



Ludwig von Mises and Wilhelm Röpke on Peace and International Order

Antonio Masala

Introduction

Ludwig von Mises and Wilhelm Röpke spent three years together in Geneva, at the Graduate Institute of International Studies. They were bound by friendship and esteem, but the philosophy behind their reflections presents important differences. Mises was an exponent of the “old” liberal tradition, a supporter of radical and uncompromising liberalism, in which the State has an essential but strictly circumscribed role: it is the night watchman of nineteenth-century liberalism. Röpke, on the other hand, was a supporter of a liberal humanism, convinced that the free market was based on moral values that it did not create but rather “consume”, and his main question is what should be done to consolidate them. The first was one of the most important exponents of the Austrian School, and after a very troubled life he had gained a certain influence in that part of the American world characterized by the presence of a

A. Masala (✉)

University of Pisa, Pisa, Italy

e-mail: antonio.masala@unipi.it

resurgent radical individualism, which blended well with his ideas, his character, and his peremptory and uncompromising style of argument. The second was a leading exponent of German Ordoliberalism, and one of the references of the Social Market Economy, established in post-war Germany under the leadership of Ludwig Erhard. Röpke lived most of his existence in the Swiss confederation, which always represented for him a political, economic, and social example of the conjugation of solid moral values and economic freedom, to which other countries should look.

The differences between the two authors have been, in some ways, overestimated, also because of their use of a rhetoric that accentuated those differences. Certainly, they were divided by what Röpke called the fundamental problem of the “framework” for the market and freedom itself, which are bound to succumb if there are no good rules (legal and social) and shared values. In his opinion, interventionism can play a useful role—precisely in terms of reinforcing those values—if it does not interfere with the functioning of the free market and the formation of prices (on this issue, his argument is strictly Misesian). The bone of contention with Mises was not so much about the need for a role of the state, but about how far interventionism could go and what character it could take. For the Austrian, the only admissible measures were those aimed at protecting property rights. In contrast, for Röpke (who makes a very articulated taxonomy of the various state interventions) more complex measures were necessary, and these were aimed at guaranteeing access to property and a market competition in order to promote liberal values.

If recent studies (Kolev 2018) have clarified similarities and differences between the thinking of the two authors, a comparison between their visions regarding the problem of international order and peace—a theme to which both devote great attention—still needs to be made. Röpke analyzed those issues organically and continuously, and he also comes to examine the first steps of the nascent European Economic Community. Mises wrote about international order and peace in a more fragmentary way; he does not dedicate a work exclusively to this theme, which, however, recurs frequently and urgently in many of his writings.

The aim of this work is, therefore, to compare the vision of Mises and Röpke on the problem of international order. On the one hand, it will try to contribute to clarifying the complex relationship between the thought of the two scholars and, on the other, to evaluate how much the (neo)liberal order, which was to be born decades later, arose in accordance with their expectations. In fact, a recent and popular literature (Slobodian 2018; Hazony 2018) has investigated the crisis of the (neo)liberal order, focusing on the “globalist” vocation of liberalism and on its alleged refusal to recognize the positive value of nations and of nationalism itself. Among the main polemical targets there are certainly also Mises and Röpke, but their thought does not always seem to have been well interpreted, and it is also difficult to argue that the (neo)liberal order after the Second World War was constructed consistently with respect to the ideas that they proposed.

Ludwig von Mises: Science and Ideology

In the years between the two world wars, Ludwig von Mises is perhaps the only thinker to defend without hesitation, though not uncritically, the tradition of classical liberalism. In his long life as a scholar he wrote essential contributions to the rethinking of that tradition, also dedicating (only apparently fragmentary) attention to the problem of international order. The book in which Mises’s most important ideas on international order are found, which will later be developed and rearticulated, is *Nation, State and Economy* (Mises 1983), published immediately after the First World War. Here he identifies the essence of nationality in language (and consistently distinguishes the concept of nation from that of state), but he also argues that nations, like languages, are not immutable but temporary and fluid; they transform day by day. He, therefore, claims the importance of the principle of self-determination (a “corollary” of human rights) and the idea that in an initial phase nationalism had sprung from liberalism; a patriotic nationalism always directed against despots and never against other peoples. In this sense, he defines the liberal ideal as both national and cosmopolitan, revolutionary and pacifist (Mises 1983, 59ff). He therefore begins to clarify how it is

not nationalism in itself that is incompatible with international peace, but its degeneration, which has its deepest cause in interventionism and protectionism.

In this book, Mises also establishes two other pillars of his reflection, namely the idea that there exists a “solidarity of interests” among peoples, based on the international division of labour, and the fact that, with the tendency of the economy to become increasingly interconnected, it requires a unification of commercial law and institutions (and in perspective also a “world law”), which can be achieved only by removing the economy from state control. In a world with total freedom of movement for men and goods and where private property is inviolable, it will be the peoples who decide how to standardize their rights. And this will take place in a process in which there is no coercion but recognition of what is useful, and which is driven by the needs of the market. Mises sees a historical example in the German Confederation, where the need to unify law and administration was recognized, and “A free Germany could also have been created through revolutions within the individual states; for that, unification would not have first been necessary” (Mises 1983, 64). As we shall see, the reference to the *Zollverein* of 1834 (which Mises does not name explicitly) as an example of “liberal integration” is also present in Röpke.

