

The Philosophy of Social Market Economy: Michel Foucault's Analysis of Ordoliberalism*

By Nils Goldschmidt**
and Hermann Rauchenschwandtner***

Abstract

Michel Foucault's lectures at the *Collège de France* in 1978–1979 centered on the analysis of power with regard to liberalism. Foucault especially focused on German ordoliberalism and its specific governmentality. Although Foucault's review of the ordoliberal texts, programs, and books is very accurate there are some occasional "schematic" simplifications. Our article evaluates Foucault's constitution of an ordoliberal "archive," though more emphasis is placed on the general importance of the phenomenological orientation in Walter Eucken's work. Hence, three tasks guide our paper: first, an analysis of Foucault's position; second, the phenomenological foundation of ordoliberal discourse compared to 18th century liberal discourse, i.e. the way in which Walter Eucken received Husserl. Third, our article raises the subject of the mutual historical-epistemological complementation of philosophy and economics by taking Foucault's analysis as the starting point. Furthermore, the consequences of a phenomenological, i.e. "eidetic" order of the economy, is discussed, focusing mainly on the expansion of competition in social domains.

JEL Codes: B20, B29, B40

* This article is the revised version of a paper that we originally presented 2005 at the annual conference of the European Society for the History of Economic Thought at the University of Stirling and which was published in 2007 as a discussion paper by the Walter Eucken Institute. Since our contribution has been cited and discussed in other outlets, we have decided to publish it in revised form in this journal. We would like to thank Stefan Kolev, Erwin Dekker and Mark McAdam for their numerous comments on this new version. It should be noted that some of the ideas on the negotiation of Walter Eucken and Edmund Husserl have already been published in Goldschmidt (2013). Translations of passages cited in this article, including citations from Foucault's work, are ours, except for some cases in which we have resorted to official, English language translations, namely Foucault (1995; 2007; 2008).

** Department of Contextual Economics and Economic Education, School of Economic Disciplines, University of Siegen, Kohlbettstraße 17, 57072 Siegen, Germany. The author can be reached at goldschmidt@wiwi.uni-siegen.de.

*** Department of Business Development & Economics, Fachhochschule Salzburg, Urstein Süd 1, 5412 Puch/Salzburg, Austria. The author can be reached at hermann.rauchenschwandtner@fh-salzburg.ac.at.

1. Introduction

After all the agitation, the belittling, the denunciations and the euphoric praises, which made it difficult to approach Michel Foucault's "work"¹ in a thoughtful way, it seems possible now to look at his discourses in a calm and circumspect manner, especially with regard to the publication of his *Collège de France* lectures.² Foucault's genealogical and militant method gave rise to suspicion and resentment: according to some, he obscured modern reason, he encouraged conservative values, he undermined leftist progression in the name of an obvious class position, he promoted the death of man, all of which compromised his many humanistic efforts. For many critics, the descent of the author, the discontinuity of the work and its difficult categorization in one discipline were cause for concern and cause for objection. With all these parrhesiastic and political accusations³ in the name of truth, there was more *polemos* than *agon*.⁴ Therefore, significant expansions and opposing discursive cross-fertilizations could hardly be examined. Of course, Foucault's analyses on madness, medicine and criminal law were relevant for the history of medicine, psychiatry, and criminology; in addition, a few discursive threads were produced for gender

¹ In the following, we do not discuss the many debates concerning the condition necessary for a work to be possible or the questionable status of the author. The fact that Foucault did not want to appear as a person to whom statements are ascribed, statements that are only authorized because they obey the command of a proper name and, from a political science perspective, set a subject in the public realm, was one of the most disturbing moments for the scientific community. Concerning the concept of "author," see Foucault (1995). Concerning the position of the author and the work, see Deleuze (1988).

² The lectures on governmentality, in particular, generated a number of noteworthy studies: Burchell, Gordon, and Miller (1991), Lemke (1997), Bröckling, Krasmann, and Lemke (2000), Lemke (2001), Schwarz (1994), Barry, Osborne and Rose (1996); for an "interim assessment of the reception" of Foucault's work, see Honneth and Saar (2003).

³ Concerning *parrhesia*, see Foucault (1985).

⁴ Concerning *agon* and *polemos*, see Nietzsche (1980). The pivotal explication of Foucault's "position," "methodology," or "philosophy" remains his inaugural lecture at the *Collège de France* on December 2, 1970, speaking on behalf of an "unnamed." *Titre et travaux* (cf. Eribon 1999, 301–15) is the related pamphlet hereto. In this lecture, *logophilia* and *logophobia* of discourse are illustrated: The ascription of author function and the installation of the self with fixed characteristics, in particular, prohibit the discourse's lack of clarity. In the vivid debate on who Foucault really was – and if he conceivably might have been a neoliberal (cf. Zamora and Behrent 2015; cf. de Lagasnerie 2017) – this elementary acknowledgement should be present. It comes as no surprise that Foucault – much like Nietzsche – appeared with many different masks; thus, the pronounced praise for A. Glucksmann (Foucault 2003a, 364–70; cf. Christofferson 2016) is a multifarious endeavor. As an expert of *Policeywissenschaft* (v. Justi, v. Sonnenfels) Foucault was familiar with the techniques of subjectification, how a subject which can be addressed is produced, so that he invented strategies on how to avoid the capturing within a given subject and author.

studies. But subjects strictly belonging to human sciences, which were addressed in *Les Mots et les Choses* (1994),⁵ especially biology and economics, were left aside.⁶

Thus, the methods and subjects of his 1978 and 1979 lectures at the *Collège de France* were all the more surprising.⁷ Contrary to what might be expected given the title of the second volume, *The Birth of Biopolitics*, in that lecture Foucault examined German ordoliberalism and Walter Eucken (1891–1950) at length.⁸ Foucault's interpretation of German ordoliberalism as the foundation of the Social Market Economy in post-war Germany was astonishing. He presented the Freiburg School around Walter Eucken as being not *one* liberal variant, but *the* dominant liberal current. This discourse, drawn mainly from Edmund Husserl, an influence that is “easy to spot” (Foucault 2008, 120), steps out of the shadow of a British moral-philosophical liberalism, out of the path of the liberal methodological individualizing in the tradition of Paul A. Samuelson in the United States, and out of the horizon – be it the dogmatic praxeology of an *a priori* lacking any experience (Mises), or the falsifiable horizon of an open society (Popper) – of the Austrian efforts. Without the discursive shifts and the heuristic horizon in which Foucault's genealogical argumentation⁹ developed, this proposition remains enigmatic, as enigmatic as the depth of an epistemological event which determined Foucault's early work. According to him, ordoliberalism is, both in practice and theory, the most clearly stated liberal governmentality. A governmentality that regulates the behavior of subjects between each other: the behavior of the governed among themselves, as well as their behavior towards the government.

⁵ Concerning the two archaeological formations of economic science due to the epistemological split, see pp. 166–208 as pertains to the *classical* episteme, pp. 250–262 with regard to the *modern* episteme of economic terminology.

⁶ Of course there were some isolated efforts in the aforementioned academic disciplines that adopted the same discursive tone as Foucault, see – with respect to biological epistemological – Jacob (1976; 1992).

⁷ Both the French and German editions were published in 2004. We make reference to the English edition (Foucault 2007; Foucault 2008).

⁸ For a broader discussion, see Vanberg (1998), Grosseckttler (1989), and Kolev (2015). For the historical background, see Rieter and Schmolz (1993). For the relationship to Erhard and Müller-Armack, see Goldschmidt (2004) and Goldschmidt and Wohlgemuth (2008). Hien and Joerges (2017) and Biebricher and Vogelmann (2017) also draw links to Foucault's reception of ordoliberalism.

⁹ Concerning Foucault's genealogical way of operating, the fundamental principle of which is the *agon*, i.e. the tactical and strategic struggle for knowledge: “By ‘genealogy,’ we mean the relation between acquired knowledge and local memories, a relation that makes it possible to establish a historical knowledge of the struggles and to insert this knowledge in current tactics” (Foucault 1999, 17). Concerning the obvious genealogical source of this genealogy in connection with Friedrich Nietzsche, see Foucault (1993, 69–90).

We analyze Foucault's argumentation in what follows in more detail. In order to do this, we first present and comment on Foucault's interpretation of ordoliberalism. Following this, we closely examine the similarity of thought – emphasized by Foucault – between Husserl and Eucken, and therefore between phenomenology and ordoliberalism, by reviewing Eucken's work from a phenomenological perspective. We consider the consequences that the assertion made by Foucault has on the concept of an ordoliberal market economy subsequently, the assertion according to which the idea of competition as *eidos* (instead of a natural given) is central to ordoliberalism. The quintessence of this is that the Social Market Economy, based on ordoliberalism, cannot be understood without taking into account the underlying phenomenological philosophy. The fact that Foucault points out this "philosophy of the social market economy" in his lectures makes them particularly valuable for the history of economic thought.

