
HAYEK ON HAYEK



F. A. HAYEK

THE COLLECTED WORKS OF

F. A. Hayek

HAYEK ON HAYEK

An Autobiographical Dialogue

F. A. HAYEK

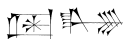
Edited by Stephen Kresge and Leif Wenar



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EDITORIAL FOREWORD

The inspiration for *Hayek on Hayek* was F. A. Hayek's own voice. Not so much his speaking voice as a characteristic manner of expression that reveals a cast of mind, his own unique point of view. Would it not be a great benefit to have his own voice as a guide to understand the development of his ideas and to recall the events and experience of the past century to which his ideas responded and out of which they emerged?

Two primary sources are available to produce such a guide. The first source consists of autobiographical notes that Hayek wrote over a period of years beginning in 1945. By way of introduction he observed:

As my recent election to the British Academy makes it inevitable that at some future date somebody will have to attempt a brief sketch of my life, and as very little will then be known of my life before I came to England, I shall attempt here from time to time, as I feel inclined to it, to set down a few of the more significant features of my background and development. What I shall write is not intended for publication but solely to provide material for whoever will have to undertake the ungrateful task of discovering interesting facts about an externally rather uneventful life. But perhaps some of it will some day be of interest to my children or grandchildren, at any rate if they feel anything like the fascination which the fate of my ancestors has always possessed for me.

Hayek later agreed to the publication of his notes. He had given them to W. W. Bartley III, who had undertaken Hayek's

biography. Bartley realized that the notes should be published as they were. When Hayek agreed, he somewhat diffidently suggested that they might be included within a larger biographical work, possibly set off in a different typeface. We have followed that suggestion.

In reading through many interviews with Hayek, we found that he had provided the outline of an intellectual biography. This was, of course, his clear intention in his many talks with Bartley. These and other interviews, particularly those made under the auspices of the Oral History Program at the University of California, Los Angeles, are the second source from which *Hayek on Hayek* has been drawn.

Since there was considerable duplication in the questions Hayek was asked, there was also repetition in his answers. Our task was to select the best of Hayek's own statements on the development of his ideas and the important events of his life. These statements are presented here within the chronological framework provided by Hayek's autobiographical notes. Our wish has been to preserve the authentic voice of Hayek himself, so editing of the material has been kept to a minimum. We have not intruded on the text with any of the usual scholarly apparatus. *Hayek on Hayek* is a conversation, and the ideas for which we read Hayek may be encountered newly alive and accessible.

The volume also includes a lively exchange between Hayek and two University of Chicago professors during a radio broadcast in 1945. The complete transcript is reproduced in part three.

The editors have provided supporting material in the form of selected biographical and bibliographical information included in the name index. An introduction provides a brief account of the historical and intellectual context of Hayek's life work. A list of publications and letters mentioned in the text is given for the benefit of readers who wish to make a more extensive exploration of the material. The interviews excerpted are identified by numbers assigned to the respective interviewers:

Q₁: Oral History Program, Robert Chitester, president, Public Broadcasting of Northwestern Pennsylvania.

Q₂: Oral History Program, Jack High, Department of Economics, UCLA.

- Q₃: *Reason* magazine (July 1992), Thomas W. Hazlett.
- Q₄: Oral History Program, Earlene Craver, Department of Economics, UCLA.
- Q₅: Oral History Program, James Buchanan, Center for the Study of Public Choice, Virginia Polytechnic Institute.
- Q₆: W. W. Bartley III audiotope archive, 1984–88.
- Q₇: Oral History Program, Axel Leijonhufvud, Department of Economics, UCLA.
- Q₈: Oral History Program, Thomas W. Hazlett, Department of Economics, UCLA.

The editors are most grateful to Ms. Gene Opton, assistant editor of *The Collected Works of F. A. Hayek*, for her scrupulous supervision of every aspect of the production of this work; most of all for her uncanny ability to decipher Hayek's handwriting. We would also like to thank our research assistant, Bryan Caplan; Leslie Graves for her careful reading of the text; and Dr. and Mrs. Laurence Hayek and Miss Christine Hayek for their great kindness and care with so many papers and through so many difficulties. We are grateful to Bruce J. Caldwell, Naomi Moldofsky, Angelo Petroni, and Gerard Radnitzky for additional facts, comments, and criticisms.

