities, has dampened economic growth by doing ‘too little, too late’. Apart from these technical aspects, at the end of the 1990s, the sociologist Pierre Bourdieu became a virulent critic of what he called ‘Tietmeyer’s thought’ in one of his contributions, that the latter only aimed at ‘reinsuring financial markets’ by holding a ‘neoliberal discourse’. In political essays, Bourdieu fought a theory, ‘which gives authority to the words of M. Trichet or M. Tietmeyer’—who themselves ‘transform economic trends into destiny’—and which, at the same time, ‘reduces the supranational state to a bank’. Yet, the anti-growth bias of the Maastricht Treaty can also
Indeed the ceiling of 3% of GDP for public deficit was in fact proposed by France, even if this criterion is the product of a historical contingency without any economic fundamentals. See Guy Abeille, ‘À l’origine du déficit à 3% du PIB, une invention 100% … française’, La Tribune, 1 October 2010.

Within this framework, economic growth is supposed to come from structural reforms aimed at the smooth working of markets—first and foremost, the labour market—as well as at reducing the size of the government in the economy and its ‘distortionary effects’. On the one hand, cost reduction through fiscal competition and progressive dismantlement of the welfare state (social competition) are the only form of policy available to national governments that have to react to idiosyncratic shocks. On the other hand, they respond to the more general objective of reducing the weight of the state in the economy, a pillar of the ‘Brussels-Frankfurt-Washington’ Consensus. Moreover, this institutional framework has created an incentive for notional non-cooperative strategies of ‘competitive disinflation’, resulting from wage stagnation and cuts in the welfare state aimed at gaining market shares at the expense of other Member States. This incentive is particularly strong for small national economies because of the high share of exports in their GDP. Yet, wage moderation up to the mid-1990s as well as the ‘Agenda 2010’ have been viewed in France as a deliberate strategy chosen by the (big) German economy in this new framework. It is as if Germany, for the sake of its own interests, had preferred to play the role of a ‘little economy’ at global level, instead of assuming its responsibility as the strongest economy within the monetary union.

Last, but not least, the status of the Euro has been questioned. Indeed, the ECB issues a common currency for all citizens of the monetary union. Yet, in the absence of a lender of last resort, the Euro has become a foreign currency with a fixed exchange rate for all Member States. The Member States of the Eurozone have been deprived of the direct relationship that exists everywhere between the central bank and the sovereign state when the state is the ultimate guarantor of the capital of the central bank and the central bank is the lender of last resort of a financial system in which public debt plays a pivotal role.

In the opinion of some French researchers, the influence of German ordoliberalism on the EMU has been over-estimated: In fact, the main culprit of the Eurozone crisis should have been the US ‘Chicago style’ neoliberalism and its dissemination.
on a global scale. However, many authors, and not only in France, are of the opinion that, from the onset of the crisis, the Eurozone governance reforms have not only re-inforced the influence of the ordoliberal tradition—but have also shown its weaknesses.

B. The Predominant Ordoliberal Responses to the Eurozone Crisis

The Eurozone crisis has been viewed—especially in France—as a product of the Eurozone’s functioning being shaped by the ordoliberal tradition. Indeed, this institutional architecture has fostered divergences between national economies, and these divergences or discrepancies are fundamentally at the core of the current crisis. Moreover, it has placed national economic policies under the surveillance of financial markets, and this has allowed the contagion of the Greek crisis to spread to other Member States. The responses addressed to the crisis have often been presented as a compromise between a German neoliberal strategy and a more interventionist and cohesive French ambition. In fact, the Eurocrisis has actually fostered a convergence in views towards a more modest ordoliberal view, rather than a greater divide between Germany and France.

The first element is that the current European crisis has demonstrated the extent to which the foundations of European construction (the ‘order of free, undistorted competition’) have led to growing asymmetries between the Member States. It is precisely the imperative of ‘competitiveness’, ‘universally vaunted as the sole “remedy”’, which accounts for the specificity of the current European crisis. ‘The race for competitiveness, on which Germany embarked at the start of the 2000s with growing success, is simply the effect of implementing a principle written into the “European Constitution”; competition between the economies of Europe, combined with the existence of a single currency administered by a central bank ensuring price stability, in fact constitutes the very basis of the European Union’s edifice and the dominant axis of national policies,’ wrote Pierre Dardot and Christian Laval in the introduction to the English edition of their book. In France, some analyses have

110 According to this thesis, neither the competition policy led by the EU nor the form of the Central Bank’s independency can be ascribed to the ordoliberal tradition. See Bruno Théret, ‘Dette et crise de confiance dans l’euro: analyse et voies possible de sortie par le haut’, (2013) 12 Revue Française de Socio-Economie, pp 91–124.


112 Lordon, n 67 above.

113 In fact, this global diagnosis should be nuanced according to the issue (European Rescue Funds, Regulation to strengthen national budgetary surveillance, Banking Union) at stake. For more details, see Sinah Schnells (2016), ‘Deutschland und Frankreich im Krisenmanagement der Eurozone. Kompromisse trotz unterschiedlicher Präferenzen?’, (2016), Dissertation zur Erlangung des akademischen Grades Dr. rel. Pol., Freie Universität Berlin.