In this first work, Mises also clearly supports what will remain the pillar of his reflection: only if one accepts the idea of the harmony of interests among all peoples is it possible to have peace and international order. This does not mean that there cannot be particular interests, of individual groups or classes, which are opposed to the general interest, but that these interests are always reconcilable if the aim is the common good. Whoever wants peace among peoples must therefore fight all forms of state interventionism in the economy. He considers irrefutable the thesis that only free trade is justified from an economic point of view, that only it maximizes well-being. What causes the inability to have a peaceful world order is, therefore, precisely interventionism, and the only

way to guarantee an “eternal peace” among men is to minimize state intervention (Mises 1983, 114 ff.)¹

The path of good intentions taken by the “Utopian” pacifists will not lead to peace. Nor will it be the development of arbitral tribunals to resolve disputes between states, since in this case a universally recognized law would be needed and the possibility of applying it to specific cases, something that has never been done (and it should also be remembered, incidentally, that Mises was not an advocate of natural law). The only way is to accept the principles of economic liberalism: in this case, pacifism will become the logical necessity of the entire social system. Only the rejection of colonialism and the application of the free movement of men and goods can be the proper premises for peace. “All pacifism not based on a liberal economic order built on private ownership of the means of production always remains utopian. Whoever wants peace among nations must seek to limit the state and its influence most strictly” (Mises 1983, 124).

In the following works Mises’ thought develops in a diversified way, but without ever betraying these premises. In *Liberalism*, published the first time in 1927, he reaffirms his faith in the compatibility of individual interests, and the idea that starting from this compatibility it is possible to support the feasibility of peace in the international order. Here, too, the free market system presents itself with a cosmopolitan vocation: healthy capitalism leads to the international division of labor, which creates mutual dependence among nations, making wars “impossible.” The liberal theory does not distinguish between foreign and domestic politics; policies and principles that are valid on a local scale are also valid on a global scale. In this sense, liberal thought looks at all humanity, and embraces all men and the whole earth. The antagonism of interests exists only when the interventions of the state (or other social forces with coercive power) interfere with the free market process, for example with tariffs or artificial wage increases. The free trade theory is rejected only for partisan advantages, appealing to the solidarity of narrow interests, of a nation or a class. A solidarity that occurs when anti-liberal parties

¹ Note the use of the Kantian expression (although Kant is not mentioned), which will then also occur in *Liberalism*; all in all a surprising fact if one remember Mises’ hostility towards Kant’s philosophy.

manage to convince members of certain nations, classes or races to ally against other groups (Mises 2002, 165ff).

Coming to the problem of the role that supranational institutions can have in promoting the harmony of interests, and therefore peace, Mises confronts the project of the United States of Europe or the pan-European Union (Mises 2002, 142ff),² which appears to be an opportunity and a risk at the same time. In indicating it as an opportunity, he proposes a classic analysis, later taken up also by Röpke and Hayek (Hayek 1939, 262; 1944, 228). The idea is that in a vast area, such as a united Europe, the feelings of nationalism and chauvinism, which led to the triumph of protectionism, would not be able to assert themselves. An inhabitant of Bavaria will be willing to accept a duty, i.e. to pay more for certain products, with the justification of supporting work in Saxony, but will not be willing to do the same to help Polish or Italian workers. But even if nationalism and protectionism would not work in a union between states, he still fears that protectionist and autarkic policies would be pursued by the Union towards other areas of the world, and that the project of Pan-Europe would do nothing more than translate nationalism onto a larger scale, not by founding a new form of political system different from the traditional imperialist and militarist states, but a new version of this old idea of the state. The project of creating a European nationalism, of uniting the European peoples with a chauvinism against the new “foreigners of the moment”, is wrong before being feasible, and proposing it takes away from what the real goal is, i.e. free trade on a global level.

Such an objective is not achievable through the League of Nations, which is harshly criticized. Its limit, in addition to a series of contingent deficiencies (not all states are part of it, and there are states that do not have the rank of full-right members), is that it cannot autonomously produce an international law capable of imposing peace between peoples. In fact, it limits itself to requiring compliance with procedural norms and has the “mandatory task” of guaranteeing peace in respect of the traditional historical borders of the individual states. Its task is therefore only

² It should be noted that R.N. Coudenhove-Kalergi, the first to propose a project for a united Europe, is never explicitly mentioned here.

to preserve the existing juridical situation, and not to create new norms capable of imposing true peace between nations (Mises 2002, 147ff). A few years later he would argue that the Society was never the embryo of a world government but rather an “international statistical office”, of some use for international cooperation but completely useless for the purpose of international peace (Mises 1985, 277ff.).