Because *Hayek on Hayek* has been produced as a supplement to *The Collected Works of F. A. Hayek*, we would like to express our gratitude to the sponsors of that project for their continuing support. The editors would particularly like to acknowledge the encouragement and generosity of Walter Morris of the Morris Foundation; John Blundell, now director of the Institute of Economic Affairs; and the Claude R. Lambe Foundation.

Stephen Kresge
Leif Wenar



INTRODUCTION

F. A. Hayek was born Friedrich August von Hayek on May 8, 1899, in Vienna, then the capital of the Austro-Hungarian empire. He died on March 23, 1992, in the city of Freiburg im Breisgau in Germany, a country only recently reunified following the fall of the Berlin Wall and the end of Soviet domination of Eastern Europe.

The collapse of socialism vindicated Hayek's life work. His best-known book, *The Road to Serfdom*, played a critical role in restoring the political and economic ideals that made possible the dismantling of communist regimes. That the Stinger missile, rock music, and blue jeans probably played a more visible part in the process would not have dismayed Hayek. He more than anyone has made us aware that values are transmitted along unpredictable paths.

If the almost one hundred years through which Hayek lived have been dubbed by some the 'American century,' it could also be considered the Austrian century; for it has largely been the intellectual and cultural eruptions from Vienna and Central Europe to which the rest of the world has been forced to respond. The assassination of the Archduke Ferdinand and his wife at Sarajevo on June 28, 1914, set in motion a violent reordering of the course of history.

The war which the Europeans started in 1914, thinking it would last only a matter of months, ended by destroying not just the promise of a generation but the fundamental premises of a civilization. Nationalism and socialism moved into the

vacuum left by the self-destruction of empires. Even the basic nature of human beings was called into question. “On or about December 1910, human character changed,” wrote Virginia Woolf (in the essay “Mr. Bennett and Mrs. Brown”). But this change in character had failed in its promise.

Hayek joined a field artillery regiment in March 1917, before he had completed his education at the *Gymnasium*. For him the war would last barely more than a year. He returned from the Italian front amidst hunger, disease, and chaos. In November of 1918 he began his studies at the University of Vienna.

The war turned Hayek’s interest from the natural sciences to the social sciences, out of the experience of serving in a multinational army. “That’s when I saw, more or less, the great empire collapse over the nationalist problem. I served in a battle in which eleven different languages were spoken. It’s bound to draw your attention to the problems of political organization,” he later recalled (see p. 48).

If the legitimate dominion of empire was now under attack, even less secure was the dominion of the mind. Relativity, quantum mechanics, Freud, Proust, the post-Impressionists, were altering once and for all our notions of physical existence and how we perceive it. “I put down my cup and examine my own mind. It is for it to discover the truth. But how? What an abyss of uncertainty whenever the mind feels that some part of it has strayed beyond its own borders; when it, the seeker, is at once the dark region through which it must go seeking, where all its equipment will avail it nothing. Seek? More than that: create. It is face to face with something which does not so far exist, to which it alone can give reality and substance, which it alone can bring into the light of day.” So the narrator begins the long recollection that is Marcel Proust’s remembrance of things past.

Years later Hayek completes a similar investigation in *The Sensory Order*, published in 1952. “What we call ‘mind’ is thus a particular order of a set of events taking place in some organism and in some manner related to but not identical with, the physical order of events in the environment” (*The Sensory Order*, p. 16). “All we know about the world is of the nature of theories, and all ‘experience’ can do is to change these theories” (*The Sensory Order*, p. 143).

Education

Hayek returned from the war with a knowledge of Italian and a severe infection of malaria. He took up several branches of study at the University of Vienna and fully participated in the social and cultural life of the period, though on alternate nights he would be laid up with fever. When the university closed in the winter of 1919–20 for lack of heating fuel, Hayek went to Zurich, where, in the laboratory of the brain anatomist von Monakow, he had his first encounter with the fibre bundles that make up the human brain, and his first taste of what a ‘normal’ society could be like, Vienna still being in the throes of inflation and semistarvation. In the summer of 1920 he went to Norway and was finally able to shake the malaria and to acquire enough knowledge of Scandinavian languages to translate a book by Gustav Cassel on inflation (which, owing to the inflation in Austria, was never published).

In these early years at the university, Hayek established the patterns of intellectual investigation that would remain with him his entire life. “In the university, the decisive point was simply that you were not expected to confine yourself to your own subject” (see p. 51). Nor did one confine oneself to the university. Much of the provocative intellectual discussion went on in the coffeehouses. High German was the language of the lectures at the university; a changing vernacular was used in the streets of the city.

