INTRODUCTION

The rapid growth of German exports after the Second World War has been the object of admiration all over the world and of envy in certain areas of it. From a mere 8.304 billion marks in 1950 it rose to 80.628 billion marks in 1966. In 1950 the share of Germany in world exports was only 3 per cent. In 1966 it rose to 10 per cent. In 1950 her exports were less than half of Britain. In 1966 they were 40 per cent greater. At present, next to the United States, Germany is the world’s largest exporter. In the field of manufactured goods, she is close to challenging even the supremacy of United States.

How did Germany whose production facilities had been shattered during the War recover so fast from a state of near collapse to such a dominating position in international trade in a short period of two decades? A lot of credit has been claimed by its ardent advocates for the principles of Social Market Economy (Sozialmarktwirtschaft) the official adoption of which marked a radical change from the era of strict controls which characterised the German economy for nearly two decades. These principles formulated by the Freiburg School of Walter Eucken were essentially an improvement over laissez-faire ridding it of its noxious features which led to the growth of monopoly. While laissez-faire capitalism regarded any form of State