2. What Is Foucault's Interpretation of Ordoliberalism?

Two crucial preliminary remarks with respect to method must be made before discussing the eidetic character of ordoliberalism. The most important issue is that of the unity of economics, especially that of a history of economics based, apparently, on one object in a temporally invariant way. What guarantees that there is a theory of economic thought, that is neither history nor philosophy, yet ensures that economics deals with its subject matter in a historical perspective? Does a history-of-thought approach prevail in such a way that, to a certain degree, a Platonic idea connects to the historical process of economics as a discipline, so that the idea of the market, of subjective utility, gradually frees itself of the metaphysical eccentricities of Plato, Xenophon or Aristotle in order to appear in the works of more recent thinkers? Is it a competition of ideas which leads to a selection in light of the specific surrounding conditions? A social-historical dominance of events that leads to a particular way of thinking? If one attempts, for the purpose of our topic, to examine the many traces of foam left by Foucault's dives¹⁰ in a schematic way, it can be seen that the texts take two directions: a historical-epistemological direction with respect to the archeological formation of economic knowledge on the one hand, and a discourse-analytical-genealogical direction with regard to the strategic, tactical, agonal use of the power discourse on the other hand. After his work on how

¹⁰ "I felt a bit like a sperm whale, that surfaces and temporarily leaves behind, on the surface of the water, a small trace of foam, and lets it be believed, or wants to believe, or maybe even believes that down under the water, where it can no longer be seen, where nobody can discern it and control it, it follows a deep, coherent and deliberate course" (Foucault 1999, 10 f.). In order to better understand Foucault's works, we recommend *The Confidence-Man* (Melville 1991 [1857]).

specific *epistemes* (natural history, general grammar, the analysis of resources) materialize, or what their cognition refers to, a cognition which primarily displays itself in the “order of things” (methodically exposed in the “archaeology of knowledge” (Foucault 1982)). After 1975, Foucault turns his attention to a genealogical analysis, to the micro-analysis of power, which means that the texts are not considered “in terms of an archaeology of knowledge;” rather, he directs his attention to “a genealogy of technologies of power” (Foucault 2007, 36). The second important preliminary methodological remark deals with Foucault’s handling of “universals.”¹¹ He renounces apparently unquestionable facts and realities such as *the state*, *the people*, *history*. He does not postulate them in his analyses, instead he develops a genealogical theory and practice of forces whose effects are specific manifestations of the state, the people, a nation: “The state is not a universal nor in itself an autonomous source of power... In short, the state has no heart, as we well know, but not just in the sense that it has no feelings, either good or bad, but it has no heart in the sense that it has no inferior. The state is nothing else but the mobile effect of a regime of multiple governmentalities” (Foucault 2008, 77).¹² Foucault does not recognize any ultimate, unquestionable entity constituting a stable starting point for knowledge, and where knowledge could find a point of rest. Therefore, to him, antagonisms such as methodological individualism and holism make no sense; rather, they obstruct the diversity of the power discourse which creates individual patterns of behavior and state effects in the first place. Consequently, he equally rejects a phenomenological or axiomatic origin as well as the existence of a class referring to a homogeneous entity. Thus, no sovereign desire by an individual precedes the economy, a desire that would slowly reveal itself in the history of economic thought in such a way that this seemingly hidden truth

¹¹ Foucault is at odds with the historical philosophical tradition with his handling of “the state,” “the people” or “the society.” He neither establishes political bodies in a holistic way, so to speak, nor does he analyze the manners in which political entities constitute themselves, be it the formation of a Leviathan, the specification of a contract of servitude or dominance in the tradition of Rousseau and Kant, the slow genesis of a historical identity which in the end finds its expression in the state, or the dialectic cancellation of individual interests that are found in a state, the psyche of a people, or the world spirit. In contrast, Foucault’s analysis has a dual orientation: on the one hand, he analyzes parrhesiastic statements, i.e. statements on behalf of a political body; on the other hand, he exposes a particular governmentality, where *the state* appears as the effect and result of the dynamic practices of the art of government. For a general context regarding the lectures, see the excellent afterword by Michel Sennelart in the German edition of the lectures (Foucault 2004, 327–332).

¹² Concerning the political facets of a genealogical constitution of state effects – beyond an affirmation or phobia of the state – in Foucault, see the remarks by the editor of the German edition in Foucault (2004, 331). On RAF terrorism and state measures in Germany, the extradition of RAF lawyer Klaus Croissant to Germany in the 1970s, Foucault took a stand against terrorism and the interpretation according to which a new fascism was emerging in Germany. See Foucault (2003b).

finally unveils itself in marginalism. For Foucault, the individual is, like the state, the result of different productions, like the expression of a diagram of forces.

Following Foucault, the production of an individual as subject is of course particularly ambiguous, therefore its interpretation supposes a great deal of patience. It is not the entirety of an individual epiphany that is produced, akin to a human being leaving, with his body, an enigmatic production process; rather, a specific truth is produced in whose name the individuals give in to an interest. Therefore, a particular historical constellation is necessary for the desire of individuals, for a self-interest, to emerge from the collection of multifaceted sensations, feelings, a self-interest in whose name individuals will want to trade, in the same way that non-discursive milieu formations are occasionally necessary (prisons). These formations will, among the wide variety of bodily forces, expose some of them, establish hierarchies and suggest compositions,¹³ so that individuals first know what their self-interest is, and second, that they exercise their freedom in an appropriate way.¹⁴ Consequently, the existence of the individual as such is not questioned, and Foucault also does not claim to bring about the death of man. What is crucial here is that some forces of the individual are brought out to become the subject matter of knowledge. What is governed, and what will become a manifestation, is the “formation” of individuals as “desiring subjects” (Bröckling *et al.* 2000, 11).¹⁵ The significant break for liberal governmentality is the constitution of a desiring subject that does not obey the logic of a divine or legal will.¹⁶ Thus the interest of an individual, by nature, is not the object of regulations, observations, suspicions, i.e. political and administrative efforts, its nature as desiring subject does not precede the state or society, rather it is the result of power technology: “That is to say, the

¹³ Jeremy Bentham’s Panopticon is the most far-reaching when it comes to economic discourse: “The panopticon ... is supposed to have a strengthening and intensifying effect; it organizes power and makes power more economical and effective not for power’s sake, and not to save an endangered society’s life. What is at issue is to strengthen society’s forces – to increase production, to develop the economy, to expand education, and to raise to level of public morale: to contribute to growth and increase” (Foucault 1995, 267).

¹⁴ The appropriate use of freedom comes to a head in the “really free translation” – according to the editor of the German edition, Michel Sennelart – of Bentham by Foucault, about the fact that a good liberal government must be a panoptic government: “The Panopticon is the very formula of liberal government. What basically must a government do? It must give way to everything due to natural mechanisms in both behavior and production. It must give way to these mechanisms and make no other intervention, to start with at least, than that of supervision” (Foucault 2008, 67).

¹⁵ On technologies of the self, see also Rauchenschwandtner (2004) and Lysaker (2008).

¹⁶ “In the eighteenth century the figure of *homo oeconomicus* and the figure of what we could call *homo juridicus* or *homo legalis* are absolutely heterogeneous and cannot be superimposed on each other” (Foucault 2008, 276).

surface of contact between the individual and the power exercised on him, and so the principle of the regulation of power over the individual, will be only this kind of grid of *homo oeconomicus*” (Foucault 2008, 252 f.).

Therefore, a genealogical discourse is not simply a theoretical form of description of these alleged universals, rather it is a relation with other discourses, so that in the end there is no irreducible entity such as society or the institution, from which intention, function, or cause and effect can be derived. Moreover, universals are not to be reduced to functions, so that their manifestations can only be described in terms of divergence or congruency. Because no social, economic or political reality is modeled, and concepts are not the expression of specific materialistic fact, “realities” such as the state, and also freedom, are formed. Thus, from Foucault’s perspective, the state is produced through the effect of different practices of governmentality. In the same way, freedom, in the liberal sense, does not have an ontological dignity of its own but is also a discursive effect: “So, freedom in the regime of liberalism is not a given, it is not a ready-made region which has to be respected, or if it is, it is only a partially, regionally, in this or that case, etcetera. Freedom is something which is constantly produced. Liberalism is not acceptance of freedom; it proposes to manufacture it constantly, to arouse it and produce it, with, of course [the system] of constraints and the problems of cost raised by this production” (*ibid.*, 65).

In the 1978/1979 lectures, Foucault’s interest changes.¹⁷ In emphasizing, with a genealogical analysis of the fundamental principle of order, territory, population, and security, an issue at the center of German and Austrian political science, especially with Johann Heinrich Gottlob v. Justi (ca. 1705–1771) and Joseph von Sonnenfels (1732–1817), governmental reason increasingly comes to the forefront. 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 center of regulations. 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. The nature of man – of his freedom and interest – that is correlated with the interest of others through the market economy, is not a universal which, after long repressions, finally comes to light thanks to an enlightening and enlightened rationality. Rather, it is also the result of discourse.

For Foucault’s analyses of economics, this means the following: from a historical-epistemological perspective, the economic discourse partakes in the constitution of an archive of knowledge (*episteme*), where a specific relation with respect to a historical *a priori* is predicable. But from a genealogical perspective, that is the genealogy of liberalism as a governmental practice, the

¹⁷ Cf. the lecture of February 1, 1978, Foucault (2007, 88).

differences in the liberal discourse are substantial. Thus, the liberal principle of order is not the expression of a political philosophy or of an ideology's moral-philosophical imperative. The considerable differences that are to be found within the liberal discourse, from the modern founding fathers of economics (David Hume and Adam Smith) to the ordoliberal, American, and Austrian versions of liberalism, affect the relation between nature and eidetic order, between the market and competition, as well as the structure of the economic subject.¹⁸

Central to Foucault's argumentation is the fact that ordoliberalism does not deal with the same subject matter as 18th century liberalism, and that it does not simply help a transcendental freedom to break through. Rather, the market, freedom and competition bring out variety, i.e. they effectuate other moments.¹⁹ In particular, the ordoliberal justification of the state is different than that of other liberal programs.

