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Wohlstand für Alle: The Motto of a Past World

Headnote: Ludwig Erhard, *Wohlstand für alle* *[Prosperity for All]*. Düsseldorf: Econ-Verlag, 1957, pp. 9-12.

This document is an excerpt from Erhard’s book, written in 1957. Ludwig Erhard (1897-1977), considered to be the “father of the economic miracle” in West Germany during his time as Minister of Economics (1949-1963). The book promotes his ideas about Germany’s economy for the future, detailing what he thinks would allow for continued success for all Germans. In it, he states that the state must “guarantee free competition” and that “law against monopolies should be… economic basic law” (Erhard 9). While this may seem socialist-esque to people today, Erhard was a staunch supporter of the free market, and believed that private industry is the most ideal form of industry, juxtaposed to the communist planned industry of East Germany. For its time, Erhard’s ideas were revered as the way forward for West Germany’s economy. More modern reviews, however, have found that Erhard’s vision is one that can no longer be celebrated today.

Later in the same document, Erhard states that “private consumption [in West Germany]… rose [to the] very top” (Erhard 10), and that “even the most revolutionary transformation in the social order would never have been able to increase consumption… by even a fraction of what was achieved” (Erhard 12). Most importantly, Erhard stresses that the prosperity of economic progress is what led to “the increase in public social services” (Erhard 11). He believes that the most important factor in economic growth is consumption, “Erhard embraced an alliance with consumers… riding the crest of the economic miracle” (Hilton 8).

The title of the book, *Wohlstand für Alle*, became a popular slogan in Germany during the economic miracle of the 1950s and 1960s, as well as worldwide. A *New York Times* article written in September of 1966 remembered Erhard’s time as Chancellor of West Germany, going so far as to label him the “German Miracle Man” and as the “father of the social market economy” in West Germany (“German”). Other book reviews around the same time offer similar praise of *Wohlstand für Alle*. A journal published by Duncker & Humblot, called *Sozialer Fortschritt*, praised Erhard’s “optimism and [his] merits… [as a] psychologist of the economy” (Hankel 102). In the United States, the *American Economic Review* praised Erhard’s theory, calling the book “very captivating, [and] often amusing” (Reich 1025) writing style.

However, more recent reviews of Erhard’s ideas are more skeptical of the good that it had for Germany. In her book, *Freiheit statt Kapitalismus*, Sahra Wagenknecht offers a harsh criticism of Erhard’s economic views, especially his famous slogan *prosperity for all*, calling it a “false promise” (Wagenknecht 386). Wagenknecht was responding to the financial crisis of 2008, and how neoliberal views propagated by people such as Erhard have resulted in the decline of German society.

Similarly, Thomas Strobl also reacts to the financial crisis in his article, “Wohlstand für alle ist mehr als eine Phrase,” which he wrote in 2009, at during the 2008 financial crisis. Unlike Wagenknecht, however, Strobl does not suggest replacing the current system with another one, rather, to change the system so that it works for everybody. “A serious policy… aimed at strengthening the internal market… the state has to invest… and create employment as long as private individuals are unwilling or unable to do so” (Strobl 3). Strobl looked to Erhard as inspiration for his policy suggestions, as one of Erhard’s tenets was a “basic economic law” against the formation of monopolies or any other noncompetitive market (Erhard 10).

Erhard’s policy of “Wohlstand für alle” was a bold one to take for its time, offering an alternative to Soviet communism in East Germany and unfettered market capitalism in the United States. It was a policy in which the individual could become a success story, and where the poor of society would not be left behind. His book, a description of his policy ideas, was not his shining moment, there are far too many moments for Erhard to name just one, ultimate one. Nevertheless, *Wohlstand für Alle* acted as a vital social and economic catalyst for the West German people, as Erhard is primarily pointed to as the man behind the economic miracle in West Germany. His popularity is what allowed him to become Chancellor of Germany after Adenauer’s resignation in 1963, and he became one of the most important political and economic figures in German history.

Annotated Bibliography in Chronological Order

Erhard, Ludwig, *Wohlstand für Alle*. Düsseldorf: Econ-Verlag, 1957, pp. 9-12. http://germanhistorydocs.ghi-dc.org/sub\_document.cfm?document\_id=4599

Translated Editions (English):

Erhard, Ludwig. *Prosperity Through Competition*. London: Thames and Hudson, 1958. Print.

Erhard, Ludwig. *Prosperity Through Competition*. New York: Praeger, 1958. Print.

Erhard, Ludwig. *Prosperity Through Competition*. London: Thames and Hudson, 1959. Print.

Erhard, Ludwig, Roberts E. Tempel, and John B. Wood. *Prosperity Through Competition*. London: Thames and Hudson, 1960. Print.

Erhard, Ludwig. *Prosperity Through Competition*. New York: Praeger, 1962. Print.

Erhard, Ludwig. *Prosperity Through Competition*. London: Thames and Hudson, 1962. Print.

Erhard, L. *Prosperity Through Competition*. Greenwood, 1975. Print.

