



## Tribute to Orio

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*“It should be remembered that there is always  
an element of dream or even utopia  
in any attempt to appreciate reality.”*  
Orio Giarini (1980)

I met Orio Giarini for the first time in the spring of 1971. Of course, I did not know then, but he would play a very important role in my life. Indeed, I consider him as a second father, although he was not much older than me—11 years. My father taught me a lot, including a taste for history and geography. Orio spurred my interest for intellectual speculation on the path of the economy and the history of economic thought. His ability to switch from one language to another (English, French, German, Italian, Spanish...) was baffling, especially for me as a trained Germanist when I met him and for whom the structure of the sentence was important. In the first seminars organised at The Geneva Association, he played the role of an interpreter and showed that transmitting ideas was more important than the rules of grammar. He also boosted my sense for organisation and planning. Almost 50 years later, I still use the same pocket planning agenda Biella, in which he used to plan his travels, meetings and appointments. He was a second father also in the sense that I chose to betray his hopes. I betrayed my father’s hopes by choosing to make a career in Geneva—like Orio—instead of returning to the roots of my family. I betrayed Orio’s hopes to help him in designing a refoundation of economic theory. I preferred to plug the more modest fields of risk and insurance economics and financial economics.

When I met Orio for the first time, we were both far away from insurance and the economics of risk (the latter field had just started to develop a few years earlier). I was a student at the Graduate Institute of European Studies (GIES) in Geneva, completing my first year of study in this institute, and was looking for a theme for my master’s dissertation, to be submitted one year later. We were introduced to each other by my professor of industrial economics, Henri Schwamm, who was an advisor for the European Economic Community (EEC) in Brussels as well as for a small

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structure launched by Jacques-Yves Cousteau in Monaco, Eurocean. My professor's idea was to make me work on the exploitation of marine resources. I was enthusiastic about this idea. Orio Giarini was then the Head of the Division of Industrial Economics and Services at the Battelle Institute in Geneva. Battelle, with roots in Columbus, Ohio, was renowned for its specialisation in contract research for the economy (mainly the industry at that time) and for governments. It had two seats in Europe: Frankfurt and Geneva. Orio was in contact with the GIES because he was also an activist in the cause for a Federal Europe. After a 'laurea' in Trieste, his native town, he had moved to the University of Texas at Austin, and after his return to Europe, alongside his employment in an Italian chemical company, he had been appointed as the secretary of the European Federalist Movement in Paris. The founder, director and soul of the GIES, where I had chosen to pursue graduate studies, was Denis de Rougemont, a famous Swiss philosopher and writer, promoter of a Federal Europe and leader of the political battle for a Europe based on regions, instead of nation states.<sup>1</sup> Denis de Rougemont had founded the Centre of European Culture and the GIES in Geneva, both located at the Villa Moynier on the lakeshore. Orio had already published a book, *L'Europe et l'Espace* (Giarini 1968), and was planning to write a second book, on Europe and the oceans. This was the immediate reason for our first encounter, at lunch in a restaurant, under the auspices of Professor Henri Schwamm.

During my second year at the GIES, I worked on my dissertation under the guidance of Orio Giarini and Henri Schwamm. The monograph was completed, with the title *Les Océans, un Domaine Industriel pour l'Europe*, which sounds politically incorrect in the 21st century.<sup>2</sup> Orio had been appointed as a lecturer for a one-semester seminar at the GIES on Europe and 'new technologies'. Of course, I attended this seminar, as well as a bunch of other seminars focused on Europe and the European construction. During this academic year (1971–1972), the world was entering a new era. After almost three decades of amazing economic growth, the economy was providing signs of a slowdown. This was first noticed in the series of twists inflicted to the Bretton-Woods system of fixed foreign exchange parities. In August 1971, convertibility of the dollar into gold was suspended by Richard Nixon. This was a severe blow to the system. Some months later, in December 1971, the Smithsonian Institute agreement tried to rescue the system with a devaluation of the dollar (in terms of gold). However, this was a failure and the Bretton-Woods system collapsed one year later, in February 1973, with a new devaluation of the dollar, followed by a generalised free floating of all currencies.