¹⁸ The *Colloque Walter Lippmann* plays an important role in Foucault's reflections on the development of contemporary liberalism (e.g. Foucault 2008, 132 f., 159 f.). The *Colloque* took place in Paris, between Friday, August 26, and Tuesday, August 30, 1938, and is seen today as the "birth of neoliberalism" in Europe (Denord 2001, 9). The symposium was organized by Louis Rougier, and many liberals participated beside Walter Lippmann. Coming from Great-Britain, Friedrich August von Hayek, Arnold Plant, Michael Polanyi and Lionel Robbins attended, among others. The presence of Alexander Rüstow and Wilhelm Röpke as German émigrés is worth noting. The latter, as well as Hayek and Ludwig von Mises, who was teaching in Geneva at that time, decisively led the discussion on the criticism and new direction of liberalism from the perspective of the Austrian School. From France, Louis Baudin, Jacques Rueff and René Marjolin are worth mentioning. With this conference, Lippmann and Rougier were hoping to carry over into the intellectual European discourse the positive response that Lippmann's book *The Good Society* (1937) had achieved in the United States. In his book, Lippmann clearly took position against the "New Deal" and advocated a revision of liberalism. According to Denord (2001), the distinctiveness of *The Good Society* is to be found in the fact that Lippmann ascribes an elevated role to the legal order, in particular to the rules of the state that govern order. This is also a criticism of liberalism on Lippmann's part, since he disputes the capacity of liberalism to guarantee competition due to the lack of effective rules ensuring order. This point of criticism towards liberalism also motivates Lippmann's understanding of the state. These two points were the main subjects of discussion during the *Colloque*. A summary of the contributions to the discussion that were made during the *Colloque de Lippmann* was published under the name of the symposium as the first volume of the works of the International Study Centre for the Renewal of Liberalism, C.I.R.L. (Centre International d'Études pour la Rénovation du Libéralisme), which was created following the *Colloque*. An English language volume has been published in the meantime, see Reinhoudt and Audier (2018). See also Mirowski and Plehe (2009); Goodwin (2014); Burgin (2015) for contemporary discussions of the issue.

¹⁹ As regards content, when presenting and reconstructing ordoliberalism, Foucault mainly follows the argument found in *La pensée économique libérale de l'Allemagne contemporaine* (Bilger 1964), which for a long time was one of the few works about German ordoliberalism in French. Bilger is still to this day one of the few representatives of ordoliberalism in France, for instance Bilger (2003). In his examination of ordoliberalism, Foucault also relies on Kunz (1962) and François-Poncet (1970).

What is significant in the way the ordoliberals view the National Socialist regime – and this is found in Foucault’s argument as well – is that the totalitarian dictatorship led to a growing state apparatus and constant intervention in their view. This phenomenon, which is not specific to the Nazi era but is to be found in a wide variety of forms in the development of European societies in the 19th century, requires a rethinking of the understanding of the state which the ordoliberals carried out. On this topic, Foucault states:

The subordinate position of the state is clearly marked by its systematic destruction, or at any rate, its reduction to the pure and simple instrument of the community if the people, which was the Führer principle, which was existence of the party. Deciphering this situation, the ordoliberals reply: Don’t be deceived. The state is apparently disappearing; it has apparently been subordinate and renounced. Nonetheless it remains the case that if the state is subordinated in this way, it is quite simply because the traditional forms of the nineteenth century state cannot stand up to this new demand for state control that the economic policy of the Third Reich calls for (2008, 112).

For ordoliberals, this implies that instead of calling for a state that monitors the market – which was the perspective of the original liberal project – the goal was for the market to have a regulatory effect on state action. The different options justifying state action in the modern age, the question of how a political community takes on the quality of a state, can be reconstructed as being *the* contribution of the ordoliberals. In one of his early articles, “Staatliche Strukturwandlungen und die Krisis des Kapitalismus” (*Structural Transformations of the State and the Crisis of Capitalism*), Walter Eucken provides exactly this line of thought: “Close relationships do exist between economic affairs and those of state politics; reciprocal relationships that have become especially decisive for the situation of capitalism today. It is not enough to investigate just those developmental forces and technical possibilities that capitalism still has at its disposal; it must also be asked whether it still rests on the same foundations in state and society” (2017 [1932], 51). For ordoliberals, this means that in a modern liberal theory the duties and responsibilities of the state must be clearly defined and circumscribed, and with this, the state has to be able to effectively discharge its duties and responsibilities. The meaning of the often misunderstood expression of the “strong state” (*ibid.*, 307; Rüstow 1932) is to be viewed in this context. Contrary to the “totalitarian state” and also different from Carl Schmitt’s conception of a “strong state,” the ordoliberals’ “strong state” is not an end in itself, instead it is a narrowly limited means used to achieve a functioning and humane economic order. The state is not the instrument of private interests; rather it is the guarantor for order and competition. In this regard, Foucault must take special credit for reconstructing the ordoliberal record. Not only does he (contrary to the usual interpretation of the Freiburg School as will be shown later) give them credit for the recognition of a necessary legal-constitutional framework, but he also clearly states that the idea of a

legal-constitutional framework itself can only be legitimized through another rationale for the state. A topic to which we shall return.

As we have seen, Foucault points out that the ordoliberal understanding of the state is due in great part to a critical reflection on National Socialism: “But I think we can say that Nazism was, in a way, the epistemological and political ‘road to Damascus’ for the Freiburg School. That is to say, Nazism enabled them to define what I would call the field of adversity that they had to define and cross in order to reach their objective” (2008, 106). But contrary to what Foucault thought (“Eucken remained silent during the Nazi period” [*ibid.*, 103]²⁰), it should be underscored here that the way in which some ordoliberals, and especially Eucken, addressed National Socialism also stemmed from *personal* experience (and not only in the theoretical reconstruction); this was critical in the development of the Freiburg School. Eucken actively took part in the resistance against the Nazi regime. Soon after the seizure of power by the Nazis in 1933, the antagonism between the members of the Freiburg School, especially Walter Eucken, and National-Socialist ideology appeared. Nazi ideology had found a figurehead in the then rector of the University of Freiburg, philosopher Martin Heidegger. During Heidegger’s term as rector, Eucken became a speaker for the opposition, and in the following years turned out to be its pole of identification during the Third Reich. The resistance of some members of the Freiburg School was institutionalized through the creation of the so-called Freiburg Circles; issues concerning the resistance as well as a possible post-war order, both from an economic and ethical-theological perspective, were debated after the horrors of the *Reichskristallnacht*.

When discussing this connection and Foucault’s reconstruction of ordoliberal thought, it is crucial to bear in mind that it was only within this resistance by the Freiburg members to National Socialism that ordoliberalism could develop into a program of freedom. Accordingly, it is also helpful to remember that it was only in later years that “freedom” became a key concept in Eucken’s writings. In earlier writings, only occasional references are to be found, as in the essay “Nationalökonomie – wozu?” (*Economics – What For?*), published in 1938. With the creation of states in the late 18th century and the early 19th century in mind, Eucken writes that “the state, through the constitutional legislation of the economy, creates a new basis; not only does the state seek to grant freedom to the individual, but also to the entire system” (Eucken 1938b, 43). Thus, for Eucken, freedom is always linked to his understanding of order. In *The Foundations of Economics* (1950 [1940]), however, which is central to the

²⁰ But this cannot be held against Foucault; indeed, for a long time, Eucken’s role in the resistance was hardly considered. This aspect was researched for the first time by Blumenberg-Lampe in 1973. Rieter and Schmolz (1993) provide a general overview in English; the current state of research is documented in Goldschmidt (2005; 2013); Maier (2014).

elaboration of the underlying phenomenological direction of ordoliberalism, the term “freedom” has no meaning. It is only in *Grundsätze der Wirtschaftspolitik*, published posthumously, that Eucken’s concept of freedom fully develops. The fact that the term “freedom” could take on this meaning is mainly due to the personal experiences with the Third Reich dictatorship. In a presentation given in 1941, Eucken states that the objective of the order to come must be to guarantee “people’s inalienable rights to freedom” (1942, 44). To establish freedom, however, it is indispensable to link “freedom” itself to the idea of the system, and not rely on the factual (existing) state. For the Freiburg economists, the value of freedom is not independent of other concepts, Eucken’s “program of freedom” (Eucken 2004 [1952], 370) does not make freedom absolute, and freedom does not guide knowledge either.

In fact, it is Eucken’s approach based on his theory of order that explains his understanding of freedom. For Eucken, the concept of freedom takes on significance because order itself (as eidetic order) guarantees freedom: only by recognizing order can freedom develop. In order to understand how Eucken bases his understanding of freedom on a perspective from within the economic order, one has to examine the influence of Husserl’s phenomenology more closely. It is precisely based on this influence that Foucault argues that the members of the Freiburg School were familiar with phenomenology and that they constructed their economic theory according to Husserl’s philosophy: “[j]ust as for Husserl a formal structure is only given to intuition under certain conditions, in the same way competition as an essential economic logic will only appear and produce its effects under certain conditions which have to be carefully and artificially constructed. This means that pure competition is not a primitive given. It can only be the result of lengthy efforts and, in truth, pure competition is never attained” (Foucault 2008, 120).

