

A SHORT HISTORY OF THE MONT PELERIN SOCIETY

By Eamonn Butler

Based on A History of the Mont Pelerin Society by Max Hartwell

INTRODUCTION

In 1995 the Liberty Fund published *A History of the Mont Pelerin Society*, written by the Oxford historian (and past President of the Society), Professor Max Hartwell. The book is comprehensive, but is now difficult to obtain; and much has happened since 1995. So the Board of the Society asked me to précis the *History* and bring it up to date, giving members and prospective members a short guide to the history and ethos of the Society and to some of the key individuals and events that have shaped it. The Society and I are very grateful to the family of our friend Max Hartwell for their permission to borrow very heavily from his work.

WHAT IS THE MONT PELERIN SOCIETY?

Hartwell opens his *History* by saying that the Mont Pelerin Society is “not well known” and has “no demonstrably proven role in world affairs.”

Many of its individual members, by contrast have indeed been well known and influential. Some have become senior government ministers (such as Sir Geoffrey Howe of the United Kingdom, Antonio Martino of Italy, Ruth Richardson of New Zealand, and George Shultz of the United States) or senior officials (e.g. former Federal Reserve Chairman Arthur Burns). A few have even become presidents or prime ministers (among them Ludwig Erhard of Germany, Luigi Einaudi of Italy, Mart Laar of Estonia, Ranil Wickremasinghe of Sri Lanka and Václav Klaus of the Czech Republic). And others, including academics, educators, journalists, authors, businesspeople and many in policy research institutes, have wielded influence in other ways.

But they have done all this as individuals, not as representatives of the Mont Pelerin Society. The Society’s contribution to world affairs is its provision of a forum for debate, discussion, study and self-education among its members, not through political action. It has no official views, formulates no policies, publishes no manifestos, aligns itself with no party, and accepts no political or public funding. It does not even try to reach agreement in its discussions; no votes are taken, and to promote frank argument, its proceedings go unreported.

The battle of ideas

The Society arose as a response to the social, political, intellectual and moral ruin that had gripped Europe before and during World War II. It aimed to keep alight the intellectual flame of liberalism (the word is used in the European sense) in the dark postwar days and to critique the centralizing interventionist notions that then prevailed. The original members, writes Hartwell, “shared a common sense of crisis – a conviction that freedom was being threatened and that

something should be done about it.” That threat, they concluded, was the result of erroneous theories about history, society and economics. So they committed themselves, not to political action, but to winning the intellectual battle of ideas.

The Society has played a crucial role in that battle. It has done more than just keep liberal ideas alive; it has expanded and deepened liberal philosophy and spread liberal thought across the globe. Equally profound and even more subtle has been the strength, courage, friendship, learning and ideas that members draw from each other. And as members of the Society, liberals who may otherwise feel intellectually isolated and overwhelmed can take strength from the realization that they are not alone in their views.

The Mont Pelerin Society achieves all this, even though it exists “mainly in the minds and affections of its members,” as Hartwell puts it. The Society has no offices or endowment. Its work is done by a Board of elected, unsalaried members from many countries, with only part-time paid administrative support. The large international conferences that it holds all over the world are organized and financed by local volunteer members.

Strength through diversity

The Society, then, exists for the mutual education, support and benefit of its members. It is a loose association of people who believe in the power of ideas to change the world, and who support the idea of a free society – even if they disagree profoundly on exactly what that means or exactly how it can be achieved. The Society’s founder, the Austrian-born British economist, political philosopher (and later, Nobel laureate) Friedrich Hayek, saw it as “a kind of international academy” for discussing and diffusing liberal ideas. Not ‘academy’ in the sense of being confined to college teachers and students, but an academy in the sense of a meeting place for anyone seeking debate and self-education.

Over the years there have been arguments – almost to the point of destruction, as we shall see – about how ‘activist’ the Society should be; but it has always resisted calls to be more political and remained true to its founding aim, of bringing together people who wish to defend, support and develop a liberal philosophy.

That, of course, covers a wide range of views. Members of the Society have very different conceptions of society (e.g. anarchists, libertarians and classical liberals) and very different approaches (e.g. methodological individualists and neo-classical marginalists) on a variety of issues (e.g. a gold standard, managed or floating exchange rates and the size and role of government). While, there is “general agreement about the kind of liberal economic and political order that would promote stability and freedom,” says Hartwell, it remains “difficult to spell out the details of such an order that would have the approval of all members.” Indeed it is: but that is a mark of the Society’s intellectual fecundity, not its failure.

PREHISTORY OF THE MONT PELERIN SOCIETY

The twentieth century was characterized by the politicization of life: bigger government, public decisions replacing private responsibilities and the erosion of long-held freedoms. The century also brought us wild economic fluctuations, stagflation and two world wars. Many liberals believe this is not just coincidence.

The debate about the proper size of government and its effects on society goes back centuries, of course; but the seeds of the great twentieth-century expansion of government were sown in the nineteenth. Capitalism was criticized as failing the poor. At the same time, breakthroughs in science and engineering made reformers imagine that social and economic life could be engineered too, and that the evil of poverty could be eliminated through rational policy. Welfare states were created, and governments took on much broader functions, all of which expanded and grew. By 1926, the influential Cambridge economist John Maynard Keynes could write the epitaph of the free economy, *The End of Laissez-Faire*.

Hayek's proposal

It was in Cambridge, where Keynes found him rooms at King's College during the evacuation of the London School of Economics during World War II, that Hayek wrote *The Road to Serfdom*. Published in 1945, it explained how even well intentioned efforts to redesign society could ultimately threaten human freedom itself. Germany in the 1930s provided a dismal example of life without freedom; but few in Europe saw the connection between economic and social planning and the gradual erosion of freedom. The strongly prevailing view was that 'rational' government intervention was both desirable and inevitable.

Given the horrors of the previous decade, Hayek knew that countering this prevailing view was urgently important. At a January 1944 meeting in King's College, chaired by the economic historian Sir John Clapham, he discussed whether Europe's liberal civilization could ever be restored after the War. The next few years would be critical, he argued. Germany and others would need to rediscover the intellectual and moral values on which European civilization had originally been built – values such as the sacredness of truth, the importance of individual freedom, democracy and "opposition to all forms of totalitarianism, whether it be from the Right or from the Left." To aid that re-birth, Hayek suggested creating an international society "half-way between a scholarly institution and a political society," and a journal dedicated to debating these principles.

It was not the first such initiative. In 1938 the French philosopher Louis Rougier brought together in Paris a number of liberals in Paris, hoping to form a society that might revive liberalism. They included Hayek and eleven others who would subsequently create the Mont Pelerin Society. A second meeting of Rougier's group was held in January 1939, but the onset of war made further meetings impossible.

The huge challenge

An international initiative on the scale Hayek had in mind would be costly. But others were thinking on parallel lines. In 1945 the German-born political economist Wilhelm Röpke, (later a leading architect of Germany's postwar social market economy), also fearing the "mortal threat" of collectivism to Europe's cultural inheritance, circulated a "plan for an international periodical" to tackle it. He asked Hayek and other intellectuals to contribute, and with the help of Swiss businessman Albert Hunold, began raising money for the venture.

In the event, Röpke raised much less than he needed; but his efforts had revealed the existence of a critical mass of liberal scholars in Europe and the United States. Hunold suggested that the money raised could be used to finance Hayek's idea for a meeting.

Hayek believed that a strong American showing was vital – though the travel costs were daunting. Fortunately doors were opened by the huge popularity of *The Road to Serfdom* in America and the success of Hayek's lecture tour there to promote it. The William Volker Charities Fund agreed to meet the costs of the American participants, while Hunold secured finance for the Europeans. At last the meeting proposed by Hayek almost three years earlier could go ahead.

THE FOUNDING OF THE SOCIETY

"Hayek's arguments for the formation of the Mont Pelerin Society were both intellectual and practical," writes Hartwell. Intellectually, he believed that a new version of liberalism had to be written, one that could be applied to the social problems of the day, instead of just leaving the argument to the interventionists. And in practical terms, Hayek knew that the talents of isolated liberals had to be brought together and orchestrated more effectively.

In December 1946 – slightly anticipating success on the funding front – Hayek sent invitations to fifty-eight people to attend the meeting. It would take place on 1-10 April 1947, at the Hôtel du Parc in the Swiss mountain village of Mont-Pèlerin (meaning Mt Pilgrim), overlooking Lake Geneva. It was short notice and some (such as Antony Fisher, the British businessman who subsequently founded the Institute of Economic Affairs) could not come. But Hayek saw no reason to delay in a task he thought so urgent.

