

## The contribution of the *Schweizerisches Institut für Auslandsforschung* to the international restoration of neoliberalism (1949-1966)

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Started in the 1930s, the restoration of neoliberal ideas owes a lot to the foundation of the *Mont Pèlerin Society* (hereafter MPS) at the end of World War II. As a key network where neoliberal ideas could be achieved, discussed and diffused, this society has served as the main forum for neoliberal economists and intellectuals.<sup>2</sup> Its major architects, Friedrich Hayek and Wilhelm Röpke were convinced of the necessity to achieve these aims outside usual academic circles or national academic associations, which were at that time dominated by the so-called Keynesian avalanche. The foundation and maintenance of the MPS implied finding material support for its activities, which had to be found outside these traditional circles. Hence, the restoration of liberalism not only meant a permanent theoretical effort, but also implied a permanent search for financial support. If the former issue has been well studied by students of neoliberalism, the latter one, which is at the centre of this paper, has not yet received sufficiently the attention it deserves. Funds for the MPS were raised thanks to the crucial support of key sectors of Swiss business elites alongside a handful of American donors, two milieus that eagerly supported the first meeting of the MPS. This alliance underlines how such circles shared Hayek's and Röpke's long-term plan: the refoundation of a new liberal ideology and a virulent offensive against planned economy in its various Marxist, Socialist, and Keynesian hues. It is important to underline here the fact that the Swiss bourgeoisie was very committed to this refoundation of neoliberal ideology. This bourgeoisie was at that time facing the temporary loss of the major point of

<sup>1</sup> This article would never have been written without the precious help of Prof Dieter Ruloff, present Director of the Schweizerische Institut für Auslandsforschung at the University of Zurich, who gave us access to the archives of his institute. We owe a great tribute to Dr. Hanspeter Stucki, archivist at the University of Zurich and to Philipp Hofstetter, historian at the *Archiv für Zeitgeschichte*, for their worthy indications. We also would like to thank Prof. Pascal Bridel, Prof. François Vallotton, Matthieu Leimgruber as well as the participants to the workshop « la circulation internationale des idées » held at the EHESS the 22nd-23rd of June 2006 for their helpful comments on previous versions of this paper.

<sup>2</sup> See HARTWELL, Ronald Max, *A History of the Mont Pèlerin Society*, Indianapolis, Liberty Fund, 1995; PLEHWE, Dieter et Bernhard WALPEN, "Wissenschaftliche und wissenschaftspolitische Produktionsweisen im Neoliberalismus – Beiträge des Mont Pèlerin Society und marktradikaler Think Tanks zur Hegemoniegewinnung und -erhaltung", *Prokla*, 115 (2), 1999, p.203-235; DENORD, François, "Le prophète, le pèlerin et le missionnaire – La circulation internationale du néo-libéralisme et ses acteurs", *Actes de la recherche en sciences sociales*, 145 (décembre), 2002, p.9-20; WALPEN, Bernhard, *Die Offenen Feinde und ihre Gesellschaft. Eine hegemonietheoretische Studie zur Mont Pèlerin Society*, Hamburg, VSA Verlag, 2004.

reference that the neighbouring German elites had represented since the 19<sup>th</sup> century. Swiss close economic collaboration with the National-socialist political economy during WWII was strongly condemned at that time, especially in the USA. The major commitment of Swiss business elites in the MPS was also a way to restore connections with their British and American partners in hard times. It should be stressed also that this support had implicit political benefits, particularly in the early years of the Cold War, as it firmly welded Swiss elites to the Atlantic alliance against Communism.

If we consider Swiss employers' attitude, it is obvious that they strongly favoured the restoration of liberal ideas at an international level, which the main aim of the April 1947 first meeting of the MPS. This restoration project found its materialization when Albert Hunold, secretary of the MPS, and Hans Sulzer, a leading Swiss business executive, decided in 1950 to transform the *Schweizerisches Institut für Auslandsforschung* (Swiss Institute of International Studies, SIAF) to advance the neoliberal cause. Originally created in 1943, this private institute was closely linked with the University of Zurich and funded by generous donations from business elites. The SIAF had been created in the middle of WWII to help improving new contacts between Swiss intellectual and governmental circles and the academic world of Allied nations, but had apparently failed in that ambitious project. In 1949, the SIAF found a new mission aim as it was briefly used as a vessel to help Hayek to find tenure as a Professor in Zurich. From this time onwards, Hunold managed the whole Institute until his retirement in 1966. During these sixteen or seventeen years, the SIAF achieved to consolidate and entrench neoliberal positions in the University of Zurich and more largely contributed to the diffusion of these positions in the German-speaking world.

In 1950, Hunold's first task was to ensure sound financial bases for the Institute by collecting money from Swiss bankers and entrepreneurs. Between 1950 and 1966, the SIAF received about €3.1 millions from such circles<sup>2003</sup> (around €338'000<sup>2003</sup> each year), of which four fifth were devoted to its Economic Department. Among 40 private donors, the main contributors were Hans Sulzer's own firm, *Gebrüder Sulzer*, the two main Swiss banks, *Crédit Suisse* [hereafter CS] and the *United Bank of Switzerland* [hereafter UBS], the reinsurance giant *Schweizerische Rückversicherung [Swiss Re]* and the *Ciba* pharmaceutical and chemical company (now part of *Novartis*). With this considerable endowment (which amounted in 1950 to the budget of five full professor chairs at the University of Zurich), the Economic Department developed its activities in two main areas: public lectures at the University of Zurich (and also, from 1958 onwards, in downtown Zurich) and publications.

SIAF lectures contributed to spread neoliberal ideas inside the academic sphere and in Zurich. They also offered an informal meeting point for persons interested in such ideas. Students in economics at the University of Zurich, but also businessmen, politicians or media professionals attended SIAF lectures and participated to more informal gatherings. Thus, SIAF lectures acquired an essential role in setting up socializing activities inside the Swiss bourgeoisie under

the umbrella of academic discussions on neoliberal ideas. For neoliberal authors, the SIAF became one of the main European platforms from which their opinions could be launched. Strongly supported by the Swiss bourgeoisie, the SIAF was a *passage obligé* for MPS members that could benefit there from repeated, and well remunerated, invitations.

