

THREATS TO FREEDOM THEN AND NOW

The Mont Pelerin Society After 50 Years

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Fifty years ago, a small group of European and American intellectuals met at the Swiss village of Mont Pelerin to discuss the future of liberalism. The moving force behind the meeting was the Austrian-born, though by then British, economist F.A. Hayek. Of those present four went on to win the Nobel Prize in Economics and the remainder were all distinguished in their various fields. Moreover, those who had been invited but were unable to attend, along with those who did meet, represented an extraordinary group of major figures dedicated to the preservation and extension of a free society. Western political and economic thought has been enriched by their contributions.

Fifty years later, the successors of the original 39 met again on the mount of pilgrims to reflect on the past half century. Of the 39, only Milton Friedman was present, though two others, Aaron Director and Maurice Allais, are still alive. One, the historian Miss C.V. Wedgwood, died just weeks before. The program for the 1997 meeting revisited most of the same issues of 50 years ago, though squeezed into just three days instead of the ten in 1947.

What then is the Mont Pelerin Society, what did it set out to achieve, and has it been successful? Why would *The Sunday Times* in an article on April 13 call it 'the most influential, but little-known think-tank of the second half of the 20th century'?

The years following World War II were critical. The defeat of Nazi totalitarianism seemed, to the proponents of Western liberalism, only a partial victory. From the East, the Soviet Union was beginning to exert its evil influence over Europe and elsewhere, but it was central planning in its broadest sense that worried Hayek and his colleagues all those years ago. Fifty years on, central planning has few supporters, but in 1947 following the necessities of war, its victory seemed complete.

In 1944, Hayek had published his book *The Road to Serfdom*, dedicated to 'socialists of all parties' and issuing to the world a challenge not to be seduced by the siren song of planning that would be a relic of the War. To his

surprise, the book was a hit, being published simultaneously in Britain and the United States and reprinted several times in its first year. Within a month or so, it was also published in Australia. It gained the attention of many and a direct consequence was the desire to hold a conference to discuss the future of liberalism.

It's hard now just to think what it was like in Europe 50 years ago. Germany, defeated and divided into four parts, each under the central control of its occupiers, appeared unlikely ever to regain the strength it once had. Many no doubt thought that that was a good thing. Rationing and price controls were the norm, but not only in Germany. Many German and Austrian liberal intellectuals had left before the War for England or America. Karl Popper ended up in New Zealand, Wilhelm Röpke in Switzerland. That there might one day be a German 'economic miracle' seemed inconceivable. Hayek's *Road to Serfdom* was even banned in all four sectors. The distinguished German economist Herbert Giersch, later to be a President of the Mont Pelerin Society, actually read it along with Adam Smith's *Wealth of Nations* whilst a prisoner of war in England.

And so it was that the group of 39 met. The agenda included the topics 'Free Enterprise or Competitive Order', 'Modern Historiography and Political Education', 'The Future of Germany', 'The Problems and Chances of European Federation', 'Liberalism and Christianity', 'Contra-cyclical Measures, Full Employment and Monetary Reform', 'Wage Policy and Trade Unions', 'Taxation, Poverty and Income Distribution', 'Agricultural Policy' and 'The Present Political Crisis'. There was also considerable discussion about the worth of establish-

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ing a permanent organisation, its aims, constitution and name. The notes of the meeting are amusing in retrospect. While those in attendance were in broad agreement as to its aims, what to call the association took up an inordinate amount of time. In the end, The Mont Pelerin Society was agreed on, though Karl Popper was to say that 'that is meaningless'. But the name was adopted and the Society has gone on to be one of the most influential international scholarly organisations the world has seen.

The concerns in 1997 are different to those of 1947. Central economic planning is discredited and interventionism of other kinds is questioned everywhere. Yet the share of the resources of nations absorbed by their governments shows no real sign of reducing. The regulatory, welfarist, busybody state has extended its tentacles into the daily life of individuals in ways that the original 39 could never have foreseen. Arguments about a single European currency might be one thing that focuses the minds of Mont Pelerin Society members, but that a European Commission Directive of 29,911 words dealing with the export of duck eggs could even exist borders on the ridiculous. That is a symbol of the extent of the problems that Society members are turning their minds to.

The site of the original meeting, the Hotel du Parc, has seen better days and was too small to house the Special Gathering held this year from April 9-12. The proprietors were probably unaware of the significance of the 1947 gathering and so it was to Le Mirador down the road that about 100 members went to celebrate the fiftieth anniversary. Numbers were restricted due to space limitations and the official Golden Anniversary celebration will in fact be held in Washington in 1998. Whereas the first meeting had 39 attendees, typically general meetings these days attract 600 or more members and their guests.

A history of the Society, written by eminent Oxford-based Australian economic historian Max Hartwell, was published in 1995¹ and is likely to be the first of many.