Thirty-nine participants made it to Mont-Pèlerin. They came from ten countries, seventeen of them having made the long journey from America. Most were academics, twenty of them economists. Another eight came from other fields including law, history, political science, chemistry and philosophy. But the group also included businesspeople, journalists and think-tankers.

The weighty agenda

It was indeed a critical time. After two world wars separated by a massive economic depression, people now craved security more than freedom. During World War II, governments had taken direct control of national economies: now there were calls to continue that central direction in order to 'win the peace'.

So there would be plenty of issues for these talented liberals to grapple with during their ten days in Mont-Pèlerin – as Hayek’s long agenda confirmed. What were the essential characteristics of a competitive order? What should be done about monetary instability? Should governments regulate monopolies, wages and agriculture? Can governments keep unemployment down? How should non-market goods be produced and distributed? Is security and solidarity more important than competition and economic growth? Is liberalism a matter of belief, or can its correctness be demonstrated logically? Is a free economy necessary for a free society? How important to liberalism is religion? How far has the appreciation of liberal civilization been poisoned by the bias of politicized historians? And the stark question of the times: Can Germany ever be rehabilitated?

Unity and disagreement

There is no detailed record of this inaugural meeting, though Hunold’s notes and many of the papers delivered there still survive. But even though the participants shared a liberal outlook, it would have been remarkable if they had been in complete harmony on these difficult questions.

There were disagreements, for example, on the state control of monetary policy, on the role of religion, on minimum wages and on the level of welfare provision that a free economy could bear. Some participants, such as Röpke and the Swiss academic and diplomat William Rappard, believed that liberalism had to be tempered by the contemporary human desire for security. Others, such as the Austrian economist Ludwig von Mises, feared that such concessions were the first step down the road to serfdom, and took a robustly libertarian stance. Indeed, during the session on income distribution, where some participants were expressing support for the idea of progressive income taxes, Mises famously got up and complained: “You are all a bunch of socialists!”

There was more agreement on how history had been used as a weapon of illiberal propaganda, on the over-vaunted role and efficacy of government, and on the need for constitutional values and the rule of law as essential safeguards for liberty. And in general, there was more to unite the participants than divide them. They were, after all, in their different ways, all liberals who all felt an urgent need to revitalize the liberal approach and the expose the damaging errors of interventionism and socialism.

Formulating a statement

In his final circular before the conference, Hayek reminded them of their “common convictions” and on the necessity of formulating a statement of the “common principles on which the work of the organization is to be based” – though this should not be any form of “public manifesto.”

Yet there remained sufficient differences to make such a statement difficult to formulate. A committee of six produced a draft. Freedom, they insisted, was

threatened down to its roots by the “intellectual error “of imagining there exist inevitable “laws of historical development” to which moral standards must be sacrificed. Freedom, they argued, could survive only alongside “an effective competitive market” which in turn required “a proper legal and institutional framework.” And if state power was not to erode the free society, “government activity should be limited by the rule of law.”

But the group could not agree on this draft. Perhaps it was too specific, too long and too uncompromising. Lionel Robbins, of the London School of Economics, was asked to rewrite it. His version, agreed and signed by everyone apart from the French economist and physicist Maurice Allais, remains the Society’s guiding statement even to this day.

The statement of aims

This *Statement of Aims* begins starkly: “The central values of civilization are in danger,” it warns. In some countries, freedom has disappeared entirely; in others it is “under constant menace.” Even freedom of thought and expression is being curbed. Freedom is being sacrificed to “a view of history which denies all absolute moral standards” and “questions the desirability of the rule of law.”

This, it says, requires study on several fronts: explaining the crisis of the time; redefining the functions of the state; reaffirming the rule of law; establishing minimum standards that are compatible with the market; combating the misuse of history; and safeguarding international peace, liberty, and trade.

The *Statement* concludes by emphasizing the intellectual – and not political – purpose of the Society. “The group does not aspire to conduct propaganda,” it insists, nor define some precise orthodoxy. It is politically unaligned, aiming only to help preserve and improve the free society by “facilitating the exchange of views among minds inspired by certain ideals and broad conceptions held in common.”

The choice of name

Another organizational question for the group was what to call itself. Originally, Hayek thought of taking a name from some great liberal thinker. He considered several before alighting on the English historian and statesman Lord Acton (1834-1902) – an independent minded democrat who knew that “power tends to corrupt” and to whom morality and liberty were supreme values, not something that could be sacrificed to some political end. To this, Hayek added the name of Alexis de Tocqueville (1805-1859), the French statesman and political thinker who wrote of his “passionate love for liberty, law and respect for rights.” Hayek’s suggestion of ‘The Acton-Tocqueville Society’ would unite the names of these two great liberals.

But the participants at Mont-Pèlerin could not agree. Acton’s name did not command general approval; Mises pointed out that de Tocqueville had served under Napoleon; the young American economist Milton Friedman thought the

group should be named after principles, not individuals. As an alternative, the French philosopher and economist Bertrand de Jouvenel proposed 'An Academy for the Study of the Philosophy of a Free Society', but Robbins disliked the word 'Academy'.

Eventually the German-American economist Karl Brandt suggested simply naming the group after the place where they were meeting. The Austrian-British philosopher Karl Popper thought that such a name would be meaningless. But since no other name could be agreed, Brandt's suggestion was adopted and, in its anglicized form, the name 'Mont Pelerin Society' is still used today. Its "meaningless" nature actually became a boon: the name does not commit the Society to any particular views, and excludes no one.

ORGANIZATION AND FINANCE

Incorporation and tax exemption

By November that year, the Society was formally registered in the United States as a non-profit corporation, now with more than sixty members. Its stated purpose was "To study and promote the study of political, economic, historical, moral and philosophic aspects of civil society having a bearing upon the institutional and organizational conditions compatible with freedom of thought and action." It would also "hold and sponsor meetings" and "issue reports, announcements and other documents."

In early 1952 the US authorities confirmed the Society's tax-exempt status, recognizing it as "organized and operated exclusively for education purposes," intended "to facilitate an exchange of ideas" on "the principles and practice of a free society" and to "study the workings, virtues and defects" of market systems.

Early governance

The original Memorandum of Association set up a nine-member Board and a Council comprising the Board members and six others. But as Hartwell reports, "In practice, the division between the Board and the Council was pointless" because most decisions were made, with the tacit agreement of the others, by Hayek as President and Hunold as European Secretary.

That arrangement would cause major problems later on, however, as Hunold came to assume more and more power, to the consternation of Hayek and many other members. A committee set up in 1962 to revise the constitution proposed a more businesslike arrangement: to replace the Council with a single Board of fifteen, comprising a President, Treasurer, Secretary and twelve others, from among whom Vice Presidents would also be chosen. Board members (except officers) would have a defined tenure and would retire in rotation. These recommendations were adopted at the 1964 meeting in Semmering, Austria and remain largely unchanged today.

Organizational issues

There was also much discussion on how to further the aims of the Society. In 1962, the English economist John Jewkes complained that the Society had “done little or nothing to draw young people into membership.” Nor had it extended its membership into crucial areas such as Japan, Central America and South America. The national groupings, he went on, were largely inactive. The Society was always short of funds, and the lack of a salaried secretariat meant that a huge amount of administrative work fell onto an unpaid Secretary.

Some of Jewkes’s suggestions, such as building up a trust fund and devolving the administration down to national levels, gathered little enthusiasm. Others, such as increasing membership dues and instituting fees for the (previously subsidized) meetings, were adopted – albeit largely out of necessity.

The membership issues were addressed more squarely. By the 1968 meeting in Aviemore, Scotland, the Society’s membership stood at about 350. Of those, 140 came from the United States and another 109 from Germany, France and the United Kingdom. But other regions of the world were now better represented. Japan had an impressive 21 members, and there were at least a few from India, Brazil, Argentina, Chile, Uruguay and Venezuela.

On the other hand, size was now becoming an issue. The reach of the Society and its ideas was certainly expanding, but the intimacy of the original meeting at Mont-Pèlerin was being lost. There were many, often conflicting, proposals on the subject. A working party of members from various countries could not agree on capping membership numbers, but one thing everyone agreed on was that the *ad hoc* membership arrangements that were tolerable for a society of a few dozen members, with sketchy nominations submitted at the last moment on scraps of paper, “should now be put on a more businesslike footing.”

Looking at the profile of the membership, the working party proposed that preference should be given to younger candidates, and to those from countries where the Society was poorly represented. To maintain standards, however, it recommended that candidates should not be considered for membership until they had attended at least one meeting as a guest.