With the crucial help of the *Eugen Rentsch Verlag* publishing house, the SIAF also took in charge the publication of volumes of collected essays and reviews, the translation and the diffusion of neoliberal writings. In the same vein, the SIAF, with the help of German and French employers' associations, contributed to set up the *Editions Occident* at the beginning of the 1960s. Led by Albert Hunold, Jacques Freymond (William Rappard's successor at *International Institute for International Studies* in Geneva) and Lorenz Stücki (of the highbrow *Weltwoche* weekly magazine), this project was planned to publish Russian translations of classical works about liberalism and to diffuse them beyond the Iron Curtain.

Apart from lectures and publications, the SIAF also contributed financially and logistically to the renewal of neoliberal ideas. Even if this task did not figure in the statutes of the Institute, Albert Hunold, acting as MPS Secretary, organised all the MPS activities. A large part of the MPS administrative work was thus supported by the SIAF. Hunold also used the SIAF in order to collect funding for two important MPS meetings in 1953 and in 1957. The SIAF itself contributed financially to these gatherings, but also indirectly supported neoliberal authors by offering them generous fees for lectures or papers published by the SIAF.

During the 1960s, the SIAF progressively lost its intimate connection with the MPS – notably after Hunold's departure from the latter society in 1962 –, while continuing to be involved in an international network pushing for the renovation of neoliberal ideas.

This paper explores the different ways and means throughout which the SIAF provided a financial and logistical base for the post-war restoration of economic liberalism. As a concluding remark, we would like to emphasize once more the key role played by the SIAF on the Swiss and international levels during the early period of this neoliberal renaissance. During the decade leading the foundation of the well-known Institute of Economic Affairs in London, the SIAF turned out to be a forerunner of neoliberal think tanks in Europe, those famous institutions that would serve in the late 20<sup>th</sup> century as influential platforms for the circulation of neoliberal ideas. In other words, the Zurich-based SIAF can be considered as a key link between the 1947 first convening of the MPS and its institutional consolidation in an Anglo-Saxon setting from which it would lead the counter-revolution against Keynesianism and collectivist ideas.

### 1. A first take off in the winds of the shift towards the *Atlantic's Perspective*

On March 8, 1943, an assembly gathered in the room of the Senate of the University of Zurich approved the Statutes and the Program giving birth to the *Schweizerisches Institut für*

*Auslandsforschung* (SIAF).<sup>3</sup> This creation was sustained by the higher political instances in Switzerland. Thus, the official inauguration of the new institute was accomplished in June 1944 under the presidency of the Federal Councillor Philipp Etter.<sup>4</sup> The establishment of the institute was part of the political strategy implemented at that time by the Swiss elites, who attempted to restore connections with their British and American partners and to realign the country on an « Atlantic perspective », after a period of close economic collaboration with the NS-Regime.<sup>5</sup> Basically, it was meant to use the SIAF as an emissary developing closer contacts to the leading circles of the allied countries through academic channels.

Hence, the early members of the SIAF were on the one hand, prominent scholars who were well connected to the Anglo-Saxon world, such as the Rector of the University of Zurich, the Professor of theology Emil Brunner, who had early studied in the US and taught at Princeton in the interwar period, or Adolf Keller – also a protestant theologian, Professor at the University of Geneva – who had close links to the protestant Churches in the New World and also was involved in the Swiss-American Society for Cultural relations.<sup>6</sup> On the other hand, the members of the early SIAF were recruited in the various organs created during the war to define what the federal politics in culture should be, primarily among the foundation called *Pro Helvetia* and the *Neue Helvetische Gesellschaft*, [New Helvetic Society – NHG], were the idea of the SIAF seems to have first been developed.<sup>7</sup>

In accordance with its statutes, the SIAF was a private institute linked to the University of Zurich. It had to be financially autonomous, and was supposed to raise funds among leading business enterprises and prominent members of the Swiss bourgeoisie. Donators were offered to have a seat in a trustees board (« Kuratorium »), and to guide the development of the Institute. In this

<sup>3</sup> *Archiv für Zeitgeschichte* Zürich (Thereafter AfZ), Nachlass (Thereafter NL) Werner Imhoof, 7.4.2, Dossier 49, "Einladung zur Gründungsversammlung des SIAF", 01.03.1943.

<sup>4</sup> SILBERSCHMIDT, Max, *Das Schweizerische Institut für Auslandsforschung 1943-1981*, Zurich, Schweizerisches Institut für Auslandsforschung, 1981, p. 5. This text can be regarded as the official story of the SIAF.

<sup>5</sup> On this point, cf. JOST, Hans Ulrich, "Switzerland's Atlantic Perspectives", in MILIVOJEVIC, Marco et Peter MAURER, (éds.), *Swiss Neutrality and Security. Armed Forces, National Defence and Foreign Policy*, New-York, Berg, 1990, p.110-121.

<sup>6</sup> KELLER, Adolf, *Der Wandel des Amerikanischen Bewusstseins und seine Bedeutung für Europa*. Hg. Swiss-American Society for cultural relations, publication series volume I, Basel, 1943. Another point is worth mentioning: Keller had had contacts with Hans Sulzer, when the latter had been acting as a Swiss ambassador in the USA, at the end of WWI. See: AfZ, NL Hans Sulzer, 26.3.2, letters from 7th, 12th and 19th of June 1919.

<sup>7</sup> AfZ, NL Werner Imhoof, 7.4.2, Dossier 49, "Protokoll der 3. Sitzung der Gruppe 1, Arbeitsgemeinschaft Pro Helvetia, 15.12.1942". Historian Max Silberschmidt, former member of the SIAF also underlines the links between early SIAF and Pro Helvetia, or the NHG. See: SILBERSCHMIDT, Max, *Das Schweizerische Institut...*, op.cit., p.5-8. On the connections between politics and culture in Switzerland at the eve of WWII, see: JOST, Hans Ulrich, *Les Avant-gardes réactionnaires*, Lausanne, Editions d'En Bas, 1992, especially pp. 59-62, 79-81, 123-161; JOST, Hans-Ulrich, "Crise culturelle et politique réactionnaire", *A Tête d'ailes, contributions à une histoire critique de la Suisse*, Lausanne, Antipodes, 2005, p.319; MATTIOLI, Aram, *Gonzaque de Reynold: idéologue d'une Suisse autoritaire*, traduit de l'allemand par Dorothea Elbaz et Jean Steinauer, Fribourg: Editions universitaires, 1997, p.64-70, 200 sq.; MATTIOLI, Aram, *Intellektuelle von rechts: Ideologie und Politik in der Schweiz 1918 – 1939*, Zürich: Orell Füssli, 1995.