3. The Reception of Husserl by Eucken

Walter Eucken’s reference to Edmund Husserl is not an economic, academic theoretical overview, nor a biographical side note which accompanies the ordoliberal project. Rather, it is a seminal element needed to define the order of the market. What order fits the market? Is the market the result of natural acts by people, does it refer to an ontological dimension of its own, is it a neo-Kantian deduced domicile critical of knowledge, is it an eidetic order, or a regulative idea in the Kantian sense? The market does not refer to a natural order, the nature of the market is no longer mentioned during the first third of the 20th century, Foucault notes:

This is where the ordoliberals break with the tradition of eighteenth and nineteenth century liberalism... Why not? Because, they say, when you deduce the principle of laissez-faire from the market economy, basically you are still in the grip of what could

be called a “naïve naturalism,” that is to say, whether you define the market ... as a sort of given of nature, something much as it is a natural datum. But, the ordoliberalists say – and here it is easy to spot the influence of Husserl – this is naïve naturalism. For what in fact is competition? It is absolutely not a given nature. The game, mechanisms, and effects of competition which we identify and enhance are not all natural phenomena; competition is not the result of a natural interplay of appetites, instincts, behavior, and so on. In reality, the effects of competition are due only to the essence that characterizes and constitutes it (2008, 119 f.).

The *essence* of the market is not a metaphysical one, a collective fallacy, or a Hegelian power that dialectically pushes towards appearance. Rather, it is a phenomenologically-based order, namely an *eidetic order* that Walter Eucken, by referring literally to Husserl, develops and employs as the basis of economics.

Foucault’s statement according to which Husserl’s influence on Eucken is “easily” recognizable stands in sharp contrast to what is found in the prevalent literature on the Freiburg School when it comes to Husserl.²¹ Foucault emphasizes the influence of Husserl on the Freiburg School, yet he does not provide a detailed, philosophical-historical analysis. It thus seems appropriate, from the perspective of the history of economic thought, to examine the influence of Husserl on Eucken’s work more closely, so as to be able to better understand the epistemological status of the eidetic order in Eucken’s work and why Foucault presents phenomenology as the foundation of ordoliberalism.

The main proposition, which we wish here to substantiate, can be formulated as follows: Eucken, when reconnecting his method to the phenomenological approach, also finds an objective for a theory of science, an objective – compatible with the ideal-type approach – that corresponds to his search for a more “crisis-proof science” and for the “true” basis of science. Nowhere is this analogy more clearly exposed than in the literal quote, borrowed from Husserl’s first volume of *Logical Investigations*, and included by Eucken in his *Foundations of Economics*:

Science neither wishes nor dares to become a field for architectonic play. The system peculiar to science, i.e. to true and correct science, is not our own invention, but is present in things, where we simply find or discover it. Science seeks to be means towards the greatest possible conquest of the realm of truth by our knowledge. The realm of truth is, however, no disordered chaos, but is dominated and unified by law (Husserl 1970 [1900/1901], 62; Eucken 1950 [1940], 304).

To arrive to the “realm of truth” using science can thus also be described as the purpose of Walter Eucken’s scientific program. And the economist, a few lines later, reiterates his intention when he states that the objective is to “get

²¹ Concerning Husserl’s influence on ordoliberal theory, see the work of Goldschmidt (2002, chapter 3.1); Klump (2003); Gander, Goldschmidt and Dathe (2009); and Klump and Wörsdorfer (2011).

clear of the confusion of everyday experience” and to “hold strongly to the idea of truth” (Eucken 1950 [1940], 305).

To what extent does it appear meaningful to reconstruct Eucken as a phenomenologist? In this endeavor, the (remaining six) explicit quotes found in Eucken’s writings will be explored (in chronological order), since the implicit references herein take on clarity with respect to these sections.

For the first time, in his 1934 programmatic essay “Was leistet die national-ökonomische Theorie?” (*What Does Economic Theory Accomplish?*), Eucken’s link with the phenomenological basic approaches clearly emerges. Under the headline “Gewinnung von Theorien” (*Extraction of Theories*), Eucken notes the following:

If when deducing a theory a mistake occurs due to *a priori* assumptions, then it is false; but if the deduction was correct from a logical point of view, then the theory holds an objective, generally valid truth that is independent of anything arbitrary and subjective. It expresses an obvious truth of reason (*vérité de raison*) (1954 [1934], 29).

Eucken, as always when he uses references from Husserl, supports this line of reasoning by using evidence from *Logical Investigations*.²² Here again the original:

There is undeniably a subjective, experiential distinction that corresponds to the fundamental objective-ideal distinction between law and fact. If we never had experienced the consciousness of rationality, of apodeicticity in its characteristic distinction from the consciousness of facticity, we should not have possessed the concept of law. We should not have been able to distinguish generic (ideal, law-determined) generality from universal (factual, contingent) generality, nor necessary (i.e. law-determined, generic) implication from factual (i.e. contingently universal) implication ... Leibniz’ *vérités de raison* are merely the laws, i.e. the ideal truths in the pure and strict sense, which are solely rooted in our concepts, which are given and known to us in pure, apodeictically evident generalizations (Husserl [1900/1901] 1970, 154).

Apart from the obvious parallels which culminate in the orientation towards “ideal truths” and the linguistic similarities, including the term *vérité de raison*, borrowed from Leibniz, there is one particularly noteworthy analogy. Eucken, by using the term “evident truth of reason” explicitly relates to the Husserlian concept of “evidence” as the purpose of theoretical knowledge. In this regard, the goal is “the full agreement of what is meant with what is given as such” (Husserl 1970 [1900/1901], 765). We can detect here that Eucken borrows the phenomenological basis of evidence from Husserl to be able to present consistent correlations of justification within the framework of the theory, and in this way state – in Husserl’s terminology – the “absolute unimaginableness (incon-

²² Eucken, however, at the same time, refers to two other writings by Husserl. One can find a reference to the 1936 essay on crisis (cf. Eucken 1938a, 199, note 1) and to the 1911 essay on *logos* (cf. Eucken 1950 [1940], 321).

ceivability) of their non-being” (Husserl 1960 [1929], 16). Eucken considers this approach as the “Archimedean point ..., from which the objective and exact knowledge of specific correlations of individual, concrete reality succeeds” (1954 [1934], 29). It is only through this perspective that Eucken’s strict differentiation between actuality and the truth of theories can be understood:

As soon as, actually, a theory’s assumed conditions approximately hold in a specific place and at a particular time, then the relevant part of the theoretical apparatus sets into motion, while otherwise it just about rests. ... Meanwhile, the truth of theories is not at all affected by their actuality... (*ibid.*, 30).

As the aforementioned Husserl quotes from *Logical Investigations* illustrate, the issue of “actuality” and “truth” in Eucken’s work is nothing other than the difference between “law” and “fact” in Husserl’s work. This is where the importance of truths of reason come to the fore – they constitute the normative backbone, i.e. only found in ideal situations, of the Euckenian theory and “are unconditionally and absolutely true and in no sense provisionally so” (Eucken 1950 [1940], 343).

This aspect leads to the next quote from Husserl in Eucken’s work, which is also to be found in the preamble to *Was leistet die nationalökonomische Theorie?* Resting on Husserl’s authority for support, Eucken rejects the idea according to which theories should be distinguished based, “not on their truth content ..., but on their convenience and usefulness when it comes to giving an account of factual observations” (1954 [1934], 31). Here again, Eucken is at pains to prove how unstable mere observations are, that they alone do not suffice to make “universal statements about essential correlations” (*ibid.*, 33).²³

The matter of principle with regard to the status of science leads to the third place where Eucken refers to Husserl. In his 1938 essay “Die Überwindung des Historismus” (*Overcoming Historicism* (2018 [1938])), he considers Husserl as one of the few philosophers who is not mired in historicism (Eucken 1938a, 199, note 1). What is interesting here is that Eucken, as usual, not only refers to *Logical Investigations*, but also to Husserl’s last work, *The Crisis of European Sciences and Transcendental Phenomenology* (1970 [1936]). This is particularly noteworthy since Husserl, in this book, combines his “ultimate goal for a strict philosophical science” with the “inclusion of tradition and history” (Ströcker 1992, 105). This, however, is also the reference point in Eucken’s search for a solution to the “great antinomy,” i.e. to find stability in the intellectual, but also – as will appear later on – in the political confusion of his time.²⁴ But first: where is the “crisis of sciences” to be found according to Husserl? He writes:

²³ The cognitive theoretical background here is the debate on the principle of the “economy of thought,” especially as found in Ernst Mach, the mastermind of logical empiricism. Eucken, in the mentioned passage, refers to him as an advocate of the rejected positivist approach. A similar position is to be found in Husserl, for example Husserl (1970 [1900/1901], 208 f.).

The exclusiveness with which the world-view of modern man, in the second half of the nineteenth century, let itself be determined by the positive sciences and be blinded by the “prosperity” they produced, meant an indifferent turning-away from the questions which are decisive for a genuine humanity. Merely fact-minded sciences make merely fact-minded people... But can the world, the physical as well as the spiritual world, and human existence in it, truthfully have a meaning if the sciences recognize as true only what is objectively established in this fashion, and if history has nothing more to teach us than that all the shapes of the spiritual world, all the conditions of life, ideals, norms upon man relies, form and dissolve themselves like fleeting waves, that it always was and ever will be so, that again and again reason must turn into nonsense, and well-being into misery (1970 [1936], 6 f.)?

