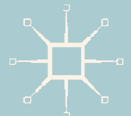
The Walter Lippmann Colloquium

The Birth of Neo-Liberalism

Jurgen Reinhoudt and Serge Audier



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Serge Audier

Contents

Part I 1

1 Introduction 3

2 Colloquium Participants 53

Part II: Translation of the Walter Lippmann Colloquium 91

3 Foreword and Opening Lectures of the Walter Lippmann Colloquium 93

4 Is the Decline of Liberalism Due to Endogenous Causes? 119

5 Liberalism and the War Economy 129

6 Liberalism and Economic Nationalism 139

7 Liberalism and the Social Question 149

8 Psychological and Sociological Causes, Political and Ideological Causes, of the Decline of Liberalism 157

9 The Agenda of Liberalism 177

10 The Theoretical and Practical Problems of a Return to Liberalism 185

References: Primary Sources 189

Index 203

PART I

CHAPTER 1

Introduction

Although the term “neo-liberalism” has been frequently used in recent decades, much analytical ambiguity continues to surround it.[1] The 1938 Walter Lippmann Colloquium, the theoretical birthplace of neo-liberalism, has been the subject of recent interest.[2] Even as scholars readily acknowledge the Colloquium’s importance, relatively little has been written about this crucial primary source, particularly in English-language scholarship.[3] The French liberal economist François Bilger, in his analysis of German ordo-liberalism published in 1964, refers to the Lippmann Colloquium and its importance, but without elaborating the point.[4] More recently, the English historian of the Thatcher revolution, Richard Cockett, refers quickly, in passing, to the Lippmann Colloquium as well.[5] Max Hartwell, a liberal historian of capitalism and member of the Mont Pèlerin Society on whose work Cockett draws—despite markedly different political convictions—refers to the Lippmann Colloquium as well, but briefly also: he focuses on the history of the Mont Pèlerin Society after World War II.[6] In their analysis of European liberal ideas, Vivien Schmidt and Mark Thatcher (2013, 7–9) also mention the Lippmann Colloquium, but briefly. The importance of the Walter Lippmann Colloquium has therefore been known for some time, albeit in a somewhat confidential manner. Nevertheless, none of these authors—of different intellectual perspectives—provide a full description or analysis of the Colloquium, as though its meaning was clear, and as though the Colloquium ought to be considered merely a step—a fateful step to some,

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a beneficial one to others—without particular specificity leading to the Mont Pèlerin Society and the triumph of "neo-liberalism" in the late 1970s and 1980s.

Discovering an Essential Document in the History of "Neo-Liberalism"

Even the concept of "neo-liberalism" is far from being clear, however, as the analysis of the Lippmann Colloquium demonstrates. In fact, the term "neo-liberalism" has a complex history. In the 1930s through the 1950s, French economists Alain Barrère and Gaëtan Pirou—two important figures in French economic thought who were openly distant from classical liberalism—among others, distinguished "neo-liberalism" from nineteenth-century "laissez-faire" liberalism in their histories of economic thought.[7] The well-known German political scientist Carl Friedrich used the term "neo-liberalism" to refer to Germany's ordo-liberal theorists.[8,9] In the 1970s, the term "neo-liberalism" was occasionally used, for instance by the French "new economists" who popularized the ideas of Friedrich von Hayek and Milton Friedman,[10] and, in their wake, by Michel Foucault in his lectures on the birth of the biopolitics,[11] as well as, still around the same time, by a leader of the left wing of the French Socialist Party.[12] From the 1970s on, the rational-choice models developed by Gary Becker[13] and the Public Choice school theory developed by Gordon Tullock and James Buchanan have sometimes been conflated with "neo-liberalism". In Latin America, after the coup d'état in Chile and the work of the "Chicago boys",[14] use of the term "neo-liberalism" spread, although not immediately.