The working party also recommended that more philosophers, historians and political scientists should be admitted. Hayek himself did not intend that the Society should devote itself as much to economic questions as it did. At the original 1947 meeting, he had expressed regret that the historians and political scientists were far outnumbered by the economists. The feeling that the Society should broaden its membership is one that has frequently resurfaced in the subsequent decades.

The Montreux decisions

The size, membership and organization questions were thrashed out at a Special Meeting of the Board in Montreux, Switzerland, in 1971. On membership, it

imposed a five-year limit of 25 new members a year. A Recruitment Committee would be set up to screen nominations and to search out prospective members. Membership dues would be doubled (from \$10 to \$20).

On meetings, the Board agreed there should be General Meetings every two or three years, with Special or Regional meetings in between. In general, guests would have to be people thought suitable as future members. Guests should pay higher registration fees than members, though members should pay the actual cost of the conferences, without subsidy. Grants would be made to help younger prospective members to attend.

For the most part, the Semmerling constitution, modified by the Montreux decisions, still guide the Society today. The size and profile of the membership are constantly debated, but no major constitutional changes have attracted much enthusiasm.

THE SOCIETY'S FINANCIAL MANAGEMENT

Sources of support

The Mont Pelerin Society has never had a large endowment, and only rarely has it had any paid administrative help. It flourishes only because of the loyalty of its members, the enormous voluntary effort of its office bearers, and the willingness of local groups to arrange meetings.

Those meetings may take two or more years to plan, involve a huge time commitment from local organizers and have to be self-financing – seldom have meetings been subsidized from central funds. Yet there is no shortage of willing volunteers: the honour of hosting the Society is reckoned to be reward enough.

One enduring expense for any international society, however, is travel; and for this purpose the Society has solicited specific grants from foundations for the travel of officers, speakers and young scholars. The Volker Fund financed the American participation in the inaugural meeting in 1947, and over the years generous grants have come from the Reim Foundation, the Earhart Foundation, the Lilly Endowment, the Roe Foundation, the John M Olin Foundation, the Scaife Family Charitable Trust, the Pierre and Edith Goodrich Foundation, the Garvey Foundation and other foundations, companies and individuals from many countries. Nor should one overlook the in-kind and logistical support that office bearers rely on from their own companies, think tanks and academic departments.

Hunold and the *Quarterly*

Even so, there have been many financial strains along the way. In 1958 Albert Hunold, who as European Secretary shouldered most of the administrative work, began to complain about the financial burden of it all. Since 1946, he said, his Institute had spent about \$30,000 and he personally had spent \$20,000. He

asked to be paid \$3,000 a year, financed from higher membership dues and new charges on those attending conferences. Fritz Machlup, as Treasurer, was shocked: he thought charging for meetings would exclude all the academics and leave the Society with only business members.

Hunold was also determined that the Society should have a journal, and published the first issues of *The Mont Pelerin Quarterly* in 1959. But this was not a cheap venture either: its costs far exceeded the \$877 income of the Society. But Hunold raised enough money to keep the *Quarterly* going until 1962 – though by then (as we shall see) relations between Hunold and other Board members had irretrievably broken down. On seeing the January 1962 edition, the Board disowned it. Hunold's subsequent resignation, says Hartwell, "ended both the conflict within the Society and the financial embarrassment the *Quarterly* could have become."

THE EARLY YEARS

Activism or academy?

In the Society's early years there were also disagreements about how 'activist' it should be. The first meeting was a great success in terms of stimulating ideas and forging new contacts, but some members wanted to do more than just that.

The divisions surfaced at the first Board meeting of the newly incorporated Society in 1948. Some, such as Brandt, Hunold and the American journalist (and later Pulitzer Prize winner) Felix Morley, considered the threat of collectivism so great that quick practical action was necessary. The French economist and government adviser Jacques Rueff wanted this to include the Society publishing a *Liberal Manifesto* directed at influencing public opinion. Others, including the German economist Walter Eucken, the Italian philosopher Carlo Antoni and Hayek himself, wanted the Society to focus on research and study that would win the battle of ideas, discredit socialism and outline the alternative.

This latter view prevailed, though disagreements persisted. Brandt and Rueff continued to press for a more policy-oriented approach. Morley wanted the Society to be more "aggressive." The Danish economist Carl Iversen thought that even a 'scientific' Society could still work with policy groups. Leonard Read of the Foundation for Economic Education felt that without a policy role the Society had little future.

A second conference

Yet there was agreement that a second conference should be held, if only to clarify the group's purpose. Hunold and Brandt, both on the 'activist' wing, raised the funds, and the meeting took place in Seelisberg, Switzerland in 1949. It discussed labor and wage issues, the role of the state in education and the demand for social security: the Society was beginning to fashion its critique of postwar interventionism. But alongside the intellectual agenda, members

debated the aims and future activities of the Society. Brandt wanted an active secretariat, vigorous fundraising, policy groups and publications. However, the majority did not agree.

The discussion resumed at the 1950 meeting in Bloomendaal, Netherlands. Hayek argued, successfully, that the Society should be a “community of liberal scholars,” not a policy group. “He believed,” writes Hartwell, “that the Society’s competitive advantage lay in ideas, not in action, and that in the long run the influence of the Society would be greater if its efforts were intellectual rather than political.”

With that settled, there followed a decade of more meetings: Beauvallon, France in 1951, Seelisberg again in 1953, Venice, Italy in 1954, Berlin, West Germany in 1955, St Moritz, Switzerland in 1954, Princeton, New Jersey in 1958 and Oxford, England in 1959. The Society grew in both membership and geographical spread; by 1961 there were 258 members including several from Japan, South America, South Africa and New Zealand.

Capitalism and the Historians

One exception was made to the no-publishing rule. Members were so impressed by papers delivered on history and capitalism that Hayek was asked to turn them into a book.

Capitalism and the Historians, published commercially in 1963, proved a great success. It showed how historians had misrepresented the effects of English industrialization on the mass the population. They were using the writing of history to make history – distorting the facts in the attempt to prove that capitalism had driven down the living standards of the working class. In fact, workers were flocking into the industrial towns, which gave them a more secure living, and better facilities and opportunities, than they ever had on the land.

Unresolved and emerging issues

Yet by the 1959 Oxford meeting, more divisions were emerging. Hayek wanted to hand over as President, but the obvious successors, Jewkes and Röpke, did not wish to take it on, so Hayek was persuaded to continue. Disagreements about the size of the Society also resurfaced: Should it be small and elite or large and democratic? Some members worried that the Society’s size was now inhibiting discussion. “Unlimited growth,” Hayek agreed, “may change the character of the Society entirely.”

There was debate too about the role of the *Quarterly*: should it be a learned journal, a policy broadsheet, or a members’ newsletter? And what were Hunold’s responsibilities? Was he in reality the Society’s Chief Executive? How far did his authority extend? And how far should it? These would be the most bitter questions that the Society ever faced.

THE HUNOLD AFFAIR

Until 1959, the Society had been essentially a two-man operation. Hayek, as President, initiated and managed the intellectual content while Hunold, as Secretary, raised money and managed the administration. But increasingly, Hunold was beginning to take charge.

In Switzerland, Hunold was a man of some status: an intellectual as well as a successful business executive. He felt entitled to high status in the Mont Pelerin Society too. He was not just a founding member. It was his funding initiative that breathed life into the Society in the first place. His ability to raise money was crucial to the success of the meetings. He worked long and hard on running the Society. And he spent a lot of his own money keeping it going.

Princeton and Oxford

Hayek, keen to strengthen the Society's American links, planned a US meeting in 1953 but could not raise the necessary funds. Yet by 1958, Machlup had secured finance for a meeting in Princeton – which, he claimed, would be the largest and most elaborate meeting yet held.

And so it was. Behind the scenes, however, Hunold subjected the American organizers to constant interference and criticism. The principal donor, Jasper Crane of the DuPont Company, complained of Hunold's "rudeness" and how he "quarrelled with everyone in Princeton." Hunold also circulated a personal memoir, *The Story of the Mont Pelerin Society*, which disparaged the prominent Austrian-American economist Joseph Schumpeter (who had earlier dismissed the Society as irrelevant). Machlup regarded the attack as unworthy of the Society; and Hayek reported himself "thoroughly fed up" with Hunold's conduct – even though he thought that Hunold was "indispensable for the Society."

Hunold certainly felt himself indispensable. He had raised money and organized previous meetings. He arranged everything for the successful 1956 Berlin meeting, including the program. His experience and success in running meetings convinced him that he should be the final authority in such things.

