

Foreword

John B. Taylor

It is such a joy to read this book. Bruce Caldwell has skillfully combined modern commentary with historical documents from the very first meeting held by a certain group of economists at the Hotel du Parc in the village of Mont-Pèlerin, Switzerland, during the first ten days of April 1947. He not only makes you feel as if you were present at that meeting, he also delivers insights on what we need to do now. Indeed, with all that is happening today, the Mont Pèlerin Society is as important now as it was at that original 1947 meeting.

The year 2022 marks the seventy-fifth anniversary of the meeting. The in-person notes from the meeting as reproduced in this book are drawn from the Hoover Institution Library & Archives, and this book makes them accessible to all. Some say that the first 1947 meeting was a key event, but now the publication of the words actually spoken at that meeting allows anyone—not only those who can visit the Hoover Library & Archives—to see and read what people actually said, discussed, and debated. The people who attended the first Mont Pèlerin Society meeting were worried about the move of many countries toward socialist or collectivist policies. As we read this volume, we worry about the same tendency today.

Caldwell's introduction to the volume fits in perfectly with the notes and essays from that first meeting. I found myself going back and forth, reading Caldwell's explanation, then going to the original presentations and discussions that took place seventy-five years ago, and then back again.

The whole volume makes it crystal clear why that meeting spawned a society that continues to thrive today. It was no accident. We learn about how Friedrich Hayek was crucial in organizing the meeting and in the founding of the society. Dorothy Hahn, Hayek's secretary attended and took shorthand notes. These notes serve as a record, though they were not verbatim; they were "intended mainly to indicate the general trend of the discussion," as Hayek later wrote.

We learn how as Hayek traveled to promote his book *The Road to Serfdom*, he talked up the idea of the meeting and raised funds for it. Hayek wanted to invite friends he knew from Vienna, who then lived in the United States, including Ludwig von Mises and Fritz Machlup. He also wanted to invite Frank Knight, Aaron Director, and Milton Friedman, who were then at the University of Chicago.

After he met Harold Luhnnow, then president of the Kansas City foundation the William Volker Charities Fund, he followed up with a cable: "If you could provide travel expenses for the following eleven American members Brandt Director Friedman Gideonse Graham Hazlitt Knight Kohn Machlup Mises Stigler." Luhnnow agreed. Hayek met Albert Hunold, a Swiss banker who had raised money for a journal to be edited by Wilhelm Röpke. The plan for the journal failed, because Hunold wanted editorial control and Röpke refused. But the funds Hunold raised were available, and they were offered to Hayek for the meeting.

Hayek left most of the final organizing details of the meeting to Hunold. The conference took place over ten days to allow for much informal discussion beyond the formal sessions. Hunold's choice for the location of the meeting was beautiful—a hotel with a view of Lake Geneva. Hunold also arranged for popular excursions that have become a traditional part of Mont Pèlerin Society meetings ever since.

An important goal of the conference was to introduce European liberals—those who saw the advantages of limited government and a reliance on markets—to other liberals from Europe and from the United States. The first week focused on presentations and group discussion of five topics chosen by Hayek.

After opening introductions, the first formal topic—“free” enterprise or competitive order—aimed at contrasting the laissez-faire free-market system with a system where the government had a role of making markets more competitive. The two terms were meant to describe two different systems, and it was the system described by the term “competitive order” that Hayek himself preferred. He led off by saying (as transcribed): “If during the next few years, i.e. during the period in which practical politicians are alone interested, a continued movement towards more government control is almost certain in the greater part of the world, this is due, more than to anything else, to the lack of a real program, or perhaps I had better say, a consistent philosophy of the opposition groups.” This first session helped to define this program. The record described by Caldwell shows that Aaron Director’s presentation under that first topic was much like a “mainstream introductory economics text of today on market failures and their possible remedies.” This was certainly needed then, and it is again needed now.

There was a session that first week on the “future of Germany.” While a topic like that could have gone in many directions, the session ended up, according to Caldwell, being the most memorable of the meeting. Walter Eucken, who was in Germany during the years preceding the meeting, could speak with experience, and his hands-on portrayal was a very useful criticism. Eucken became “the star of the conference,” as described by Hayek.

Another topic that first week was “liberalism and Christianity.” Hayek thought the topic was essential in order to resolve a potential conflict in which liberalism seemed antagonist

toward Christianity. Knight opened asking: “Can liberalism be put in such a way as to satisfy man’s craving for a religion?” Many joined in, and it turned out to be another interesting session. Eucken, again speaking from experience, noted out that the church was often a bulkhead against the totalitarian regime in Germany. “From the experience of a totalitarian system,” he is recorded as saying, “. . . such a system makes it impossible to be a Christian.”

The topics for the second week were determined by people at the conference and most were about economics, including contra-cyclical measures, full employment, monetary reform, wage policy, trade unions, taxation, poverty, income distribution, and agricultural policy.

There was agreement that a view in which government is responsible for producing full employment and uses Keynesian demand-management policies is dangerous. Milton Friedman argued for monetary policy rules and for a tax system that responds automatically rather than by discretion. He spoke about “attempts to time public investment” and said there was a “great chance that they will end up making the system more unstable than before.” He said, “I think it a fallacy that a free market is something that rich nations can afford, but that poor nations must do without.” He argued for a rules-based monetary system, but that “if we go beyond, we get the problem of rules versus regulations.”

This book reminds us of the amazing collection at the Hoover Institution Library & Archives. Scholars writing about Hayek, Friedman, and the Mont Pelerin Society have benefited from the collection, including Jennifer Burns, Bruce Caldwell, myself, and many others.¹

¹ See Jennifer Burns, “Milton Friedman: The Early Years,” and Bruce Caldwell, “Mont Pèlerin 1947” (both presented at From the Past to the Future: Ideas and Actions for a Free Society, Mont Pelerin Society Meeting, Hoover Institution, Stanford University, January 15–17, 2020), <https://www.mpshoover.org>; and John B. Taylor, “Why We Still Need to Read Hayek,” The Hayek Prize Lecture, Manhattan Institute for Policy Research, 2012, <https://www.manhattan-institute.org/html/first-principles-five-keys-restoring-americas-prosperity-6150.html>.

Caldwell speaks for us all when he writes about an experience three decades ago: “My whole approach to my field changed forever after that first transformative week in 1991 that I spent poring over the folders in the Hayek collection at Hoover.” And he speaks from long experience as a scholar when he says, “If this book helps in some small way to promote interest in archival-based historical scholarship, it will have served a fine purpose.” Read and enjoy.