It was in the 1980s, and even more so in the 1990s that the term "neo-liberalism" increased sharply in usage. The elections of Ronald Reagan and Margaret Thatcher and the implementation of their economic programs, focused on deregulation, tax cuts and (particularly in Thatcher's case) the privatization of State-owned enterprises, led the term "neo-liberalism" to ultimately be closely identified with their policy programs.[15] In the 1990s, in the context of increasing world trade and the "Washington consensus" in vogue at institutions such as the International Monetary Fund (IMF) and the World Bank, the term "neo-liberalism" became even more widely used, almost always in a critical manner.[16] When the term "neo-liberalism" began to spread in the 1980s and 1990s, the early history of the movement—its complexities and

nuances—would be largely forgotten, also by the promoters of so-called neo-liberal policies themselves, who generally did not claim this term.

"Neo-liberalism" remained an oft-used term in the early twenty-first century. In 2005, the geographer and critical Marxist thinker David Harvey argued "there has everywhere been an emphatic turn towards neo-liberalism in political-economic practices and thinking since the 1970s".[17] In 2010, Manfred Steger and Ravi K. Roy argued neo-liberalism was "a rather broad and general concept referring to an economic model or 'paradigm' that rose to prominence in the 1980s".[18] In recent years the term "neo-liberalism" has more and more often been used in a critical vein.[19] In the wake of the 2007 financial crisis "neo-liberalism" as a set of ideas has received renewed attention, again much of it critical.[20] Often, neo-liberalism has been conceived of as the equivalent of unbridled laissez-faire, linked to the deregulation and liberalization of markets. Other understandings of the term have spread, however. Notably in response to the debates on the distinctiveness of the "neo-liberalism" of European integration since the 1990s—but not exclusively—there has been also a renewed interest in theories of the "strong State"—standing above competing interest groups to guarantee the effective functioning of the market order—in the context of early neo-liberal thought.[21] In fact, it is unclear whether "neo-liberalism" refers to the "withdrawal" of the State from the economy or, to the contrary, to the rise of a strong State guaranteeing market-based competition. These ambiguities are all the more reason to return to the roots of "neo-liberalism".

As a primary source, the 1938 Colloquium remains significant because it marks the formal birthplace of neo-liberalism as an intellectual movement. The Lippmann Colloquium transcript is exceedingly difficult to find and as a result much knowledge of it is secondary.[22] Some of the contributions to the Colloquium were not recorded, rendering the primary source incomplete. Similarly, no audiotape that could serve as an independent scribe of the Colloquium is available. There does exist, however, an edition of the Lippmann Colloquium probably crafted by Louis Rougier, the main organizer of the Colloquium, himself, and this text constitutes a source of inestimable importance in understanding the origins of neo-liberalism. As historians, political theorists, and philosophers continue to debate the history of the term "neo-liberalism" and the term's meaning, it is useful to devote attention to the 1938 Colloquium where the movement was formally born.

The Walter Lippmann Colloquium: A Heterogeneous Gathering of "Liberals"

As a set of ideas, but also as an intellectual and doctrinal network—"neo-liberalism" was born—formally crystallized—at a Colloquium held from August 26 to August 30 in 1938 in Paris. This does not mean there were no "neo-liberal" ideas or arguments in existence before that time. Rather, it means that as an intellectual movement, in 1938 neo-liberalism acquired a degree of cohesiveness (in spite of profound internal heterogeneity, as we shall see) it had hitherto lacked, as well as an official (if contested) name. Perhaps the philosopher Louis Rougier, epistemologist and philosopher of science, organizer of the Colloquium and of the "neo-liberal" movement, had thought of the term "neo-positivism" with which he was familiar.[23] Rougier was one of the few French members of the Vienna Circle and one of the rare introducers of analytical philosophy in France.[24] He had organized the major, pioneering symposium held at the Sorbonne in 1935, the International Congress for Scientific Philosophy, delivering the opening as well as the closing remarks in the presence of the most important philosophers of "logical empiricism" and epistemology.[25] The ideological and political context clearly mattered as well, however. It is important to recall that the term "neo-liberalism" arose during this period in reference to a different current of thought: "neo-socialism". The 1920s and 1930s saw "neo"s proliferate: neo-syndicalism, neo-Saint-Simonism, neo-capitalism, and so on. But the most famous "neo", and the one that haunted the mind of Rougier, was that of "neo-socialism", a heterodox current in the French Socialist Party (SFIO) that sought to move beyond Marxism by calling for a new type of "planning" inspired by the Belgian socialist Henri de Man. One knows, through his writings, that Rougier was familiar with this trend. Just as French "neo-socialists" in the 1930s wished to reform old socialism by modifying it and "revising" it to face the new challenges of the era—for the neo-socialists, this meant grappling with the newfound importance of "rationalization" in the economic process, the key role of the middle class and the references to authority and the nation, faced with the fascist threat—so "neo-liberals" sought to revise liberalism.