regard, contacts were fruitfully taken with Hans Sulzer – former ambassador to the US, at that time, president of the main Swiss employers organisation, the *Vorort* –, Rudolf G. Bindschedler, former president of the *Credit Suisse*, Heinrich Bodmer-Abegg, member of the board of directors of *Nestlé*, and probably with Rudolf Speich, member of the *Swiss Bankers Association* and president of the *Swiss Bank Corp.*<sup>8</sup>

But the professors placed at the head of the SIAF had received too much freedom in shaping the institute and were keen on transforming it into a renowned magnet for postgraduate studies. Nonetheless, they were not able to agree on the exact aims that had to be followed. In fact, the SIAF only played a negligible role in the bigger diplomatic manoeuvres that surrounded the end of WWII. Thus, many financial backers of the SIAF refused to renew their financial support when they were asked to do so in 1947 and 1948. Thus, the SIAF may very well have disappeared without trace. However it is at this very moment that the Institute became the central piece in an attempt to create a full professorship for Friedrich August Hayek at the University of Zurich.

## 2. The SIAF as a central knot of the emerging neoliberal network

The new start of the SIAF owes a lot to the deeds of Albert Hunold. Son of an inn-keeper, Hunold was born in 1899 in Zurich. He studied Economics, and eventually acquired a degree at the LSE (1927-29). Then, he worked from 1930 to 1945 as secretary for the Zurich Stock-Exchange. 1945 he was a lieutenant of the Director of the *Credit Suisse* office in Zurich. In 1947, he became director of the *Federation of the Swiss Watch Industry (ASUAG)*. Hunold was linked with many employers' organisations.<sup>9</sup> Without being himself part of the Zurich big bourgeoisie, Hunold was very close to its business elite, and was well known and introduced in this world. Above all, he had been one of the founding member and soon the secretary, of the *Mont Pèlerin Society (MPS)*, the first neoliberal association founded in 1947 at Hayek and Wilhelm Röpke's initiative.<sup>10</sup> In fact, Hunold had achieved to make the Swiss bourgeoisie finance the first meeting

<sup>8</sup> AfZ, NL Hans Sulzer, II, 10, "Lebenslauf", p.1, Letter from the SIAF 18th of January 1954. The obituary article published in the activity report of the SIAF for 1947/48 attests R. G. Bindschedler's support. See *Hesperia*, no.1, 1948. H. Bodmer-Abegg's support is attested at the same place. Regarding Speich, see SIAF Archives (hereafter SIAF), Allgemeine Briefe, dossier SBS, letter from 14th of August 1961.

<sup>9</sup> BÜRGI, Markus "Albert Hunold" in : *Historisches Lexikon der Schweiz*, (e-version : [www.dhs.ch](http://www.dhs.ch)), hereafter DHS.

<sup>10</sup> BUSINO, Giovanni, "William Rappard, le libéralisme "nouveau" et les origines de la Mont-Pèlerin Society", *Revue européenne des sciences sociales*, 88, 1990, p.205-216; COCKETT, Richard, Thinking the Unthinkable, op.cit. HARTWELL, Ronald Max, *A History of the Mont Pèlerin Society*, op.cit.; PASCHE, Cécile, et PETERS, Suzanne, "Les premiers pas de la Société du Mont Pèlerin...", art.cit.; PLEHWE, Dieter, et WALPEN, Bernhard, "Eine Art von internationaler fünfter Kolonne des Liberalismus" in STÖTZEL, R., *Ungleichheit als Projekt. Globalisierung & Neoliberalismus*, Forum Wissenschaft, Marburg, 43, 1998, p.367-380; PLEHWE, Dieter et WALPEN, Bernhard, "Wissenschaftliche und wissenschaftspolitische Produktionsweisen...", art.cit.; DENORD, François, "Aux origines du néo-libéralisme en France " Louis Rougier et le Colloque Walter Lippmann de 1938", *Le mouvement social*, 195, 2001, p.9-34; ROTH, Karl-Heinz, "Klienten des Leviathan: Die Mont Pèlerin

of the MPS.<sup>11</sup> Since 1946, Hunold was involved in various attempts to create a professorship for Hayek at the University of Zurich. He was supported in this by industrialist Hans Sulzer, who advanced funds for both the early SIAF and for the first meeting of the MPS.<sup>12</sup> As Professor Manuel Saitzew was soon retiring from his Professorship in Economics at the University of Zurich,<sup>13</sup> Hunold and Sulzer gathered a small but influent group, to lobby academic authorities, hoping to convince the University to offer Saitzew chair to Hayek. The influent National Councillor Robert Bühler, Willy Bretscher Director of the highbrow *Neue Zürcher Zeitung*, Robert Büchi, head of the *Wirtschaftsförderung* (a business advocacy group) and the above mentioned director of the *Swiss Bank Corp.* Rudolf Speich, were all part of this informal pressure group. These prominent members of the Zurich bourgeoisie considered very favourably the liberalism taught by Hayek and wanted to avoid that Keynesian doctrines could develop a foothold in Zurich academic milieu. Hayek's hiring in Zurich first seemed almost certain. Hunold even spoke with enthusiasm and « optimism » to Hayek.<sup>14</sup> For various personal reasons, the latter was at this time very interested in such a proposition.<sup>15</sup> In November 1948, Hayek accepted a professorship at the Committee on Social Thought at the University of Chicago, with teaching beginning in the fall of 1949. But even after this date, he was still looking for a position at a European university. The Swiss committee plans to put Hunold at the head of the SIAF and to link this institute with Hayek's professorship. Putting two of the central figures and promoters of the MPS in Zurich would certainly help building an international liberal network and certainly make it more available to the Swiss élites.

In December 1949, Hayek first mentioned that he would probably accept a place in Zurich, even

Society and das Bundeswirtschaftsministerium in den fünfziger Jahren", 1999; *Zeitschrift für Sozialgeschichte des 20. und 21. Jahrhunderts*, 16, 2, 2001, p.13-41; WALPEN, Bernhard, *Die Offenen Feinde...*, op.cit.

