

The intellectual and political legacy of Friedrich August von Hayek

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Who the heck is Hayek?

Mrs Thatcher and 'mad professor' attacked by Foot

By NICHOLAS COMFORT, Political Staff

MR FOOT, leader of the Commons, last night accused Mrs Thatcher of being in clutches of a "mad professor" with a dangerous philosophy involving a return to the mass unemployment of the 1830s.

He was referring to Friedrich von Hayek, a Nobel prize-winning Austrian economist, who has been a vocal critic of Mrs Thatcher's economic policies.



Who's afraid of the formidable Fritz?

By PAUL JOHNSON

It is not very easy to find a shadow-figure behind the Tory Party. The only one who fits the bill is the old Friedrich von Hayek, a Nobel prize-winning Austrian economist, who has been a vocal critic of Mrs Thatcher's economic policies.



Who the heck is Hayek?

By VICTOR KNIGHT

AN AUSTRIAN-born professor is the shadow-figure behind the Tory Party. He is Friedrich von Hayek, a Nobel prize-winning economist, who has been a vocal critic of Mrs Thatcher's economic policies.

Retiring Economist Whose Energy Defies Age

Friedrich August von Hayek

WE ARE ALL HAYEKIANS NOW

By PATRICK HUTBER

It is not very easy to find a shadow-figure behind the Tory Party. The only one who fits the bill is the old Friedrich von Hayek, a Nobel prize-winning Austrian economist, who has been a vocal critic of Mrs Thatcher's economic policies.

Nobel Prize winners disagree on economics

By Tim Conley

The 1974 Nobel Prize winners in economics were just these are conventional opposites. This year's Nobel prize winners, Friedrich von Hayek and Gunnar Myrdal, have chosen principally to operate with the ability to communicate with a grave and at times a little more sharply.

Arthur Shenfield looks at the life of Professor Hayek, a Nobel prizewinner, whose ideas form an important strand of the present economic debate in Britain

A prophet coming into his own?

By F. A. HAYEK

AN APPRECIATION BY LORD ROBBINS

The Nobel Prize for economics

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THE TIMES 21/11/79

The German economy

From Professor F. A. Hayek

Sir, You report in your issue of December 18 that Mr Roy Jenkins is concerned about the solution of the fundamental problems of the imbalance caused by Germany being in a position quite different from that of France, Britain and Italy. The solution is the simplest, most obvious possible. That the latter three countries abandon their socialist policies, and they will in a few years be where Germany has arrived now by this method.

Yours sincerely,
F. A. HAYEK,
Salzburg,
Austria.

LT. EDITOR DAI

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BRITISH PRIME MINISTER IN A

F. A. HAYEK

ORIENTAL HOTEL

BANGKOK

A selection of Hayek's many 'Letters'

Hayek: a short c.v.

- * 1899 Vienna
- 1921-1931: business cycle research (with Mises)
- 1931-1950: LSE (contra Keynes, Lange)
- 1944: *The Road to Serfdom*
- 1950-1962: University of Chicago
- 1960: *The Constitution of Liberty*
- 1962-1992: (University of) Freiburg (and Salzburg)
- 1973-79: *Law, Legislation and Liberty*
- 1974: Nobel Price (shared with Gunnar Myrdal)

Intellectual legacy I: "The division of knowledge"

"How can the combination of fragments of knowledge existing in different minds bring about results which, if they were to be brought about deliberately, would require a knowledge on the part of the directing mind which no single mind can possess? "



F.A. Hayek 1937

Intellectual legacy I: “The division of knowledge”

Knowledge about specific (place and time) economic conditions is dispersed among individuals. It can not be centralised (is often not even explicit, but a “tacit” skill). The use of this knowledge in society is only possible if individuals are free to use it and if it becomes expressed in changes of relative prices.

- critique of central planning
- critique of neoclassical models with “given knowledge”



F.A. Hayek 1937

Intellectual legacy II: “competition as a discovery procedure”

“wherever the use of competition can be rationally justified, it is on the ground that we do not know in advance the facts that determine the actions of competitors ... it would clearly be pointless to arrange for competition, if we were certain beforehand who would do best” ...

“competition as a procedure for the discovery of such facts as, without resort to it, would not be known to anyone, or at least would not be utilised”

- critique of interventionism (presumption of knowledge)
- critique of “perfect competition” benchmark



F.A. Hayek 1968

Intellectual / political legacy III: Open society a spontaneous order

The very term economy suggests a wrong approach, because in practice the term economy means a consciously directed organization not as a household or an enterprise. In this sense the word economy or the economy of a nation or the world use of economy and really economy - and could not exist in such. They were so named metaphorically, x

I shall therefore here introduce for a society in which an extensive division of labor is brought about by the price mechanism of a competitive market based on several property of the means of production as well as common goods a catalytic.

As distinct from the deliberately organized process ~~for~~ of a household economy or a acquisitive enterprise the participation of the individual in it is necessary of the nature of a game because his decisions must largely aim at adaptation to unknown future circumstances ~~and~~ expectations based on signals

Intellectual / political legacy III: The open society as spontaneous order

Market economy is not an „oiconomia“ (household, organisation), but a „catallaxy“, (unplanned network of voluntary exchanges, spontaneous order of human interaction and not of human design).



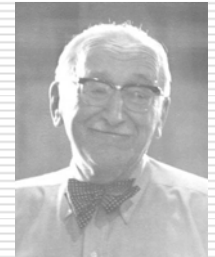
F.A. Hayek 1962

Based on „universalisable rules of just behaviour“ instead of specific commands.

Serves unknown purposes of individuals instead of common goals.

Intellectual / political legacy III: The morals of the open society

“The morals of the market do lead us to benefit others, not by our intending to do so, but by making us act in a manner which, nonetheless will have just that effect ... Our ‘altruism’, in this new sense, is very different from instinctual altruism. No longer the end pursued but the rules observed make the action good or bad.”



F.A. Hayek 1976

“Distributive justice makes sense only in the small group or organisation, where income is deliberately distributed.

In a spontaneous order of catallaxy, there can be no (un)just distribution”

Political legacies

Deeply unfashionable then, commonplace today:

- Decline of socialism (Hayek 1935) ✓
- Importance of “knowledge society” (Hayek 1937) ✓
- Failure of Keynesian politics (Hayek 1941) ✓

Deeply unfashionable still today:

- Atavism of social justice (& welfare state; Hayek 1976; 1944) ?
- Abolition of trade-unions (Hayek 1980) ?
- De-nationalisation of money (Hayek 1976) ?