The word thus appears in the context of a serious crisis: the crisis of capitalism, with the 1929 Wall Street crash and the Great Depression; and a political crisis, with the rise of totalitarian regimes.[26] In this context, the term "neo-liberalism" was put forth, well before Rougier, by the influential

French politician Pierre-Étienne-Flandin, from the conservative right: "I do say 'neo-liberalism,' because it is correct that the old traditional liberal economy has to be revised", Flandin argued in 1933, "if only in response to the changes that have affected production techniques and the organization of international trade".[27] The term "neo-liberalism" was cited by economist Gaëtan Pirou—who was very much in favor of new forms of social and economic intervention to get out of the crisis—in 1934 in reference to "an attempt to renew the liberal doctrine".[28] The term was also used as a pejorative term by some socialists, such as Marcel Déat—one of the main theorists of and activists for "neo-socialism"—who had proclaimed the death of liberalism in 1937. Déat accused Léon Blum's Front populaire of wanting to find some type of compromise between social interventionism and liberalism, which he argued risked giving in to "justifications of neo-liberalism" and could lose the support of the Front populaire's more left-wing voters.[29,30]

At the same time, Louis Rougier, who was politically conservative and an elitist theorist of democracy, had read Walter Lippmann's book *The Good Society* (1937) with great interest. (The book of the famous American columnist had been translated as early as 1938 into French under the title *La Cité Libre*.) Rougier argued that Lippmann's book "established that the market economy was not, as certain classical economists believed, the spontaneous result of a natural order, but the result of a legal order in which the intervention of the state was a precondition".[31]

These developments occurred, as we have already suggested, in a context highly unfavorable to liberalism, a system that many believed to be "dead" since the crisis of 1929, the dawn of the New Deal, and various corporatist experiments across Europe, without forgetting the model of the "five-year plans" in Stalin's Soviet Union, which seduced numerous minds in Western Europe, because it seemed to offer an alternative model to moribund capitalism. Not only economic liberalism was on the defensive: political liberalism was almost everywhere threatened, and was eliminated, in different forms, in Stalin's Soviet Union, Fascist Italy, Nazi Germany and in Portugal, Spain, and in numerous other countries in Eastern Europe such as Romania. The Lippmann Colloquium took place a little more than a year before the outbreak of World War II, less than six months after the Anschluss and shortly before the "Munich agreement"; a number of its participants were exiles haunted by the totalitarian danger and the threat of war, sometimes openly threatened with their life, such as Ludwig von Mises.