Professor Hartwell goes into considerable detail about the early days and the inevitable problems of an organisation composed of great minds and often great egos. But through all the early days of despair and the fear that liberal democracy might not survive, the Society stuck to its original mandate as outlined in 1947 and has prospered as a meeting ground for liberal intellectuals from around the world.

The current President is Ed Feulner of the Heritage Foundation in Washington and he presided over the special meeting which commenced with reminiscences by seven past presidents (Ralph Harris, Max Hartwell, Chikashi Nishiyama, Antonio Martino, Manuel Ayau, Pascal Salin and Herbert Giersch) and concluded with a session addressed by two of the Society's Nobel Laureates, James Buchanan and Milton Friedman. The other Nobel prize winners who are or have been members of the Society are Hayek, George Stigler, Ronald Coase and Gary Becker. The program of 50 years ago was updated and subjected to the same sort of questioning and analysis as a half century before. There was as least as much vigour discussing the European Federation now as in 1947.

What was once a European and American club, now has members from all continents. With its first member from Eastern Europe, Václav Klaus, now the Prime Minister of the Czech Republic, liberalism is beginning to flower in the former Soviet empire.

The Society has and has had many major figures. Of those who have died, Luigi Einaudi was President of Italy, Ludwig Erhard Chancellor of West Germany, Swedish journalist Arvid Fredborg was the first to alert the world to the Nazi Holocaust, economists Ludwig von Mises, Gottfried Haberler, William H. Hutt and Wilhelm Röpke, journalists Walter Lippman and Henry Hazlitt and sociologist Helmut Schoeck, all stand out as major figures. There are, of course, scores more.

Of those still living, Antonio Martino is a prominent Italian academic, politician and former Foreign Minister,



Rose and Milton Friedman at Mont Pelerin, April 1997.

¹ Max Hartwell was born in the New England area of New South Wales and was President of the Mont Pelerin Society from 1992 to 1994. He taught at the University of New South Wales before moving to Oxford in 1956.

Geoffrey Howe, John Biffen and Rhodes Boyson were British Cabinet Ministers, Yoshio Suzuki is a prominent economist and member of the Japanese Parliament, and Ruth Richardson is a former Finance Minister of New Zealand. Australian members include Gary Sturgess, economists Wolfgang Kasper, Ross Parish, Geoffrey Brennan and Michael Porter, and Maurice Newman, Chairman of the Australian Stock Exchange. The American membership reads like a who's who of the academic and intellectual community. In addition to the Nobel laureates, it includes Richard Epstein, Frank Easterbrook, David Friedman, Deepak Lal, Sam Peltzman, Paul Craig Roberts, William E. Simon, Allen Meltzer, Julian Simon, Michael Novak, Richard Posner, Thomas Sowell and Harold Demsetz.

Membership now numbers in excess of 500 and its strength is in the United States. To some extent this has reflected the Society's preoccupation with economics and the dominant position Americans hold in that profession. But the interests of the Society have always been across the social sciences and the meetings these days are just as likely to discuss social and cultural matters as developments in economic thinking.

What can we say then about this mysterious society that is determined to maintain its privacy and flexibility to discuss what it feels are issues critical to the extension of free societies throughout the world? There is little doubt that it has been influential, but it maintains no office, no paid officers and publishes nothing except an occasional newsletter for members. Its influence, as Hartwell reminds us, is through individuals rather than the Society itself. 'It can be best described as a voluntary association of like-minded people who have more than an ordinary attachment to the idea of a free society and a conviction that ideas ultimately determine the way in which the world is seen and the methods by which it is organised' (Hartwell 1995: xiv).

Hayek's idea, as the Society's founder, was to establish 'a kind of international academy of political philosophy', an 'international association of scholars' dedicated to 'regenerating the ideas of classical liberalism and in order

to refute socialism'. For 50 years it has done this solely through the devices of holding conferences and maintaining informal networks. Its conferences have been held on all continents and attendance is prized. One was held in Sydney in 1985 and another in Christchurch in 1989.

Hayek died in 1992 and while he may not, because of ill health at the end of his life, have been fully conscious of the fall of the Berlin Wall and the end of communism, his vision in *The Road to Serfdom* and through the Mont Pelerin Society has been an enduring legacy of one of the great figures of the 20th century. As *The Sunday Times* commented, 'Indeed, Hayek and the Mont Pelerin Society are to the 20th century what Karl Marx and the First International were to the 19th century.'

In the foreseeable future, the Society will continue to prosper as its values of 'the sacredness of truth . . . the ordinary rules of moral decency . . . a common belief in the values of individual freedom . . . an affirmative action towards democracy, and an equal opposition to all forms of totalitarianism, whether it be from the right or from the left'² become more and more the values

sought by people all around the world.

Policy



Greg Lindsay and F.A. Hayek at the Mont Pelerin Society Meeting in Berlin, 1982.

Reference

R.M. Hartwell 1995, *A History of the Mont Pelerin Society*, Liberty Fund, Indianapolis.



² Hayek, quoted in Hartwell 1995, p. 28.