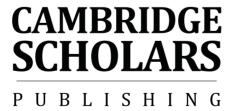# Re-Inventing Western Civilisation

Re-Inventing Western Civilisation:
Transnational Reconstructions of Liberalism in Europe in the Twentieth Century

Edited by

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CAMBRIDGE
SCHOLARS

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The front cover shows the multiple reflections of the Palais Royal in Paris, where neoliberalism was coined in 1938 and evolved in multiple variations until today.

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ACKNOWLEDGEMENTS

them tremendously. The project sparked the wish to continue working on the subject at hand within an even larger group of scholars. We will surely all "do something together" again, sooner rather than later.

—Hagen Schulz-Forberg and Niklas Olsen
Aarhus and Copenhagen, April 2014

PREFACE

THE PLACE OF LIBERAL THOUGHT AND PRACTICE IN POST-WAR EUROPEAN POLITICS[1]

JAN-WERNER MÜLLER

There are indeed well-known and very important issues about the social and political stability of liberalism and of the outlooks historically associated with it. It is from concrete discussion of those issues, rather than from debate about logical possibilities, that the weaknesses of liberalism … are likely to emerge. Equally, it is from social and historical reality that we are likely to be instructed in liberalism's strengths, and to be reminded of the brutal and fraudulent simplifications which, as a matter of fact, are the usual offerings of its actual enemies.

—Isaiah Berlin and Bernard Williams

Introduction

In 1955, Isaiah Berlin wrote to a correspondent: "Am I the only follower of John Stuart Mill left alive? Russell and I? Can you think of any

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[1] This short essay draws on my "Fear and Freedom: On "Cold War Liberalism"", in *European Journal of Political Theory*, 7, 2008, pp. 45-64; "The Triumph of What (if Anything)? Political Ideologies and Political Institutions in Twentieth-Century Europe", in *Journal of Political Ideologies*, 14, 2009, pp. 211-26; "Value Pluralism in Twentieth-Century Anglo-American Thought", in Mark Bevir (ed.), *Modern Pluralism: Anglo-American Debates since 1880*, New York, Cambridge University Press, 2012, pp. 81-104; "The Contours of Cold War liberalism (Berlin's in particular)", in Jan-Werner Müller (ed.), *Isaiah Berlin's Cold War Liberalism* (forthcoming) and, especially, *Contesting Democracy: Political Ideas in Twentieth-Century Europe*, London, Yale University Press, 2011.

others?"[2] Self-confessed liberals appeared to have become rare indeed, or so thought Berlin and others. This raises the question: Just what had happened to liberal political languages in post-war Western Europe? Did liberalism perhaps not dare speak its name, although a concept of liberalism was in fact alive and well? Might it even be the case that the period witnessed an unprecedented realisation of liberal political principles without anybody describing themselves as liberal? Or was liberalism–both as a language and as a set of ideas–effectively side-lined in the decades after 1945? Or–one more thought–did it perhaps undergo a strange mutation, so that only parts of the liberal heritage eventually re-appeared under the name of neoliberalism? Would this explain the apparent discontent among self-declared neoliberals with the post-war order?

Let me sketch three ways of engaging with these questions. First, I would like to suggest that we need to gain a better understanding of the relationship between liberal languages and actually existing political and economic institutions in post-war Western Europe. In particular, we need to grasp that the latter often successfully embodied liberal principles, but that liberalism was a taboo in describing them. Why? The short answer would be that liberalism remained associated with the political failures of the 1920s and 1930s.

Second, we ought to take a closer look at those who did dare to call themselves liberals in the decades after 1945–but who are generally *not* considered neoliberals: Cold War liberals. To be sure, one should not idealise Cold War liberalism; it could at times be quite illiberal. But, what is in retrospect so striking is the fact that it contained clear social democratic elements and that its self-conception was one of pragmatic adjustment to the ideological but also material circumstances of the twentieth century, the kind of "muddle of the middle" which Hayekians were always to condemn and which seemed to blur the ideological battle lines between left and right. In 1954, Isaiah Berlin wrote to Morton White: "I feel myself to be on the extreme right-wing edge of the left-wing movement".[3] Arthur Schlesinger, Jr., Cold War liberal *par excellence*, could claim: "[I]t is in the revival of the free left, in America and through the world, that the answer to Communism lies." Thomas Mann rendered the point more general–and more sharply–when he explained in 1950: "If Goethe claimed towards the end of his life that every reasonable person

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[2] Isaiah Berlin to Alan Pryce Jones, 20 January 1955, in Isaiah Berlin, *Enlightening: Letters 1946-1960*, Henry Hardy and Jennifer Holmes (eds.), London, Chatto & Windus, 2009, p. 473.
[3] Isaiah Berlin to Morton White, 22 March 1954, ibid., pp. 436-38; here p. 437.

today is a moderate liberal, then in our time one must say: every reasonable person is a moderate socialist."