In this period of financial turmoil and imbalance, doubts started to emerge about the sustainability of economic growth. A forerunner was Mishan (1967). In 1968, the Club of Rome was created by Aurelio Peccei, the head of the Italian firm Olivetti, to provide a forum for reflection on 'disquieting factors' concerning the path of the world economy. Members of the Club of Rome were mainly individuals with executive positions in large industrial firms. Government officials and representatives of financial institutions did not belong to this Club. Some meetings of the Club took

<sup>1</sup> His ideas are still at the roots of the fight for independence in Catalonia and Scotland, among other regions.

<sup>2</sup> An enlarged and revised version was later published as *L'Europe et les Ressources de la Mer* (Europe and the Resources of the Sea) in 1977, with Orio and Henri Schwamm as co-authors (Giarini et al. 1977).



place at the Battelle Institute in Geneva, as the head, Hugo Thiemann, was a member of the Club. Orio Giarini was a close witness to these reflections and discussions (he later became a member of the Club). The first report to the Club of Rome was entrusted to Dennis Meadows at MIT, who produced a small book that came as an earthquake for my generation of baby boomers: *The Limits to Growth* (Meadows et al. 1972). The report used the method of ‘system dynamics’ developed at MIT by Forrester (1968, 1971) and concluded that rapid economic growth, as we had experienced, was doomed to disappear sooner or later, due to the exhaustion of natural resources and rising pollution (climate change was not yet on the agenda of forecasters). The report stimulated many comments in the media and was severely criticised by most economists for not taking into account the price mechanism. Nevertheless, the faith in sustainable economic growth was faltering. This was a turning point.

The year 1973 was very important for the pace of the world economy, as well as for Orio and me. Spurred by the collapse of the Bretton-Woods system, the perspective of an exhaustion of resources, and the support provided to Israel by the U.S. in the Yom Kippur war, the Organization of Petroleum Exporting Countries (OPEC) announced an embargo on oil production. This resulted in a fourfold increase in oil prices. Economic growth in the Western world and Japan stopped abruptly and was replaced by a deep recession. That same year the International Association for the Study of Insurance Economics was formed at the initiative of a small group of large European insurers. The members of this Association—again private persons and not representative of their companies—were worried by the fact that, at least in Europe, insurance law and insurance mathematics (actuarial science) were well developed, but insurance economics was largely ignored. The main objective of the Association was to cement ties between insurance and the economy (industrial and financial firms, academics, public institutions and international organisations dealing with economic issues). The leader of this multinational group of insurers was Fabio Padoa, the Head of Assicurazioni Generali, the most important Italian insurer, with headquarters in Trieste. The members of this Association decided to locate its seat in Geneva and they hired Orio Giarini as Secretary General. Soon after, they offered the presidency of the Association to Raymond Barre, a professor of economics at the University of Paris, who had just completed a several-year term at the executive council of the European Commission in Brussels, where he represented France (he had been called to this position by President Charles de Gaulle a few years earlier). Raymond Barre and Orio Giarini were perfect complements. Orio was still young, full of ideas and energy, with a practitioner background and high intellectual ambitions. Raymond Barre was older, careful, sedate, with an impressive status, first as a professor of economics,<sup>3</sup> and then as a key participant in the European construction.<sup>4</sup> Together, they provided an extraordinary impetus to the new association,

<sup>3</sup> He was the celebrated author of a textbook, *Economie Politique*, which was considered the French equivalent of Samuelson’s textbook across the Atlantic.

<sup>4</sup> In Brussels, he had been the first proponent of a plan for the convergence of national currencies. As such, he can be considered as one of the grandfathers of the Euro. He was later appointed Prime Minister of France (in 1977), under the presidency of Valéry Giscard d’Estaing.



named The Geneva Association.<sup>5</sup> They launched a first contract research on the development of a model measuring the impact of inflation on the motor insurance business, soon followed by a survey of risk management practices in the European industry. An occasional publication—*The Geneva Papers on Risk and Insurance* (GPRI)—was started, to disseminate the results of research conducted on behalf of The Geneva Association.<sup>6</sup> They also gathered the few professors of economics and management in Europe who had an interest in insurance for a meeting in Geneva,<sup>7</sup> and they decided to launch a survey of all courses dealing with insurance economics and insurance management in European universities and high schools. Orio was already travelling all over Europe, several times a week, to visit insurance companies as well as all firms and organisations active in the management of their risks—whether insured or not. He needed someone to do the same (or almost) with European universities and high schools. He entrusted me with this task.<sup>8</sup>

