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in the Humanities & Social Sciences

James C. Van Hook. *Rebuilding Germany: The Creation of the Social Market Economy, 1945-1957.* Cambridge: Cambridge University Press, 2004. xiv + 312 pp. \$70.00 (cloth), ISBN 978-0-521-83362-2.



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Published on H-German (March, 2005)

In *Rebuilding Germany: The Creation of the Social Market Economy*, James C. Van Hook presents a well-researched and useful reassessment of the creation of the social market economy. The author's research is distinguished by an impressive command of American, British, and German sources. As he points out, "[t]he case of occupied Germany provides the best example of truly international history" (p. 19). Hook effectively places his work in the context of the dense existing literature on the allied occupation policies, the early years of the Cold War in West Germany, the postwar German economic recovery and the policy and political debates during the formation of the social market economy. Yet this is international history with a domestic emphasis. While Van Hook carefully traces American and British policies and policy debates, in the end he usually stresses the importance of internal political and economic factors within the allied occupation zones in the west or in West Germany. He takes issue with, or at the very least questions, a "cold war paradigm" developed by many historians, recently for example Carolyn Woods Eisenberg, which attributes a shift away from reform to American policy during the Cold War.[1] This disagreement may be an issue of subject matter as well as paradigms. Eisenberg focuses far more on the status and division of Germany, while Van Hook concentrates chiefly on the early years of the social market economy.

Van Hook's first several chapters describe the growing influence of Ludwig Erhard and the emergence of the social market economy. Hook states that occupation initially "pursued a moderately socialist agenda" (p. 51). A detailed chapter on debates between 1945 and 1948 over the future of the Ruhr charts the limits of SPD influence and of efforts to advance Socialization. Van Hook, here as elsewhere in the book, argues against seeing these developments primarily as a response to American influence and Cold War pressures. Instead, he stresses internal German factors, in this case lack of progress in increasing coal output and the growing strength of the CDU (pp. 98, 112-113, 121).

Van Hook contrasts the hopes and disappointments of the SPD with the triumph of Ludwig Erhard and the CDU. It would be interesting here to see more discussion of the extent to which the SPD decision to move into opposition may have reflected a political legacy dating back to the period before Nazi rule (pp. 99, 137). In discussing Erhard and the early phases of West German economic recovery, Van Hook refers to Werner Abelshauser's analysis of the potential for reconstruction and to the importance of international trade, but this book again stresses a primarily internal argument (p.186).

The last two chapters shift focus to evaluate early challenges to the West German economy and to the so-

cial market economy including the Korean War balance of payments crisis and the Anti-Cartel Law of 1957. Here, Van Hook tends to minimize the significance of any slipping away from the principles of the social market economy. Where other historians see the German response to the balance of payments crisis and the 1952 investment law “to cover the especially necessary investment needs of the coal, iron and steel, and energy industries” as a retreat from the social market economy, Van Hook suggests that the law actually represented a defense of the social market economy because Erhard fended off more dramatic shifts in economic policy (pp. 192-93, 228-29). In the case of the 1957 Anti-Cartel Law, Van Hook suggests that the law did not really represent significant backsliding in the direction of a highly organized economy of the past (p. 268).

Van Hook makes the interesting point that the social market economy is today seen as “well-nigh synonymous with the European welfare state” (p. 291). He understands full well that the meanings attached to the social market economy have changed over time (p. 2). Yet the book leaves the reader pondering the question: Will the real social market economy stand up? Van Hook pro-

vides clear definitions of the social market economy and its principles. The reader learns, for example, that Erhard in a key 1948 speech “called for the decontrol of as many consumer goods as possible in conjunction with the currency reform” (p. 163). However, the problem here may lie with the social market economy itself or rather with the difficulty defining it over a longer period of time. The book emphasizes the distinctiveness of Erhard’s approach, but minimizes shifts in his policies during the 1950s. Erhard himself is represented as clear in his concept of the social market economy, but many other key figures, such as Konrad Adenauer, are portrayed as vague in their thinking on key issues such as socialization. (p. 145). Was Erhard’s social market economy therefore a decisive move away from Socialization or was it more important as a short-term plan for economic recovery that gained a longer-lasting fame as it evolved in the 1950s and into the 1960s?

Note

[1]. Carolyn Woods Eisenberg, *Drawing the Line: The American Decision to Divide Germany, 1944-1949* (Cambridge: Cambridge University Press, 1996).

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Citation: Ben Lieberman. Review of Hook, James C. Van, *Rebuilding Germany: The Creation of the Social Market Economy, 1945-1957*. H-German, H-Net Reviews. March, 2005.

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