



- [Home](#)
- [About us](#)
- [Authors](#)
- [Britannica.com](#)

## [Hayek's Big Week, and the Hayek Century](#)

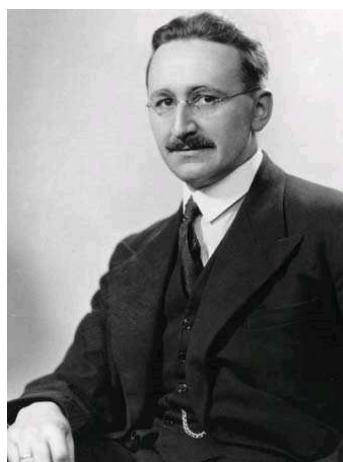
David Boaz - May 9, 2011



Share **6**

Like

**13**



F.A. Hayek, 1950; Hulton Archive/Getty Images

Nineteen years after his death and seven months after Kate Zernike of the *New York Times* [derided](#) the [Tea Party](#) for reviving “long-dormant ideas [found in] once-obscure texts by dead writers” such as [F. A. Hayek](#), it’s been a big week for Hayek. The new “definitive edition” of his magnum opus, [The Constitution of Liberty](#), is [reviewed](#) in the Sunday *New York Times* by [Francis Fukuyama](#)—on his 112th birthday.

Who was Hayek? He was an economist born and educated in Vienna. After the Nazi conquest of Austria, he became a British citizen and taught there and in Chicago for most of his career. He was awarded the Nobel Prize in Economics in 1974. He met with President Reagan at the White House, and Margaret Thatcher banged *The Constitution of Liberty* on the table at Conservative headquarters and declared “This is what we believe.”

[Milton Friedman](#) described him as “the most important social thinker of the 20th century,” and [Lawrence H. Summers](#) called him the author of “the single most important thing to learn from an economics course today.” He is the hero of *The Commanding Heights*, the book and PBS series by Daniel Yergin and Joseph Stanislaw. His most popular book, *The Road to Serfdom*, has never gone out of print and sold 125,000 copies last year. John Cassidy wrote in the *New Yorker* that “on the biggest issue of all, the vitality of capitalism, he was vindicated to such an extent that it is hardly an exaggeration to refer to the 20th century as the Hayek century.” I [argued](#) last week:

Hayek was not just an economist. He also published impressive works on [political theory and psychology](#).

He’s like Marx, only right.

Hayek’s big week was kicked off with two events on April 28. First was the release of the second rap video dramatizing the intellectual battle between Hayek and John Maynard Keynes, “[Fight of the Century: Keynes vs. Hayek Round Two](#).” Later that day an all-star panel convened, appropriately enough, in the Cato Institute’s F. A. Hayek Auditorium to discuss [The Constitution of Liberty](#). Panelists were Hayek’s intellectual biographer and editor of *The Collected Works of F. A. Hayek*, Bruce Caldwell; the brilliant legal scholar Richard Epstein; and the hedge-fund billionaire and Open Society Foundations founder George Soros. (Find [video and transcript here](#); easier-to-search video [here](#).)

Soros—wrongly, in the view of most in the audience—called Hayek a Chicago-school apostle of “a highly formalized and mathematical theory whose two main pillars are the efficient market hypothesis and the theory of rational expectations.” Caldwell responded that if Soros, a former student and follower of Hayek’s friend [Karl Popper](#), “understood those other parts of Hayek he would identify himself, I’ll say it provocatively, as a Hayekian.”

Fukuyama’s [review](#) in the *Times* outlines some of his central themes:

that most of the knowledge in a modern economy was local in nature, and hence unavailable to central planners. The brilliance of a market economy was that it allocated resources through the decentralized decisions of a myriad of buyers and sellers who interacted on the basis of their own particular knowledge. The market was a form of “spontaneous order,” which was far superior to planned societies based on the hubris of Cartesian rationalism. He and his fellow Austrian Ludwig von Mises used this argument against Joseph Schumpeter in a famous debate in the 1930s and '40s over whether socialism or capitalism offered a more efficient economic system. In hindsight, Hayek clearly emerged the winner.

“The Constitution of Liberty” builds on this view of the limits of human cognition to make the case that no government can know enough about a society to plan effectively. The government’s true role is more modest: to create laws that are general and equally applied; these laws constitute the matrix in which the spontaneous interactions of individuals can occur.