Thus, Husserl attacks a purely positivist interpretation of science, and wants to oppose to it “the creation of a science of the ultimate grounds [Gründe]” (*ibid.*, 146) using transcendental phenomenology.

Irrespective of the specific methodological and ethical-normative dimensions that arise from the Husserlian intention, it becomes clear why Eucken demands a science “more secure against its crisis” (Eucken 1950 [1940], 307). If one sticks to the facts and does not reach the truths of reason, then one rushes from one theory limited in applicability to a particular period to the next, without ever penetrating the system of pure forms: “Thus economics is without a firm basis, always trying to catch up with events and always moving from one crisis to another” (*ibid.*, 306).

It all comes to a head in the question that Eucken literally borrows from Husserl in *The Foundation of Economics*: “The question as to how natural ‘confused’ experience can become scientific experience, as to how one can arrive at the determination of objectively valid empirical judgments, is the cardinal methodological question of every empirical science” (*ibid.*, 321; Husserl 1965 [1910/1911], 99 f.).²⁵ To answer this question, Eucken develops an instrument for the economic domain: the pointedly distinguishing abstraction. This approach – mainly devised under the influence of Max Weber – is also influenced by Husserl (Goldschmidt 2013).

The origin of Husserl’s influence over Eucken’s methodological approach is to be found in the rejection of mere concepts and the focusing, instead, on “things themselves.”²⁶ Husserl’s discourse against the “excesses of conceptual realism” (1970 [1900/1901], 340) – the expression comes from another reference to Husserl in *The Foundations of Economics* (Eucken 1950 [1940], 330) – is similar to Eucken’s harsh criticism of “conceptual economics.”

²⁴ To see that this is also true for Husserl, cf. Ströker (1992, 107).

²⁵ About the similarity between Husserl and Eucken concerning their thoughts about crisis, see also Weisz (2001, 140 f.).

²⁶ In its first instance, in Husserl (1970 [1900/1901], 252). See also Eucken (1950 [1940], 43).

There may be a desire to understand economic reality more profoundly than can be done simply by the ascertaining of individual facts, but as this sort of economist is busy with concepts rather than facts, his discoveries relate simply to his own schemes of concepts rather than to the structure of the real world, with which they have nothing to do. Instead of looking for and finding the order and interrelations in the seeming chaos of facts, they construct a chaos of concepts supplementary to the facts (*ibid.*, 53 f.).

In this way, according to Eucken, the concept becomes a fetish that fails to achieve the necessary “penetrating into the facts” (*ibid.*, 53). To achieve this, one must turn to the facts, since – as formulated by Husserl – “the essence of the matter does not reside in changing contents, but in the unity of an intention directed to constant attributes” (Husserl 1970 [1900/1901], 362).

The parallel in this way of thinking (i.e. to reach the substance, or the being, of facts) in Eucken and Husserl is reinforced when Eucken sets out to eliminate the “heap of rubble” (Eucken 1940, 474) of the Historical School. Eucken, clearly dissociating himself from the Historical School (and its hope to arrive at a general theory through historical analysis), turns towards “phenomena of great uniformity” and starts upon the “path of abstraction” (Eucken 1954 [1934], 16, 19). Eucken augments the concept of abstraction with the characteristics “pointedly distinguishing” and “isolating.” In doing so, Eucken once again refers to Husserl (Eucken 1950 [1940], 332). In this quote, Husserl talks of “abstraction in the sense of an emphatic pointing to ‘abstract contents’” (Husserl 1970 [1900/1901], 426).

It becomes clear, however, that this concept – in the substantiation of its content – is not mainly derived from Husserl when one considers the fact that the concept of abstraction does not play the same role in Husserl’s work as it does in Eucken’s, especially in *The Foundations of Economics*. It would, therefore, be a mistake to see a definite terminological parallel in the description of pointed distinction. Indeed, except for the aforementioned quotation, Husserl typically employs the expression “ideational abstraction,” or simply “ideation,” to designate his process of abstraction.²⁷ In *Logical Investigations*, Husserl considers this process of abstraction as characterizing the phenomenological method:

Logical concepts, as valid thought-unities, must have their origin in intuition: they must arise out of an ideational intuition founded on certain experiences, and must admit of indefinite reconfirmation, and of recognition of their self-identity, on the re-performance of such abstraction... We desire to render self-evident in fully-fledged

²⁷ Husserl (1970[1900/1901], 432) equates “ideational abstraction” with “generalizing abstraction.” It was a term that was rejected decisively by Eucken, as he saw the methodology of the Historical School realized in it and which, according to his interpretation, had led to the formation of generalized abstractions of economic stages and economic modes. These are without analytical value for Eucken. Therefore, it seems at least as problematic when Eucken refers to Husserl as an authority when it comes to differentiating “pointedly distinguishing abstraction” from “generalizing abstraction,” see Eucken (1950 [1940], 332).

intuitions ... In the practice of cognition we strive to arouse dispositions in ourselves which will keep our meanings unshakably the same, which will measure them sufficiently often against the mark set by reproducible intuitions or by an intuitive carrying out of our abstraction (1970 [1900/1901], 251 f.).²⁸

Accordingly, for Husserl, the “power of abstraction” consists in “the power to separate off partial ideas, ideas of such attributes, from the phenomenal things given to us as complexes of attributes, and to associate them with words of which they are the general meanings” (*ibid.*, 354).

Analogies to Eucken’s approach are to be found here, of course; one only needs to recall the part about the stove at the beginning of *The Foundations of Economics* (1950 [1940], 18). Eucken, however, does not become a phenomenologist (i.e. a follower of Husserl) because he uses abstraction. This is due to the fact that Husserl, even when he grants the aforementioned meaning to this process, especially in *Logical Investigations*, ultimately does not find a consistent or even an explicit *a priori* definition of the concept. Yet this is exactly what Eucken tries to do in *The Foundations of Economics*: the pointedly distinguishing abstract is the process used to extract ideal types (*ibid.*, 107).

From the concept of “ideational abstraction,” or “ideation,” a link can be drawn to another term, which is not without significance in both the Husserlian and Euckenian methods: “reduction.” In Husserl, reduction takes on a fundamental meaning, explicitly linked to ideation. This change is introduced by the concept of *epoché*, which – generally similar to the approach of “transcendental reduction” – becomes Husserl’s main methodological concept a few years after the publication of *Logical Investigations*. Because of its complexity, Husserl’s method cannot be outlined here. But it is crucial to bear in mind that Husserl, through *epoché*, through the “method of bracketing,” discards the “the world of the natural standpoint: I and my world about me” (Husserl 1958 [1913], 101). Within the framework of *epoché*, or “transcendental reduction,” another process – in second place, so to say – is introduced: the “eidetic reduction.” In this case, a real or imagined individual subject matter, set as an example, is the starting point, and diversity in its free, fantasy-like variation, which is necessary to record universality, is created:

As over against this psychological ‘phenomenology’, *pure or transcendental phenomenology will be established not as a science of facts, but as a science of essential Being* (as ‘eidetic’ Science). ... the corresponding Reduction which leads from the psychological phenomenon to the pure ‘essence’, or, in respect of the judging thought, from factual (‘empirical’) to ‘essential’ universality, is the *eidetic Reduction* (*ibid.*, 44).²⁹

²⁸ This passage is in context with the previously mentioned call to turn towards the “things themselves.”

²⁹ Though Husserl’s objective is the “realm of transcendental order as an ‘absolute,’ in a specific sense, existence.”

The concept of “reduction,” especially in the preface to *Kapitaltheoretische Untersuchungen* (*Examinations into a Theory of Capital*), is also regarded as characteristic of Eucken’s method: “The conditions set by researchers must therefore be reductions of the factual given to pure facts and can, in no way, be chosen arbitrarily or unilaterally” (1954 [1934], 20). If one accepts this comparison as evidence for the parallels between Husserl’s and Eucken’s methods, at least two difficulties arise, and they make it appear problematic to grant far-reaching substantive meaning, beside the similar intention postulated here, to the phenomenological approach. First, Eucken, in his comments, does not differentiate between “reduction” and “abstraction;” Husserl’s ramified analysis of theory of science is, in the context of *epoché* and “transcendental consciousness,” meaningless for Eucken: his sole focus, in the end, is to advance “extraction of realistic theories” (*ibid.*, 20). Accordingly, with regard to “reduction” in Eucken, there is no reference to Husserl, and in the case of abstraction, the phenomenologist is only cited as evidence for a clear separation of different concepts of attraction. Second, the concept of “reduction” in *The Foundations of Economics* has no importance whatsoever for Eucken; only “pointedly distinguishing abstraction” comes to the forefront. Yet if Eucken were an “applied phenomenologist,” this crucial concept would be indispensable.

To sum up: at least Eucken sees no contradiction between Husserl’s method and his approach with respect to economic reality; both reject naturalistic naïveté. Husserl can be regarded as an authoritative figure, evidence for the fact that Eucken’s approach based on ideal types and the method of abstraction (which for the most part were born out of the *Methodenstreit* and the economic theory debate of the time), coupled with the process of reduction, was adequate to reach what both of them, within their conceptions – with different shades – aspired to: namely, to conquer the “realm of truth.”