Neoliberals–this is my third major point–were to take these kinds of claims very seriously. Seemingly, they sought to return to a liberalism *before* its mutation into something close to social democracy, though in fact what they crafted was also something novel; they marshalled a self-consciously dogmatic, even utopian, set of principles against the "muddle of the middle." It was entirely consistent, then, that Cold War liberals like Berlin would distance themselves from Hayek, describing him as "too dogmatic"–except that their own pragmatic liberalism would not necessarily survive the end of the Cold War. A different liberalism, a post-neoliberal liberalism, so to speak, might want to keep faith with the spirit of Cold War liberalism–but precisely in order to do so, it could not try simply to imitate Cold War liberal principles or even, for that matter, the temperament of quintessential Cold War liberals like Berlin.

Quasi-Liberal Institutions and Non-Liberal Political Languages

In Western Europe one of the peculiarities of the aftermath of the high point of totalitarian politics was the following: Both post-war political thought and post-war political institutions were deeply imprinted with anti-totalitarianism. Political leaders, as well as jurists and philosophers, sought to build an order designed above all to prevent a return to the totalitarian past. They relied on an image of the past as a chaotic era characterised by limitless political dynamism, unbound "masses" and attempts to forge a completely unconstrained political subject–such as the purified German *Volksgemeinschaft* or the 'Soviet People' (created in Stalin's image and ratified as really existing in the 'Stalin Constitution').

The emergence of what is often described as a thoroughly pragmatic form of post-war politics–"consensus politics"–was not just a matter of a subjective de-radicalisation in a supposedly post-ideological age. It also rested on a number of institutional innovations and attendant normative justifications (or sometimes just normative intuitions) of what politics should or should not be about. In particular, Western European political elites fashioned a highly *constrained* form of democracy, deeply imprinted with a distrust of popular sovereignty–in fact, even a distrust of traditional *parliamentary* sovereignty.[4]

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[4] I am very much indebted for this idea and its elaboration here to Peter L. Lindseth, "The Paradox of Parliamentary Supremacy: Delegation, Democracy, and

This was a new kind of democracy. Its novelty, however, was often obscured by the fact that its innovative institutions were publicly justified with highly *traditional* and explicitly anti-liberal moral and political languages. For instance, religiously-inspired, traditional natural law thinking underwent a major renaissance after the war (as did Christianity more broadly). This had a straightforward reason: Many intellectuals hoped religion might provide immutable ethical foundations for right political conduct–thereby serving as the most secure protection against the relativism, if not outright nihilism, which supposedly had characterised fascism.

In short, it proved highly seductive to present the post-war era not as the beginning of something new, but as a moral and intellectual *return* to something safely known. Yet in fact no democracy as a known set of institutions 'returned' in any way, nor was 'liberalism' in any nineteenth-century sense (as a matter of ideas or in terms of any recognisable class base) revived after 1945. What emerged instead might best be described as a new balance of democratic and liberal principles (constitutionalism in particular), broadly speaking[5]–although such a formulation might still underestimate the novelty of what was crafted, as both liberalism and democracy were redefined in the light of the totalitarian experience of mid-twentieth-century Europe.

While de facto political and intellectual elites, then, fashioned institutions and promoted values that could rightly be seen as *functional equivalents* of certain liberal ideas, the inherited political languages of liberalism were for the most part rejected–often quite explicitly. Waldemar Gurian (to pick just one example), commenting on "ideological chaos" as the "most serious aspect" of his time, argued in 1946 that "liberalism has become obsolete in a period of the masses. Its concept of individualistic freedom appears as a concept meaningful only with the background of a comparatively secure world which accepts the common good as something self-evident."[6] Such rejections of liberalism as a form of materialism, individualism (understood simply as egotism), or relativism became commonplaces after 1945, and not just among conservative or Catholic thinkers such as Gurian.

Thus, where totalitarian political theorists had sought mastery over history through fashioning new collective agents and devising new modes

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Dictatorship in Germany and France, 1920-1950s", in *Yale Law Journal* 2004, pp. 1341-1415.

[5] For this point see also Marcel Gauchet, *L'avènement de la démocratie*, Paris, Gallimard, 2007.

[6] Waldemar Gurian, "After World War II", in *Review of Politics*, 8:1, 1946, p. 7.

of political action–and a form of unconstrained and unconditional politics–the post-war anti-totalitarians attempted to stabilise the political world by finding new institutional expressions of inherited liberal principles (such as checks and balances as well as the *Rechtsstaat*), or reviving older moral and religious precepts–all *without* re-deploying actual liberal languages.[7] New quasi-liberal institutions coupled with decidedly non-liberal, if not outright anti-liberal, political idioms; this is the great paradox of the relationship between political thought and political institutions in the late 1940s and 1950s.