Mises then declared himself, only apparently paradoxically, as a supporter of a “world state” as a solution to the problem of peace³. Such a state should be capable of imposing international law and establishing authorities and courts superordinate to the states. This outcome must be understood within the overall Misesian argument. The birth of such a world state, which would not pass through national parliaments, is not an institutional problem but an “ideological one,” that is linked to the full affirmation of liberal principles. Only when these principles are embraced by peoples and they innervate all state institutions can the causes of war be eliminated, and a world state could supervise the application of liberal principles on a world level. What Mises supports is a supranational institution capable of producing a right to protect private property and international free trade, and in front of this supranational institution the existing state entities are deprived of their ability to limit those rights.

The function of this “superstate” can be better understood if we remember that Mises was a supporter of the principle of self-determination of peoples as a right not only of linguistic groups, but of single individuals, since in his vision “man does not belong than to himself” (Mises 2002, 108ff, 1985, 88ff). For Mises, the constitution

³ His analysis is proposed first in *Liberalism* when he speaks of the United States of Europe and the League of Nations, and where he also uses, only once, the equivocal expression “world superstate” (Weltüberstaat in the the German version), and then developed in *Omnipotent Government*, where he speaks of “World Government” (p. 241ff).

It is also interesting to recall how Mises observes that it is necessary that the states based on liberal principles are at least prevalent in number over the others and therefore capable, once united, on the one hand of defending themselves against possible aggressions, and on the other of imposing international free trade. Mises supports this by sharing Lionel Robbins’ analysis of the British Empire acting to “force” other countries to participate in international trade. The British needed to prevent parts of the world from falling into the hands of powers opposed to free international trade, which led them to intensify their colonial policies (Robbins 1968, 77ff).

of nations should be free and attributable to the choices of single individuals, and his reflection opens the door to the idea of the right to secede and to the constitution of many small states which would then have generated so much interest in libertarian political thought. In a world in which many “nations by consent” (Rothbard 1994) could exist, whose composition is always susceptible to variations, a supranational entity—which by grouping together all the states of the world could only be in favor of the free movement of men and goods—would be functional to ensure the right of self-determination and the rights of individual citizens. In a panorama like this, although Mises does not say precise words in this regard, a world state would not be the result of a project of the states, but the consequence of a diffusion among the peoples of liberal values and the need to make them inviolable. In a world where liberal ideas are prevalent, where private property is always protected and the courts treat foreigners in the same way as native citizens, borders will only be “drawn on maps” (Mises 1985, 90), and people will be able to decide with plebiscites which state belongs to the place where he lives. The state would therefore cease to be a metaphysical entity and would limit itself to being the night watchman of the liberal tradition, and then it would also justify the existence of a “superstate” which monitors the respect of liberal principles by single states.

Mises’ analysis has its intrinsic logic. He poses the problem of what a supranational institution should be in order to achieve world peace. And the answer is that it can only be effective if it has the strength to forcefully protect property and guarantee freedom of movement and exchange among all states (the necessary preconditions for world peace). If he didn’t have the strength to do this, it would be meaningless. Mises, therefore, transfers into the international arena what he believes are the necessary tasks of the nation-state, which is considered crucial to ensure cooperation and peace. In fact, for Mises, social cooperation takes place only if the free market system and private property are guaranteed and protected by the state, which is a necessary tool for cooperation and social coexistence.

However, it should be noted that in *Omnipotent Government*, written in 1944, Mises had become more skeptical about the idea of a world state. Here he defines it as “an old idea of pacifists” (Mises 1985, 241)

and specifies that it (like any other international institution), is not necessary if democracy and market economy prevail everywhere, because peace between peoples will be achieved in any case. In short, he is convinced that nation-states will not disappear, and that they are perfectly compatible, if liberal ideals prevail, with a peaceful world order (see van de Haar 2009, 79 and 88). Although Mises's reflection on the subject is not always linear, there are no contradictions in his thought: a world state is helpful if it can prevent violations of the freedom of trade and movement, but if the states are liberal, these violations will not exist and it won't help, except marginally and in limited conditions. On the other hand, a world state can only function with adherence to liberal principles, as demonstrated, for example, by the fact that in a hypothetical world parliament there would never be a majority against the possibility of free immigration from the poorest (and most populated) areas to the richest ones. But since today there is no adherence to these principles, it is only utopian to linger on such projects (Mises 1985, 242ff).

Also in this book Mises insists on the incompatibility between state interventionism and free international trade and shows how protectionism and interventionism are always by their nature destined to degenerate into autarky. And this will happen even if a large number of nations decide to regulate their relations with a system of licenses and quotas and with exchange controls (Mises 1985, 247ff). This is a very important statement, which once again shows how much for Mises there is no middle ground between the free market on the one hand and state interference in the economy on the other.