<sup>11</sup> See STEINER, Yves, "Les riches amis suisses du néolibéralisme. De la débâcle de la revue *Occident* à la Conférence du Mont Pèlerin d'avril 1947", *Traverse*, 1, 2007, pp. 114-126. On the Volker Fund's role in the financing of Hayek's projects in America, see: VAN HORN, Rob and Philipp Mirowski, *The Road to a World Made Safe for Corporations: The Rise of the Chicago School of Economics*, paper presented at the Workshop "How Neoliberalism Became a Transnational Movement", ICAS New York University, April 2005.

<sup>12</sup> Sulzer's own company had been put on black lists by the Allied, which considered his business much too close to Germany. Sulzer had been Swiss Ambassador in the USA at the end of WWI. On Sulzer himself, see the notice to his archives, held at the AfZ in Zurich ([www.afz.ethz.ch](http://www.afz.ethz.ch)).

<sup>13</sup> Eventually, Saitzew retired in 1950 (he died in 1951). As it was not possible to agree about his successor, his chair was soon divided in two different positions. From 1953 onwards, Friedrich A Lutz, also member of the MPS, was teaching social economic theory and history of economic thought. Jürg Niehans, a more conventional scholar, taught from 1953 onwards in « theoretische und praktische Nationalökonomie ». See : STADLER, Peter, *Die Universität Zürich 1933-1983, Festschrift zur 150-Jahr-Feier der Universität Zürich*, hrsg. vom Rektorat der Universität Zürich, Zurich, Universität Zürich, 1983, p.324.

<sup>14</sup> Hoover Institution Archives, Friedrich Hayek Papers (Hereafter HIA FHP), 75.10, Letter from Hunold to Hayek 10.11.1949. As for further quotations, the original in german has been translated by our own deeds.

<sup>15</sup> Since 1947, Hayek was standing on journey between London and Vienna. He was about to divorce from his first wife, Hella, living in London. His cousin Helene, living in Vienna, would become his second wife in August 1950. Hence, a place in Zurich would have been interesting for Hayek. See EBENSTEIN, Alan, *Friedrich Hayek: A biography*, Palgrave, New York, 2001, p.155, 166-167. We thank Bruce Caldwell, editor of Hayek's Complete Works for having given us these indications.

if he were about to leave for Chicago and currently divorcing. Meanwhile, he rejected a proposition of a private professorship linked to closely to the SIAF, arguing that a private chair would connote negatively the fame and the credibility of his holder.<sup>16</sup> Hopes of Hayek's hiring at the University of Zurich remained until April 1951, when Hayek eventually conceded that he was no more disposed to leave Chicago.<sup>17</sup>

In the meantime, Sulzer had easily convinced the remaining members of the *Kuratorium* from the SIAF to let him set up the institute. Under his guidance, the SIAF opened in March 1950 a new Economic Department (*Volkswirtschaftliche Studien*), headed by Albert Hunold, whereas the old core activities of the SIAF were sidelined into a Cultural Studies Department (*Kulturwissenschaftliche Studien*). The new Department was meant to play a major role in spreading the neoliberal doctrine and the work of the young MPS. Taking in the reins of the Institute, Hunold and Sulzer soon achieved to triple its budget. Launching big fund raising campaigns, Hunold assumed the administrative work, while Sulzer offered his well-furnished address book. A third man, Charles Zoelly, future vice Chairman of the board of Directors of the *UBS*, undertook the financial management of the new SIAF.

Without reviewing in details the SIAF accounts, it has to be noted that since the first fund raising campaign in 1950, the Institute could rely on more than forty private donors (mainly banks, industrial enterprises, insurance companies) and on two public donors, the Canton of Zurich and the *Swiss National Bank*.<sup>18</sup> Two thirds of its revenue are provided by a small coterie of firms representing the core of Swiss capitalism namely *Gebrüder Sulzer* (CHF 24'000), the three so-called « Big Banks » (*UBS*, *CS*, *SBS*) which each donated 21'000 CHF, *CIBA AG* (CHF 21'000), the insurers *Swiss Re* and *Winterthur* (CHF 21'000 each), and *Zurich* (CHF 15'000), and the manufacturing giants *Oerlikon AG* (CHF 18'000), *Georg Fischer AG* (CHF 15'000) and *Brown Boveri & Cie* (CHF 13'500). The Canton of Zurich went on to finance the activities of the cultural section, spending CHF 96'000 to sustain it between 1950 and 1958. The *Swiss National Bank* donated CHF 10'500 to the SIAF between 1950 and 1967.

Given the monies donated by its twenty most important donors, the SIAF collected an average of CHF<sup>1950</sup> 170'000 by fund raising operation between 1950 and 1967. The first two campaigns (1950-52, 1953-55) provided respectively CHF 325'000 and CHF 287'129, without the subventions allowed from the Canton of Zurich. Thus, these sums represented just a part of the monies gathered by the SIAF. The Institute indeed got some revenue from other sources, not to mention, for example, benefits given in non-monetary means or profits generated by its activities,

<sup>16</sup> HIA FHP, box 75.10, Letter from Hayek to Hunold, 02.12.1949.

<sup>17</sup> HIA FHP, box 75.10, Letter from Hayek to Hunold, 13.04.1950.

<sup>18</sup> The remaining archives do not allow a complete overview in the SIAF accounts, since only two major documents have survived. The first of these documents enumerates the private donors between 1950 and 1956. (SIAF, Ausschuss für Vorträge, Diskussionen und Publikationen, dossier "Reorganisation des Instituts"). The second is a list of the private donors between 1950 and 1967. (SIAF, Auszug aus der Liste der Donatoren, General Correspondence, Nestlé papers, without date). The following informations are taken from these two documents.

for example the sale of its books. All in all, the sums injected in the SIAF were significant. In the end, the institute had at least CHF 100'000 per year at its disposal to finance its activities. To give a point of comparison, Professor Friedrich Lutz's, (who would be at the Head of the SIAF at the end of the 1960's) first annual appointment at the University of Zurich in 1952 amounted at CHF 35'000, charges inclusive. Most of the monies raised for the SIAF were put at the disposal of the Economics Department.