Still, one might wonder why at least some elites were not adopting the label of liberalism, given that liberal ideals appeared not completely outmoded. My sense is that there were at least two reasons: One is that the "l-word" to some extent did remain identified with a notion of unfettered capitalism–and that such a notion was widely perceived as discredited after 1945. Secondly, liberalism had clearly carried connotations of secularism, even aggressive anti-clericalism, in the nineteenth century and the first half of the twentieth century. But the period after 1945 saw the end of major state-church conflicts–hence there was no need to assert liberalism against the church, in particular the Catholic Church. On the contrary, anti-liberal, religious languages could now be safely deployed in favour of quasi-liberal institutions.

Cold War Liberalism: "The miserable centrists, the contemptible moderates, the crypto-reactionary skeptical intellectuals"[8]

Cold War liberals were not shy about invoking the "l-word". However, this might be just another way of saying that Cold War liberalism was, first of all, an Anglo-American phenomenon, with more or less lone voices in continental European countries (think Raymond Aron in France or Norberto Bobbio in Italy). On the other hand, it was not so exceptional, after all: Cold War liberals were willing to speak their name, but, while seemingly more inclined to return to thinkers like Tocqueville and Mill, they also presented a highly idiosyncratic and in some respects original account of liberalism. Put differently: This was *liberalism after the failure*

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[7] For this conceptualisation of totalitarianism, see David D. Roberts, *The Totalitarian Experiment in Twentieth-Century Europe: Understanding the Poverty of Great Politics*, New York, Routledge, 2006.

[8] Isaiah Berlin to Jean Floud, 7 July 1968, in Isaiah Berlin, *Building: Letters 1960-1975*, Henry Hardy and Mark Pottle (eds.), London, Chatto & Windus, 2013, pp. 355-56; here p. 355.

of liberalism, a chastened version that had to take leave of any conception of more or less automatic progress, the necessary triumph of individualism, or any optimistic sense that liberal principles would be adopted by any rational person, if only properly explained.

Still, Cold War liberals did think about a *distinctly philosophical* stance which might underpin their politics. They all, I would venture, arrived at a form of what can be called *tempered value pluralism*. By this I mean a view that posited both the incompatibility and incommensurability of human values, while avoiding the conclusions that any choice of values is completely irrational and that values will necessarily clash without any hope of political mediation. In other words, Cold War liberals affirmed a broadly Weberian account of value pluralism. Like Weber, they sometimes emphasised the tragic consequences of value pluralism. But they also held that in practice pluralism could be negotiated and contained politically. As Berlin summed up the point (rather nonchalantly) in a letter in December 1952, "it is all a matter of compromise and balance and adjustment and empirical Popperism etc."[9]

The obvious Cold War-related impetus of value pluralism (just as that of anti-determinism) was anti-Marxist; put more generally, it was directed against political blueprints where all attractive human values and practices could be fully realised without costs or difficult choices. Certainly, in the case of Berlin, it is clear that he "discovered" value pluralism because he came to think that what was wrong with Communism was "monism". Already in a 1949 sketch on "Democracy, Communism and the Individual" one finds the suggestion on Berlin's part that the ultimate philosophical basis of totalitarianism might plausibly be "monism".[10]

There has been considerable debate as to how value pluralism and liberalism–understood as a privileging of the value of liberty–do or do not hang together philosophically.[11] One relatively straightforward way of thinking about the relationship between the two is to claim that negative liberty allows for a large number–perhaps the maximum–of value choices that do not inflict major costs on others. (In other words, my choice of wanting to be the emperor, enslaving vast numbers of people, cannot be accommodated; but many other kinds of eccentricities can.) But, of course, this presumes the desirability of such a maximum, or even of diversity as such–a rather shaky foundation, if any, for liberal politics.

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[9] Isaiah Berlin to Dennis Paul, 30 December 1952, in *Enlightening*, p. 352.
[10] Isaiah Berlin, "Democracy, Communism and the Individual", in *The Isaiah Berlin Virtual Library* (http://berlin.wolf.ox.ac.uk/).
[11] For Isaiah Berlin and Bernard Williams' answer, see "Liberalism and Pluralism: A Reply", in *Political Studies*, 42:2, 1994, pp. 306-09.