Looking on the historical circumstances, Mises argues that, to avoid the return of totalitarianism, a permanent union of the allied powers after the war's conclusion is indispensable⁴. He also devotes attention to the well-known work of Clarence Streit, who advocated a union in a federal

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government for the whole Western world (Streit 1939 and 1941). The criticism, rather than to the idea of federal government, is on the lack of analysis of the involution in a centralist sense that the two models Streit looks at (the United States and Switzerland) have undergone, and the growth of economic intervention by the state also in the federal states. The limit of Streit's analysis is that he underestimated this aspect, and did not realize that a union between Western states is only compatible with the free market system; no cooperation is possible if there is conflict in the economic sphere, no union is possible if barriers to trade and immigration are not removed (Mises 1985, 263ff). If these assumptions are met, then a Union of some kind can be necessary, both in terms of reconciliation between the different territories and in terms of containing any possible return of totalitarianism.⁵

Finally, if we analyze the public speeches Mises gave on these issues in those years, after he arrived in the United States, we can observe how his analysis's tone changes, but not its substance. He observes that reaching common liberal ideas and a "commonwealth" of nations will take a long time, but something must be done immediately to prevent a new possible world war. In this sense, Streit's project "has rendered a great service to mankind," and it is necessary to transform the war alliance into a permanent union, which prevents a return to the situation that generated the war, namely a return to economic nationalism (Mises 1941, 1943b). And if elimination of migratory barriers is probably impossible in the immediate term, we must at least eliminate the barriers to the free movement of goods. And Mises reiterates that he does not care much about the shape of supranational institutions; even federal ideas, such as the one proposed by Coudenhove-Kalergi, are fine; the important thing is

⁵ Mises also hypothesizes the feasibility of an "Eastern Democratic Union", which would include all the countries of Eastern Europe (which would become the various provinces of the Union), from the Baltic to Greece. Such a Union, if capable of guaranteeing the free movement of men and goods, and if endowed with a minimum central government that prohibits any discrimination for the various groups that compose it, would be a solution (in line with what he had already said in 1919) for the problems of those areas which see the existence of linguistic minorities internally (Hülsmann 2007, 805ff). That solution could also be a barrier against possible future expansionist aims of Germany, Russia, and Italy (Mises 1985, 268ff). It should also be remembered that Mises provides as a requirement to avoid internal conflicts that education would be completely left to private schools.

that they meet this requirement.⁶ Mises also places hope above all on the actions of the USA, which, emerging as victors of the war, with an unprecedented moral prestige, will also have to be the architects of the reconstruction. And the reconstruction, the economic prosperity, need “ideologies” favorable to free enterprise and free markets, even before financing and credit.⁷

The idea that what we really need is an “ideology” that leads to an affirmation of liberal principles is a constant in Mises’ reflection. Although he considers protectionism “grotesque” (Mises 2002, 130) and the advantages of free trade scientifically unassailable, he has in front of his eyes the collapse of the old liberalism, whose great mistake was the optimism regarding the inevitable direction that the development of society would take. Classical liberals believed that *laissez-faire* would triumph because they underestimated how most of the men prefer a slight momentary advantage to a more significant permanent gain. But as people oppose liberalism, and instead choose nationalism or socialism, in the belief that those are more suitable means to achieve well-being, what is needed are not constitutional reforms or international treaties, but “sound ideologies” (Mises 1985, 118). Indeed, it is only by persuading people of the correctness of classical liberal ideas that will be possible to have good governments. If liberalism has shown that the antagonism of interests does not actually exist, its (false) perception does exist. That is why men must be induced to think, to make the right decision; they must be persuaded, a task which the old liberalism had abdicated, thus laying the foundations for its own collapse.

Mises was therefore convinced—in an absolutely similar way, as we will see, to Röpke—that reconstruction after the war should not be a question of technique and economic or institutional organisation, but of “morals” and “ideology”. It had to come from a change in ideas, which

⁶ Mises had personally met Coudenhove-Kalergi in 1940, on the troubled journey to the USA, and in 1943 he had spoken in New York at a Pan-Europe convention. Even in that circumstance, he reiterated that a European federation cannot be built if all barriers to the passage of goods are not eliminated, and every European citizen is not given the right to live where he wants (Mises 1943a).

⁷ An implicit criticism of what would later be the Marshall Plan, also harshly criticized by Röpke.

made it possible to face a problem that was not so much material as intellectual, moral and spiritual (Mises 1941 and 1944; see Ebeling 2000). This conviction was consistent with what he had already argued in 1927: without an unrestricted and unreserved profession of faith in liberalism, peace agreements will be just scraps of paper, and without worldwide free trade conflicts between states will inevitably re-emerge (Mises 2002, 150–151).

Wilhelm Röpke, International Order, and the Crisis of Civilization

In his vast scientific activity, Röpke devoted much attention to the problem of international order and peace (Sally 1998; Hennecke 2005; Gregg 2010; Solchany 2015), also questioning the usefulness and feasibility of an interstate federation. His ideas on international politics began to mature as early as the 1930s and then developed consistently with those initial assumptions.