114 Dardot and Laval, n 27 above, p 18.
explored more precisely the causes of these persistent and increasing disparities. According to this view, the benefits of the Eurozone for the Member States catching-up, but, above all, the weaknesses of the euro area economic policy framework and the implementation of non-cooperative domestic policies, which have induced excessive competition and insufficient co-ordination between national economic policies, explain these growing disparities. In a consistent manner with regard to the power structures in economics and economic policies in post-war Germany, the narrative of the crisis put forward by the German government can be explained by the ‘profligacy’ of several Member States, which has led to unsustainable levels of debt. This narrative has played a crucial role in recasting the crisis as an issue of public finance and competitiveness. Essentially, ‘the central aim of Merkel’s patterns of arguments brought forward by a variety of discursive strategies [has been] the re-establishment of market forces, which is based upon the strong belief in the superiority of rational market mechanisms over (active) economic policy measures’. If the mainstream economist thinking has also been predominant in the French academic field over the last years, the ‘Manifesto of appalled economists’ launched in France in 2010 and signed by more than 300 economists explicitly insists on market deficiencies as a source of the Eurozone crisis.

Against this background, what have been the main responses to the crisis from this point of view? To understand their content, it is important to keep in mind that the management of the crisis has been marked by the rise of the intergovernmental approach. Moreover, the crisis bargaining was constrained by the path dependency of the design of the monetary union. Therefore, the main new features of Eurozone governance can be traced back to the preferences and discourses of national governments and to the compromises between Member States, mainly between France and Germany, as stressed by several researches, which portray a ‘Battle of Ideas’ between ‘Titans’ differing in terms of paradigms, norms and values. In fact, for several reasons, the duo ‘Merkozy’ was asymmetric and

115 Mathieu and Sterdyniak, n 106 above.
119 Lechevalier, ‘Eucken under the Pillow’, n 27 above.
122 Arnaud Lechevalier and Jan Wielgoths (eds), *Social Europe: A Dead End*, n 27 above.
the leeway of successive French governments was limited.\textsuperscript{123} As a result, the policy response to the Eurozone crisis under German leadership has actually fostered a convergence towards a more modest ordoliberal view.\textsuperscript{124} It could be deemed essentially ordoliberal because the new economic governance of ‘packs and pacts’\textsuperscript{125} has primarily aimed to create more restrictive rules for public finance so as to ensure monetary stability and ‘sound’ public finance, and to encourage greater competition between national spaces of labour allocation. A pre-requisite for this competition has been the implementation of structural reforms (especially of the labour market and social protection systems) as well as the ‘internal devaluation’ of labour costs (which touches both wages and social benefits) in order to restore competitiveness and correct trade imbalances.\textsuperscript{126} In fact, given the limited success of this approach in resolving the main macroeconomic issues, additional measures were taken by the European Central Bank with its ‘non-conventional policy’ that has broken with the ordoliberal approach.

V. CONCLUSION

One could say that the reception of German ordoliberalism in France has shown how Germany has misleadingly been portrayed in certain representations which reveal far more about France’s self-image in relation to its neighbour, than about Germany itself.\textsuperscript{127} For sure, this statement contains some truth. Yet, as we have tried to show, the story is far more comprehensive. Four main issues have been addressed. First, several key French contributions have undoubtedly proposed far-reaching theses about the scope and the meaning of ordoliberalism from a theoretical, as well as from a political, point of view. Indeed, the German ordoliberal doctrine was the subject of an early reading in France which was attentive to the reasons for the success of the ordoliberal doctrine in Germany as well as to the fact that the post-war German economic system was also the product of other influences and other traditions. Further analyses, starting with that of Michel Foucault, contributed to a critical perspective on the meaning and scope of ordoliberalism in terms of new governmentality, and on its originality with regard to other variants of neoliberalism.

Second, the French reception of the ordoliberalism has enriched the content of the theoretical as well as the empirical debates on the constitutive core elements (institutional complementarities) of the ‘German model’. From this expert (typology


\textsuperscript{125} Hacker Björn, ‘Under Pressure of Budgetary Commitments: The New Economic Governance Framework Hamstrings Europe’s Social Dimension’, in: Lechevalier and Wielgohs (eds), Social Europe: A Dead End, n 27 above, pp 133–158.

\textsuperscript{126} Lechevalier and Wielgohs (eds), Social Europe: A Dead End, n 27 above.

\textsuperscript{127} Strassel, n 26 above.
of capitalisms), fascinating, as well as conflicting, relationship with the ‘German model’ and its neo-liberal dimension, it emerges that (West) Germany’s social market economy was, in fact, not so liberal before the re-unification. There are thus strong limitations to ascribing the performance of the German economy to the ordoliberal legacy. Conversely, since the launch of the euro, European integration has had a leverage effect for re-introducing neoliberalism in Germany.

Third, over the past years, the German ordoliberal tradition has been an asymmetrical object of intellectual, as well as political, debates in France—many commentators were ostensibly critical but some were more discreetly approving—especially with regard to the relevant economic policy to follow. As shown by the initial reception of ordoliberalism in France, as well as by the compromises on the Eurozone management accepted by French governments in the wake of the Eurozone crisis, ordoliberalism has become a means for neoliberal policies in France, and also the symptom of its acceptance among the governing elites.

Last, but not least, in the wake of the Eurozone crisis, ordoliberalism in France has been more than ever at the centre of controversies about the European project and content of European integration. The reception of ordoliberalism in France has acted as a revealing factor for the conflicting and ambiguous relationship of many French people towards the European integration. It has revealed a conflict between national cultures—beyond the point of view of the relevant economic policy. If Germany is not merely ordoliberal, as the works on the German model have shown, the French reception of ordoliberalism has emphasised that European integration has led to an attempt to export a German ‘culture of stability’ into France, one which lacks several institutional complementarities particular to German society. The cautiousness of the alternative proposals to reform the EMU has demonstrated the ambivalent reactions of the French governing élites to this evolution. Yet, criticism formulated in France against the ordoliberal influence on the European integration process, against its political predominance, itself anchored in the European treaties, and against the responses to the Eurozone crisis promoted by the Merkel-Schäuble’s government have given rise to credible alternative proposals for the Eurozone, whose existence is currently still threatened.

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