The references to Husserl are recognizable, and yet, at the same time, there emerges a clear differentiation from a Kantian understanding: Eucken’s conviction concerning values cannot be reduced to the acknowledgement of the Kantian philosophy of freedom. Rather, Eucken finds himself in a context of the history of ideas, which, regarding the Kantian “Copernican turning point” as the only legitimate authority for cognition, recognizes the system of (transcendental) consciousness: philosophy stands there, with no definitive rear cover, through *Sein*. To reference Helmuth Plessner, in this “era of lost illusions,” the neo-Kantian axiology attempts to bridge this post-idealistic gap between *Sein* and *Sollen* in particular, which is no longer mainly thought of in terms of ethics.³⁰ In order to understand Walter Eucken’s methodology, one must bear in mind that he is the son of the philosopher and Nobel laureate Rudolf Eucken. Eucken, the elder, is concerned with the mediation of values, which are to lead

³⁰ Rudolf Eucken’s philosophy must be placed in the context described above, even if we cannot go into detail here.

to the development of a new order of life. His contemporaries recognized in his work “rising idealism ... in the intellectual life not only of Germany but everywhere on the higher and freer levels of civilized life” (Hjärne 1969 [1908]). For Rudolf Eucken, and later also for Husserl, the crucial point is to extract universality from the factual, i.e. the empirical givens. Analogous to the intentional experience of consciousness of phenomenology, which seeks to arrive to “the fact itself” by neglecting the randomness of factual experience, Rudolf Eucken calls for an “(essential) insight” (Eucken 1922, 51).³¹ Thus he writes: “The question about the intellectual qualities of the individual has to be rephrased into a question about the role of the individual in intellectual life” – and in this way aims at the “emancipation of intellectual order.” From a history of ideas point of view, Rudolf Eucken can be seen as the missing link between German idealism and phenomenology, and one might add that Rudolf Eucken is also the missing link between Walter Eucken’s economic method and Husserl’s philosophical research. This impression is reinforced by the fact that Husserl was on friendly terms both with the elder and the younger Eucken (Goldschmidt 2002, excursus 2; Dathe and Goldschmidt 2003).

However, what is crucial in the present context is that the economist Walter Eucken also felt exposed to the (nihilistic) danger of the loss of values, and that the ideas of axiology presented him with possible solutions. And Eucken perfectly follows the post-Kantian tradition when, in *Grundsätze der Wirtschaftspolitik*, he states: “Only free decisions allow for the recognition and realization of the binding moral order of values” (2004 [1952], 176). Thus, the (institutional) concept of order is fundamental to the understanding of freedom and opposes naturalistic naiveté.

Naturalistic naiveté is, among other things, an epistemological deficit and fundamentally leaves the history of economic thought open to two possibilities. First, an epistemological absence, such that economics only proceeds methodologically, irrespective of what the subject matter is – hence the epistemological absence of a certain type of orthodox economics. Second, a detailed definition of type of nature can actually be characterized by a natural order and by the rules that its development follows, i.e. a specifically Lamarckian or Darwinian interpretation of the market.

³¹ The possible scientific links between Rudolf Eucken and Husserl can also be seen in the fact that the Australian philosopher W.R. Boyce Gibson did not only translate writings by Rudolf Eucken into English; he also translated Husserl’s *Ideas: General Introduction to Pure Phenomenology* (1958 [1913]), for which Husserl wrote a specific introduction for the English version. Later, Gibson and Walter Eucken met at Husserl’s house in Freiburg. On this subject, see Spiegelberg (1971). Concerning the influence of Rudolf Eucken on Husserl, see Fellmann (1989). As regards the relation between Rudolf Eucken’s philosophy and Walter Eucken’s economic approach, see Goldschmidt (2002, chapter 3) and Goldschmidt (2013).

4. What Follows from the Eidetic Justification of the Market?

Whereas government around 1800 was regulated in the name of a natural order of the market (this was due to the fact that the two spheres, the legal justification of sovereignty and the market, were separated – sometimes in such a way as to become heterogeneous; civil society later became the interface of these domains), in the liberal principle of order, the *eidetic order* takes over the mandate of deciding what political strategies and tactics are to be set in motion. The fragile coordination between sovereignty and the market disappears in favor of the eidetic order, in whose name the state was founded in Germany after 1945. Contrary to 18th century liberal discourse, the strategic orientation changes: “In other words: a state under the supervision of the market rather than a market supervised by the state” (Foucault 2008, 116).

Another consequence that follows from the eidetic justification of the market is the fundamental role played by competition; one’s own desire must not only be articulated in the market, but the agonal character of the market itself is to be desired. Thus, competition and competitiveness derive from ordoliberal discourse: “Pure competition must and can only be an objective, an objective thus presupposing an indefinitely active policy. Competition is therefore an historical objective of governmental art and not a natural given that must be respected. In this kind of analysis we find, of course, both the influence of Husserl and, in a somewhat Weberian way, the possibility of connecting up history with the economy” (*ibid.*, 120 f.).

The interpretation of ordoliberalism according to which it is the continuity of 18th century liberal governmentality is turned upside down by Foucault. Yet ordoliberalism is not a frame within which the market is supposed to operate, it does not set limits around the market. Instead, it is the expression of a (fundamental) principle of order as well as an imperative, namely that all obstacles to competition, except the most vital political cushions, are, from a social policy point of view, undesirable. With regard to the eidetic order of the market, this means, not only that the endeavors of competition should be given free rein, but more importantly, competition should be *created* and *produced*. Foucault is right in spending some time in his analysis examining how the ordoliberals dealt with the monopoly problem. Following the ordoliberal logic, Foucault positions the solution to the problem of monopoly on the institutional level, to maintain competition operational. Arriving at a monopoly position is not a phenomenon that is inherent to the market; rather, it is caused by external effects (i.e. privileges) (*ibid.*, 137).³² The legal-constitutional framework then enables competition to be truly effective.

³² Foucault overestimates the significance of the “as-if” principle for the ordoliberal policy of competition. The idea of “as-if competition” mainly goes back to Leonhard

Because the German polity after 1945 was built on an *eidetic* economic foundation, following ordoliberalism's recommendations, the ordoliberal governmentality not only regulated the government's restraint with regard to the market, but also regulated social tensions that stood in the way of the expansion of competition. Consequently, individuals should not only realize their desires on the market, but also actually *desire a competitive market*. It is no longer the idea that trade is the regulative principle of the market; instead, it is competition. Therefore, in ordoliberal discourse *homo oeconomicus* is no longer a person that simply hopes to satisfy his needs, rather it is a person who desires the *agon*, who welcomes the competition of interests as an entrepreneur: "Not a supermarket society, but an enterprise society. The *homo oeconomicus* sought after is not the man of exchange or man the consumer; he is the man of enterprise and production" (*ibid.*, 147). In this regard, the Social Market Economy's principle of order is not a corrective that cushions competition's harshness and supports those that are pushed away. Rather, it is a social-political intervention to make sure that fragile competition can realize itself and that the market expands and deepens: "*Gesellschaftspolitik* must not nullify the anti-social effects of competition; it must nullify the possible anti-competitive mechanisms of society, or at any rate anti-competitive mechanisms that could arise within society" (*ibid.*, 160). This is also clear in the ordoliberalism's intellectual tradition. Eucken also pursues a change in perspective: social policy is no longer understood as a mechanism to correct market processes and make the results of the market beneficial for "society's objectives." Rather, Eucken's conception seeks to resolve the apparent contradiction between economic action and moral obligation on a constitutional level: economic policy is always also social policy. Yet this also means that ordoliberalism cannot be understood if one does not take into account the fact that their program does not simply represent a position on economic policy, but that instead it is to be understood as a social-political concept.³³

The philosophy of the Social Market Economy, as developed by Foucault, is the dominant liberal discourse because, starting from the *eidōs* of a market, the

Miksch and remained controversial among the Freiburg members; see Goldschmidt and Berndt (2005).

³³ This is why Foucault interpreted it as being "vital policy." The concept was originally coined by Alexander Rüstow. In a rather romantic representation, the integration of the individual into the broader community is described as occurring in four ways: in a community, in nature, in his property, and in his traditions. For more on this, see Scheffold (1999) and Dörr *et al.* (2016). Müller-Armack's notions of "social irenics" can be interpreted in a similar way, understood as "an integrated society where the theory of economic order and economic policy is in harmony with its culture and its cultural policy, social policy and other fields of policy" (Kosłowski 2000, 8). Even though Eucken, as Rüstow, Röpke, and Müller-Armack among others, understands economic policy as social policy, these romanticized thoughts concerning a "vital policy" are not to be found in Eucken's approach. About this and the question of social policy, see Goldschmidt (2004).

domains of political sovereignty and the phenomenal republic of interests (Foucault 2008, 46), i.e. the market, are fundamentally shifting. In the name of a market order based on competition, the necessary precondition of which is an *eidōs* – and not nature – social and political domains are, along liberal governmentality, regulated “so that the individual [...] is not alienated from his work environment, from his life, from his household, his family, and from the natural environment” (*ibid.*, 242), i.e. every subject can become an entrepreneur. Only minor, politically vital adjustments are still allowed: “The return of the enterprise is therefore at once an economic policy or a policy of the economization if the entire social field, of an extension of the economy to the entire social field, but at the same time a policy which presents itself or seeks to be a kind of *Vitalpolitik* with the function of compensating for what is cold, impassive, calculating, rational, and mechanical in the strictly economic game of competition” (*ibid.*, 242).