In *German Commercial Politics* he deals with autarkic tendencies and the economic ideas that have led to them. The book comes out in 1934, exactly one hundred years after the *Zollverein*, which for Röpke is the symbol of an era when the ideas of pure and simple free trade dominated, generating economic freedom and global solidarity. The era of free trade had arisen on the basis of shared moral and legal principles—the most important were the right to private property, freedom of contract, and non-discrimination of foreigners. From those pillars, the international division of labor was articulated, and global economic growth, prosperity, and (relative) peace between nations were generated. That era has completely faded away, in favor of a conception of the economy which leads us to consider the interests of the various nations as inimical, to the point that on economic questions they appear lined up against each other like “hostile armies,” and every concession made in commercial treaties appears as a defeat at the expense of a foreign country (Röpke 1934, 1–6). Instead, the only path to prosperity and peace is through political and economic integration, which will only happen when nations abandon nationalism and return to supporting the principles of free trade and the

free market. Many of his concerns were therefore already clear in the first half of the 1930s, as also emerges from some other essays (Röpke [1933a](#), [1933b](#)).

Röpke's starting point was the same as Mises': nationalist and protectionist ideas swept away a century and a half of economics. His problem, too, is therefore to understand how moral, philosophical, and economic errors have been able to triumph, and how it is possible to reaffirm the correct principles of economic science, those of free trade and the free market. In *International Economic Disintegration*, published in 1942 but largely written in the late 1930s, he insists on how the era of free trade had emerged from the sharing of moral and legal principles, including respect for private property, freedom of contract, and the non-discrimination of foreigners, principles at the basis of the international division of labor (Röpke [1942a](#), 73ss). The end of that era, and the crisis of the international order in the period between the two wars, is for Röpke, as for Mises, due to the diffusion of the ideas of nationalism, protectionism, and interventionism, which make it impossible to integrate the economy internationally and foster peace among nations.

In his works from the war years, *The Social Crisis of our Time* (Röpke [1942b](#)) and *Civitas Humana* (Röpke 1944), he proposes a return to an economy centered on small business, small and medium-sized commerce, and agriculture; he proposes a way of producing that puts man at the center and that overcomes the problems of alienation to which modern capitalism leads, especially that of the American world⁸. What Röpke had in mind at the time was more a model of society than a model of economy, and he consistently spoke out in favor of a series of political measures intended to support social classes and production models functional to safeguarding certain values. This approach is very far from that of Mises, but also for this reason it is even more interesting to note how instead all of Röpke's reasoning on international free trade and on what he defines as the problem of economic integration is strongly Misesian, and does not appear to be invested by his critique of the "massified" economy.

⁸ On this regard his ideas were different from these of Ludwig Erhard, who saw no dangers in an economic model based on consumption, such as the American one. On these issues, and for a comparison also with Margaret Thatcher, Masala [2017](#)

Röpke's reflection on these themes is developed in *Internationale Ordnung* (Röpke 1945)⁹, which is in close continuity with the two works mentioned above. In fact, he defines them as a “trilogy” and says that in this third volume he does nothing but draw conclusions in the field of international relations and deduce the conditions for a good international order. In his eyes, the international crisis is nothing more than the symptom of a wider crisis, and its causes and remedies should not be sought in the context of relations between states, diplomatic problems, or the failures of international organizations. They must be sought in the origin and in the possible cures of a crisis which is above all “moral,” and which he analyzed in the two previous works.

Also in Röpke's analysis, therefore, the concern about the need for the prevalence of liberal values at the national level is very present, and in this sense, his reflection is also an attempt at a micro-foundation of the international order, which could be achieved only starting from sharing common values between peoples and states. He believed, and expressed it with as much force as Mises, that it was necessary to promote international economic integration and that to do so, conferences and “bargaining” between countries were essentially useless. Instead, we need to look at the economic convictions that guide the choices of the various nations, at the “spirit” of those choices, since it is only from this that a healthy international order can be generated. Consistent with this view, he sees the cause of the “disintegration of the international order” in the internal social and political crisis of the various countries, due to the prevalence of protectionist and interventionist ideas.

Consistently, and like Mises, he shows little interest in the shape that will have to be given to the international system after the war. In fact, the international order presupposes the national order (Röpke 1959a, 18–20), which will exist only when the lost spirit—moral, intellectual, political and economic—is rebuilt. When the right ideas are shared within the various nations then the international order will be created by itself, without the need for conferences or agreements, as happened

⁹ The 1945 volume was republished in German language, with minor changes and some additions, in 1954, and then translated into English five years later, with the title *International Order and Economic Integration* (Röpke 1959a). We quote from this edition some parts identical to the 1945 German edition.

in the “age of liberalism,” in a way well exemplified by the monetary system regulated by the gold standard. Any international institution that was born from the agreement between nations moved by an approach favorable to economic dirigisme, and not by a liberal spirit, was also in his eyes, doomed to failure.