This tragic context serves to illuminate the manner in which, under the drive of Louis Rougier, several "liberals"—of whom several fled National Socialism and anti-Semitism—gathered to defend and renew liberalism. The Colloquium was held at a time when "liberals" seemed particularly isolated, dispersed, and powerless. In August 1938, 26 economists, philosophers, sociologists, civil servants, business executives, and jurists gathered at the request of Rougier to discuss *The Good Society*. Reaching a broad audience through his book, Lippmann had defended political and economic liberalism in the face of a rising worldwide tide of fascism, National Socialism, and communism, all of which were illiberal anti-parliamentary movements based, to a greater or lesser degree, on centralized economic planning and increased autarky, linked to a war economy. The book also provoked discussions in the United States because its author had criticized the *New Deal*, even as Lippmann, formerly a theorist of "progressive" thought, had supported the candidacy of Roosevelt against Hoover in 1932. Faced with the looming threat of war, Lippmann seemed to reject the directed economy in all its forms (even if his position was more subtle if one examined it more closely).[32] In France, Lippmann's book also appealed to conservative circles, which decided to have it translated. The conservative inclination of the Librairie Médicis publishing house was indeed strong; spurred especially by Rougier, it became the home of "neo-liberalism" in France—and, in a sense, with the specific intention of its leadership (on the political right), of the reaction against the Front populaire of 1936, translating and publishing numerous books by liberal authors in a bid to influence public debate, public policy as well as intellectual opinion.

The holding of the Walter Lippmann Colloquium was due in part to chance, even if it responded to a political and intellectual necessity. When Rougier learned that Lippmann would be passing through Paris, he endeavored to bring together a number of interested individuals to have dinner together, which turned into a Colloquium. Rougier's aim was simple: to bring together a rather heterodox group of thinkers who had made arguments similar—or in any case *similar enough*[33]—to the ones made by Walter Lippmann in *The Good Society* or who Rougier believed could be receptive to the book's central arguments. Nevertheless, the meeting was not brought about easily, Lippmann being wary of the invitation.

It is true that the sociological and political views of Rougier and Lippmann were quite different. Whereas Lippmann was a journalist with

worldwide fame hailing from progressive circles—when he was a student at Harvard he had founded a socialist discussion group, and was subsequently editor of *The New Republic*, alongside Herbert Croly and Walter Weyl[34]—Louis Rougier, the grandchild of a liberal economist from the city of Lyon, was a little-known philosophy professor and epistemologist whose political ideas were initially very conservative. But the political evolution of Lippmann toward "liberalism" in the continental sense of the term, as well as the context of the time—the rise of totalitarian and authoritarian regimes in Europe—brought these men closer in their attachment to liberalism. And it is on this foundation that a broader, highly amorphous liberal community was constituted.

It is illuminating to see in what terms Rougier presented the aim of the Walter Lippmann Colloquium. In a typed letter dated July 1938 that was sent to the main invitees who were approached, the French philosopher described in these terms the doctrinal program of the Colloquium: "The friends of Walter Lippmann, on the occasion of his stay in Paris and the translation of his book *The Good Society* published under the title *La cité libre* at the Librairie de Médicis publishing house, have decided to hold a small and closed colloquium, to discuss the key theses of this work, with regard to the decline of liberalism and the conditions for returning to a renovated liberal order, distinct from Manchesterian laissez-faire." The invitation further specified that "this colloquium will have as practical goal to establish a program of studies with a view to organizing an international congress in 1939 on the same subjects." Finally, the list of the principal invited participants was already displayed: "This invitation has been sent to MM. Baudin, Casillero [that is to say Castillejo-Ed.], Detoeuf, L. Einaudi, Hayek, Huizinga, Kittredge, Lavergne, Lippmann, Marlio, Mercier, Ludwig von Mises, Nitti, Ortega y Gasset, Rappard, Ricci, Rist, Robbins, Röpke, Rougier, Rueff, Truchy, Marcel van Zeeland."[35]