5. Conclusion

Michel Foucault’s analyses of ordoliberalism uncover the different traces of governmental reason. His discursive, genealogical methods highlight how particular effects coming from the state are produced, the state here not being thought of in terms of a universal subject nor as the embodiment of possible functions. Instead, the crucial issue is which discursive formations arise from the statements made in the name of the state. If the state is not a subject that is welcomed or rejected, promoted or attacked, then this has considerable repercussions, particularly for liberal discourse. Following this, Foucault does not assume thematic continuity, an overall question that remains the same over centuries, nor does he pursue the emergence of freedom either, a kind of freedom that, historically speaking, would express itself in different ways. For economic discourse, but especially for a history of economic thought, the genealogical shifts are substantial. Thus Foucault addresses the difference between 18th century liberal discourse and the 20th century liberal statements with regard to freedom. In this regard, freedom is not an irreducible principle that emerges under different forms; rather, freedom is an object of the discursive formation and an effect of governmentality. Because, following this line of thought, Foucault analyzes the ways in which possible objects of cognition are formed, or, more precisely, objects of knowledge that are strictly expressed in terms of power relations, no object is by nature simply fictitiously constructed, or – in the sense of a neo-Kantian interpretation – epistemologically constructed. Rather, it is the result of power structures which possess no origin, only a provenance.

Contrary to a history of economic thought which describes the continuous path of economic method in such a way that, gradually, through the mistakes of

the forerunners, the truth emerges, Foucault's method is characterized by the fact that he cites the historical-epistemological condition of the possibility of cognitive objects as a result of power relations. According to this, the fundamental elements of the economy, the individual, desire, utility, trade, and especially freedom are not inherently or simply a methodological postulate; rather they are formed in different ways through a specific, historically ever-changing governmentality. With regards to ordoliberalism and the concept of a Social Market Economy, Foucault places the emphasis on the eidetic order of freedom and of the market, as opposed to the formations in the name of nature in the late 18th century. Governmental reason around 1800 constructed a domain for the market and for freedom that was the result of various state rules and regulations, whereas, in ordoliberalism, state order is to be formed in the name of the eidetic order of the market. In the name of a phenomenological *eidōs*, it is no longer just the desire of the individual that is encouraged (as in 18th century liberal discourse), but also the fact that the market itself, as an expression of competition, is to be desired by individuals. The Social Market Economy does not attempt to limit the outgrowths of the order of the market economy; instead, the social realm should be formed in accordance with the *eidōs*. Thus, ordoliberal social policy, and sometimes *Vitalpolitik* as well, constructs objects and relations in the name of this eidetic order of the market.

In order to be able to analyze the shift in liberal discourse, it is essential to expose the phenomenologically formed eidetic order of the market and of freedom, and avoid falling in the trap of naturalistic naïveté. Therefore, to be able to understand 20th century liberal discourse and the *order* of the actual Social Market Economy in Germany, it is necessary to read Edmund Husserl, i.e. it is essential to retrace the marks left by Husserl in Walter Eucken's work, because the *subject matter* of the modern economy – not only its method – is addressed in a manner that is far removed from the naïveté of the naturalist fallacy. These traces, however, were simply schematically suggested by Foucault who did not portray them in a comprehensive manner. Yet a close examination of the relation between Husserl and Eucken leads one to realize that the Foucauldian suggestions should all be acknowledged, that his genealogical endeavors represent a remarkable expansion on the economic issue of freedom – in the narrow sense of the term. But, of course, enough room is left for other outcomes, which once again and with great effort strive towards an ethics of the polity.

References

Barry, A., T. Osborne, and N. Rose, eds. 1996. *Foucault and Political Reason. Liberalism, Neo-liberalism and Rationalities of Government*. London: UCL Press.

- Biebricher, T. and F. Vogelmann, eds. 2017. *The Birth of Austerity: German Ordoliberalism and Contemporary Neoliberalism*. London: Rowman & Littlefield.
- Bilger, F. 1964. *La Pensée Économique Libérale dans L'Allemagne Contemporaine*. Paris: Pichon & Durand-Auzias.
- Bilger, F. 2003. "La pensée néolibérales française et l'ordolibéralisme allemande." In *L'Ordolibéralisme allemand. Aux sources de l'économie sociale de marché*, edited by P. Commun, 17–30. Paris: CIRAC/CICC.
- Blumenberg-Lampe, C. 1973. *Das wirtschaftspolitische Programm der 'Freiburger Kreise'. Entwurf einer freiheitlich-sozialen Nachkriegswirtschaft. Nationalökonomien gegen den Nationalsozialismus*. Berlin: Duncker & Humblot.
- Bröckling, U., S. Krasmann, and T. Lemke, eds. 2000. *Gouvernementalität der Gegenwart. Studien zur Ökonomisierung des Sozialen*. Frankfurt a. M.: Suhrkamp.
- Burchell, G., C. Gordon, and P. Miller, eds. 1991. *The Foucault Effect: Studies in Governmentality*. London: Harvester Wheatsheaf.
- Burgin, A. 2015. *The Great Persuasion: Reinventing Free Markets since the Depression*. Cambridge: Harvard University Press.
- Christofferson, M.S. 2016. "Foucault and New Philosophy: Why Foucault Endorsed André Glucksmann's *The Master Thinkers*." In *Foucault and Neoliberalism*, edited by D. Zamora and M.C. Behrent, 6–21. Cambridge: Polity.
- Dathe, U. and N. Goldschmidt. 2003. "Wie der Vater, so der Sohn? Neue Erkenntnisse zu Walter Euckens Leben und Werk anhand des Nachlasses von Rudolf Eucken in Jena." *ORDO* 54: 49–74.
- de Lagasnerie, G. 2017. *Michel Foucaults letzte Lektion: Über Neoliberalismus, Theorie und Politik*. Wien: Passagen.
- Deleuze, G. 1988. *Foucault*. Minneapolis: University of Minnesota Press.
- Denord, F. 2001. "Aux origines du nnéo-libéralisme en France. Louis Rougier et le Colloque Walter Lippmann de 1938." *Le Mouvement Social* 195: 9–34.
- Dörr, J., N. Goldschmidt, G. Kubon-Gilke, and W. Sesselmeier, eds. 2016. *Vitalpolitik, Inklusion und der sozialstaatliche Diskurs*. Münster: LIT-Verlag.
- Eribon, D. 1999. *Michel Foucault. Eine Biographie*. Frankfurt am Main: Suhrkamp.
- Eucken, R. 1922. *Prolegomena und Epilog*. Berlin and Leipzig: Vereinigung wissenschaftlicher Verleger.
- Eucken, W. 1938a. "Die Überwindung des Historismus." *Schmollers Jahrbuch* 62: 191–214.
- Eucken, W. 1938b. *Nationalökonomie – wozu?* Leipzig: Meiner.
- Eucken, W. 1940. "Wissenschaft im Stile Schmollers." *Weltwirtschaftliches Archiv* 52: 468–506.
- Eucken, W. 1942. "Wettbewerb als Grundprinzip der Wirtschaftsverfassung." In *Der Wettbewerb als Mittel volkswirtschaftlicher Leistungssteigerung und Leistungsauslese*, edited by G. Schmölders, 29–49. Berlin: Duncker & Humblot.

- Eucken, W. 1950 [1940]. *The Foundations of Economics. History and Theory of Economic Reality*. London: Hodge.
- Eucken, W. 1954 [1934]. *Kapitaltheoretische Untersuchungen*. 2nd ed. Tübingen: Mohr and Zürich: Polygraphischer Verlag.
- Eucken, W. 2004 [1952]. *Grundsätze der Wirtschaftspolitik*. 7th ed. Tübingen: Mohr Siebeck.
- Eucken, W. 2017 [1932]. “Structural transformations of the state and the crisis of capitalism.” In *The Birth of Austerity: German Ordoliberalism and Contemporary Neoliberalism*, edited by T. Biebricher and F. Vogelmann, 51–72. London and New York: Rowman & Littlefield.
- Eucken, W. 2018 [1938]. “Overcoming Historicism.” *Journal of Contextual Economics* 138 (3–4): forthcoming.
- Fellmann, F. 1989. *Phänomenologie als ästhetische Theorie*. Freiburg and München: Alber.
- Foucault, M. 1982. *The Archaeology of Knowledge and the Discourse on Language*. New York: Pantheon Books.
- Foucault, M. 1985. *Discourse and Truth. The Problematicization of Parrhesia*. Edited by J. Pearson. Evanston/Illinois: Northwestern University.
- Foucault, M. 1993. *Von der Subversion des Wissens*. Frankfurt a. M.: Suhrkamp.
- Foucault, M. 1995. *Discipline & Punish. The Birth of the Prison*. New York: Vintage Books.
- Foucault, M. 1999. In *Verteidigung der Gesellschaft: Vorlesungen am Collège de France (1975–76)*. Frankfurt a. M.: Suhrkamp. English translation: Foucault, M. 2002. *Society Must Be Defended: Lectures at the College de France (1975–1976)*. New York: Picador.
- Foucault, M. 2003a. “Der große Zorn über die Tatsachen” In *Schriften in vier Bänden. Dits et Ecrits*, Vol. 3, 1976–1979, Idem, edited by D. Defert and F. Ewald, 364–70. Frankfurt a. M.: Suhrkamp.
- Foucault, M. 2003b. “Wird Klaus Croissant ausgeliefert?” In *Schriften in vier Bänden. Dits et Ecrits*, Vol. 3, 1976–1979, Idem, edited by D. Defert and F. Ewald, 468–74. Frankfurt a. M.: Suhrkamp.
- Foucault, M. 2004. *Geschichte der Gouvernementalität II. Die Geburt der Biopolitik*. Frankfurt a. M.: Suhrkamp.
- Foucault, M. 2007. *Security, Territory, Population. Lectures at the Collège de France, 1977–78*. Translated by Graham Burchell. New York: Palgrave Macmillan.
- Foucault, M. 2008. *The Birth of Biopolitics: Lectures at the Collège de France, 1978–79*. Translated by Graham Burchell. New York: Palgrave Macmillan.
- François-Pomcet, J. 1970. *Politique économique de l’Allemagne occidentale*. Paris: Les Cours de droit.
- Gander, H.-H., N. Goldschmidt, and U. Dathe, eds. 2009. *Phänomenologie und die Unordnung der Wirtschaft*. Würzburg: Ergon.