But the Oxford meeting in 1959 was even more acrimonious than Princeton. Hunold objected to Fisher that the conference was too English, with too many British speakers and no translation services; it focused too much on economics; he wanted other speakers invited. He also objected that Ralph Harris, whom Fisher had hired to run the Institute of Economic Affairs, was centrally involved in planning the meeting, even though he was not yet a member.

A civil war

Hunold came to believe there was an Anglo-American conspiracy to replace him with the popular and energetic Harris. He opposed Harris's membership, and wrote to Board members disparaging the role of Harris and the Institute of Economic Affairs in the Oxford conference, and demanding a re-vote on Harris's membership. A flurry of heated exchanges followed.

Hunold's third issue of the *Quarterly* in January 1960 inflamed things further. Hayek protested that, against Council policy, it expressed editorial opinions – and even attacked individual members of the Society. Hunold, however, insisted on his editorial independence and control. For Hayek, it was the last straw. He saw further collaboration with Hunold as impossible, and told Röpke (who remained Hunold's staunch supporter) of his intention to resign as President. With it clear that either Hunold or Hayek would have to go, factions began to coalesce and votes were canvassed. A circular to the whole membership from Hunold, replied to by another from Hayek, made the dispute public to all members, and made them aware of how deep it was.

Kassel and Turin

The Society's eleventh meeting, organized by Röpke and Hunold, took place in Kassel, West Germany in 1960. It was opened by Ludwig Erhard, the Economics Minister who had abolished the postwar wage and price controls and unleashed West Germany's 'economic miracle'. Hunold saw the meeting as an opportunity to proclaim the success of liberal policies and ensured that European and American newspapers were there in force – to the discomfort of members who believed the Society should not be so political.

Intellectually, the meeting was a success, but the internal conflict raged. Erhard had to step in as peacemaker. It was not easy; Hunold felt he had every right to continue, but Hayek would accept no solution that left Hunold in power. Eventually a compromise was reached in which both Hayek and Hunold stepped down from their offices, Röpke became interim President, the Italian political scientist and lawyer Bruno Leoni became European Secretary, and Hunold became Vice President and continued to produce the *Quarterly*. As Hartwell observes: "it is doubtful that Hunold would have accepted the solution he did without the influence of Erhard's prestige and authority, to which even Hunold deferred."

But the conflict soon resumed with Hunold's minutes of the Kassel agreement, which differed crucially from what others thought had been decided. The discord re-surfaced again at the 1961 meeting in Turin, Italy. The Treasurer, American social scientist Clarence E Philbrook, was affronted by Hunold's suggestion that payments for the travel expenses of American participants at Kassel had been made illegally. Friedman, meanwhile, objected to the undignified remarks about John Kenneth Galbraith, the critic of American capitalism, that appeared in the *Quarterly*. There were arguments about the site of the next meeting, and how far Hunold should be involved. There was even friction over the order in which the Vice Presidents should be listed – and therefore, by implication, how high Hunold ranked.

Hayek, Leoni and the Americans on the Council concluded that they could not "any further remain in the same Society with Dr Hunold." For his part, Hunold still had many supporters – including important ones such as the President, Röpke, and the American businessman and philanthropist Pierre Goodrich, who

continued to fund the *Quarterly*. But the situation was untenable. There were moves to exclude Hunold from the Society entirely, led by the British business economist Arthur Shenfield and by Machlup, who was even prepared to see Röpke excluded for supposedly being untrue to the Kassel agreement. Under pressure to stand down, Röpke resigned – not just from office but from the Society too – and Hunold followed him out soon after.

THE MEETINGS OF THE 1960s

The affair cast a pall over meetings that were otherwise considerable intellectual successes. The Turin meeting, for example, grappled with the public criticism of large-scale enterprises, especially multinationals, which had come to be seen as the main cause of the continuing dependency and poverty of the less developed economies. The participants felt that economic change and the rise in services would bring more opportunities for small firms. Mises, characteristically, rejected all state subsidies to businesses of any size, calling support for small businesses and farms a “romantic middle-class policy.” But the German neoliberals were keener to preserve a balance between large and small firms.

Another issue discussed in Turin was the worrying efforts of the Soviet Union to ingratiate itself with the governments and citizens of less developed countries. How should liberal countries respond? Not by pumping in aid of their own, argued Brandt: rather, the West should aim to give these countries a vision of freedom and the benefits of markets over wasteful state spending, and to open up to them through trade.

As often before, the debate on the international monetary system produced most disagreement. Some wanted a return to the gold standard; Friedman and Machlup favoured flexible exchange rates. The only consensus was the need for stability. It has been a continuing debate among members of the Society.

A second conflict

On the personal level, a new conflict was brewing, between Jewkes and Leoni, the new President and Secretary. A disagreement about the site of the next conference developed into yet another dispute about the relative power of office-bearers. After the 1962 Knokke meeting in Belgium, Jewkes thought it important to have another meeting in 1963. “Leoni wanted to have a conference imaginatively sited on a boat sailing on the Rhine...or in France,” reports Hartwell, “but could not be certain of obtaining the necessary funds.” So Jewkes proposed another meeting in Oxford.

The Board and Council supported Oxford, but Leoni objected, saying that the facilities (and food) in France were far superior. And perhaps he thought that returning to England might reinforce the perceived Anglo-American domination of the Society. Jewkes eventually defused the tension with a long conciliatory letter to Leoni, but it came too late to save the 1963 conference: fearing that pressing on with Oxford would simply perpetuate the disagreement, Jewkes had

cancelled it, bitterly blaming the loss on Leoni's "persistent and determined opposition." However, the Austrian aristocrat and philanthropist Max Thurn filled the gap by offering to organize a 1964 meeting in Semmering, Austria.

Moving on and outward

The Semmering conference, attended by 240 people, was a great success. Past disputes were put aside and a new and more businesslike constitution was adopted, allowing the Society to concentrate on its intellectual task.

But as the meetings grew, so did the problems of financing them. Funds were usually raised from local sources, as the Society had little of its own to fund conferences or meet deficits. A proposed 1965 meeting in Venezuela had to be abandoned because of lack of finance, though Leoni was able to organize a meeting in Stresa, Italy for that year. At Stresa, plans were agreed for an ambitious new venture: a Special Meeting in Tokyo, Japan, as proposed by Hayek's student Chiaki Nishiyama. The new Board elected in Stresa looked more cosmopolitan too, including both a Central American and a Japanese.

Funding the travel of American and European participants in Tokyo would be a big challenge for the organisers of the Japan meeting. But a grant from the Reim Foundation helped, and the meeting was a great success. Japan now became an important national center for the Society. There would be other meetings in Japan in 1988 and 2008.

Setbacks and success

Plans were agreed for a meeting in Vichy, France and another in Aviemore, Scotland. Meetings were now coming thick and fast.

But there were setbacks. In late 1967, the new President, Bruno Leoni, was murdered by an employee with whom he was in dispute. Ralph Harris, now planning the 1968 Aviemore meeting, informed the Board and suggested that the Senior Vice President, French economist Daniel Villey, should take over. But Villey had a heart condition and was reluctant. So too was Friedman, who had too many other commitments. Eventually the German economist Friedrich Lutz, a past President, was persuaded to return on an interim basis.

These setbacks did not prevent a successful meeting in Aviemore going ahead; and the Society branched out again with a 1969 meeting in Caracas, Venezuela. It could look forward with confidence to celebrating its twenty-fifth anniversary.

THE 1970s

Friedman's concerns

Or could it? Some members were still uneasy about the Society's growth – including Friedman, who in 1970 became its first non-European President.

Friedman thought the anniversary a good opportunity to take stock, and circulated his views and concerns to members. He pointed out that the number of people now attending meetings meant that venues were overloaded, so that participants found themselves spread between different hotels, which inhibited “free-wheeling discussion.” Large meetings also required years of planning; could the Society count on volunteers coming forward each time? And the big format had deadened the debate: meetings had become “tourist attractions” rather than exciting intellectual exercises.

To discuss these issues, Friedman arranged a Special Board Meeting in Montreux in 1971, with about a dozen other senior members in attendance. Friedman himself was sceptical about the Society’s future. On the plus side, he argued, it had served four important functions: it put liberals in communication with each other; it stimulated the exchange of ideas; it promoted learning; and it created greater understanding of the foundations of a free society. But he also felt that if it could not re-create the spirit, intimacy and intellectual thrill of the early meetings, the Society might be better to go out “in a blaze of glory.”

