

A Tribute to Ludwig Erhard (December 1, 1966)

Abstract

Stagnating economic growth and budget deficits were further indications of Chancellor Ludwig Erhard's weak leadership skills and the crisis brewing within the coalition. When the Free Democrats left the governing coalition on October 27, 1966, and the 1967 budget failed to pass the Bundestag the next day, Erhard tendered his resignation.

Source

The End of a Chancellorship

He will go down in German history as the man who, out of solitary resolve against everyone, against his own officials as well as those of the Allies, ended, with a single stroke of the pen, production controls on industrial goods one Sunday in 1948. Ludwig Erhard will go down in history as the man who cleared the way for a beaten, downtrodden and impoverished people, so that they could summon their own strength to regain prosperity.

As we say farewell to Chancellor Ludwig Erhard, to this man at the forefront of political events, we need to ask ourselves what caused our second chancellor to fail after only three years. First, however, we must thank him for his exceptional achievements, from which we benefit today and will continue to benefit tomorrow. In retrospect we all know that in terms of economic policy, Ludwig Erhard was the man who, just like Konrad Adenauer, shaped history in the years of reconstruction. Indeed, it was anything but self-evident that, at zero hour [*Stunde Null*], the era of planning, rationing, and state-paternalism would be so abruptly halted.

Exceptional Courage

Erhard did this out of his commitment to the economic theory of neoliberalism, to which he adhered, and still adheres today, with fervor, even passion. He thus found himself in tune with an unusual situation. The situation was characterized by the abuse of the communal spirit, by the corrosion not only of the state, but also the idea of the state, and by the sterility of the controlled economy. In those days, the only forces within the German population that could be mobilized to get people to pull themselves up by their bootstraps through pure effort were family and self-interest. Erhard cleared the way for those forces and thereby demonstrated exceptional courage. He was happy to be able to liberalize foreign trade, competition, the capital market, the free convertibility of the Deutschmark. He was the man who called for courage in consumption, who promised prosperity for all, and who was proven right, again and again, in the process.

The Dynamite of Deficits

It is all the more surprising, then, that this same Ludwig Erhard failed on issues of economic and financial policy. It seems quite paradoxical, and some will assume that these issues were just used as a pretext. Surely, they were not the only reasons for the end of this chancellorship. But it is undeniable that, as times changed, what used to be Erhard's strength turned into his weakness: the devotion with which the economics professor clung to his liberal theories. At the start of this year, that devotion even kept him from realizing that swift government intervention in the area of economic policy was needed to prevent unrest among our population. It led him to approach the Law on Stability and Growth only tentatively and almost reluctantly. And it evidently also prevented him from recognizing the dynamite of growing

budget deficits until it was too late.

Was Ludwig Erhard brought down by schemers within his own party, as he angrily believes? Who would have expected this from a man who only a few years ago thought so highly of himself: “I am a politician out of passion, and not in the primitive sense of political ambition; instead, I am a politician out of the conviction that I have been given the talent to change the destiny of a people for the better.” This man, who profoundly believed he had been chosen to lead, is ultimately responsible for his own downfall.

Ludwig Erhard is a liberal with many traits, good traits from the nineteenth century. He is a man of good intentions whose frequent use of the word “sincere” is not accidental. He believes in humanity, considers human beings to be good and sensible by nature. He believes in the persuasive power of arguments, in reason, and in the innate sense of community of all people. Federal Chancellor Erhard appealed to all of this more than once. Must a man with these convictions fail in politics on account of human nature? This question was posed here three years ago. By now, everyone knows the answer.

No one should be surprised in retrospect that Ludwig Erhard did not master the harsh tactics of political maneuvering, the balancing of powers, and the preservation of one’s own power. Everyone who knew Erhard as minister of economics, who watched the duel between Konrad Adenauer and Ludwig Erhard from 1959 to 1963 in close proximity, knew Erhard’s weaknesses. At the time, one could sense his tendency to speak when silence would have been golden and to remain silent when a frank word was necessary. One could also detect that he was a hesitant man, not only by temperament but also by political philosophy. That made it possible for him to endure four years of merciless battery from Konrad Adenauer, who had always doubted his political competence. But the same qualities that allowed Erhard the chancellor candidate to survive caused Erhard the chancellor to fail. Now Erhard is said to have taught us that not only can politics ruin character, but character can also damage politics.

Symbol of Prosperity

The man who once said that in the end he was not elected by a party, [the man] who wanted to be a people’s chancellor, found himself abandoned by both people and party, in the solitude of Schaumburg Palace, when the economic climate cooled. He wanted to forge a new style of political decency and was indignant at the angry heckling he experienced during assemblies in the Ruhr Valley. He never guessed that earlier cheering from the population was directed less at the person of Ludwig Erhard than at the symbol of prosperity. He never suspected that the CDU/CSU parliamentary group^[1] elected him federal chancellor not because it believed in his political competence, but because it saw him as a vote-getter. Cracks appeared in the general prosperity level, and the votes in North Rhine-Westphalia dwindled. The symbol that had lost its power was sidelined—that is the fate and tragedy of Ludwig Erhard.

NOTES

[1] Within the Bundestag, parties are organized in parliamentary groups [*Fraktionen*]. The parliamentary group of a particular party comprises the Bundestag members belonging to that party; this organizational principle assures party discipline in voting and the size of the caucus determines representation in parliamentary committees—eds.

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