Erhard, Ludwig. *Prosperity Through Competition*. Westport, Conn: Greenwood Press, 1975. Print.

This document is an excerpt taken from Erhard’s book, *Wohlstand für Alle*, and details the most important points of Erhard’s conception of a social market economy. On the one hand, consumption and private enterprise are emphasized, as Erhard believes private markets to be the most effective way at creating prosperity for all. He uses facts and figures to demonstrate how private enterprise truly lifts the whole country up. On the other hand, the markets require some regulation, and this regulation is not antithetical to economic principles. Rather, halting the formation of monopolies and noncompetitive markets is a basic economic principle, and the social market economy Erhard is proposing is how West Germany will make sure the law is enforced. The book was also translated into English for multiple editions between 1958 and 1975. Top of FormBottom of Form

Hankel, Wilhelm. *Sozialer Fortschritt*, vol. 6, no. 4, 1957, pp. 102–103. JSTOR, www.jstor.org/stable/24500499.

This source is an excerpt from a larger journal called the *German Review of Social Policy*. The article is a review of a series of books, one of which is *Wohlstand für Alle*. The consensus is that the book is an important piece of economic literature for West Germany and that Erhard’s theory in it is spot on. The article describes Erhard’s policies as “mostly successful” and that they are “on the whole, good for West Germany”.

Reich, Nathan. The *American Economic Review*, vol. 48, no. 5, 1958, pp. 1024–1025. JSTOR, www.jstor.org/stable/1808178.

This article is taken from a publication of the *American Economic Review* published in December of 1958. In it, Nathan Reich reviews Erhard’s book, *Wohlstand für Alle*. Like other contemporary reviews at the time, it was a positive review of Erhard and his policies. Calling his book successful in its intent to create a middle ground, Reich also celebrates the previous decade of West German economic ascent, which he attributes to the Marshall Plan as well as capitalism.

“German Miracle Man; Dr. Ludwig Erhard.” *The New York Times*, 26 Sept. 1966, www.nytimes.com/1966/09/26/archives/german-miracle-man-dr-ludwig-erhard.html.

This article offers a commemoration of Ludwig Erhard’s time as West German Chancellor. The article details Erhard’s life from his involvement in the Western occupation in 1945 to his upcoming resignation as Chancellor. The article looks back on his economic policies from the 1950s and describes him as the father of the German economic miracle. The article also shortly mentions his book, *Wohlstand für Alle*, in which they celebrate its influence on West German economic policy throughout the 50s and early 60s. They also honor his contributions to West Germany and looks forward to the future of West Germany.

Hilton, Matthew. *Prosperity for All: Consumer Activism in an Era of Globalization*. Cornell University Press, 2009.

Hilton’s book is a complete history of consumerism in the Western World following World War II. In it, he mostly focuses on the juxtaposition of the Cold War and how consumerism was used as a form of warfare. He briefly mentions Erhard and his idea for a future consumer society, which he labels as an alliance with the consumers during the rebuilding of West Germany and was able to create his famous slogan “prosperity for all” due to the economic miracle of the 50s.

Strobl, Thomas. “Zukunft Des Kapitalismus (1): Wohlstand Für Alle Ist Mehr Als Eine Phrase.” *FAZ.NET*, Frankfurter Allgemeine Zeitung, 5 May 2009, www.faz.net/aktuell/feuilleton/debatten/kapitalismus/zukunft-des-kapitalismus-1-wohlstand-fuer-alle-ist-mehr-als-eine-phrase-1786065.html.

Strobl’s article is part of a larger series for Faz called the “Future of Capitalism.” In his article, Strobl comments on the financial crisis of 2008. He postulates that the financial crisis coupled with rising income inequality in Germany means that the system of Germany must be reformed. He speaks about Erhard in a rather unbiased way, calling him the political father of the social market economy. Furthermore, his policy suggestions for how to alleviate the financial crisis as well as create a better economic system are very Erhard-esque. Strobl wants to see the state step in when the private markets are not competitive or creating employment opportunities for people.

Wagenknecht, Sahra. *Freiheit Statt Kapitalismus*. Eichborn, 2012.

Wagenknecht criticizes the neo-liberal ideas of Erhard and, according to her, all of Europe as she responds to the financial crisis of 2008 and what she calls the euro crisis. In it, she calls Erhard’s economic policies a broken promise. She describes how the free market as Erhard describes is not enough to distribute good in such a way that humanitarian interests are considered. She states capitalism is unproductive and doesn’t allow for the common interests to manifest in any meaningful way, because the market only allows for greed. She blames capitalism for the 2008 financial crisis in that free market decisions are what led to the packaging of bad loans into tranches of bad and good loans disguised as good loans by the monetary system, which was also filled with greed. Her solution to the problems of capitalism is a kind of creative socialism, which mainly focus on high estate and wealth taxes, as well as state ownership of dominant corporations. Wagenknecht heavily criticizes the prosperity for all movement started by Erhard and theorizes a new Germany (and Europe) in which the wealthiest cannot hoard their wealth forever and the common good can be prioritized.