When Orio was in Geneva and not travelling across Europe, we had long conversations on economic growth, the role of technology, the role of risk and insurance, and how we could get economists to lend more interest to risk and insurance, a domain that we deemed essential in the modern world. Of course, I was invited to the first meeting of the EGRIE group—as an observer—and I gratefully accepted the invitation to perform the study on the teaching of risk and insurance economics in Europe. Like Orio, but less intensively, I started to travel across Europe to visit all the universities and high schools where some teaching in insurance and/or risk took place, meet the professors, assistants and doctoral students, and return to Geneva with a harvest of documents (digitalisation was yet to come). The study was first published as a booklet by the GIES (Loubergé 1976), was then translated into English and appeared as the fourth article in the GPRI in January 1977, and was soon enlarged and translated into German by Heinz Kaplanek and published as a book in 1978. In the process, the EGRIE group gained more participants, I was hired part-time at the university as a teaching assistant, and I got also a part-time contract with The Geneva Association as Orio's assistant, which included sharing the seminar that Orio was still giving at the GIES, although with a new title 'Introduction to the economics of risk and uncertainty—The issue of welfare in the post-industrial

<sup>5</sup> At least on Orio's side, this was an implicit reference to the Club of Rome. Orio once told me that this name would prevent a change in the seat of the Association. Brussels had also been considered at an earlier point as an alternative.

<sup>6</sup> See Loubergé (2015).

<sup>7</sup> This was, in retrospect, the first meeting of a group now strongly established at the world insurance level as the European Group of Risk and Insurance Economists (EGRIE).

<sup>8</sup> After having completed my two-year curriculum at the GIES, I had returned to France and the University of Bordeaux. However, I kept in contact with Orio. During the academic year 1972–1973 he was still at Battelle, and he hired me as consultant for a contract research on behalf of the French government dealing with 'Industrial Structure in the Sector of Electronic Equipment for Ocean Exploitation in Germany, Norway, the Netherlands and United Kingdom'. Some months later, I decided that it would be best for me to return to Geneva and start doctoral studies in economics at the university. I obtained a part-time assistant position in regional economics at the GIES, and—more important for my future career—I helped Orio in the day-to-day organisation of The Geneva Association (he only had a part-time secretary).



society'! The motivation of the seminar was that technological developments had spurred economic growth up to now, but had also made society and the economy more vulnerable. This increased *vulnerability* explained the rising importance of the management of risk and insurance in the 'new world'.

Moreover, in discussions with Orio, he convinced me that I should choose a theme in risk and insurance for my doctoral dissertation. My favourite area of economics was international finance and so he directed my attention to the difficulties faced by international reinsurers, with hectic foreign exchange markets since the collapse of the Bretton-Woods system of fixed parities. I followed his advice and chose 'How to cope with foreign exchange problems in international reinsurance' as the theme for my dissertation.

During the years 1975–1982, Orio and I maintained a dual intellectual life. He was the boss of an Association that became more and more renowned as a think tank for risk and insurance in Europe and I helped him in this task, having been appointed Assistant Secretary General of The Geneva Association, while writing my dissertation. We were developing ties with the U.S. The series 'Annual Lectures of The Geneva Association' allowed us to invite authors of the most celebrated works in the economics of risk, such as Nobel laureate Kenneth Arrow and future Nobel laureate Joseph Stiglitz, to Europe (Geneva and Zürich, respectively) under the auspices of the Association. My first visit to the States, in 1980, was to present The Geneva Association at the American Risk and Insurance Association (ARIA) meeting in Chicago, where I also recruited future key participants of the EGRIE group, such as Harris Schlesinger (Loubergé 1981a). This group became more and more productive, with presentations of scientific papers, discussants and chairmen, and publications of submitted and refereed papers in the GPRI or other scientific journals.<sup>9</sup> Starting in 1980, the annual meeting of the group did not necessarily take place in Geneva. It was held in Nottingham in 1980 and in Cologne in 1981, before returning to Geneva in 1982. Orio inspired me and others to start new research in the large domain of risk and insurance. After the completion of my doctoral dissertation in 1979, and its publication as a textbook (Loubergé 1981b), he induced me to work on export credit insurance. He introduced me to Pierre Maurer, the boss of the 'Fédérale', a specialised credit insurer in Zurich, with whom I conducted a study that led to a book published in 1985 (Loubergé and Maurer 1985). Another example of his talent to promote and encourage research on emerging insurance-related topics was the study conducted by Kessler and Strauss-Kahn (1982) on saving and retirement, at the interface between banks, insurance companies and social security.

