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Philip Mirowski & Dieter Plehwe (Eds.), *The Road from Mont Pelerin: the Making of the Neoliberal Thought Collective*, Harvard University Press, 2015, 496 pp. \$23,95 Paperback

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Book Review

There is a certain romance, even nostalgia, to the philosophical certainty associated with the former Soviet Union and the various splintered intellectual movements that originated in the philosophy and economics of Karl Marx. Against the backdrop of the Hegelian Dialectic, Marx developed an economic and philosophical system in which all property rights were concentrated in a central government, and labor was on equal footing with the owners of capital. During its development, Marxians had an ostensible moral advantage over market adherents because collectivist economic thought starts in philosophy, an advantage over free-market philosophers, where the distribution of income is less clearly addressed. This philosophical moral high-ground has recently been revisited with renewed interest over the modern distribution of income (Piketty, 2013). However, with the end of World War II, a small body of mostly European and US intellectuals rallied around Frederick von Hayek to articulate a set of free market principles in a coherent response to the Keynesian and Marxian ideologies that rivaled the philosophical and economic edifice established by Keynes and Marx. The result of Hayek's effort is an active academic and philosophical association known as the Mont Pelerin Society, and Philip Mirowski and Dieter Plehwe have edited a history of the Society in *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective* that deservedly chronicles the history of this classical liberal society.

At the end of World War II, Keynesian economics reigned supreme with only a few dissenters. The descent that occurred was diffused among academic institutions and the private sector. To organize a classical liberal response among academics and socially minded free-thinkers, Hayek called a meeting of 36 scholars held in April of 1947 to mount an intellectual response to reigning Keynesian policy prescriptions and Marxian political philosophy. Participants at the first meeting were historians, economists, and philosophers, and many participants went on to win Nobel Prizes, rising to prominence in their respective disciplines. These founders included Hayek, Ludwig von Mises, Karl Popper, Frank Knight, Milton Friedman, and George Stigler. Still active, the Society holds

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national meetings every other year and periodic regional meetings to discuss freedom of expression, free-market economic policies, and policies to protect an open society. While the Society's membership has always been international, the majority of participants are from Europe, Great Britain, and the United States.

While the mission of the Society has never changed, its international membership adds diverse perspectives and priorities. Since the Society's origin in Europe, Mrowski and Plehwe begin their review with the French, British, and German divisions of the Society's history. Early tenants were market preeminence, free-enterprise, and a strong, impartial state; the Society has remained true to these objectives. Popularly known as neoliberal, the Mont Pelerin Society origins are traced to the left-leaning neoliberals who promoted social liberalism and laissez-faire advocates in French liberalism. Not rejecting the German acceptance of a strong role for the state, ordoliberals emphasize personal freedoms and market oriented outcomes but allow for a larger role for the state and have accepted a social-market economy. Among the most notable of the ordoliberals was Ludwig Erhard, best known for removing US constructed price controls at the end of World War II, and most of the leading German ordoliberals in the 1940s joined the Mount Pelerin Society.

No other single intellectual so personifies the Mont Pelerin Society as Frederick von Hayek. Hayek's classical liberalism originated as a revolt against German-style statism, and it is this statism that Hayek wrote his dissent in the *The Road to Serfdom* (1944). British classical liberals were also leading members of the Mont Pelerin Society, who held the view that "Good government is no substitute for self-government, and it is an essential function of the state to make as much self-government as possible available" (Robbins, 1947; p.18). Most of the British Mont Pelerin Society members were economists, and Hayek wrote most of *The Road to Serfdom* at the London School of Economics.

A relationship that developed early was between the *Mont Pelerin Society* and University of Chicago. Three of the most noted founders of the Society were Frank Knight, George Stigler, and Milton Friedman -who taught at Chicago- and the similarities between the Mont Pelerin Society and Chicago economics are fundamental to both institutions. The University of Chicago has always been eclectic, but the Chicago School of Economics has long been associated with neoclassical price theory and free markets. The comparison draws itself. Basic tenants of the Chicago School are a strict reliance on the price mechanism, a limited role for government, and market solutions. Early tenants of the Mont Pelerin Society were a reliance on the price mechanism, free-enterprise, a reliance on competitive market system, and a strong but limited role for the central government, limited to protecting markets and individual liberty. As always, the nexus between the Mont Pelerin Society and Chicago was Hayek. Hayek left the London School of Economics to study at the University of Chicago's Committee on Social Thought in the early 1950s. As a follow up on the success of the *The Road to Serfdom*, Hayek was encouraged to participate in writing an American version with Aaron Director. While this volume was never finished, Hayek's time at the Committee on Social Thought was productive, and in 1959 he finished perhaps his most scholarly work, *The Constitution of Liberty*. While the connection between the Mont Pelerin Society and Chicago School of Economics has lessened over time as the University pursued more diverse economic views and the original founders of the Society engaged in other pursuits, no mid-20th century academic relationship promoted the ideas of free markets and individual liberty like that of the temporary alignment between the Chicago School of Economics and the Mont Pelerin Society.

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After covering the history and philosophy of the Society, *The Road from Mont Pelerin* goes on to discuss free-market strategies for trade unions, addressing firms with market power, and neoliberal view toward economic development. Policy reforms for Chile are also discussed. To be sure, readers interested in a book on the extended role between Chicago and the Mont Pelerin Society may be disappointed, but *The Road from Mont Pelerin* is more than its affiliation with any one institution, country, or rigid mind set. The book is written to trace the general outlines of the rich history of international neoliberal thought from a scholarly perspective, void of political ideologies. Furthermore, *The Road from Mont Pelerin* represents a comprehensive, academic presentation of this important institution that fosters a serious inquiry into classical liberal thought and the history of the rise of an intellectual movement that rivals the nostalgia of its collectivist, Keynesian and Marxist rivals.

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