The Board was not minded to disband the Society; the threat to freedom was still profound. Instead it resolved to limit recruitment, screen applicants more thoroughly, control the size and format of meetings, and raise an endowment to maintain a permanent secretariat. (In the event, however, not all these resolutions were carried out; the Society and its meetings continued to grow in size and the pursuit of an endowment was half-hearted.)

The anniversary meeting

The 1972 anniversary meeting, also in Montreux, included a pilgrimage to nearby Mont-Pèlerin, where Hayek was “moved profoundly” said Friedman, “and in turn moved the rest of us by his remarks.” The program, devised by Friedman’s Chicago colleague George J Stigler, debated the principal problems facing liberal economists at the time – inflation, trade unions, growth, trade and the media. The American economist James M Buchanan explained his thoughts on the economics of political and bureaucratic behaviour that would, fourteen years later, win him a Nobel Prize.

The Montreux meeting was also a chance to confirm the structural decisions taken at the Special Board Meeting. A new committee would review future membership applications. Registration fees would rise substantially and members would no longer be fully subsidized. Local committees would become largely responsible for the finance and organization of meetings.

A paid Assistant Secretary

The Board also moved to deal with the strain of central administration – of which Hunold had complained years before. It appointed the Luxembourg business economist Jean-Pierre Hamilius as a salaried Assistant Secretary, with the dual role of organizing European meetings and producing a *Newsletter* to keep members up to date with the Society’s (and each others’) activities.

This first venture into a paid secretariat turned out unhappily. Board members tended to load work onto Hamilius, as their paid executive: so most of the organization of the 1973 Regional Meeting in Salzburg, Austria – including translating papers between French and German – fell to him. At the same time he felt a duty to produce a frequent and high-quality *Newsletter*, but the burden of all these obligations began to overwhelm him.

Hamilius was exhausted, but carried on: after all, there was a 1974 General Meeting set for Brussels, Belgium to organize – though this time the local members did more of the work. But there was one more difficult task for Hamilius to do, namely to secure from Hunold the early records of the Society. In this he succeeded: these records are now archived in the Hoover Institution in California.

By the mid-1970s, the cost of Hamilius's ambitious *Newsletter* and his other expenses were rising. The Society was living well beyond its means. By 1977 the Treasurer, American economics professor Arthur Kemp, was alarmed enough to propose abandoning both the post of Assistant Secretary and the *Newsletter*. By way of compromise, George Stigler, as President, wrote to Hamilius, capping his expenditure and suggesting that the *Newsletter* should appear just once a year.

Hamilius, proud of what he had created, resigned indignantly. The office of Assistant Secretary lapsed and the *Newsletter* disappeared for a time, before being revived in a less ambitious format. But at least the Society was again spared another potential financial embarrassment.

Professional financial management

Managing the Society's financial affairs was no easy task. Today, the accounts are professionally audited and filed. But in the 1960s and 1970s, Philbrook and Kemp often doubted whether the Society's financial records would meet the requirements of the US tax authorities – though in fact the Society's tax-exempt status was never challenged.

Their main problem was to get the Europeans to take the American accounting standards seriously. Following the departure of Hunold, who raised most of the early funds, Leoni became the main fundraiser for the European meetings; but after Leoni's untimely death in 1967, his successor Harris described Leoni's papers as voluminous but "rather patchy."

Not that Harris was a meticulous record keeper. Kemp found him "genial but elusive" – doing just enough, just in time, to allow Kemp to file the annual tax return. But even that required constant harrying from Kemp, who expressed his frustration on many occasions. Harris, meanwhile, resented the Society's finances being run entirely from the United States; it reinforced the feeling of American dominance, and (in those days before email or even fax machines), it could be clumsy and inflexible. He and Villey had even suggested creating a European Treasurer – an idea firmly slapped down by Philbrook.

The cost of meetings

Another issue was to ascertain the Society's financial responsibility for meetings. Before Kemp, the accounts for meetings were intermingled with those of the Society, which made record-keeping complex and raised issues for the Society's US tax status. Kemp insisted on separate accounts for all meetings. Even then, before Edwin J Feulner Jr, head of the Heritage Foundation in Washington, took over in 1979, the Treasurer was not even consulted on the financial plans for meetings – merely presented with the bills. Today, the Treasurer plays a key role in the financial planning of meetings and in raising support for them, particularly support to help young scholars to attend.

Finance for meetings has always posed problems. The early meetings were free to participants – important to many, particularly the Germans, because of the currency controls then in force. But at Seelisberg in 1953, members had to pay for their own accommodation for the first time, and thereafter that became the usual practice. Rising costs meant that from the 1972 Montreux meeting onwards, participants have also been charged a registration fee. Yet even with participants paying their own way, substantial funds still have to be raised for meetings.

GROWTH AND RECOGNITION

Meetings in the 1970s and 1980s

Bleak as the prospects for liberalism still seemed at that anniversary meeting, liberal ideas were about to come into the ascendancy, bringing the Society further growth and greater recognition. The 1970s brought Nobel prizes for Hayek and Friedman – and more, for Stigler, Buchanan and Allais in the 1980s

By the late 1970s, a new generation was running the Society. Feulner's election as Treasurer was crucial; a proven fund-raiser and capable administrator, he took over at a time when funding for meetings was becoming more important and accounting standards were getting more onerous. He became directly involved in the financial planning of conferences, and more of the general administration of the Society came to rest on his shoulders.

A pattern emerged, still followed today, of General Meetings in even-numbered years and one or more Regional Meetings in odd-numbered years. In the 1970s there were five General Meetings and seven Regional Meetings and the same again in the 1980s.

Among them was the 1978 General Meeting in Hong Kong, the first General Meeting to be held outside Europe and the United States. Feulner raised significant funds, and the meeting was attended by over a hundred members, together with twice that number of guests. And it elected as the new President Manuel Ayau, head of the Universidad Francisco Marroquín in Guatemala – “a

significant move indicating the changing character of the Society,” wrote Hartwell, “particularly since he was succeeded by Nishiyama, a Japanese.”

Continuing debates

Some things did not change –for example the continuing debates about the Society’s finances. In 1979 the American law and economics professor Henry Manne called for a significant increase in fees for non-academics and honoraria for the academic presenters. The academic members, he argued, give up their time to deliver “one of the world’s finest programs” which the non-academics enjoyed at “a ludicrous price.” The idea was firmly rejected by Ayau. Members, he said, did not agree to speak for a fee, but to “enlighten and to assist those scholars, businessmen, journalists, etc, who are doing something important throughout the world, in their respective spheres of influence.”

But a new disagreement arose over the suggestion of a meeting in Taipei, Taiwan. Feulner visited Taiwan and found “a positive response” to the idea both there and in Washington. But it caused problems for Japanese members, and there were concerns that the Society might stumble into a political minefield, given the hostility between China and Taiwan. Friedman, true to form, argued that the Society should take no account of such politics and should go ahead; but Nishiyama defused things by suggesting a meeting in Tokyo for 1977, which the Taiwanese could attend. Eventually, at the 1976 meeting in St Andrews, Scotland (held there to mark the 200th anniversary of Adam Smith’s *The Wealth of Nations*, it was decided that Nishiyama would organize the General Meeting in Hong Kong in 1978, and that it would be preceded by a Special Meeting in Taipei.

A decade later, a meeting was held in Taipei. Again, it was not a formal Regional Meeting but a Special Meeting of Society members who were also attending the 1988 Tokyo/Kyoto meeting in Japan.

Growth without (much) disagreement

The 1980s was a decade of growth without great disagreement. Membership rose, meetings occurred regularly and attendance was high. The finances improved, largely though Feulner’s fundraising skills and prudent management. As the cost of meetings continued to soar, the Board decided that it would not consider offers to host a meeting unless there were assurances of financial support; and Feulner became directly involved in the financial planning of events.

The Board also decided that membership dues should always be high enough to cover the costs of the *Newsletter*, which had re-emerged under a series of editors. Meanwhile, generous donations were received, providing for a Hayek Essay Prize and travel funds for young scholars.

There were the usual discussions about organization. A committee under Manne, like others before it, failed to come up with acceptable suggestions. With things going well there was little agitation for change. Friedman, still concerned about

how the Society was changing, suggested creating a “Senate” of “older and wiser heads” to act in an advisory role; but even this modest idea was not taken up until the 2012 General Meeting in Prague.