Our intellectual life was dual; besides the management and promotion of The Geneva Association, we were trying to participate in the debate on the slump in economic growth that had followed the publication of the report to the Club of Rome in 1972 and the oil price increase of 1973. Non-inflationary economic growth and full

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<sup>9</sup> The group also attracted economists from other areas. As Orio is unfortunately not with us any more, I am perhaps the only one who remembers that Mario Draghi, the future president of the European Central Bank (and now Prime Minister of Italy), participated in the 6th EGRIE meeting in Geneva in 1979, where he represented the University of Florence upon his return from MIT.



employment had given way to stagflation and economists could not see the end of the tunnel. In conversations together, teaching on this theme at the GIES, through exchanges with students and readings of several classic books and thought-provoking essays, we had become convinced that the pace of technological progress was at the root of the dismal economic situation. In a nutshell, our argument was that technology explained economic growth, that its importance gave it status as a distinct factor in the production function, but that it was also subject to the law of diminishing returns, like capital and labour taken in isolation. The second industrial revolution, starting in Western Europe at the end of the 19th century, had been based on the marriage between science and technology, but this phase was now coming to an end. Technological advances were no longer radical, we had only improvements in existing technology. On top, new technologies had made the world more complex and ‘vulnerable’, creating dissatisfaction and disillusion with economic growth (e.g. pollution). These ideas were developed in a small and provocative book, *The Diminishing Returns of Technology* (Giarini and Loubergé 1978), which attracted polite interest in the media<sup>10</sup> and among economists and historians, but nothing comparable to the 1972 Club of Rome report. In this book, we did not exclude a rebound of economic growth, based on new scientific and technological advances, but we were very far from forecasting the coming revolution based on digitalisation and the internet.

Our thesis in this book provided a more modern version of a recurrent theme in economic thought: long-term movements in the path of the economy (see, for instance, Kondratieff 1935; Schumpeter 1939; Rostow 1967). Orio and I later devoted a specific study to the long-term movements of economic activity (Giarini and Loubergé 1982). It is striking to notice nowadays that, as dissatisfaction with digitalised society and social media is mounting, several economists are rediscovering (and documenting) a process of decline in research productivity (see Bloom et al. 2020; Boeing and Hünermund 2020; Cauwels and Sornette 2020).

Although he was quite satisfied with the evolution of The Geneva Association, Orio was dissatisfied with the lack of audience for our ideas on the diminishing returns of technology. He mainly blamed economic theory, which was not well equipped—in his opinion—to understand the modern economy of services. For this reason, he embarked on the production of a series of books and articles that tried to redefine ‘value’ and laid emphasis on services (including insurance). This started with a report to the Club of Rome, published as *Dialogue on Wealth and Welfare—An Alternative View of World Capital Formation* (Giarini 1980). Although I am credited with a small participation to this book, I did not follow him on this agenda. But his creativity and intellectual energy led to the production of many publications dealing with services (Giarini 1988; Giarini and Roulet 1988), including a second report to the Club of Rome in collaboration with Walter Stahel (Giarini and Stahel 1993), employment and work, with an additional report to the Club of Rome with Patrick Liedtke (Giarini and Liedtke 1997), and another for UNESCO with Mircea Malitza (Giarini and Malitza 2003). He also made the case for retirement at 80

<sup>10</sup> The book was also published in French (in 1979) and Italian (in 1978).



instead of 65 or 60 (Giarini 2002), in a book based on the different episodes of his amazing career as an intellectual, teacher, organiser and stimulating personality.

In 1982, I left The Geneva Association to take the chair of Professor of Economics and Finance in Nice, at the Center for Education and Research Applied to Management (CERAM), but stayed in contact with Orio and the Association since I was still working on export credit insurance and co-organising the meetings of the EGRIE group. However, my interest turned more towards ‘insurance and finance’, in collaboration with Eric Briys. In 1984, I returned to the University of Geneva as Professor of Economics. I know that this appointment owes much to Orio, to his support while I was writing my dissertation, and to his stimulus throughout the dozens of years I spent collaborating with him. Thank you Orio.

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