Berlin was initially adamant that value pluralism entailed liberalism; later he modified his position somewhat by insisting that value pluralism entailed liberalism not through logical but *psychological* links. To me, this seems a plausible claim, in the following sense: If one recognises value pluralism to be true, one is arguably more inclined to adopt a set of positions which could be construed as psychological as opposed to philosophical: First, one would be more likely to empathise with the pursuit of ideals one does not share–after all, these ideals might be genuine human ones, and not aberrations or moral errors that could be corrected through rational insight and patient explanations by enlightened liberal universalists. At the very least, then, one might be somewhat more inclined towards tolerance, if one takes a plurality of clashing genuine values as a plausible description of the moral universe. Second, one would be psychologically prepared for continuous conflict–something that is obviously hard to live with for those who find social harmony both a desirable and feasible ideal. It is a further–essentially historical–point to then say that liberalism has proven the best way of both enabling and containing conflicts.

In the eyes of Cold War liberals, value pluralism established a presumption in favour of individual liberty, understood as negative liberty: a liberty that is about leaving as many doors open as possible (to adopt one of Berlin's own metaphors). In a practical sense, this point translated into a suspicion of central planning and the imposition of one scheme of value choices on an entire society. In the eyes of left-wing critics of Cold War liberalism, this suspicion of course opened the door to a libertarian justification of a minimal state which protects no values whatsoever apart from law and order, with the exception of economic progress (if that can be understood as a value).

Cold War liberals advocated constitutionalism, or what Aron once called a kind of "mixed regime": Structures that both enabled and contained as well as civilised ongoing political conflict. Here Cold War liberals actually aligned closely with those post-war thinkers on the European continent who explicitly disavowed the "l-word", but nevertheless sought to craft institutions which were meant to safeguard traditional liberal ideals (limited and divided power, recognition of a legitimate opposition, etc.)

But another issue of practical importance has often been overlooked or purposefully downplayed in retrospect: Cold War liberals were effectively Social Democrats. They professed sympathy for the welfare state, and, broadly speaking, took a critical view of figures like Hayek, despite the fact that Hayek shared many Cold War philosophical foundations and

clearly regarded himself as an intellectual combatant for Cold War liberalism. Berlin said explicitly that he was in favour of a welfare state and even called himself an advocate of a "mild form of socialism."[12] Aron sometimes voiced "regrets" about a liberalism that might have ensured more economic freedoms than the mid-twentieth century Keynesian welfare state, but in the end he thought that one could not hanker after the nineteenth century. The industrial society that had emerged in the twentieth century required an extensive administrative state and a welfare state–or so Aron's self-conscious realism suggested.[13]

Malachi Haim Hacohen has shown that Karl Popper, even after his radical break with the Communism of his youth, continued to regard himself as a Social Democrat.[14] While Popper was present at the founding of the Mont Pelerin Society–and, no doubt, always thought of himself as having much in common with Hayek–it is telling that he initially wanted the Society to be a broad coalition of liberals and socialists. In fact, Berlin described Popper's *Open Society*–which he claims had a "considerable influence" on him–as "anti-totalitarian and anti-authoritarian and, indeed, anti-conservative." Although at another point he lumped Popper together with Hayek as "too dogmatic & too conceited & removed from the actual lives of the people they are prescribing for: & blind, complacent, & scholastic," in general complaining about "fanatical individualists–anti-planners, laissez-fairists, Hayekites…"[15]

Cold War Liberalism and Neoliberalism

Of course, personal stated party preferences and ideological self-labelling are one thing–the inner logic of political ideas propounded is quite another. Here the conceptions of freedom advocated by Cold War liberals are most telling, even if nothing like 'mild socialism' could clearly be deduced from them. Berlin's negative liberty was, as he himself said, "deliberately anti-marxist"–but the point had been to save a notion of personal freedom (and of humans as "unpredictably self-transforming")

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[12] "Isaiah Berlin in conversation with Steven Lukes", in *Salmagundi*, no. 120, 1998, p. 76.

[13] As he put it in the preface to the *Opium of the Intellectuals*: "Personellement, keynésien avec quelque regret du libéralisme…"

[14] Malachi Haim Hacohen, *Karl Popper - The Formative Years, 1902-1945: Politics and Philosophy in Interwar Vienna*, Cambridge, Cambridge University Press, 2000.

[15] Isaiah Berlin to Jean Floud, 7 July 1968, in *Building*, p. 355, and Isaiah Berlin to Bernard Crick, 29 March 1966, ibid., pp. 271-75; here p. 271.

from the dangers of political oppression in the name of a positive, if not altogether specious notion of freedom. Late in life Berlin continually insisted that genuine positive liberty was also an important–albeit conflicting–value. More generally, his "idea of liberty" had always been "the possibility of the richest imaginable life".[16] Aron in turn explicitly criticised Hayek's notion of liberty for being one-dimensional and a-historical, and argued that the advanced industrial societies of the West had managed to find a *synthèse démocratico-libérale* which had absorbed the socialist critique of a purely negative understanding of liberty.[17]