In fact, the latter soon became the informal administrative office of the MPS and therefore a precious interface between the international neoliberal circles and Swiss business elites. Direct support from the SIAF to the MPS took several shapes. The first and foremost, the SIAF offered logistical support to the activities of the Mont Pèlerin Society. Between 1950 and 1960, the address book of the MPS, its daily correspondence, the correspondence between its board of Director, its organisation and the management of a library gathering all publications from its members were outsourced at the SIAF. This implied mounting costs, as the MPS memberships were constantly growing, already amounting to 172 members in 1951, and to 258 in 1961. In 1959, Hunold confesses that the SIAF has indirectly financed the administrative activities of the MPS for a sum of at least 10'000 dollars (an amount worth at that time around CHF 43'200).<sup>19</sup> The favours granted to the neoliberal association went further. In 1953 and in 1957, Hunold used the network of the SIAF to raise funds to finance MPS-meetings and actually partly finances these with SIAF monies.<sup>20</sup> In 1953, the SIAF spends CHF 5'000 to organize the meeting in Seelisberg, and in 1957 the Institute was the main sponsor of the meeting.<sup>21</sup> In addition, the staff of the SIAF came along with Hunold at the meetings, helping the MPS to cope with the logistics related such events.

Moreover, the SIAF developed its own activities in parallel to the support it offered to the MPS. First of all, it spread the neoliberal doctrines inside the academic world. From 1950 on, the private institute organized yearly two cycles of free conferences, held at the University of Zurich. In this way, the SIAF offered many opportunities to hear some prestigious scholars, while spreading neoliberal thought. The total amount devoted to these lectures is impressive. Between 14th of June 1950 and 8th of July 1951 for example, Hunold organised no less than 44 lectures on the theme of « Full employment, Inflation and Planning » – approximately one every two weeks – at the University of Zurich. The speakers' roll call mentioned prestigious names (Howard Ellis,

<sup>19</sup> Hoover Institutions Archives – Fritz Machlup Papers (hereafter HIA FMP), box 279.17, Letter from Hunold to Machlup, 12.01.1959. Machlup is at that time treasurer of the MPS.

<sup>20</sup> HIA FMP, MPS Files, 7.9, « conference Seelisberg » and 10.9, box 10, Conference St. Moritz ». Both meetings were crucial for the MPS as the organisation had not met since 1951.. Various attempts to organize a conference failed. In the end, Hunold hastily set up a meeting in Switzerland, thus avoiding the collapse of the society. In 1957, the tenth birthday of the MPS could be celebrated. Among the 22 Swiss donors financing this meeting, 17 of them also sponsored the SIAF.

<sup>21</sup> The major contributor to the 1957 gathering, the *Konzortium Mont Pèlerin Society*, was a figurehead for the SIAF, who invested 9000 CHF in this meeting, covering one fifth of the total budget. HIA FMP, MPS Files, box 10.9, « Einnahmen ».

Frank Knight, Stanley R. Dennison, Gottfried Haberler, Friederich August von Hayek, John Jewkes, Fritz Machlup, Arnold Plant, William Rappard, Wilhelm Röpke, etc.) as well as elite universities (Cambridge, London School of Economics, Harvard, Princeton, Chicago, etc.). At that time, the University of Zurich had neither the financial means, nor the connections and address book necessary to organise such lectures. Indeed, 21 of the 23 speakers invited to give these 44 lectures were MPS members. Moreover, between 1950 and 1958, more than two thirds of SIAF lectures were given by MPS members (Haberler, Röpke, Machlup, Hayek, Lutz, Gideonse, Jewkes, Baudin, etc.).<sup>22</sup>

From the very beginning, the share of speakers who were members of the MPS was very important. Between 1950 and 1958, two thirds of the lectures held by the SIAF at the University of Zurich were made by members of the neoliberal organisation (155 out of 261). Keynote speakers were members of the MPS: Haberler (9 lectures), Röpke (9), Machlup (7), Hayek (6), Lutz (4), Gideonse (4), Jewkes (4), Baudin (4), Sir Gregory (4), Rüstow (3), Villey (3), Baudhin (3) and Lionel Robbins (3). The first non-member of the MPS to give a Conference under the umbrella of the SIAF was the Swiss economist Eugen Grossmann, former professor of Albert Hunold.<sup>23</sup> Between 1950 and 1958, other renowned members of the MPS such as Peter Bauer (London School of Economics), Milton Friedman (Chicago University), Jacques Rueff (Institut de France), William Rappard (IUHEI), Bruno Leoni (University of Pavie), philosopher Karl Popper (London School of Economics) or German Minister of Economics Ludwig Ehrard gave lessons at the SIAF. Rare are MPS members who escaped an invitation in Zurich at these times. On the other side, many of the lecturers invited to give a conference at the SIAF were relatively close to the MPS, without formally having adhered to it. As example, we could mention W. Förster, H. Niehaus or W. Hagenbuch. Major representatives of the Swiss employers – such as Georges Bauer or Heinrich Homberger – also stood among the lecturers.

Always announced and reviewed in the NZZ, SIAF lectures were a success and attracted a large audience. At the beginning of the 1950s, more than 100 persons on average attended these events, for which the biggest auditorium in the University buildings were reserved. On the 3<sup>rd</sup> of July 1950, not much after the arrival of Hunold at the head of the SIAF, famous economist Gottfried Haberler gave a lecture to an audience of more than 140 people.<sup>24</sup> The Conference cycle of 1958/1959 (*Erziehung zur Freiheit*) beat all the forecasts, the audience being on average of 390 people per evening.<sup>25</sup> In November 1958, Röpke lectured in front of 650 people, or four times the

<sup>22</sup> An almost complete collection of the flyers and advertisement posters made for these conference has been preserved in the SIAF's archives, allowing to reconstruct in details the activity of the SIAF from 1950 on to our days.

<sup>23</sup> On Grossmann, See Olivier Longchamp in : DHS « Eugen Grossmann ».

<sup>24</sup> HIA FHP, box 75.11, Letter from Hunold to Hayek, 04.07.1950.

<sup>25</sup> This round of lectures takes place at a clue moment in the story of the SIAF. In 1958, the section of Hunold absorbs the Cultural Section of the Institute (see below). That second reorganisation of the Institute makes it very important to achieve a successful round of lectures. The reading list is prepared consequently and contains names

total student enrolment in economics at the University of Zurich.<sup>26</sup> This means that the SIAF lectures did find an audience far beyond students and teachers in the discipline, or even outside academia.