- Goldschmidt, N. 2002. *Entstehung und Vermächtnis ordoliberalen Denkens. Walter Eucken und die Notwendigkeit einer kulturellen Ökonomik*. Münster: Lit.
- Goldschmidt, N. 2004. "Alfred Müller-Armack and Ludwig Erhard: Social Market Liberalism." *The History of Liberalism in Europe* 21. Paris: CREA and CREPHE.
- Goldschmidt, N., ed. 2005. *Wirtschaft, Politik und Freiheit. Freiburger Wirtschaftswissenschaftler und der Widerstand*. Tübingen: Mohr Siebeck.
- Goldschmidt, N. 2013. "Walter Eucken's place in the history of ideas." *Review of Austrian Economics* 26 (2): 127–147.
- Goldschmidt, N. and A. Berndt. 2005. "Leonhard Miksch (1901–1950) – A Forgotten Member of the Freiburg School." *American Journal of Economics & Sociology* 64: 973–98.
- Goldschmidt, N. and M. Wohlgemuth. 2008. "Social Market Economy: origins, meanings and interpretations." *Constitutional Political Economy* 19 (3): 261–276.
- Goodwin, C. 2014. *Walter Lippmann: Public Economist*. Cambridge: Harvard University Press.
- Grossekettler, H. G. 1989. "On Designing an Economic Order. The Contributions of the Freiburg School." In *Perspectives on the History of Economic Thought. Vol. 2: Twentieth-Century Economic Thought*, edited by D. A. Walker, 38–84. Aldershot and Brookfield: Elgar.
- Hien, J. and C. Joerges, eds. 2017. *Ordoliberalism, Law and the Rule of Economics*. Oxford: Hart Publishing.
- Hjärne, H. 1969 [1908]. "The Nobel Prize in Literature. Presentation Speech on Rudolf Eucken, on December 10, 1908." In *Nobel Lectures, Literature 1901–1967*, edited by Horst Frenz. Amsterdam: Elsevier Publishing Company.
- Honneth, A. and M. Saar, eds. 2003. *Michel Foucault. Zwischenbilanz einer Rezeption*. Frankfurt a.M: Suhrkamp.
- Husserl, E. 1958 [1913]. *Ideas. General Introduction to Pure Phenomenology*. London: Allen & Unwin, New York: Macmillan.
- Husserl, E. 1960 [1929]. *Cartesian Meditations. An Introduction to Phenomenology*. The Hague: Martinus Nijhoff.
- Husserl, E. 1965 [1910/1911]. "Philosophy as a Rigorous Science." In *Phenomenology and the Crisis of Philosophy*, Idem, 71–147. New York: Harper & Row.
- Husserl, E. 1970 [1900/1901]. *Logical Investigations*. London: Routledge & Kegan Paul.
- Husserl, E. 1970 [1936]. *The Crisis of European Sciences and Transcendental Phenomenology. An Introduction to Phenomenological Philosophy*. Evanston: Northwestern University Press.
- Jacob, F. 1976. *The Logic of Life*. New York: Pantheon Books.
- Jacob, F. 1992. "Leben und Sprechen. Ein Gespräch zwischen Francois Jacob, Roman Jakobson, Claude Lévi-Strauss und Philippe L'Héritier unter der Leitung von Michel

- Tréguer.” In *Semiotik. Ausgewählte Texte 1919–1982*, R. Jakobson, edited by E. Holenstein, 398–424. Frankfurt a. M.: Suhrkamp.
- Klump, R. 2003. “On the phenomenological roots of German ‘Ordnungstheorie’: What Walter Eucken owes to Edmund Husserl.” In *L’ordolibéralisme allemand. Aux sources de l’Economie sociale de marché*, edited by P. Commun, 149–61. Cergy-Pontoise: CIRAC/CICC.
- Klump, R. and M. Wörsdorfer. 2011. “On the Affiliation of Phenomenology and Ordoliberalism: Links between Edmund Husserl, Rudolf and Walter Eucken.” *European Journal of the History of Economic Thought* 18 (4): 27–60.
- Koley, S. 2015. “Ordoliberalism and the Austrian School.” In *The Oxford Handbook of Austrian Economics*, edited by P. J. Boettke and C. J. Coyne, 419–444. New York: Oxford University Press.
- Koslowski, P. 2000. “The Theory of Ethical Economy as a Cultural, Ethical, and Historical Economics: Economic Ethics and the Historist Challenge.” In *Contemporary Economic Ethics and Business Ethics*, edited by P. Koslowski, 3–15. Berlin: Springer.
- Kunz, P.-A. 1962. *L’expérience néo-libérale allemande dans le contexte international des idées*. PhD diss., University of Geneva.
- Lemke, T. 1997. *Eine Kritik der politischen Vernunft. Foucaults Analysen der modernen Gouvernementalität*. Berlin: Argument.
- Lemke, T. 2001. “‘The Birth of Bio-Politics’. Michel Foucault’s Lecture at Collège de France on Neo-liberal Governmentality.” *Economy and Society* 30 (2): 190–207.
- Lippmann, W. 1937. *An Inquiry Into the Principles of the Good Society*. Boston: Little, Brown and Company.
- Lysaker, J. T. 2008. *Emerson & Self-Culture*. Bloomington: Indiana University Press.
- Maier, H., ed. 2014. *Die Freiburger Kreise: Akademischer Widerstand und Soziale Marktwirtschaft*. Paderborn: Ferdinand Schöningh Verlag.
- Melville, H. 1991 [1857]. *The Confidence-Man*. London: Penguin Classics.
- Mirowski, P. and D. Plehwe, eds. 2009. *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. Cambridge: Harvard University Press.
- Nietzsche, F. 1980. “Homer’s Wettkampf.” In *Sämtliche Werke*, Vol. 1, idem, edited by G. Colli and M. Montanari. München, Berlin, and Stuttgart: DTV.
- Rauchenschwandtner, H. 2004. “Verendungen und Aufbrüche des Subjekts: Die Ästhetik der Existenz, die Kontingenz des Selbst und die konservative Apologie einer neuen schönen Seele.” *Österreichische Zeitschrift für Geschichtswissenschaften* 15 (2): 53–70.
- Reinhoudt, J. and S. Audier. 2018. *The Walter Lippmann Colloquium: The Birth of Neo-Liberalism*. New York: Palgrave Macmillan.
- Rieter, H. and M. Schmolz. 1993. “The Ideas of German Ordoliberalism, 1938–45: Pointing the Way to a New Economic Order.” *European Journal of the History of Economic Thought* 1: 87–114.

- Rüstow, A. 1932. "Freie Wirtschaft – Starker Staat (Die staatspolitischen Voraussetzungen des wirtschaftspolitischen Liberalismus)." In *Deutschland und die Weltkrise*, edited by F. Boese, 62–9. München: Duncker & Humblot.
- Schefold, B. 1999. "Some Remarks on the Afterglow of the German Historical School, 1945–1960." In *Science, Institutions and Economic Development. The Contribution of "German" Economists and the reception in Italy (1860–1930)*, edited by V. Gioia and H. Kurz, 727–38. Mailand: Dott. A. Giuffrè Editore.
- Schwarz, R., ed. 1994. *Zur Genealogie der Regulation. Anschlüsse an Michel Foucault*. Mainz: Decaton.
- Spiegelberg, H. 1971. "From Husserl to Heidegger. Excerpts from a 1928 Freiburg Diary by W. R. Boyce Gibson." *The Journal of the British Society for Phenomenology* 2: 58–81.
- Ströker, E. 1992. *Husserls Werk. Zur Ausgabe der Gesammelten Schriften*. Hamburg: Meiner.
- Vanberg, V. 1998. "Freiburg School of Law and Economics." In *The New Palgrave Dictionary of Economics and the Law*, Vol. 2, edited by P. Newman, 172–79. London: Macmillan.
- Weisz, J.-D. 2001. "A Systematic Perception of Eucken's Foundations of Economics" In *Institutional Economics in France and Germany. German Ordoliberalism versus the French Regulation School Labrousse*, edited by A. Labrousse and J.-D. Weisz, 129–56. Berlin et al.: Springer.
- Zamora, D. and M. C. Behrent, eds. 2016. *Foucault and Neoliberalism*. Cambridge: Polity.