This might still leave the possibility that advocacy of the welfare state among Cold War liberals was a pragmatic and not a principled one: Perhaps under different conditions, without the threat and competition of communism, their ideal society (a problematic term, of course; no society could realise all ideals) would have looked quite different. What speaks against such an interpretation is that all stressed the ultimately psychological need for security alongside the value of freedom. After all, while, just like Hayek, they emphasised uncertainty and ignorance as inevitable facts of economic and political life, they also had a deep understanding of human frailty, the 'strain' under which human beings suffered in the face of rapid and complex change, as well as the conflicts generated by change, hence the fears which made monism and all kinds of intellectual opiates so tempting. As Berlin put it, "the dilemma is logically insoluble: we cannot sacrifice either freedom or the organization for its defence or a minimum standard of welfare. The way out must therefore lie in some logically untidy, flexible and even ambiguous compromise."

Of course, many libertarians–Hayek and the representatives of the neoliberal Freiburg School, for instance–also did not simply celebrate the strength of the capitalist entrepreneur or see the market as an unmixed blessing: A world of difference remains between Hayek's followers and, say, Ayn Rand's outright Social Darwinist pro-capitalist dogma. Wilhelm Röpke and Alexander Rüstow (Hayek himself much less so) looked to Christianity and cultural traditions to compensate for the moral damage the market may inflict; and the very notion of *ordo* betrayed the religious roots

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[16] Isaiah Berlin and Beata Polanowska-Sygulska, *Unfinished Dialogue*, Amherst, Prometheus Books, 2006, p. 122.

[17] Raymond Aron, "La definition libérale de la liberté", in *Archives Européennes de Sociologie*, 2, 1961, pp. 199-218; and, in particular, "Liberté, libérale ou libertaire?", in *La liberté et l'ordre social: Textes des conferences et des entretiens organises par les Rencontres Internationales de Genève*, Neuchâtel, Éditions de la Baconnière, 1969, pp. 67-112.

of the Freiburg School and some of Hayek's disciples in the U.S.[18] Berlin, Aron and Popper, on the other hand, never advocated such forms of compensation; their advocacy of liberty was not accompanied by a *basso continuo* of cultural pessimism, or a longing for the certainties of revelation or some supposedly incontestable philosophical anthropology (summed up, for instance, in Rüstow's conception of a *Vitalsituation* appropriate for human beings as such).[19] In many ways, they actually held more trust in individual human beings than the libertarians who drew on Hayek's and Röpke's teachings.

Like neoliberalism, Cold War liberalism was obviously a politically engaged form of thought. It sought to influence under particular political circumstances. And it sought to take the intellectual-cum-political fight to the enemy. It was militant. Yet in another sense it was precisely not. Let me try to explain:

As many observers have noted, Cold War liberals–with the possible exception of Popper, who grew ever more cranky and intolerant with age–tended to be generous with their intellectual opponents, rather than demonising them. Most of them positively admired Marx–at least to some degree–and sought to find bridgeheads for their thought within intellectual enemy territory, so to speak. Ideological commitment by Marxists was not supposed to be countered with equally fervent commitment to a dogmatic liberalism; rather, uncertainty, doubt, and a charitable attitude towards one's adversaries ought to be part of the very case for liberalism. Think for instance of Norberto Bobbio, a self-described *perenne dubitante* (perennial doubter), a liberal who constantly sought to engage his ideological enemies and often lauded for his "ethos of dialogue", in the words of Nadia Urbinati. As Bobbio explained at one point:

> "It might be logically consistent to answer intolerance with intolerance, but it is ethically poor and perhaps politically disadvantageous. One can never be sure that the person who is intolerant will understand the ethical value of respecting others' views once they are accepted within the liberal camp. It is, however, certain that a persecuted and excluded intolerant will never

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[18] See also Carl Joachim Friedrich, "The Political Thought of Neo-Liberalism", in *American Political Science Review*, 49, 1955, pp. 509-25, and Philip Manow, "Ordoliberalismus als ökonomische Ordnungstheologie", in *Leviathan*, 29, 2001, pp. 179-98.

[19] The classic work of neoliberal cultural pessimism was Wilhelm Röpke's *Die Gesellschaftskrisis der Gegenwart*, Erlenbach-Zurich, E. Rentsch, 1942, in particular the passages about modern "massification", or what Röpke called, in an absolutely untranslatable turn of phrase, "einen die Gesellschaftsstruktur zerstörenden Zerbröckelungs- und Verklumpungsprozeß" (p. 23).

become a liberal. It is worth risking liberty by making its enemy its beneficiary if the only alternative is to limit liberty to the point of suffocating it or not allowing it to bear fruit. Much better an always endangered but expansive liberty than a liberty well protected but unable to develop."[20]

This was not just a matter of charitable, generous subjective attitudes, I think. Rather, it seems that this firmly committed but in important aspects non-fervent Cold War liberalism was based on theoretical positions, value pluralism in particular, along the lines suggested above: An inclination to respect the ideals of others, even if one disagrees about their overall importance or the chances of practically realising them, and a willingness to craft complex and potentially risky compromises.