These various events were also a way to support the neoliberal thinkers. Planned in the middle of lecture trips in Europe, the stop in Zurich was probably amongst the most profitable. In 1950, Hunold was paying his lecturers CHF 500 for a single 45-minutes conference. Housing and moving expenses were paid back, and per diems of CHF 50 were granted to cover extra expenses. In 1951, Fritz Machlup received CHF 1000 for five 45-minutes conferences, a fee amounting to one third of the monthly salary of a full professor at the University of Zurich. Hayek received the same emoluments for one lecture and its published version. At the same time, Machlup was only given CHF 850 for a full week of courses held in February 1951 at the IUHEI in Geneva.

Through these lectures, Hunold and the sponsors of the SIAF were providing material support to the neoliberal thinkers and offering them both visibility and a place to demonstrate. But the stake of these lectures were not only academic ones. These conferences also offered opportunities for socializing. Indeed, meetings at the SIAF were places where academic, political and business elites could meet. Often enough, the lectures had *afters*, pleasantly extending the evening in Downtown Zurich, by a gala-meal in one or the other of the hotels of the place, where the speaker was presented to SIAF members or to its sponsors. Among many other examples, we shall mention the munificent dinner organised on 9<sup>th</sup> of December 1963 at the Baur au Lac in the honour of Heinrich Nordhoff, since 1948 Chairman of *Volkswagen*, who had been opening the round of lectures about *Schicksalsfragen der Westlichen Zivilisation*.<sup>27</sup> Hunold had taken in charge all the organization of this supper, putting up and delivering to each participant a list with the name of the 49 guests and their place around the tables. Let's quote some of the names figuring among this list of distinguished guests: Bankers Bandelier (*SBS*), Budich (*UBS*), Escher (*CS*), Gamper (*Bodenkreditanstalt*), Homberger (*SBS*), Lang (*CS*), Reinhardt (*CS*), Roesle (*Bank Leu & Co.*), Studer (*CS*) and of course, the above mentioned treasurer of the SIAF, banker Charles Zoelly; industrial employers Baerli (*Georg Fischer*), Boveri (*Brown Boveri & Cie*), Bührlé (*Oerlikon, Bührlé & Co.*), Campbell (*AMAG*), Crolard (*Michelin*), Deucher (*Rüti AG*), Fischer (*Maag-Zahnrad*), Haefner (*AMAG*), Lotz (*Brown, Boveri & Co*), Mayr (*SIG*), Schneebli (*Georg Fischer*), Spat (*Philips*), G. Sulzer (*Gebrüder Sulzer*). Further, some professors: Böhler (*Swiss Federal Institute of Technology, Zurich*), Künzi, Lutz and Silberschmidt (all of them from the University of Zurich).

The activism of the SIAF soon created an informal space where Swiss business elites and

such as those from Hanna Arendt, Karl Popper, Götz Briefs, Karl Barth, Carlo Antoni, and of course Friedrich Hayek and Wilhelm Röpke.

<sup>26</sup> SLB, V Schweiz 1613, 9, Bericht, 1959, p.3-4. In 1956/57, there were indeed approximately 195 students in economics at the University of Zurich (269 in 1960/61). Many Thanks to Hanspeter Stucki, archivist at the University of Zurich, who gave us this information, on 02.05.06.

<sup>27</sup> SIAF, « Teilnehmerliste und Tischordnung », 09.12.1963, Zirkulare 49-63, classeur 1963.

executives could share their problems and their views with Zurich academics and with the main international representatives of the neoliberal circles. Hunold underscored this fundamental characteristic of the SIAF and used it as an argument to get the financial support he needed to run his institute. In 1956, Hunold had difficulties in collecting fees by Nestlé. For various reasons, Nestlé had recently evaluated that the aims of the SIAF were too far from its own commercial views, and therefore avoided supporting it. Since 1957, Hunold often tried to make the well-known multinational resent its decision. In April 1959, being sure to have found the decisive argument to achieve this change-of-mind, Hunold tried to organise beside a lecture of German Minister Ludwig Erhard an informal gathering between the Head of Nestlé and the *Wirtschaftsminister*. Unfortunately for him, agenda problems brought this idea to a failure. But this shows that the SIAF had not only academic purposes, and that there was place enough to make practitioners of politics and businessman meet under the protecting wings of science.<sup>28</sup> Lectures and socializing were not enough. At the same time, Hunold undertook a huge publishing effort, issuing in particular a collection of writings. These writings were essentially – but not only – based on the lectures given at the Institute. The central tasks in choosing, translating, editing and promoting these writings are made by Hunold himself. Between 1951 and 1970, *Eugen Rentsch Verlag* published 14 volumes of collected essays that formed a SIAF series of economic studies.<sup>29</sup> In 1965, 70% of the copies of these books (or around 23,000 copies) had been sold or distributed. There again, almost 70% of the contributors were MPS members. More interestingly, around 40% of the contributions were translated from English, French or Italian into German. By translating these contributions, the SIAF helped to publicize the views of key non-German-speaking neoliberal authors who were rarely translated into German at that time. Furthermore, this overflowing editorial activity was linked to a much more ambitious project: the

<sup>28</sup> SIAF, General Correspondence, dossier Nestlé, Letters from Hunold to Nestlé, 27.04.1959, from Nestlé to Hunold, 03.05.1959, from Hunold to Bignami (Nestlé), 29.06.1959 and from Bignami to Hunold, 30.06.1959. If the attempt with Nestlé did not come to a positive end, other did. An informal cocktail organised on 8.th of June 1964 allowed for example former prime-minister of Rhodesia and Nyassaland, Sir Roy Welensky, to meet with the Swiss members of the *Swiss South-African Association*, an organisation uniting business firms that had assets or economic links with South Africa. On this, see GYGAX, David, *La Swiss-South African Association (1956-2000)*. *Un organe du capitalisme helvétique en Afrique du Sud*, Fribourg, Publications de la Chaire d'histoire contemporaine no 8, 2001, p.299.