Hayek’s view of this period is somewhat different from and somewhat more precise than many that have contributed to the mythical characterization of Vienna. He was born into the class which was largely responsible for the maintenance of the Austro-Hungarian empire and which did not survive its collapse. Neither of the higher nobility nor the merchant class, it was a class of civil servants and professionals who were not indifferent to their own advancement but nevertheless maintained standards of conduct and inquiry that linked them to their counterparts throughout Europe.

Hayek’s father was a doctor and botanist who had hoped to obtain a full university chair in botany. From him Friedrich August—his mother called him Fritz, an appellation he bore stoically but which he did not care for—gained a sense of the

wonder and complexity of biology and psychology and a belief that a university chair was the most desirable of all positions.

Hayek's immediate course of study at the university was driven by practical considerations. Unlike his cousin Ludwig Wittgenstein, he could not count on a family fortune. Thus the first choice of a career which seemed to satisfy his temperament and talents would lead through the study of law and languages to the diplomatic service and perhaps later to an academic or political position. With the collapse of the empire, the *Konsularakademie* disappeared, and diplomatic ambitions with it.

At the university Hayek still wavered between psychology and economics. But after the war there was no one left to teach psychology, and no possibility of a degree in that field. Law remained as a study which combined economics with preparation for the bar or the civil service. Hayek accomplished his work for a degree in three years rather than the customary four and in 1921 received a doctorate in jurisprudence. He registered for a second degree and early in 1923 received a doctorate in political science (*doctor rerum politicarum*).

The dominant influence on the intellectual life of the period was Ernst Mach. The name Mach is now known to most of us only as a unit of measurement for the speed of supersonic aircraft. Mach's philosophy of science was, to put it crudely, if it can't be measured, it isn't real. Mach's machete (larger and sharper than Ockham's mere razor) cut through the metaphysical thicket that threatened to choke off the development of science.

Mach had been the first professor of the inductive sciences at the University of Vienna. He was followed in the chair which had been created for him by Ludwig Boltzmann, then Adolf Stöhr, then, in 1922, Moritz Schlick. Hayek first heard of Schlick on his visit to Zurich. Schlick was the founder of the *Ernst Mach Verein*—the Vienna circle—which succeeded, by combining an attack on the foundations of logic with a verificationist empiricism, in directing the attention of philosophers to a hapless attempt to distinguish meaningful statements from meaningless ones. Called 'logical positivism,' it led to the sequel of Wittgenstein, whose later work repudiated his early work, and to the antidote of Karl Popper. Though never part of the Vienna circle, Hayek quickly learned of their ideas through a

mutual member of Hayek's own group, which called itself the *Geistkreis*.

Hayek's early exposure to the natural sciences left him disposed to accept Mach's contention that all we can know are sensations. Yet the vision of the bundles of brain fibres which he had examined in the winter of 1920 stayed in his mind. He wrote a paper, which ultimately remained unfinished, wherein he tried to trace the progress of sensations (neural impulses) to the brain, where they assume the shape and sense of a perception. By the end of the paper he realized that Mach was wrong. Pure sensations cannot be perceived. Interconnections in the brain must be made; some sort of classification that can relate past experience to present experience must take place. Hayek began to grope his way toward a solution of a problem not previously recognized: How can order create itself? The solution sounded part Kant, part Darwin, even part Proust. It would eventually be pure Hayek.

"What original ideas I have had," Hayek writes (see pp. 134–35), "actually did not come out of an orderly process of reasoning. I have always regarded myself as a living refutation of the contention that all thinking takes place in words or generally in language. I am as certain as I can be that I have often been aware of having the answer to a problem—of 'seeing' it before me—long before I could express it in words. Indeed a sort of visual imagination, of symbolic abstract patterns rather than representational pictures, probably played a bigger role in my mental processes than words." Einstein has said much the same thing.

The perception of patterns is central to all of Hayek's work. It is perhaps a kind of intellectual mountaineering, and mountaineering was in his blood and bone.

"What I had in mind in early years was a purely practical concern, wanting to find my way about, not yet fully aware that to do this I needed a theory. I was in search of a theory, but didn't know yet what a theory really was."

In October 1921 Hayek presented a letter of recommendation from his teacher at the university, Friedrich von Wieser, to Ludwig von Mises, then financial advisor to the Chamber of Commerce (an official body, unlike the American organizations of