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A Tribute to Ludwig Erhard (December 1, 1966)

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.

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### **The End of a Chancellorship**

He will go down in German history as the man who, acting out of solitary resolve against everyone, against his own officials and those of the Allies alike, 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 gave a people who were defeated, impoverished, and at rock bottom the opportunity to exercise their own strengths to attain prosperity once again.

As we say goodbye to Chancellor Ludwig Erhard, to this man at the forefront of political events, we need to ask ourselves what made our second chancellor 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 from tomorrow. In retrospect, we all know now that, in terms of economic policy, Ludwig Erhard was the man who shaped history in the years of reconstruction, just like Konrad Adenauer. Indeed, it was anything but a given that the era of planning, rationing, and state-paternalism would be halted so abruptly at zero hour [*Stunde Null*].

### **Exceptional Courage**

Erhard did this out of his commitment to the economic theory of neoliberalism, which he adhered to, and still adheres to today, with fervor, even passion. He thus found himself in agreement 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 that 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 beginning of this year, this devotion even kept him from realizing that fast government action in the area of economic policy was needed to prevent unrest among our population. It caused 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 that 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 observed the duel between Konrad Adenauer and Ludwig Erhard from 1959 to 1963 close up, 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 on account of his temperament, but also because of his 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 had allowed the survival of Erhard the candidate for chancellor caused the downfall of Erhard the chancellor. It is now being said that, through Erhard, we learned that not only can politics ruin character but character can also impair 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 down. 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 faction<sup>1</sup> 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 declined. The symbol that had lost its power was sidelined – that is the fate and tragedy of Ludwig Erhard.

Source of original German text: Georg Schröder, "Das Ende einer Kanzlerschaft" ["The End of a Chancellorship"], *Die Welt*, December 1, 1966.

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<sup>1</sup> Within the Bundestag, the parties are organized in parliamentary factions [*Fraktionen*]. The faction of a particular party comprises the members of parliament belonging to that party; this organizational principle assures party discipline in voting and the size of the caucus determines representation in parliamentary committees. – eds.