Size and publicity

With a clutch of Nobel prizes going to members in the 1970s and 1980s, the Society’s status rose, its fame spread and its meetings grew still more. But this brought problems beyond the perennial debate about size. Other groups were now fixing their own meetings around those of the Society, gaining from the synergy. The Board moved to discourage this, worried that the Society’s independence might be undermined if it came to be associated with other, often political, organizations. More recently, however, the Board has accepted that there can be benefits from coinciding, at least with other non-political and liberal bodies, such as groups of young scholars from which future members might emerge.

Media interest was another issue raised by the growing recognition of the Society and its members. Fearing that media reporting would inhibit members from speaking frankly, the Board moved to curb it, emphasising the essentially private nature of the discussions. The ban on direct reporting of what people say at meetings continues, even in this age of instant communication: though some prominent members may be in demand for interviews, these always take place outside of the conference hall and never disclose what any individual has said within it. Meetings are not *secret*, but in the interests of candor, the discussion remains *private*.

Into Eastern Europe

Members of the Society remained well aware that freedom was still threatened in large parts of the world. But in the 1980s and 1990s they had the exhilarating feeling that things were at last going their way. Several countries, starting with Margaret Thatcher’s government in Britain, were privatizing their state industries; governments from China to India to America to France were liberalising, retrenching or cutting taxes; and progress was being made on international free trade. Then in 1989, with astonishing speed, the Iron Curtain fell and the economic disaster that lay behind it was exposed.

The 1990 General Meeting took place in Munich, still officially in West Germany but soon to be part of a re-united Germany. The theme was *Europe in an Open World Order* and the mood was upbeat. Speakers from Eastern Europe were invited, among them Václav Klaus, who would subsequently become Prime Minister and then President of the Czech Republic. But at Munich he attended as a mere economist, as unsure of the Society as it was of him: Madsen Pirie of the Adam Smith Institute, who was introducing him on a panel, even had to ask how to pronounce his name.

Plans were laid for a Regional Meeting in Prague, Czechoslovakia in 1991. It was premature to imagine that freedom was now completely safe; but there was a

broad feeling that the Society's hard and long effort had at last paid off. Other meetings would take place in the former East Europe: in Potsdam, Germany in 1999 and Bratislava, Slovakia 2001, and Prague again in 2012.

The death of Hayek

But the euphoria of the times was tinged by sadness at the passing, of 1992, of the Society's founder, Friedrich Hayek. He had lived just long enough to see the Iron Curtain fall and Soviet collectivism thoroughly discredited. His death was marked by a brief ceremony at the 1992 General Meeting in Vancouver, Canada; and the 1994 General Meeting in Cannes, France became a good opportunity to review a number of Hayekian themes – spontaneous order, business cycles, capitalism and the historians, and the ethics of freedom.

The 1996 General Meeting in Vienna, Austria addressed some very modern issues – environment, healthcare, privatization, corruption, crime, immigration – fully in line with Hayek's original hope of making liberal philosophy relevant to contemporary concerns. And then it was time to mark another milestone – the fiftieth anniversary of the original meeting at Mont-Pèlerin, celebrated with a General meeting in Washington DC, in 1998.

Special meetings

The Society now launched itself into another new ventures – a series of Special Meetings, initiated mainly by Greg Lindsay of the Centre for Independent Studies in Australia, and Linda Whetstone, the daughter of Sir Antony Fisher and a Board member of the Atlas Foundation. Their aim was to open up new countries to liberal ideas and to scout for potential new members in places where the Society was under-represented, such as Bali, Indonesia (1999), Goa, India (2002) and Colombo and Kandalama, Sri Lanka (2004), Nairobi, Kenya (2007), Delhi, India (2011) and Fez, Morocco (2012). Alongside the 2011 Regional Meeting in Istanbul, Turkey, this last conference marked an attempt to explore the relevance of liberal ideas in Muslim regions. A 2012 meeting on evolution and economics, imaginatively sited in the Galapagos Islands, broke new intellectual ground too.

People from policy think tanks, such as Lindsay, were by now playing a larger part in the Society's affairs. As meetings grew larger and costlier, they became more difficult for individual academics to organize and finance. Since the Vienna, Austria meeting in 1996, General Meetings have been run by hosts with the back-up of a research institute or similar body.

This change is also reflected among the Society's officers. Apart from Hunold, almost all of the early Board and Council members were academics. Now it is common to see businesspeople, journalists, lawyers and think tank executives on the Board. The first non-academic to be elected President was Harris – by then ennobled to Lord Harris of High Cross – in 1982. But recently there have been several more: Feulner in 1996, the Uruguayan lawyer Ramón Diaz in 1998 and Lindsay in 2006.

Other innovations

Meetings changed and developed too. The 2002 General Meeting in London, England, featured lunch 'topic tables' and after-hours meetings to allow for more intimate and detailed discussion on subjects chosen by members. More effort was put in to providing scholarships for young people. Roving microphones replaced standing microphones in order to help the debate flow better. The conference was held over a weekend instead of during the week. And the traditional excursion was moved to the end in order to condense the formal part of the meeting for the benefit of busy members.

Some of the London changes were repeated in subsequent meetings, others not. The organizers of the 2009 Regional Meeting in Stockholm went so far as to book a cheaper hotel so that extra funds could be devoted to scholarships; and the topic tables reappeared at various times. But conferences have mostly reverted to week-time, and the idea of moving the excursion did not catch on: ever since the first meeting, which featured one half-day and two full-day excursions, the informal outings have been regarded as a key way to promote greater personal intimacy between members – an integral part of the meeting rather than a mere extra.

Reaffirmation and improvement

The activities and aims of the Society were reviewed again at an informal meeting of the Board and senior members at the 2005 Regional Meeting in Reykjavik, Iceland. It proposed that the membership committee should act as 'talent scouts', and there was a need to attract people from new countries, with perhaps more Special Meetings like those in Bali, Goa and Sri Lanka.

The group resolved that membership nominations should be done online – a new Society website was now up and running – and that there should be 'fast track' membership process for prominent liberals, even if they had not attended earlier meetings. Membership applications would be reviewed twice a year, instead of applicants having to wait for the next General Meeting. There was debate too on how to retain young members, who came as Hayek Prize scholars, but often then dropped out because of the cost of attending international meetings.

In another discussion redolent of Hayek's original proposals for a liberal 'academy', the group agreed that the Society's intellectual programs needed to be strengthened; programs should address current threats to liberty, such as regulation and populism, and explore the ethical case for freedom, not just the economic case. The Society's intellectual depth and breadth was seen as giving it a unique edge over other liberal-minded organizations that had arisen.

Accordingly there was a strong view that the Society should adhere to its intellectual purpose – though it should remain open to non-academics. As often before, the meeting felt that the Society needed more non-economists such as historians and philosophers. As Feulner had written in his 1999 *Intellectual*

Pilgrims, "This imbalance in our membership has never been rectified and may account for the fact that, while we have brilliantly succeeded in developing a critique of, and alternative to, economic interventionism, Hayek's goal of formulating a 'comprehensive philosophy of freedom' continues to challenge us."

New York

But one of the biggest challenges for the Society that decade was an economic one: the financial crash of 2008. This was widely reported in the media and among intellectuals as a 'failure of capitalism'. Public faith in free markets took a severe blow, and there were numerous calls for Keynesian-style policies, involving more public spending, cheap credit and money-creation.

The Anglo-Indian development economist Deepak Lal responded by organizing a 2009 Special Meeting on the crisis, held in the world's leading financial centre, New York. Most participants there saw the crash as a crisis of politics, not markets. It was just the inevitable result of a long, unsustainable boom created by the politicians' and central bankers' loose money and cheap credit policies. Hayek, of course, had won his Nobel Prize largely for his 1930s work on such boom-bust cycles.

The meeting marked the start of the concerted intellectual fightback of free-marketeers to the criticism they had suffered. *Forbes* publisher Steve Forbes scornfully debunked ideas that the crisis was caused by the 'greed' of bankers: since bankers had always been accused of greed, why did it manifest itself just then? The 'Austrian' and Monetarist views of boom-bust cycles being set off by an excess of credit or money were re-iterated. And the Nobel economist Gary S Becker proposed solutions to the 'too big to fail' problem: larger banks, for example, should face more onerous reserve requirements, reflecting the systemic risks they pose; but regulation on small banks should be eased in order to encourage competition – which itself would have restrained some of the worst excesses of the boom years.

The returning threat

To some extent, the financial crisis made liberals realize the importance of developing and disseminating their ideas even more. By 2012, the Society had grown to 699 members – some 140 had been added following a decision, taken at the 2010 Sydney General Meeting, to allow expansion up to 1,000 members. Through prudent management and despite the crash, there was nearly \$1m in reserves. And at last, Milton Friedman's idea of an advisory Senate was made a reality, with all past Presidents, Secretaries and Treasurers joining the body.