Nonetheless, already in 1945 Röpke was convinced that it was necessary to go “beyond the nation.” He posed the problem of what the real limitation to the sovereignty of states should be, what the structure of the new international community should be, and how the feeling of national belonging could be transformed. Here too, as in the reflection on the economic system, Röpke seems to propose a “third way,” which is not so much a mediation between the two possible alternatives (domination of the sense of belonging to the nation or supremacy of a new international organization) but a new way to see the problem. In fact, if on the one hand, a supranational organization is a necessity, on the other it is not possible that it degrades individual nations to mere administrative zones, because it would not be accepted. Here, then, nations and supranational organizations must coexist and counterbalance each other: a balance is needed between the forces that separate and those that unite. A balance that Röpke seeks in the federal solution, at various levels.

In the dense introduction, it emerges how federalism for Röpke must be applied *between* states and *within* states, in a proportion in which the members of the nation are to the nation as the nation is to the super-nation. This solution presents “enormous difficulties,” because the states will not want to give up their sovereignty and it will take a long time to build a common culture. But if implemented, it will be able to foster “a liberal attitude” and “spiritual integration,” as happened in what was his adopted homeland and his constant example, Switzerland. And Röpke, looking at Europe, also reflects on how it would be necessary to generate a patriotism based on a common history and spiritual heritage (Röpke 1959a, 43ff).¹⁰ All considerations that even then made him see a European federation project as appropriate and necessary, which however—and here once again the similarity with Mises is strong—could

¹⁰ It is quite surprising to note that in Mises and Röpke there are no references to the *Federalist Papers* of the American tradition, where very similar themes are developed (Christensen 2021).

only be realized and work if the political, social, and economic structure was the classical liberal one, (or at least, in order not to create lexical misunderstandings, “non-collectivist”).

Röpke then, again like Mises, declares himself a supporter of the free movement of goods on a global level, while showing some hesitations regarding the free movement of people, which still remains a long-term goal. His hesitations are related to the fear of the “dangerousness of the masses,” easy to exploit and lead, and to the fact that different cultures cannot necessarily coexist easily. But despite these concerns, he believes that the principle of free circulation of the workforce (which does not mean becoming citizens of the country to which one moves) is always to be applied, capable of solving the problem of poverty in some areas of the world, as was already the case in the age of liberalism. And he recalls Mises’ *Nation, State and the Economy* when he points to the free circulation of goods and capital as the solution to the demographic problem as well.

But also the third and concluding part of Röpke’s work is deeply indebted to the ideas of the Austrian. For example, what brings him closer to Mises is the idea that the policies of trade agreements, which fix production and market quotas, are not “hybrid forms” of the market but only badly disguised collectivism. Something much worse than import duties, which, when they are certain and moderate, can be equated to the transport costs of goods, and have a much less distorting effect on the dynamics of the free market. And, again like Mises, Röpke has the hope that a new era of world free trade could be reborn after the war under American initiative, with the gold standard possibly reborn as the “dollar standard.” The creation of a free market area involving the USA and the former British Empire would then be followed by many other countries.

Röpke then poses a question he will constantly return to over the years. Can a purely regional unification based on the principles of free trade be functional to the worldwide spread of these principles? The answer is that regional unification will be able to work, and will be useful for the ultimate goal of world economic integration, if the geographical area that is being unified does not erect trade barriers towards the outside world, but remains open, even unilaterally, to the principles of free trade.

But also open to membership by all those states which, sharing free market principles, want to become part of it. A position that is expressed in a way that recalls what Mises said about the Pan-Europe project. Röpke then does not fail to recall how to achieve a perfect customs union a “high degree of political-moral integration” is necessary, such as that which existed between the states that made up the German *Zollverein*, but he also shows that he has hopes that such an integration will develop gradually when the principles of economic freedom are applied.

The 1945 volume was republished, with minor changes and some additions, in 1954, and then translated into English five years later, with the title *International Order and Economic Integration*. The additions to the second edition of this volume are mainly reflections aimed at judging the first steps of the nascent European Economic Community. Röpke expresses a firm dissatisfaction with European economic events, which he sees marked by dirigisme, whose failures are only momentarily camouflaged by the funds of the Marshall Plan, described as a great “lost opportunity” for Europe (Röpke 1959, 224ff; see Sally 1998, 140ff). Röpke believes that European states are firm on protectionist and dirigiste positions, which should be removed at the national level, so as to rebuild a European economic integration starting from national economic policies favorable to the free market and free trade. He makes precise criticisms of the passages of the nascent Community, and indicates in the liberal policies of Federal Germany, pursued by the Minister of Economy Ludwig Erhard, a liberal model that should be followed by the other European countries, also on the crucial aspect of monetary policy (see Masala-Mingardi 2020).

The idea that the construction of Europe should be based on the free market, and not on some form of “supranational interventionism,” will be expressed with ever greater conviction and clarity in the following years. Röpke maintained highly critical positions regarding the management of the process of European unification, which seemed to him weak, because it was intended to promote free trade only partially and only in some sectors. But also because it was restricted only to the members of the Union, while it would have been necessary to extend the principle of free trade to those countries that remained outside and tendentially to

the whole world¹¹. In the absence of ideas favorable to the free market, the integration process would have led to a European government with the task of unifying the individual economies in a collectivist project, something considered impossible and doomed to certain failure. Of the nascent European Union Röpke also criticized the dangers of bureaucratization, fearing the birth of apparatuses that would have done nothing but hinder the free market processes, perhaps inserting clauses to grant loopholes (or parachutes) from the free market and free trade processes that claimed to promote.