Such an approach necessarily required political judgment–in turn based on knowledge of history and on psychological insight, among other things–rather than the application of rules or the implementation of legal blueprints and economic models. Berlin described political judgment as:

"an acute sense of what fits with what, what springs from what, what leads to what; how things seem to vary to different observers, what the effect of such experience upon them may be; what the result is likely to be in a concrete situation of the interplay of human beings and impersonal forces—geographical or biological or psychological or whatever they may be."[21]

Hopefully it has at this point become clearer what neoliberals were reacting against when they attacked post-war politics–and even Cold War liberalism. They did not want pragmatism, the muddle of the middle, nor the vagaries of political judgment. They sought rigid models of political and economic order and they could not possibly see themselves as *de facto* social democratic heirs of nineteenth-century liberalism. Berlin observed in 1952: "certainly I do not think that the answer to Communism is a counter faith, equally fervent, militant, etc., because one must fight the devil with the devil's weapons. To begin with, nothing is less likely to create a 'faith' than perpetual reiteration of the fact that we are looking for

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[20] Quoted by Nadia Urbinati, "Liberalism in the Cold War: Norberto Bobbio and the dialogue with the PCI", in *Journal of Modern Italian Studies*, 8, 2003, p. 586.
[21] Isaiah Berlin, "Political Judgment", in Isaiah Berlin, *The Sense of Reality: Studies in Ideas and Their History*, New York, Farrar, Straus and Giroux, 1999, p. 46.

one, must find one, are lost without one, etc."[22] Clearly, by contrast, the story of neoliberalism–reconstructed in this collection of essays–was very much a search for a counter faith.

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[22] Isaiah Berlin to Herbert Elliston, 30 December 1952, in *Enlightening*, p. 349. In the same letter Berlin asserted: "I think that what I am pleading for is really what used to be called Liberalism…"

INTRODUCTION

ACTORS AND NETWORKS IN TRANSNATIONAL
AND NATIONAL SPACES:
TOWARDS A NEW HISTORY
OF LIBERALISM IN EUROPE

HAGEN SCHULZ-FORBERG AND NIKLAS OLSEN

Introduction

This book explores the history of liberalism and neoliberalism as political
and economic ideology in Europe from the 1920s onwards. More
specifically, the volume analyses the processes in which liberalism was
reconstructed in Europe in the pre- and post-Second World War decades
and discusses the relations between the liberal networks, discourses and
rationalities that were then established and liberalism today.

One of the main features of reconstructing liberalism in the course of
the twentieth century was the reflection on what the very concept of
liberalism entailed. This reflection began with more intensity and in a
more organised, even institutionalised form after the First World War. The
deep regulation of the economy practiced by European states during the
war and the post-1917/18 crises of the Western liberal-democratic
countries and empires severed the link between the term liberalism and its
historically established meanings and forced proponents of liberalism into
the defensive. In the broader public, political, and intellectual discourse,
concepts such as progress, growth, and even freedom were disconnected
from liberalism. Instead, inflation, mass unemployment, war, crisis,
laissez-faire, and economic disaster came to constitute its meaning. To
reconstruct and revitalise liberalism consequently entailed a thorough,
lengthy effort at redefining its core as a political and economic concept.
The actors involved in reconstructing liberalism were not only economists
and politicians, but included lawyers, philosophers and sociologists as well

as public intellectuals, businessmen and journalists. How can these actors be understood?

Here, we understand those involved in the reconstruction of liberalism as networked normative actors. By this we mainly want to highlight that the process of reconstituting liberalism was not one in which actors were simply trying to make things work for their societies and the wider world. Their attempts at doing so also included a very conscious construction of a normative order according to which societies, economies, polities and indeed the whole world should ideally run.[1] Liberalism itself became an unstable and contested concept in this process, and those involved in reconstructing and negotiating its meaning did not follow a common fretwork stencil, even though some lamented the absence of such a shared blueprint. In highlighting the tensions between the different actors and interpretations of what this reconstructed liberalism should be, we accordingly understand those involved in these histories as networked normative actors. Hence, they consciously set out to construct a conceptual universe on which national societies, international organisations and a global order should be built. This was not a modest goal, but it was understood as an inevitable task. By the 1930s, it had become apparent to most of the actors involved that normative orders are man-made, that economies are part of these normative orders, and that human action was a necessary means for changing economics, politics and society; they therefore consciously became networked normative actors themselves.