<sup>29</sup> HUNOLD, Albert, (éd.), *Vollbeschäftigung, Inflation und Planwirtschaft*, EVR, Zürich, 1951; HUNOLD, Albert, (éd.), *Wirtschaft ohne Wunder*, EVR, Zürich, 1953; HUNOLD, Albert, (éd.), *Die Konvertibilität der europäischen Währungen*, EVR, Zürich, 1954; HUNOLD, Albert, (éd.), *Die freie Welt im kalten Krieg*, EVR, Zürich, 1955; HUNOLD, Albert, (éd.), *Masse und Demokratie*, EVR, Zürich, 1957; HUNOLD, Albert, (éd.), *Europa: Besinnung und Hoffnung*, EVR, Zürich, 1957; HUNOLD, Albert, (éd.), *Erziehung zur Freiheit*, EVR, Zürich, 1959; HUNOLD, Albert, (éd.), *Entwicklung: Wahn und Wirklichkeit*, EVR, Zürich, 1961; HUNOLD, Albert, (éd.), *Lateinamerika: Land der Sorge und der Zukunft*, EVR, Zürich, 1962; HUNOLD, Albert, (éd.), *Inflation und Weltwährungsordnung*, EVR, Zürich, 1963; HUNOLD, Albert, (éd.), *Afrika und seine Probleme*, EVR, Zürich, 1965; LUTZ, Friedrich August (éd.), *Europäische Probleme aus Wirtschaft und Politik*, EVR, Zürich, 1968; LUTZ, Friedrich August (éd.), *Gesellschaftliche Entwicklungstendenzen in Osteuropa*, EVR, Zürich, 1969; LUTZ, Friedrich August (éd.), *Amerika: Europa Freunde und Rivale*, EVR, Zürich, 1970.

spread of the liberal doctrine on the other side of the iron curtain. Since 1961, the SIAF undertook the Russian translation of classical writings about liberalism. The works of Emil Brunner, Carl Gustav Jung, Wilhelm Röpke or Louis de Broglie had to be published by a new publishing house, funded for this occasion under the evocative name « Editions Occident ». The project had been organised by Hunold, by Lorenz Stucki, head of the *Weltwoche* and by the Head of the IUHEI in Geneva, Jacques Freymond. It was financed to the half by a group of employers associations – among others, the *Conseil national du patronat français* (CNPFF) and one of its German equivalent, the *Bundesverband der deutschen Industrie*. Some prominent politicians such as former Chairman of West Germany Theodor Heuss, former Swiss ambassador Carl Jakob Burckhardt or Professor Rudolf Von Salis were meant to patronize this initiative.<sup>30</sup> Since 1950, the economic section of the SIAF acted simultaneously as the essential institution disseminating neoliberal thought in Switzerland and as a central supporting organ to its renewal on an international level. The SIAF successfully aggregated business, politician and academic networks that favoured this enterprise. Through his considerable editorial work, Hunold also succeeded in giving a collective name and fame to neoliberal authors and their works. In 1959, Fritz Richner and Alfred Schaefer, heads of the *UBS*, were retrospectively concluding in very favourable terms the support their company had been providing since a decade to the SIAF. Among the three pages addressed to Hunold to celebrate the tenth birthday of the renewal of the institute, they wrote:

« It is with conviction that we supported the birth, and then the further development of the Institute, because the main goal was, if possible, to influence the teachers at the Economic Department of the University of Zurich and, simultaneously, to make its students feel at home with the liberal thought and with a way of thinking compatible with the fundamentals of a private economy. [...] Unfortunately, the first aim could not be achieved totally, the attraction of Prof F.A. Hayek in Zurich having namely not been possible. The success, that all of us wished to the Institute has despite this been reached, thanks to your personal commitment. [...] The strong relationship between the Institute and the MPS have obviously been very useful. »<sup>31</sup>

### 3. Stirs and Transition:

The story of the SIAF between 1959 and 1967 is a paradoxical one. On one hand, that decade represented a Golden Era for the Institute. Its membership was high; its prolific activities were now well-known and renowned well beyond Zurich and the neoliberal circles. Last but not least, the means needed to make the business run were rushing in, generously provided by some 50

<sup>30</sup> This story is briefly evoked in SILBERSCHMIDT, Max, *Das Schweizerische Institut...*, op.cit., p.31. Other informations are taken from: SIAF, « Zirkulare 1962 », Sitzung des Kuratorium vom 2.06.1962, p.4-6.

<sup>31</sup> SIAF, General Correspondence, dossier UBS, Richner and Schaefer to Hunold, 11.02.1959.

private sponsors. During these 9 years, the SIAF collected in average CHF<sup>1950</sup> 112'000 per year, an amount slightly exceeding the sums at disposal during the precedent period. But on the other end, this success was darkened by internal struggles that led to the eventual retirement of Hunold, in 1966. The last section of this paper briefly presents the process by which the SIAF slightly lost its central place among the neoliberal network.

In 1958, the two sections of the Institute, the Economic one and the Cultural one merged after the eviction of Professor A. Steiger, Director of the latter Department, who had been accused of embezzlement at the University of Zurich and at the Swiss Federal Institute of Technology. This strengthened Hunold's position inside the Institute, to a point that became inconvenient to some of its other leading members. Hunold's authoritarian ways did not please everyone. A second troubled episode took place in 1961. At this time, internal conflicts inside the MPS led to Hunold's eviction from this society.<sup>32</sup> This divorce deprived Hunold from the network he once had access to and endangered the organization of lectures.

The final clash in the SIAF happened between May and June 1964. At this time, Hunold had organised a cycle of lectures on the social, political and economical situation in South Africa. To say it more bluntly, this meant talking about *apartheid*, and to complain about the first international UN campaign against the South-African government. This subject had been chosen with the explicit support of Georg Sulzer, the son of Hans Sulzer, who had taken the succession at the head of the board of trustees of the SIAF after the death of his father.<sup>33</sup> This choice should not surprise us. Strong bounds linked business circles in Switzerland and in South Africa, where a significant share of foreign investments had a Swiss origin.<sup>34</sup> Georg Sulzer was also the Chairman of the Swiss South-African Association, an organisation that gathered many Swiss bankers and industrials who had investments in South Africa. Since 1956, this structure was making pressure at a political level to shape Swiss opinion towards the apartheid regime.<sup>35</sup>

The round of lectures about South Africa was not welcomed. First of all, it was stringently criticized in newspapers, and even in the *Neue Zürcher Zeitung*. More annoyingly, the Chairman University of Zurich Student Union, Walter Renschler, soon complained in the same newspaper about the

<sup>32</sup> Since its origins, Hunold wanted to give a greater political visibility to the MPS. On the contrary, Hayek did refuse. In 1958, this opposition was radicalized, as soon as Hunold became in charge of the editorial works of *MPS Quarterly*. This « MPS Voice » was unbearable to Hayek, all the more that Hunold used this organ to settle up scores with him. Hunold tried to take the control of the society with Röpke, but Hayek, Friedman, Machlup and Leoni eventually won the fight. In 1961, Röpke, Hunold and 12 other members of the MPS left the society. On this, see: HARTWELL, Ronald Max, *A History of the Mont Pelerin Society*, op.cit., p.100-133; WALPEN, Bernhard, *Die Offenen Feinde...*, op.cit., p.145-151.