In the “Epilogue” added to the English edition,¹² Röpke states that if the common European market “is not capped by the free trade area it will disintegrate Europe.” He also reiterates his idea, common to Mises, that a true process of integration of European economies should be nothing more than a return to the free market system of the previous century, which Europe should apply to all countries, even if they are not part of the newly born European Economic Community. With respect to this method, only regional agreements, such as the GATT for example, are wrong because they limit the principle of the free market. He then moves heavy criticisms against the politicians of those countries (his main target is France) which benefit from the advantages of the free market without applying it in all its aspects, and he closes the essay with a harsh attack on the treaties of Rome (Röpke 1959, 260–68).

Also in the following years Röpke devoted attention to the theme of a European federation, insisting that any proposal for European integration has to lie on the free market, but also upon a recognition of European historical and cultural identity (Gregg 2010, 155ss). These ideas are particularly clear in three articles published in the conservative American magazine “Modern Age.” In the first one (Röpke 1958) he remarks that the only way to harmonize the European economy, to reduce the existing differences of labour and capital cost, is free trade. Achieving this result may require a gradual process, but all European countries should set as an objective the realisation of the international

¹¹ However, the exception was the communist bloc, with which it was necessary to avoid any commercial relationship in order to accelerate its collapse.

¹² The text was originally published in “The Banker Magazine”, September, 10–20, 1958.

free trade, and work to convince their public opinion. These points are developed one year later, when Röpke points out that only a return to a market-orientated domestic policies would realize a real “integrated” international economy, because the “International order can only be a wider projection of the order prevailing within nations” (Röpke 1959b, 232).

In the last article Röpke (1964) exposes in a passionate way his vision of Europe. This article is interesting not only for its broad and clear repetition of his perplexities on the process of European integration, previously analyzed, but also because it develops the idea of Europe as a “cultural and spiritual union,” which can rediscover its path and function as a world guide only if it recognises the right role of economic freedom and free trade. Röpke, who calls himself “a good European” and a “European Patriot,” is in favour of stronger unity and integration of the old continent, but these can only be achieved with Free Trade and free markets, and not with an appeal to patriotism. Central to understanding how to achieve true integration is to remember that Europe is a genuine “cultural system,” based on “the common patrimony of Humanism and Christianity” but also a “unity in diversity” and therefore it would be a serious mistake trying to standardize (economically and politically) the European nations with a political/bureaucratic project.¹³ To promote integration it is necessary to respect the unity in diversity (again following the example of Switzerland) and to promote a federalism which leaves a maximum of autonomy to the nations, but that is based on a liberal economic vision well founded in every state of the union.

Röpke uses again the example of the *Zollverein* to understand the real problems of European integration. According to him the old German Custom Union had characteristics that the EEC cannot have. In addition to the differences in the states that make up Europe, and therefore

¹³ “What holds Europe together in the widest sense is something of a spiritual nature: the common patrimony of Humanism and Christianity. Nothing can be more lubricious than the belief that this bond can be replaced by the bureaucracy of the European Commission and high authorities, by planners, economists and technical visionaries. The danger, however, is very real that the true order of values and aims may be reversed and that economic integration may be carried through in such a way that it endangers the real meaning of Europe” (Röpke 1964, 234).

to an identity that could not exist in the same terms as that which existed among the German states, there are problems previously analysed, which are here presented in fullness. There is the problem of monetary policy and balance of payments, and the fact that countries with “reckless monetary policies” like Italy can dump, after the Treaty of Rome, their choices on virtuous countries, such as Germany. But, above all, there is the difference that the *Zollverein* was established in a liberal era, in which all states were open to free trade, while the current era sees liberal states together with interventionist and protectionist states. This difference leads the EEC to attempt a “harmonisation” between different policies and visions which are in reality incompatible, and to try to do so “through concessions which assured some vested interests a privileged position.”

This is a wrong approach to the process of integration, which can instead be pursued only by creating “on an international level, the *most elementary conditions of economic integration* existing within the national economy,” conditions which are the “absence of quantitative trade controls” and “a moderate height of customs tariffs” with all other countries.¹⁴ These conditions existed in the “liberal century”, and this is why “European economic integration, therefore, meant essentially reintegration.” But, if “like charity, European economic integration had to begin at home it was not unimportant that this indispensable national action was assisted by international action on the regional scale of Europe.” (Röpke 1964, 238).

¹⁴ “Europe has enjoyed economic integration in the past when free convertibility at stable exchange rates together with the virtual absence of quantitative trade controls (import quotas and exchange control) and a moderate height of customs tariffs assured a minimum of international community of markets, prices, and payments. But this European integration of the past was an ‘open’ one because it was inseparably bound up with worldwide economic integration. This-European as well as global-international economic integration has been destroyed by exchange control, state trading, import quotas and all the other measures of economic nationalism” (Röpke 1964, 237).