The search for a "renovated" liberalism marking a break with "Manchesterian" liberalism would also be at the center of the public presentation of the Walter Lippmann Colloquium, published on August 30, 1938 in the newspaper *Le Temps,* a then-highly influential newspaper of moderate republicanism. The specific historical context of the Colloquium can be gleaned from the first page of the newspaper, wholly focused on the Czechoslovakian question and the military threat of Nazi Germany. At the end of the newspaper, an anonymous announcement of the Walter Lippmann Colloquium—probably drawn up by Louis Rougier, under the title "*On nous communique*"—mentions, therefore, in order to establish

the aspiration of this event, a gathering of economists, sociologists and philosophers, French and foreign, to discuss the key ideas of *The Good Society*. This was summarized as follows: “In this work, as we know, Walter Lippmann establishes that the ills of our time stem from two mistaken ideas: the fallacious opposition between socialism and fascism, which are actually two varieties of the totalitarian State and economic planning; and the identification, no less wrong, of liberalism with the Manchesterian theory of laissez-faire, laissez-passer. Mr. Walter Lippmann shows how the liberal economy, based on private property, free competition and the pricing mechanism, is not only the result of a natural order, but also of a legal framework, created by the legislator, that one has to continuously adapt to the ever-changing circumstances of economic technique based on the division of labor.”[36] In this framework, the project for a collective revision of liberalism arises, both on the intellectual and the organizational level, not under the name of “neo-liberalism”—the word does not appear here either—but under the term “positive liberalism”: “This strictly private colloquium, will have for objective to organize an international bureau of inquiry with the aim of systematically studying the problems, both theoretical and practical, that a return to or the maintenance of a positive liberalism presents, prerequisite for any civilization, because [it is] the only system capable of safeguarding individual values, creators of all progress.”[37]

Even if there were quite a few Frenchmen in attendance, Colloquium attendees hailed from a variety of professional backgrounds and countries. It is important to emphasize this, because the memory of the Lippmann Colloquium has generally retained only certain names, those that would subsequently acquire fame or notoriety. From the viewpoint of a contextual history (which is our own view), it is desirable to not have an excessively restrictive view of the players then in attendance. At the end of this introduction, the reader will find a sort of prosopography describing each member of the Lippmann Colloquium, as well as a list of the various invitees who were unable to attend. First, let us emphasize the broader sociological, intellectual and national patterns of interest. Economists were the most numerous among attendees, including the Frenchmen Louis Baudin, Jacques Rueff, Bernard Lavergne, André Piatier, Étienne Mantoux, Robert Marjolin; the Germans Wilhelm Röpke and Alexander Rüstow, leading members of the Austrian School Ludwig von Mises and Friedrich Hayek, supported partly by Michael Heilperin, and other more heterodox economists such as John Bell Condliffe, educated in the United Kingdom. Philosophers included,

besides Rougier, Raymond Aron—who was already turning toward sociology—and Michael Polanyi. Social scientists included Bruce Hopper and Alfred Schütz, whose intellectual concerns intersected with those of the "philosophers". Civil servants included the Frenchman Roger Auboin and the Belgian Marcel van Zeeland (not to be confused with his brother, Paul van Zeeland, the Belgian statesman, but who Rougier had invited a little bit as the "spokesman" of the latter, to whom he was close intellectually).

The Colloquium also included successful businessmen, leading industrialists and technocrats (Marcel Bourgeois, Auguste Detoeuf, Louis Marlio, Ernest Mercier), a Spanish jurist (José Castillejo), and of course a journalist (Walter Lippmann).[38] Thus, although many Colloquium participants were French, this meeting had a strong international contingent consisting of Austrians, Germans, Americans (Hopper, Lippmann)—but not a single American economist, be it from "Chicago" or elsewhere—a Belgian (van Zeeland), a Spaniard (Castillejo), a New Zealander then teaching economics at the London School of Economics, or LSE (Condliffe), and a Hungarian (Polanyi) then in exile in England. Many others were exiles—Röpke, who had refused to bow to the Nazi regime, came from the Graduate Institute in Geneva (the *Institut Universitaire des Hautes Études Internationales*, HEI) and from Istanbul, like his friend Rüstow; Mises had been forced to flee Vienna and anti-Semitism, and his apartment had been emptied by German security forces during the Anschlüss; and Schütz had likewise fled National Socialism and anti-Semitism.