<sup>33</sup> SIAF, Ausschuss für Vorträge, Diskussionen und Publikationen (1958-1969), "Protokoll der siebten Sitzung des Ausschusses für Vorträge, Diskussionen und Publikationen", 18.02.1964, p.2.

<sup>34</sup> See: BOTT, Sandra, GÜEX, Sébastien et Bouda ETEMAD, Les relations économiques entre la Suisse et l'Afrique du Sud durant l'Apartheid (1945-1990), Lausanne, Antipodes, 2005, p.98-103, 152-157. See also KREIS, Georg, *La Suisse et l'Afrique du Sud 1948-1994. Rapport final du PNR 42+ réalisé sur mandat du Conseil fédéral*, Ed. Zoé, Genève 2006, 564 pp.

<sup>35</sup> On this association, see: GYGAX, David, *La Swiss-South African Association...*, op.cit.

inappropriate links existing between the University and the SIAF. Renschler was particularly active in groups seeking to develop contacts between foreign and Swiss students, and in particular with nationals of the once so-called « developing » countries.<sup>36</sup> He strongly challenged the almost full officiality accorded by the University to a private foundation – the SIAF – in such controversial topics. The lecture given by Roy Welensky – a former minister of Rhodesia and Nyassaland – who had held a speech promoting and defending apartheid was strongly criticized. This irritated Hunold, who complained about this directly to Hans Schindler, chairman of the Board of Directors of the *NZZ*. Schindler was also reminded of the close links between his newspaper – the most prominent one in Switzerland – and the Institute, and his personal bounds to the SIAF, his brother and father both having been active in the foundation and in the activities of the Institute.<sup>37</sup> Hunold also intervened directly in the newspaper itself, writing an acerbic reply to Renschler's letter. But Renschler's letter and Hunold's clumsy answer opened the doors to a series of very critical articles in other Zurich newspapers, about Welensky's conference, and even sometimes the SIAF.<sup>38</sup> On socialists' initiative, the point was even discussed in the City parliament.<sup>39</sup>

This story stirred up a scandal inside the SIAF itself. The general outlines of the lecture cycle were not challenged. On the contrary, some members of the institute did not hesitate to speak frankly in favour of apartheid. Thus Max Silberschmidt, declared that « there [was] no reason to challenge the presentation of the traditional point of view from the Whites and the European heirs ». Lutz even justified the one-sided perspective of the lecture cycle by shifting the debate to a complete different ground. He declared:

« If such a round of conferences had taken place for example at the university of Cambridge, where people like Kaldor or Joan Robinson are present, it is clear that one would have presented only lecturers who would have opposed our own reader's list. » Therefore, he specifies, « niggers started to get on his nerves, with their negative disposals ». <sup>41</sup> Precious quotation, indeed, showing in a curious amalgam both the general direction of the ideological struggle the SIAF was meant to lead on the ground of economic doctrine, and the tangible gap between the economic

<sup>36</sup> As a Socialist national councillor, Walter Renschler became in the 70's and 80's a major left wing politician, of national audience. He also became a secretary at the Swiss trade-unions federation and continued his activism in favour of aid to developing countries by chairing Helvetas, one of the most important Swiss NGOs in this domain.

<sup>37</sup> Hans Schindler is also involved in the *Arbeitgeberverband*, the central employers association in Switzerland. He was also chairman of the association of Metal and Watches Producers and member of many board of Directors (*Schweizerische Lebensversicherungs- und Rentenanstalt, Crédit Suisse*). His son (Werner) was at that time enrolled at the University of Zurich, studiously attending Silberschmidt's lectures.

<sup>38</sup> See *Tages Anzeiger*, 09.06.1964, and 25.06.1964, *NZZ*, 26.06.1964, 22.07.1964, 27.07.1964, *Zürcher Woche*, 19.06.1964, *Volksrecht*, 21.07.1964.

<sup>39</sup> *Tages Anzeiger*, 25.06.1964.

<sup>40</sup> SIAF, Protokole des Ausschuss für Vorträge, Diskussionen und Publikationen, "Protokoll der achten Sitzung des Ausschusses", 13.07.1964, p.2.

<sup>41</sup> SIAF, Protokole des Ausschuss für Vorträge, Diskussionen und Publikationen, "Protokoll der achten Sitzung des Ausschusses", 13.07.1964, p.9.

liberalism professed on one side, and the very conservative attitude of these neoliberal circles in matter of freedom of expression on the other side.

In the end, these internal controversies did not delve not much with Welensky's speech, but with the way in which Hunold acted. Without having taken anyone's advice, he had replied too harshly to Renschler, and therefore had seriously damaged the SIAF reputation. In fact, the whole controversy became an opportunity to start a procedure to remove Hunold. After the summer of 1965, the activity of the private Institute clearly diminished for a while. No cycle of lectures were launched between spring 1965 and 1967. The annual report of the Institute mentioned that Hunold retired for health reasons in April 1966. Lutz, then an active MPS member, took his succession for a couple of years.<sup>42</sup> Nevertheless, the activity of the SIAF and his ideological inclination remained untouched. Since the 1970's, it enjoyed a new start and its activities continued until the present day. But the epoch of its central place in the neoliberal networks and at the front of the crusade for the restoration of the neoliberal doctrine was over.

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<sup>42</sup> This does not happen in 1965, as Silberschmidt pretends. SILBERSCHMIDT, Max, *Das Schweizerische Institut...*, op.cit., p.30. On Lutz, see footnote 13.