The actors in question for this book moved in both national and transnational spaces and were part of a string of networks. We here take a common-sense approach to the term network itself. A certain degree of institutionalisation needs to be in place to speak of a network. In the case of the transnational reconstruction of liberalism since the 1930s, these institutionalisations can be found in both the transnational and the national spaces. The League of Nations, later the United Nations, national as well as international associations, research institutions, publishing houses and journals were part of this network, as were, indeed national parties, governments and parliaments, which played a crucial role as sites of negotiation for the legitimacy and impact of concepts.

Such a network comes to live through the agency of actors. In this book, we try to probe the depths and entanglements of this network. We neither understand it as a historical force as such, nor do we claim to make a contribution to a specific form of network theory. Furthermore, we do

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[1] For the notion of normative order see Rainer Forst and Horst Günther (eds.), *Die Herausbildung normativer Ordnungen*, Frankfurt am Main, Campus, 2011.

not ask which space–the transnational or the national–had a more primary bearing on the other, simply because such a question has limited explanatory value, interesting though it may be. Did national spaces influence the transnational? They surely did. In the case of the League of Nations, the British influence is unmistakably felt. Yet so are other influences. Did the transnational spaces, inversely, influence the national ones? Again, they surely did. The deliberations on the concept of liberalism took place in transnational settings, at conferences, seminars and in journals, and in more than one language. Mostly, however, discussions were carried out in English and French. The influence of these transnational deliberations on national languages of liberalism as well as on national political language in general was crucial in many ways. While the relations between these two spaces were often fruitful and synergetic, they were probably just as often fraught with tension.[2] In the case of the *Mont Pelerin Society*–to which we shall return–such influence by a community of experts on national policies has been brought to the fore in recent research. The national and the transnational spaces are, in this book, thus understood not as contrary, but as complementary to each other.

More concretely, which actions did the normative actors take in order to win back the language of liberalism in Europe? First and foremost, the publication of books had since the 1920s been one of the key means with which these actors tried to influence debates on (liberal) economics and politics.[3] Moreover, the League of Nations and a string of funding bodies, among which the Rockefeller Foundation and the Carnegie Endowment for International Peace were the most important, came to provide a transnationally institutionalised network between individuals, organisations, and national scientific institutions, focusing on how to support, for example, global capitalism and world peace. In addition, in many countries, research institutions for the newly founded disciplines of political science and international studies were created. While some of these institutions played crucial roles in facilitating national cooperation and academic professionalization within specific fields,[4] they arguably

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[2] On the interplay between different spaces in history see Hagen Schulz-Forberg, "The Spatial and Temporal Layers of Global History: A Reflection on Global Conceptual History through Expanding Reinhart Koselleck's *Zeitschichten* into Global Spaces", in *Historical Social Research*, 38:3, 2013, pp. 40-58.

[3] See Bernhard Walpen, *Die offenen Feinde und ihre Gesellschaft: Eine hegemonietheoretische Studie zur Mont Pèlerin Society*, Hamburg, VSA Verlag, 2004, pp. 66-73.

[4] See, for example, Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920-1946*, Oxford, Oxford University Press, 2013.

also served as sites at which economists, intellectuals and politicians tried to unfold and disseminate normative views and visions.[5] In addition, the discursive, institutional and inter-personal relations emerging in the 1930s were of crucial importance for the post-1945 reconstruction of a liberal Western order, as they led to the formation of various networks, alliances and modes of cooperation across national and disciplinary boundaries, including attempts to transfer normative visions into scientific and political practice.

Yet in most Western countries, the term liberalism was not a very popular concept after the war.[6] Those networked normative agents who proposed a new form of market-based economy and democracy thus had to spend their intellectual energy on defining either new terms, such as neoliberalism,[7] or reinterpreting existing ones, as indeed liberalism or capitalism. The strategies followed included an awareness of the role of concepts. For example in the German case, economists and public intellectuals had agreed to use the term *Wirtschaftsordnung* as a general term as they would rather avoid using the highly contested and negatively connoted term *Kapitalismus*.

The post-war reconstruction of a usable concept of liberalism, and thus the search for an attractive and durable liberal order, was a historical process fraught with tensions and conceptual insecurity. It lasted until at least the mid- to late-1950s. As this volume shows, the efforts at reconstruction did not merely constitute a Western story. Central European and Eastern European actors were not silent in the immediate afterwar period. As the contribution by Ferenc Laczó illustrates, it is quite fruitful to approach the history of conceptualising liberal thought and thought patterns from a transnational and actor-based network perspective. Yet this perspective needs to remain connected to national histories. Rather than conceptualising the national and the transnational levels as opposed to each other, or as disconnected spaces, we here look at both as not only *connected*, but indeed *interdependent* spatial units. A purely comparative, nation-based perspective loses the interconnecting elements between national histories and languages of liberalism.