In addition to a direct historical contextualization, an analysis of the Lippmann Colloquium should also recall the sociology of academic and activist networks and that of institutions. Several of the participants had known one another for a long time through certain institutions: there were several old members of Mises' seminar at Vienna (for example, Hayek and Schütz); two figures of the LSE (Hayek again, who taught there alongside Lionel Robbins, he himself a former participant of the Vienna seminar, and also the economist Condliffe); Frenchmen who were more or less regular participants in the "X-Mines" group of Polytechnicians (Detoeuf, Rueff, etc.); researchers who worked at the École Normale Supérieure alongside Célestin Bouglé at the *Centre de documentation sociale* (Aron and Marjolin); and several associated with the International Committee on Intellectual Cooperation (like Castillejo), the premises where the Lippmann Colloquium was held.

Another important institution is the Geneva Graduate Institute. It would be wrong to describe this institutional setting as the cradle of liberalism (for instance, Hans Kelsen, who was far from holding a staunch

classical liberal outlook, taught there for some time), but it is there that Röpke taught and regularly interacted with Mises, and it is also there that Rougier lectured on economic "mystiques" and developed his neo-liberal ideas. The Geneva Graduate Institute was also the place where Hayek himself delivered lectures (largely forgotten today) published in 1937 on "monetary nationalism".[39] It is also at this institution that the liberal and anti-Fascist thinker Guglielmo Ferrero taught from 1932 onward, after Rougier had helped him to get out of Mussolini's Italy. Admired by Rougier, but also by Röpke who was a close friend, Ferrero died of a heart attack in 1942 above Vevey, in Mont Pèlerin—where Röpke and Hayek would found the Mont Pèlerin Society five years later.

The Geneva Institute was led by Paul Mantoux, the father of Étienne (who took part in the Colloquium), along with William Rappard, absent from the Colloquium, despite being invited, but who would later on be highly active in the birth of the Mont Pèlerin Society. The Lippmann Colloquium, therefore, did not start from nothing, but its historical role remains important due to its federative and especially its doctrinal ambition.

One word should also be said about several intellectual protagonists who mattered to Rougier, and of whom several had been invited. They are emblematic of the orientation of the Colloquium, even if their presence would have given a more cultural and social turn to the Colloquium. The most important are perhaps Ortega y Gasset, Johan Huizinga, Lionel Robbins, Francesco Saverio Nitti, and Luigi Einaudi. The names of Ortega y Gasset and Huizinga can perhaps be associated together: both the Spanish philosopher and the Dutch historian reviewed, in the 1930s, the serious civilizational crisis of their time.

Distressed by the rise of fascism and Nazism, the noted medievalist Huizinga had already warned of the dangers of a period marked by a mixture of irrationalism and the worship of technology. As for Gasset, in his famous book, quickly translated into multiple languages, *The Revolt of the Masses*—a phrase that Rougier liked to take up, including at the Colloquium—he had warned of the dangers of the age of the masses and pleaded for a profound renovation of liberalism, so that this doctrine take into consideration the social demands that totalitarian regimes had pretended to answer illusorily and dangerously. More social, less "Manchesterian", liberalism should nevertheless not, according to the Spanish philosopher, degenerate into dirigisme and bureaucracy. These two authors, Huizinga and Ortega y Gasset, who were thus not economists

but thinkers listened to in the context of the crisis of modern civilization, were of primary importance to Rougier and, perhaps, even more so for Wilhelm Röpke who would often cite them.