The 2012 General Meeting in Prague was a glittering affair, with meetings in Prague Castle, hosted by the President of the Czech Republic, Václav Klaus – the East European economist who caused so much interest at the 1990 Munich meeting.

And yet the 2012 event was more downbeat than the 1991 meeting held in Prague soon after the fall of the Iron Curtain. More than two decades on, members had become acutely aware of “liberalism’s manifest inability to translate its intellectual victories into political victories that seriously roll back the size and power of the socialist welfare state,” as Feulner had put it.

“Ideas,” he had told the special 50th anniversary gathering in Mont-Pèlerin, “are decisive, but not self-implementing.” Big government had been discredited intellectually, but government was still bigger than ever; central planning had been abandoned, but a mass of suffocating regulations had filled the interventionist void. Soviet socialism might have ended, but there were new threats to freedom – and the Prague meeting focused on the growing politicization, regulation and centralization of the European Union, and the single European currency that was raising tensions between countries and making the post-crash economic adjustment much more difficult. (For once, this was a discussion about currency that did not cause dissent.)

IMPACT, STRENGTH AND CHALLENGES

The Society’s contribution

Whatever the challenges now faced in Europe and some other regions, the Society has good reason not to be downbeat. Today’s challenges seem less grave than the group faced at Mont-Pèlerin in 1947. The presumption of ‘rational’ economic intervention has been replaced by scepticism about the abilities of governments and an appreciation of the power of markets. Once-closed regions are opening up to investment and trade. Freedom is expanding in countries that were once bywords for oppression.

And new liberal ideas are taking hold. A score of countries are replacing their old state-run Ponzi-scheme pension systems with individuated private pension accounts, like those designed by Chile’s Labor minister (and Society member), José Piñera. School choice and school vouchers, an idea rediscovered and popularized by Friedman, are reforming and improving education in many more places. Property rights are being restored and business paperwork scaled back in large parts of South America, thanks to Peruvian economist and Society member Hernando de Soto.

It is impossible to measure the impact of the Society in this revolution. In a sense, while its members may have considerable impact, the Society itself has none: it is, in Hayek’s words, only a “community of liberal scholars” with no policies and program of its own. But by bringing authoritative liberal thinkers together, and in expanding the scope and depth of liberal ideas, it ensured that liberalism could not simply be ignored. By offering a challenging critique of socialist ideas, it guaranteed that socialism could not simply be taken for granted. By providing mutual support, it gave isolated liberals the strength to hold their ground. And by establishing an international network through which liberal ideas could be

disseminated, and through the policy institutes that promoted its principles, it undoubtedly has changed events.

Strength through diversity and debate

Like liberalism itself, the Society's membership has grown and spread. It started as a group of West Europeans and Americans; and indeed there were tensions between them. Now there are large representations from Japan, Australasia, South and Central America, and Eastern Europe – and growing interest in Africa and the Middle East. But the tensions have subsided; the Society's members prudently ensure a wide geographical spread on their Board, and see the importance of taking their ideas into new places.

Members share a commitment to the free society and free economy; but they have a wide range of views on what that means and how to achieve it. And a wide range of backgrounds too: around half are academics, mostly economists, but the Society benefits from having many able and accomplished members from business, think tanks, politics, journalism, and public administration.

Like any association, the Society has its internal critics. But as Hartwell points out, such criticism aims to improve how the Society works, not to change its fundamental purpose. Membership is seen as an honour, and the Society gives its members an enormous sense of belonging to something important, stimulating and mutually supportive.

The continuing challenge

And members agree that the intellectual challenges continue. As Feulner put it, "Living in a society in which everyone 'naturally' looks to government to solve every problem, how do we return power to the individual?" Making the welfare-state societies of the West into free ones seems just as difficult as making the communist societies of the East into capitalist ones.

And there are new and more subtle problems about such transition processes themselves. Tyranny may be giving way to democracy in large parts of the world, but as Society members have explained, unlimited democracy can actually threaten freedom by giving majorities the power to oppress and exploit minorities. Likewise, more countries are experiencing freedom, but as Hartwell observes, freedom brings personal responsibility and moral dilemmas: how can we help people develop that responsibility and articulate the morality that allows human beings to live together in harmony?

At the twenty-fifth anniversary of the Society, some members argued that it had done its job and should be disbanded. But the job of defending liberty never ends: each decade brings new challenges. As Hayek said when he founded the Mont Pelerin Society in 1947, working out a philosophy of freedom is a task that demands "continuous effort."

Participants at the inaugural conference in 1947

- Maurice Allais (1911-2010)**, École Nationale Supérieure des Mines, Paris
French economist and winner of the 1988 Nobel Prize in Economic Science for his work on market behaviour and efficient resource use
- Carlo Antoni (1896-1959)**, Istituto Nazionale per le Relazioni Culturali con l'Estero, Rome
Italian philosopher and historian, known for his work on historicism and his critique of German idealism, The Revolt Against Reason
- Hans Barth (1904-64)**, University of Zurich
Swiss journalist and philosopher, an editor of the Neue Zürcher Zeitung and later professor of philosophy, political science and ethics at Zurich University
- Karl Brandt (1899-1975)**, Stanford University, Palo Alto
German-born American agricultural economist
- Herbert C Cornuelle (1920-1996)**, Foundation for Economic Education, New York [Observer]
American businessman and philanthropist, co-founder of the Foundation for Economic Education and later head of the Volker Fund
- John A Davenport (1905-87)**, Fortune Magazine, New York
American journalist and editor, author of books on Churchill and on the United States economy
- Stanley Dennison (1912-92)**, Gonville & Caius College, Cambridge
British economist who opposed the ideas of J M Keynes
- Aaron Director (1901-2004)**, University of Chicago
Russian-born American economist who founded the Journal of Law & Economics in 1958
- Walter Eucken (1891-1950)**, University of Freiburg
German economist, father of Ordoliberalism and leading figure in the development of the German social market economy
- Erich Eyck (1878-1964)**, Oxford
Exiled German jurist, political journalist and historian of Bismarck, the Weimar Republic, Pitt the Elder and William Gladstone
- Milton Friedman (1912-2006)**, University of Chicago
American monetary economist, author of Capitalism and Freedom and the TV series and book Free to Choose, awarded the Nobel Prize, 1976
- Harry D Gideonse (1901-1985)**, Brooklyn College, New York
American economist, President of Brooklyn College from 1939 to 1966, and Chairman of the civil-rights think tank Freedom House
- Frank D Graham (1890-1949)**, Princeton University
Canadian-born American Professor of International Finance at Princeton, best known for his work on protectionism and on German hyperinflation
- Floyd A Harper (1905-73)**, Foundation for Economic Education, New York
American economist and writer, co-founder the Foundation for Economic Education and founder of the Institute for Humane Studies
- Friedrich A Hayek (1899-1992)**, London School of Economics and Political Science
Austrian-born British economist and philosopher, author of The Road to Serfdom and Constitution of Liberty, awarded the Nobel Prize in 1974

- Henry Hazlitt (1894-1993)**, *Newsweek*, New York
American business journalist who also wrote for the Wall Street Journal and the New York Times, and author of Economics in One Lesson
- Trygve Hoff (1895-1982)**, Oslo
Norwegian businessman, writer and editor of the Farnand business magazine, author of Economic Calculation in the Socialist Society, 1938
- Albert Hunold (1889-1981)**, Fédération des Associations de Fabricants d'Horlogerie, Geneva
Swiss marketing executive and intellectual, author of books on employment, inflation, planning, the market economy and liberalism
- Bertrand de Jouvenel (1903-87)**, Paris
French philosopher and political economist, secretary to Czechoslovakia's first prime minister, and author of The Ethics of Redistribution
- Carl Iversen (1899-1978)**, University of Copenhagen
Danish economist best known for his work on international capital movements and growth without planning
- John Jewkes (1902-88)**, University of Manchester
English professor of economic organization, best known for his 1946 book Ordeal by Planning and work on the economics of innovation
- Frank H Knight (1885-1972)**, University of Chicago
American economist and one of the founders of the Chicago School, known for his book on the role of the entrepreneur, Risk, Uncertainty and Profit
- Henri de Lovinfosse (-1977)**, Waasmunster, Belgium [Observer]
Belgian engineering industrialist and entrepreneur, co-author (with French philosopher Gustave Thibon) of Solución Sociale
- Fritz Machlup (1902-1983)**, University of Buffalo
Exiled Austrian-American economist, one of the first economists to explore the role of knowledge as an economic resource
- Loren B Miller (1906-58)**, Citizen's Research Council, Detroit
American civic reformer and libertarian activist who convinced many business leaders to support liberal and libertarian causes
- Ludwig von Mises (1881-1973)**, New York University
Austrian economist and political scientist, a leading figure in the socialist calculation debates, who developed the ideas of praxiology in Human Action
- Felix M Morley (1894-1982)**, Washington DC
American journalist and editor, later Pulitzer Prize-winning editor at The Washington Post and Washington Editor of Barron's Weekly
- Michael Polanyi (1891-1976)**, University of Manchester
Hungarian chemist, philosopher and economist who set out the case against positivism and argued that knowledge is essentially personal
- Karl Popper (1902-94)**, London School of Economics and Political Science
Austrian-British philosopher noted for his work on the theory of knowledge; author of The Open Society and its Enemies; later knighted
- William E Rappard (1883-1958)**, Institut Universitaire des Hautes Études Internationales, Geneva
Swiss diplomat and economic historian who represented his country at the International Labor Organization and the United Nations
- Leonard E Read (1898-1983)**, Foundation for Economic Education, New York