It’s too bad that in doing so Fukuyama slightly misstates the title of Hayek’s most famous essay, “[The Use of Knowledge in Society](#).” It is more unfortunate that he failed to understand some of Hayek’s work, as in his claim that Hayek argued that “the smallest move toward the expansion of government would lead to a cascade of bad consequences that would result in full-blown authoritarian socialism.” Hayek warned that central planning, not “the smallest . . . expansion of government,” would lead to “serfdom.” As Don Boudreaux [notes](#), “Mr. Fukuyama should have detected the absurdity of this interpretation of Hayek when Mr. Fukuyama himself noted four paragraphs earlier that Hayek didn’t object to government provision of health insurance.” And it’s hardly a contradiction, as Fukuyama claims, to celebrate the “process of innovation and discovery” in markets and yet to oppose experimentation by government, with other people’s money and other people’s lives.

Still, it’s good to see the review of one of the 20th century’s most important works of political theory. On Facebook a commenter said “51 years late.” But that’s not true. When the book was published in 1960, the *Times* ran a [review](#) by the distinguished philosopher [Sidney Hook](#), an anti-communist socialist. Although he conceded that the book was “a reflective, often biting, commentary on the nature of our society and its dominant thought by one who is passionately opposed to the coercion of human beings by the arbitrary will of others, who puts liberty above welfare and is sanguine that greater welfare will thereby ensue,” he was understandably quite critical of Hayek’s view of liberty and the dangers of excessive government.

Reagan and Thatcher may have admired Hayek, but he always insisted that he was a liberal, not a conservative. He titled the postscript to *The Constitution of Liberty* “Why I Am Not a Conservative.” He pointed out that the conservative “has no political principles which enable him to work with people whose moral values differ from his own for a political order in which both can obey their convictions. It is the recognition of such principles that permits the coexistence of different sets of values that makes it possible to build a peaceful society with a minimum of force. The acceptance of such principles means that we agree to tolerate much that we dislike.” He wanted to be part of “the party of life, the party that favors free growth and spontaneous evolution.” And I recall an interview in a French magazine in the 1980s, which I can’t find online, in which he was asked if he was part of the “new right,” and he quipped, “Je suis agnostique et divorcé.”

Hayek’s subtle thinking about how societies progress will be read for years to come.

- [Bookmark](#)
- [Digg](#)
- [Delicious](#)
- [Recommend](#)
- [post](#)
- [share](#)
- [Facebook](#)
- [Share](#)
- [Reddit](#)
- [Yumblr](#)
- [StumbleUpon](#)
- [Tweet](#)
- [about](#)
- [subscribe](#)
- [it](#)
- [Print](#)
- [the](#)
- [the](#)
- [comments](#)
- [later](#)
- [on](#)
- [this](#)

Posted in [Economics](#), [History](#), [History & Society](#), [Philosophy](#)

[post](#)  
**Leave a reply**

1 comments



Add a comment...

Comment using...



**Jared Lobdell**

I had the great pleasure and honor of being introduced to him as "my friend Fritz" by Gottfried v Haberler: fwiw both said the greatest and most influential economist in their lives was their mentor Friedrich v Wieser.

1 · Like · Reply · 50 minutes ago

Facebook social plugin

[Subscribe](#)

Categories

[5 Questions](#)

[Arts & Entertainment](#)

[History & Society](#)

[Picture of the Day](#)

- ▣ [Science & Technology](#) 
- ▣ [Science Up Front](#) 
- ▣ [Special Features](#) 
- ▣ [Travel & Geography](#) 

Recent Posts

- [Hayek's Big Week, and the Hayek Century](#) by David Boaz
- [Rediscovering the Bond Between Human and Horse](#) by Kara Rogers
- [To Live Will Be a Great Adventure: J.M. Barrie's 151st Birthday](#) by Britannica Editors
- [Bharatpur's Wandering Waterhen](#) by BlogAdda.com
- [Geronimo and Bin Laden: A Note on the Damage That Words Can Do](#) by Gregory McNamee

**Britannica**

David Hume, 300 years old today:

Like him or not, he's hard to debunk. Russell thought Kant failed at it. <http://bit.ly/mM3UrJ>

#philosophy

[yesterday](#) · [reply](#) · [retweet](#) · [favorite](#)

Join the conversation

What is Britannica Blog?

Britannica Blog is a place for smart, lively conversations about a broad range of topics. Art, science, history, current events – it's all grist for the mill. We've given our writers encouragement and a lot of freedom, so the opinions here are theirs, not the company's. Please jump in and add your own thoughts.

The plugin for this content has been disabled. [Click here to manage your plugins.](#)

Feedback: [blogs@eb.com](mailto:blogs@eb.com)

© 2006-2011 Encyclopædia Britannica, Inc.

[Britannica.com](#) | [Privacy Policy](#) | [Terms of Use/Legal Notices](#) | [Blog Archive](#) | [Contact Us](#)