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[5] This effort can be illustrated by the intense effort made by the League of Nations to foster international cooperation. On the relationship between the state and economics see *The State and Economic Life* vols. 1 and 2, Paris, International Institute of Intellectual Co-operation, 1933 and 1934. The conferences on which the accounts are based were held in Milan, 1932 and London, 1933.

[6] See Jan-Werner Müller's preface to this volume.

[7] Walpen, *Die offenen Feinde*, pp. 62-65.

The volume contributes to the growing research field concerned with the phenomena of liberalism in general and neoliberalism in particular by building on recent work on transnational networks and by reading national histories of liberal thought and agency with an eye on their transnational repercussions and entanglements. The focus of most of the new research is on the post-war institutionalisation of the neoliberal network that occurred with the founding of the *Mont Pelerin Society*, a transnational association, established in Switzerland in April 1947 under the leadership of Friedrich von Hayek, and its development into a global intellectual network with immense political influence by the 1970s, when market-driven approaches re-shaped national societies as well as the world economy.[8]

The *Mont Pelerin Society* is illustrative of a highly important historical phenomenon as it represents one of the most influential networks of normative actors within which values that would spill into national political and semantic frameworks were negotiated, debated and diffused. In many ways, the national political spaces appropriated a transnational value production. The economists, politicians, journalists, and intellectuals involved acted on the basis of moral convictions and ideological guidelines. They were normative actors, pushing a global vision of market-based social order within national, but also international, contexts.

This volume expands the field by opening it up to wider discursive analyses on the liberalism(s) articulated in diverse national and transnational political arenas in the chosen period, by including more actors than the members of *Mont Pelerin Society*, and by looking closely at languages and countries that do not feature in the usual accounts of Western (neo)liberalism. More specifically, through merging perspectives from history, political thought, and the social sciences, this volume includes investigations of networks of liberal actors, of political parties

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[8] See primarily Walpen, *Die offenen Feinde*; Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression*, Cambridge, MA, Harvard University Press, 2012; Serge Audier, *Néo-libéralisme(s): une archéologie intellectuelle*, Paris, Grasset, 2012; Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman and the Birth of Neoliberal Politics*, Princeton, Princeton University Press, 2012; Jamie Peck, *Constructions of Neoliberal Reason*, Oxford, Oxford University Press, 2010; Philip Mirowski and Dieter Plehwe (eds.), *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, Cambridge, MA/London, Harvard University Press, 2009; Philipp Plickert, *Wandlungen des Neoliberalismus: Eine Studie zur Entwicklung und Ausstrahlung der „Mont Pèlerin Society"*, Stuttgart, Lucius & Lucius, 2008; Francois Denord, *Néo-libéralisme version française: Histoire d'une idéologie politique*, Paris, Demopolis, 2007.

and public debates, as well as intellectual and academic debates. It analyses actors from more countries than Britain, Germany and France, which are mainly in the focus of investigation, and spreads out to transnational networks as well as to countries in Northern and Southern Europe as well as Hungary. Especially the latter case is indicative of a field of study only touched upon marginally until today, namely the history of liberal thought in Central and Eastern European countries.

In order to address the complex issue at hand, we here highlight the following questions: What liberal identities, imaginaries and modes of argumentation were involved in the processes in which liberalism was reconstructed in Europe? Did the actors involved add to the liberal agenda? Did they introduce new concepts similar to the German invention of social market economy? What did the concepts of liberalism and neoliberalism mean to different actors and in different semantic settings as well as languages? How did these networked normative actors mobilise the concepts within the political discourse? And what are the legacies of the post-war variants of liberalisms within the liberalisms manifesting themselves today?

By answering these questions, the book aims to enrich our knowledge of the political-ideological landscapes and developments in various European regions and countries as well as to transform the overall picture of European (neo)liberalism in the twentieth century.

Neoliberalism and Liberalism

The volume shows that neoliberalism concerns a tradition carried by a network of people, who understood themselves as liberals (and at times as neoliberals) and who sought to create societies based on individual freedom and a free market economy. The book also shows that neoliberalism emerged as a transnational and multilingual phenomenon and that it cannot be reduced to one doctrine or practice. With Michael Freeden, we propose to view neoliberalism as an ideology that consists of certain concepts whose meanings change and evolve over time.[9] While individual freedom and market economy are certainly core concepts of neoliberalism, they have been interpreted and defined in many different ways, and they have been combined with concepts and ideas which have roots in other ideologies, such as conservatism or social democracy, to fit specific situations and problems. As such, neoliberalism is to be viewed as

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[9] Michael Freeden, *Ideology: A Very Short Introduction*, Oxford, Oxford University Press, 2003.