For his part, Lionel Robbins, then a Professor at the LSE, had published a striking book in 1937—and mentioned by Rougier at the opening of the Colloquium—titled *Economic Planning and International Order* (London, Macmillan) that would be followed in 1939 by *The Economic Causes of the War*. Close at the time to Mises and especially to Hayek, Robbins rejected the notion, in *Economic Planning and International Order* (1937), that under economic liberalism there was "no economic planning" whereas under Marxist and other centrally planned systems there was "economic planning". To the contrary, Robbins argued, economic liberalism *does* consist of economic planning, and is not anarchical. But the economic "planning" that takes place under economic liberalism is of an entirely different nature, Robbins argued, than the centralized economic planning in effect in countries such as the Soviet Union.[40] Robbins argued that "neither property nor contract are in any sense natural", but rather "essentially the creation of law".[41] Robbins emphasized in effect that liberalism had to renovate itself or recover its true sense in understanding that the competitive market should be organized by rules under the supervision of public authorities. He emphasized also that liberalism had to recognize the need for an important public intervention, beyond even the functioning of the market, notably for the provision of costly infrastructure. But, he added, John Maynard Keynes was wrong to believe, toward *The End of Laissez-Faire*, that all these requirements were new: Adam Smith had understood it.[42] It is nevertheless true that Smith's successors had sometimes fallen into the dangerous dogmatism of an anti-interventionist liberalism, he added. Rougier admired this study of Robbins that had been rapidly translated into French at the Editions Médicis and which converged according to him with the general understanding of Lippmann as well as his own.

One should also mention the Italian Francesco Saverio Nitti, a forgotten but important reference in the context of the crisis of liberalism: former Italian Prime Minister,[43] observer and critic of totalitarianism (whether fascist and Nazi or communist) defender of liberal democracy, Nitti expressed in several essays in the 1930s concerns over the rise of these anti-liberal regimes that invoked "the masses". And in response, Nitti pleaded for a renewal of liberalism that should, according to him, acknowledge the part of truth in socialism: a sort of liberal and socialist

synthesis—but primarily liberal—had been proposed by Nitti who went much further than Rougier wished, and which could only displease liberals such as Mises. Nonetheless, Rougier attached great importance to Nitti, and at the time of Rougier's campaign in 1937–1938 for "neo-liberalism", he had been supported by the Italian during a meeting of the influential French association "L'union pour la verité". Finally, one should mention, on the Italian side—indicative of the importance accorded to the fascist threat—Luigi Einaudi, great defender of economic liberalism ("*liberismo*" in Italian) who was already in touch with Hayek, and who would become after the war president of the Italian republic. It's also worth noting that Robbins as well as Nitti and Einaudi were supporters of European federalism, like several French neo-liberals, and like Hayek during this time.[44,45]

In this way, one already sees three themes emerge from the Walter Lippmann Colloquium through these invitees: the threat of totalitarian systems that were supported by the masses, the threat of war combined with the economic policies of autarky, and finally the need to more or less revise liberalism in response to the revolt of the masses.

The aim of Colloquium participants was to ensure the survival of economic and political liberalism, and participants voiced grave concern as to whether political liberalism would be able survive at all. Colloquium participants devoted attention to the existential crisis of liberalism as a political and economic system. Therefore, the Colloquium's *raison d'être* was not to form a concerted opposition to, for example, Keynes's General theory, although some participants—Hayek, Rueff and Mantoux for example, and already Röpke to a degree—did indeed oppose Keynesian theories. Yet Keynes was not discussed at the Colloquium, and it is known that several of the Colloquium's members—Lippmann, who was a personal friend of Keynes, and who defended his contribution including in *The Good Society*, but also Marlio, Aron, Marjolin, Condliffe, and even Polanyi—held the author of the *General Theory* in high esteem. Rather, Colloquium participants focused their efforts on analyzing the crisis of liberalism, on defending economic and political liberalism broadly speaking and on making possible its renewal and survival in the face of severe headwinds. Colloquium participants were quite unanimous in their rejection of central economic planning, even if many nuances existed on this subject: the positions of Aron and Mises, for example, were very far apart from each other generally speaking. Colloquium participants also agreed that central economic planning was not only economically inefficient, but also entailed the loss of individual and political freedom: there

was thus an important political, and perhaps even a moral component to their discussions, not merely considerations of economic efficiency. Their concern consisted also of knowing how liberal democracies would be capable of coping with war, the imminence of which was already clear in all their minds.