American co-founder of the Foundation for Economic Education and author of the essay I, Pencil, a fable on the division of labor

George Révay, *Reader's Digest*, Paris [Observer]

Hungarian-born aristocrat, European Editor of Reader's Digest in Paris

Lionel Robbins (1898-1984), London School of Economics and Political Science

British economist and head of economics at LSE who wrote on economic method and critiqued welfare economics; later became Lord Robbins

Wilhelm Röpke (1899-1966), Institut Universitaire des Hautes Études Internationales, Geneva

Exiled German economist, one of the intellectual fathers of the German social market economy and economic miracle

George J Stigler (1911-1991), Brown University, Providence

American economist and key figure of the Chicago School, known for his work on regulatory capture; awarded the Nobel Prize in 1982

Herbert Tingsten (1896-1973), University of Stockholm

Swedish writer, newspaper publisher, political science professor and pioneer of election statistics

François Trévoux, University of Lyon

French professor of law and economics who wrote on regulation but thought there was no clear line between the role of the state and that of individuals

V Orval Watts (1889-1993), Foundation for Economic Education, New York

American economist, the first full-time economist in the Chambers of Commerce, who wrote on free enterprise and trade unionism

Veronica Wedgwood (1910-97), *Time and Tide*, London

British historian of the Thirty Years' War, the English Civil War, Richlieu, Charles I and Cromwell: made a Dame (DBE) in 1968

General Meetings of the Mont Pelerin Society

1 st	Mont-Pèlerin, Switzerland	April 1947
2 nd	Seelisberg, Switzerland	July 1949
3 rd	Bloemendaal, Holland	September 1950
4 th	Beauvallon, France	September 1951
5 th	Seelisberg, Switzerland	September 1953
6 th	Venice, Italy	September 1954
7 th	Berlin, Germany	September 1956
8 th	St. Moritz, Switzerland	September 1957
9 th	Princeton, New Jersey, USA	September 1958
10 th	Oxford, England	September 1958
11 th	Kassel, Germany	September 1960
12 th	Turin, Italy	September 1961
13 th	Knokke, Belgium	September 1962
14 th	Semmering, Austria	September 1964
15 th	Stresa, Italy	September 1965
16 th	Vichy, France	September 1967
17 th	Aviemore, Scotland	September 1968
18 th	Munich, Germany	September 1970
19 th	Montreux, Switzerland	September 1972
20 th	Brussels, Belgium	September 1974

21 st	St. Andrews, Scotland	September 1976
22 nd	Hong Kong	September 1978
23 rd	Stanford, California, USA	September 1980
24 th	Berlin, West Germany	September 1982
25 th	Cambridge, England	September 1984
26 th	St. Vincent, Italy	September 1986
27 th	Tokyo and Kyoto, Japan	September 1988
28 th	Munich, West Germany	September 1990
29 th	Vancouver, Canada	September 1992
30 th	Cannes, France	September 1994
31 st	Vienna, Austria	September 1996
32 nd	Washington DC, USA	September 1998
33 rd	Santiago, Chile	November 2000
34 th	London, England	October 2002
35 th	Salt Lake City, Utah	August 2004
36 th	Guatemala City, Guatemala	November 2006
37 th	Tokyo, Japan	September 2008
38 th	Sydney, Australia	October 2010
39 th	Prague, Czech Republic	September 2012
40 th	<i>Hong Kong</i>	<i>September 2014</i>
41 st	<i>Miami, Florida USA</i>	<i>September 2016</i>

Regional Meetings of the Mont Pelerin Society

Tokyo, Japan	September 1966
Caracas, Venezuela	September 1969
Rockford, Illinois, USA	August 1971
Salzburg, Austria	May 1973
Guatemala City, Guatemala	September 1973
Hillsdale, Michigan, USA	August 1975
Paris, France	January 1977
Amsterdam, The Netherlands	April 1977
Madrid, Spain	September 1979
Stockholm, Sweden	September 1981
Viña del Mar, Chile	November 1981
Vancouver, Canada	September 1983
Paris, France	March 1984
Sydney, Australia	August 1985
Indianapolis, Indiana, USA	September 1987
Christchurch, New Zealand	November 1989
Antigua, Guatemala	January 1990
Big Sky, Montana, USA	August 1991
Prague, Czechoslovakia	November 1991
Rio de Janeiro, Brazil	September 1993
Cape Town, South Africa	September 1995
Cancun, Mexico	January 1996
Barcelona, Spain	September 1997
Vancouver, Canada	August 1999
Potsdam, Germany	October 1999

Bratislava, Slovakia	September 2001
Chattanooga, Tennessee, USA	September 2003
Hamburg, Germany	April 2004
Reykjavik, Iceland	August 2005
Nairobi, Kenya	February 2007
Stockholm, Sweden	August 2009
Buenos Aires, Argentina	April 2011
Istanbul, Turkey	September 2011
San Cristobel, Galapagos Islands	June 2013
<i>Lima, Peru</i>	<i>March 2015</i>
<i>Monterey, USA</i>	<i>2017</i>

Special Meetings of the Society

Taipei, Taiwan	September 1978
Taipei, Taiwan	September 1988
Mont-Pèlerin, Switzerland (50 th Anniversary)	April 1997
Bali, Indonesia	July 1999
Goa, India	January 2002
Colombo/Kandalama, Sri Lanka	January 2004
Nairobi, Kenya	February 2007
New York, USA	March 2009
New Delhi, India	February 2011
Fez, Morocco	April 2012

Presidents of the Mont Pelerin Society

Professor F A Hayek	UK	1947-1961
Professor Wilhelm Röpke	Switzerland	1961
Professor John Jewkes	UK	1962-64
Professor Friedrich Lutz	Germany	1964-67
Professor Bruno Leoni	Italy	1967
Professor Günter Schmölders	Germany	1968-70
Professor Milton Friedman	USA	1970-72
Professor Arthur Shenfield	UK	1972-74
Professor Gaston Leduc	France	1974-76
Professor George J Stigler	USA	1976-78
Professor Manuel Ayau	Guatemala	1978-80
Professor Chiaki Nishiyama	Japan	1980-82
Lord Harris of High Cross	UK	1982-84
Professor James M Buchanan	USA	1984-86
Professor Herbert Giersch	Germany	1986-88
Professor Antonio Martino	Italy	1988-90
Professor Gary S Becker	USA	1990-92
Professor Max Hartwell	UK	1992-94
Professor Pascal Salin	France	1994-96
Dr. Edwin J Feulner Jr	USA	1996-98
Dr. Ramón Diaz	Uruguay	1998-00
Professor Christian Watrin	Germany	2000-02

Professor Leonard P Liggio	USA	2002-04
Professor Victoria Curzon-Price	Switzerland	2004-06
Mr. Greg Lindsay, AO	Australia	2006-08
Professor Deepak Lal	USA	2008-10
Professor Kenneth Minogue	UK	2010-12
Professor Allan H Meltzer	USA	2012-14

Nobel laureates among Society members

F A Hayek	Economics	1974
Milton Friedman	Economics	1976
George J Stigler	Economics	1982
James M Buchanan	Economics	1986
Maurice Allais	Economics	1988
Ronald Coase	Economics	1991
Gary S Becker	Economics	1992
Vernon L Smith	Economics	2002
Mario Vargas Llosa	Literature	2010