Conclusions

From the analysis carried out, a strong similarity emerges between the vision of Mises and Röpke regarding the problems of international order and peace. Both are convinced that free trade and the division of labor on a global level are the only solution for peace and well-being and that this solution must be achieved “starting from home”, i.e. by developing shared ideas in favour of the free movement of men and goods. Conferences, agreements, and supranational institutions are useless if they are not substantiated by a common sentiment in favour of the free market, and would in any case be doomed to failure without it. This does not lead them to lose interest in the projects of supranational organizations, which are also considered necessary, but the central theme always remains that of sharing liberal ideas “from below”. Röpke’s criticism of the European Economic Community also goes in this direction, which Mises would, in all probability, have shared.

A key issue for both authors is how to develop pro-free market sentiments, and it is here where perspectives diverge. Mises focuses on the description of a model, on what he considers scientific results, and argues that what is needed are “sound ideologies” to recognize and share them. All in all, his vision is optimistic about men’s ability to recognize what is right and useful; the problem is to know how to communicate it well. Röpke’s position is more pessimistic and characterized by underlying conservatism. Strongly influenced by the ideas of his friend Alexander Rüstow (Masala 2022) and by Jose Ortega y Gasset, he has an ill-concealed fear of the masses. He is worried that humankind can easily lose the truthful values (Christian and Western, in his view) and match the ideas favorable to nationalism, protectionism and socialism. The solution is also sought, rather above all, in policies that strengthen moral values, which exist when the economic and social structure is “human” and non-alienating. Hence the favorable view of state intervention aimed at promoting access to property (in its various forms, but in particular the agricultural one), and at strengthening small property and small-size businesses units (Lottieri 2014), all forms of interventionism (viewed with suspicion by Mises) that he was convinced would not alter the market mechanism and the free formation of prices.

The commonality of views and, at the same time, the difference between the two thinkers appears clearly already in 1938, in their essays in the volume *The World Crisis*, which contains contributions of all the professors of the Graduate Institute¹⁵. In his essay Mises debunks in his own way all the arguments in support of nationalism and protectionism, and reiterates that only liberalism is the philosophy of peace and international cooperation. Then, after bitterly ascertaining that it is the privilege of a small and irrelevant minority, he claims that international conferences, conventions, or agreements will be of no use. What is really needed is a “radical change of mentality,” an uncompromising acceptance of what appeared to him to be a scientific truth (Mises 1985). Röpke’s essay, on the other hand, while strongly in favor of the market and international trade, and totally against protectionism, is very troubled, and he sees the international crisis as the consequence of a revolt of the masses capable of destroying the foundation on which civilization rests. And what he deems necessary, among other things, is a “real agenda of state intervention,” which can save civilization and the values that underlie capitalism itself (Röpke 1969). Where Mises speaks of “ideology” Röpke speaks of “civilization,” of spiritual and even religious elements, references absent in the thought of the Austrian.

Regardless of these differences, however, it is clear that Mises and Röpke saw neither free trade nor the international labor division as ends in themselves. Instead, they were indispensable tools for achieving peace and well-being, and it can be equally argued that the various international institutions that they envisage and analyze (including the nascent European Union, in Röpke’s case) should not be “at the service” of the free market, but should instead promote its cause in order to achieve the goal of peace and international cooperation. It cannot be choices made only at an institutional level that generate a peaceful international order, if they are not also the result of profound convictions rooted in individual nations. The liberal international order (the only

¹⁵ Although the opinions in favor of international free trade prevail, the essays in the book are very diversified, so much so that it is difficult to maintain, as has happened, that there was a “Geneva School” (Slobodian 2018). In this regard we can also mention the presence of Hans Kelsen and Guglielmo Ferrero, authors who are difficult to refer to the tradition of classical liberalism.

one capable of guaranteeing peace) cannot be the result of a “rationalistic” project, but only the result of values shared among different peoples. To argue that these two scholars denied the value of the national dimension (Hazony 2018), and were looking for supranational institutional constraints to defend the market, seems to be a clear misunderstanding of their thinking.

From this perspective, their criticisms of the various attempts at supranational unions, which may appear in some ways excessive and sometimes even superficial, are certainly not lacking in coherence. What was ultimately criticized (and this is very evident in Röpke’s critique of the European Union, which takes up some of Mises’s ideas on the Pan-Europe project) was not so much the choices made, which could perhaps even inevitably be compromised, but the spirit with which they were made, and the fact that they were not the result of liberal convictions but reluctantly granted “concessions.” If one looks at how the presumed, and today dying, (neo)liberal order was built—i.e. with top-down choices that were often more suffered than shared at the national level, and which were justified only for their presumed ability to generate welfare—it is difficult to argue that the failure of that order is also the failure of the ideas of Mises and Röpke.

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