The Ambition to "Revise" Liberalism in Lippmann's Wake

Several members of the Colloquium, in the wake of Lippmann, were of the view that liberalism could only survive if it was significantly revised. The difficulty consisted of determining precisely in which sense this was to be done. In his book, Lippmann argues that viewing economic liberalism as a doctrine of State abstentionism was to misunderstand the nature of what laissez-faire economic liberalism really was historically. Lippmann argues that at its inception, laissez-faire was "a revolutionary political idea…to destroy the entrenched resistance of the vested interests which opposed the industrial revolution".[46] Laissez-faire had initially been an ideology of sharp action, "formulated for the purpose of destroying laws, institutions, and customs that had to be destroyed if the new mode of production was to prevail…the necessary destructive doctrine of a revolutionary movement" (Lippmann 1937, 185). Once these tasks had been accomplished, near the middle of the nineteenth century or so, liberalism fell into a type of passivity (Lippmann 1937, 185). As a consequence, "liberalism had become a philosophy of neglect and refusal to proceed with social adaptation" (208). Lippmann urges liberals to reclaim an active role in intervening in appropriate ways to help society cope with economic change and adaptation, and to renounce their passivity in economic matters, including confronting questions such as social destitution. Lippmann rejects the notion that "the debacle of liberalism" was due to "some kind of inescapable historic necessity" and placed responsibility instead on "the errors of liberals", liberals who did not act to intervene when the human dislocations produced by economic liberalism became too heavy to bear. Such liberals "had gone up a dogmatic blind alley" and liberalism had become "frozen" (203).

In the 1930s, political and economic liberalism were beleaguered systems that suffered, as we have seen, from a profound credibility crisis. Lippmann himself, in 1933, was so distraught by the economic crisis

unfolding in the United States he told President Franklin Roosevelt that he might have no choice but to assume "dictatorial powers".[47] Where political liberalism was sometimes synonymous with parliamentary dysfunction and a lack of action that did not inspire broad public confidence, economic liberalism was often viewed as the ideology of "laissez-souffrir" (let suffer) through the absence of State intervention and a lack of social solidarity. To a number of citizens living in countries governed by dysfunctional parliamentary democracy (including Belgium and France), either fascism or communism seemed to offer a promising alternative to the perceived ills of liberalism of the era.[48] But Lippmann, after having seen in the New Deal a promising solution—quite close to his own interventionist recommendations, inspired by Keynes, in *The Method of Freedom* (1934)—ultimately came to be critical of Roosevelt's New Deal for what he saw as its excessive statism and the threat it posed to the rule of law, in the case of Roosevelt's proposal to modify the Supreme Court's size (Steel 1980, 319). Lippmann rejected both fascism and communism on the grounds—inspired directly by Mises and Hayek—that the central economic planning on which such systems relied implied, in addition to economic inefficiency, a near-complete loss of individual freedom: "Not only is it impossible for the people to control the [central economic] plan, but, what is more, the planners must control the people. They must be despots who tolerate no effective challenge to their authority. Therefore civilian planning is compelled to presuppose that somehow the despots who climb to power will be benevolent—that is to say, will know and desire the supreme good of their subjects" (Lippmann 1937, 105). Lippmann argues that in such systems, "the emergency never ends", involving concentration camps, a secret police, and censorship (55), and of course war. In his book, he proceeds to use the arguments of Mises to criticize the prospects of economic calculation in centrally planned economies.

At the same time, however, Lippmann's book contained an "agenda of liberalism" that contained measures such as "drastic inheritance and steeply graduated income taxes" (Lippmann 1937, 227), the financing of public works projects, and so on, with favorable references to Keynes. This project was more socially audacious than the compromise reached, nearly a year later, at the Lippmann Colloquium, which was nevertheless inspired by this project carried by Lippmann under an "Agenda of Liberalism". Lippmann even stated his aspiration for a much less unequal American society, all while strongly distinguishing his project from socialism or dirigisme. The goal was to render society less unequal